



# CHEVALIER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## CONNECTED TRANSACTIONS

The directors of the Company wish to announce that certain transactions which constitute connected transactions under Rule 14.25(1) of the Listing Rules should have been disclosed by way of a press announcement during the relevant periods.

The Stock Exchange reserves the right to take action against the Company and/or its directors in respect of the breach of the Listing Rules.

The Company has applied for a waiver from the Stock Exchange for a certain disclosure requirement under the Listing Rules in respect of the transactions.

### INTRODUCTION

The directors of Chevalier Construction Holdings Limited (the "Company") wish to announce that the Company and its subsidiaries have maintained insurance policies with Chevalier Insurance Company Limited ("CIS") which include public liability insurance, employees compensation insurance and contractors all risk insurance. The aggregate insurance premium charged by certain of its subsidiaries to CIS during the four years ended 31 March 2002 amounted to approximately HK\$1,163,521, HK\$6,086,809, HK\$5,665,000 and HK\$5,221,000, respectively.

CIS is principally engaged in general insurance business, including fire, motor, employees' compensation, marine cargo, property all risks, public liability and personal accident insurance. The policies provided to subsidiaries of the Company are within the ordinary course of business of CIS and were negotiated on an arm's length basis, and are on normal commercial terms. The policies are taken by the Group in the ordinary course of the Group's business and are on substantially the same terms and conditions that are offered by CIS to other CIS policyholders.

### LISTING RULES REQUIREMENT

CIS is a wholly-owned subsidiary of Chevalier International Holdings Limited ("CIHL"), which in turn holds approximately 35.9% interest in the Company and thus is a substantial shareholder of the Company. Dr. Chow Yi Ching, the Chairman, an Executive Director and a substantial shareholder of the Company is interested in approximately 50.23% interests in CIHL. As such, the transactions constituted connected transactions which were subject to disclosure requirement under Rule 14.25(1) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The transactions were considered by the management of the Company as consumer services provided by CIS to the Company and its subsidiaries as the insurance was taken for the benefit of the subsidiaries and was not used for further processing and/or resale. It was only until recently that the management noticed that similar transactions should be reported under Rule 14.25(1) of the Listing Rules, failure of which constitutes a breach of the Listing Rules. The Stock Exchange reserves the right to take action against the Company and/or its directors in respect of the breach.

The amounts paid in respect of the transactions described above could only be ascertained after the accounts for the year ended 31 March 2002 has been prepared and when all necessary adjustments and reconciliations had been carried out. Accordingly, the date of this announcement is the earliest practicable date on which these transactions could be announced. On the basis of the charges which have now been ascertained, the transactions described above constitute connected transactions under Rule 14.25(1) of the Listing Rules.

The directors of the Company (including the independent non-executive directors) believe that the transactions described above are in the interests of the Company. The terms of the transactions have been negotiated on an arm's length basis and on terms no less favourable than those available to or from independent third parties. The directors of the Company (including the independent non-executive directors) believe that the transactions were conducted on normal commercial terms and such terms are fair and reasonable so far as the shareholders of the Company are concerned.

As these transactions have been and will be conducted on normal commercial terms and in the ordinary and usual course of business of the Company and on an ongoing basis and will continue to occur on a regular, fair and reasonable basis, the directors (including independent non-executive directors) of the Company consider that such disclosure required under the Listing Rules will be impractical and would not be of benefit to the shareholders.

Accordingly, the Company has applied to the Stock Exchange for waivers from the disclosure requirements in relation to the above transactions under the Listing Rules for so long as the aggregate amount of transactions set out above do not exceed 3% of the latest published audited consolidated net tangible assets of the Company or HK\$10,000,000, whichever is higher.

The Company is prepared to comply with the following if the Stock Exchange is to grant a waiver in relation to the above connected transactions:

- (a) such transactions will be in the ordinary and usual course of business of the Company, on normal commercial terms and fair and reasonable so far as the Company are concerned;
- (b) the total value of such transactions in any future financial year will not exceed 3% of the latest published audited consolidated net tangible assets of the Company or HK\$10,000,000, whichever is higher;
- (c) such transactions will be reviewed by the independent non-executive directors of the Company, who will confirm in the annual report of the Company that the transactions are in the ordinary and usual course of business of the Company, on normal commercial terms and are fair and reasonable so far as the shareholders are concerned and that the total value of such transactions in any future financial year will not exceed 3% of the latest published audited consolidated net tangible assets of the Company or HK\$10,000,000, whichever is higher;
- (d) details of such transactions as set out in Rule 14.25(1)(A) to (D) of the Listing Rules will be disclosed in the next published annual reports and accounts of the Company; and
- (e) the auditors of the Company will confirm to the directors of the Company in writing in respect of such transactions occurring during the financial year ended 31 March 2002 and each successive financial year that:
  - (i) the relevant transactions received the approval of the directors (including the independent non-executive directors) of the Company; and
  - (ii) the relevant transactions have been entered into in accordance with the terms of the policy and on terms no less favourable than terms available offered by third parties.

### GENERAL INFORMATION

The principal activity of the Company is investment holding while its subsidiaries are engaged in building construction, building maintenance and civil engineering.

By Order of the Board  
**Kan Ka Hon**  
Company Secretary