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Chevalier International Holdings Limited
(incorporated in Bermuda with limited liability)



Chevalier Construction Holdings Limited
(incorporated in Bermuda with limited liability)

**DESPATCH OF CIRCULAR
IN RELATION TO
SPECIAL GENERAL MEETING**

**DELAY IN DESPATCH
OF THE SCHEME DOCUMENT
IN RELATION TO THE PROPOSAL**

The making of the Proposal by CIHL is subject to, among other things, CIHL Independent Shareholders' approval at the special general meeting of CIHL to be held on Friday, 5th December, 2003. A circular of CIHL containing, among other things, the notice of the special general meeting of CIHL has been despatched to CIHL Shareholders on 19th November, 2003.

CIHL Shareholders, CCHL Shareholders and potential investors in CIHL and/or CCHL should be aware that the CIHL Independent Shareholders may or may not approve the making of the Proposal and therefore the Proposal may or may not be made by CIHL. They are advised to exercise caution when dealing in the CIHL Shares and/or CCHL Shares.

Subject to the approval by the CIHL Independent Shareholders at the special general meeting of CIHL, a Scheme Document is required to be despatched to CCHL Shareholders on or before 21st November, 2003, being 21 days from the date of the Joint Announcement. However, as additional time is required to accommodate the holding of the special general meeting of CIHL, the filing of the relevant court documents to the Bermuda Court and the court hearing to fix the Court Meeting date, the despatch of the Scheme Document to the CCHL Shareholders will be delayed.

An application has been made to the SFC for consent to the extension of the deadline for despatch of the Scheme Document to the CCHL Shareholders to 24th December, 2003 in order to accommodate the timetable for the holding of the special general meeting of CIHL and the fixing of the Court Meeting date for the purpose of considering and, if thought fit, approving the Scheme.

Reference is made to the announcement jointly made by CIHL and CCHL dated 31st October, 2003 (the “Joint Announcement”). Capitalised terms used in this announcement shall have the same meanings as defined in the Joint Announcement unless stated herein otherwise.

DESPATCH OF CIHL CIRCULAR TO CIHL SHAREHOLDERS

As mentioned in the Joint Announcement, the making of the Proposal by CIHL is subject to the approval of the Proposal (by way of poll) by the CIHL Independent Shareholders at the special general meeting of CIHL. The circular of CIHL (the “CIHL Circular”) containing, among other things, a notice of the special general meeting of CIHL has been despatched to CIHL Shareholders on 19th November, 2003.

Pro forma financial effect of the Proposal on CIHL

Following is the reproduction of the pro forma financial effect of the Proposal on CIHL as contained in the CIHL Circular.

“Effect on earnings

The table below set out the effects of the Proposal on the earnings of CIHL group based on the assumption that the privatisation of CCHL by CIHL had been completed at the beginning of the financial year ended 31st March, 2003.

	<i>HK\$ million</i>
Net profit of CIHL Group for the year ended 31st March, 2003	101.91
<i>Less: Cost of funding (Note 1)</i>	<i>(0.8)</i>
<i>Add: Increase in earnings</i>	
<i>Share of the remaining 64.1% interest in the profit of HK\$7.42 million of CCHL for the year ended 31st March, 2003</i>	<i>4.76</i>
<i>Recognition of HK\$9.1 million negative goodwill arising from the Proposal as income, on a straight-line basis, over 5 years (Note 2)</i>	<i>1.82</i>
<i>Expected cost saving (administrative, regulatory and legal costs due to the delisting of CCHL on the Stock Exchange)</i>	<i>1.25</i>
Pro forma net profit of the CIHL Group	<u>108.94</u>

Notes:

1. the cost of funding represents annual interest cost that would be incurred by CIHL based on the interest rate charged under the general banking facilities to be utilised by CIHL for the Proposal.
2. Negative goodwill represents the excess of CIHL Group's share of the remaining 64.1% interest in the net asset value of CCHL over the consideration payable for the acquisition of the remaining interest. For illustrative purpose, the Cancellation Price and the net asset value of CCHL as at 31st March, 2003 of approximately HK\$76 million, the latest published data close to the net asset value on completion of the Proposal, are adopted in the calculation of the negative goodwill.

The earnings per CIHL Share, based on 275,708,398 CIHL Shares in issue as at the Latest Practicable Date, will be increased from HK\$0.37 to HK\$0.40 after successful implementation of the Proposal.

Effect on net tangible asset value

The table below set out the effects of the Proposal on the net tangible asset value of CIHL based on the assumption that the privatisation of CCHL by CIHL had been completed on 31st March, 2003.

	<i>HK\$ million</i>	<i>HK\$ million</i>
Net asset value of CIHL Group as at 31st March, 2003		2,252.6
<i>Less:</i> intangible assets		
– goodwill on acquisition of subsidiaries	(3.6)	
– negative goodwill on acquisition of an associate	0.3	
– goodwill on acquisition of an associate	(2.4)	(5.7)
– other intangible assets		(4.1)

**Net tangible asset value of CIHL group
as at 31st March, 2003** **2,242.8**

Add: Negative goodwill arising from acquisition
of 64.1% issued share capital of CCHL

- | | | |
|--|--------|-----|
| – 64.1% share of audited consolidated net tangible assets of CCHL as at 31st March, 2003 | 49.0 | |
| – consideration payable to the Scheme Shareholders pursuant to the Proposal | (39.9) | 9.1 |
| | | |

Pro forma net tangible asset value of CIHL group **2,251.9**

The net tangible asset value per CIHL Shares, based on 275,708,398 CIHL Shares in issue as at the Latest Practicable Date, will be increased from HK\$8.13 per CIHL Share to HK\$8.17 after successful implementation of the Proposal.”

Warning:

CIHL Shareholders, CCHL Shareholders and potential investors in CIHL and/or CCHL should be aware that the CIHL Independent Shareholders may or may not approve the making of the Proposal and therefore the Proposal may or may not be made by CIHL. They are advised to exercise caution when dealing in the CIHL Shares and/or CCHL Shares.

DELAY IN DESPATCH OF THE SCHEME DOCUMENT TO CCHL SHAREHOLDERS

Subject to the approval of the making of the Proposal by the CIHL Independent Shareholders at the special general meeting of CIHL, a scheme document (the “Scheme Document”) containing, inter alia, further details of the Proposal, the expected timetable, an explanatory statement as required under the Companies Act, information regarding the CCHL Group, the recommendation of the independent board committee of CCHL with respect to the Proposal, a letter of advice from Quam Capital Limited to the independent board committee of CCHL, a notice of the Court Meeting and a notice of the special general meeting of CCHL is required to be despatched to CCHL Shareholders on or before 21st November, 2003, being 21 days from the date of the Joint Announcement as required under the Takeovers Code.

However, as additional time is required to accommodate the holding of the special general meeting of CIHL which is to be held on 5th December, 2003, the filing of the relevant court documents to the Bermuda Court and the court hearing to fix the Court Meeting date, it is anticipated that the Scheme Document would not be despatched to CCHL Shareholders on or before 21st November, 2003.

In anticipation of the delay in despatch of the Scheme Document to CCHL Shareholders, an application has been made to the Securities and Futures Commission (“SFC”) for consent to the extension of the deadline for despatch of the Scheme Document to CCHL Shareholders to 24th December, 2003 in order to accommodate the timetable for the holding of the special general meeting of CIHL, the filing of the relevant court documents to the Bermuda Court and the court hearing to fix of the Court Meeting date.

By order of the board of directors of
Chevalier International Holdings Limited
Chow Yei Ching
Chairman and Managing Director

By order of the board of directors of
Chevalier Construction Holdings Limited
Chow Yei Ching
Chairman

Hong Kong, 19th November, 2003

The CIHL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the CCHL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The CCHL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the CIHL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

Please also refer to the published version of this announcement in The Standard.