CHEVALIER iTECH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

INTERIM REPORT 2006-2007

INTERIM RESULTS

The Directors of Chevalier iTech Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2006 together with the comparative figures for the corresponding period in 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2006

		Unaudited Six months ended 30th September,	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**381,879**	428,754
Cost of sales		**(259,329)**	(335,019)
Gross profit		**122,550**	93,735
Other income	*4*	**4,940**	7,850
Selling and distribution costs		**(102,256)**	(67,940)
Administrative expenses		**(3,582)**	(3,011)
Other expenses		**(999)**	(5,553)
Operating profit		**20,653**	25,081
Share of result of an associate		**–**	(45)
Finance costs		**(2,541)**	(1,505)
Profit before taxation	*5*	**18,112**	23,531
Income tax expenses	*6*	**(2,448)**	(2,281)
Profit for the period attributable to equity holders of the Company		**15,664**	21,250
Dividend	*7*	**4,754**	5,141
Earnings per share	*8*	**9.11 cents**	12.40 cents
Interim dividend per share		**2.5 cents**	3.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30th September, 2006

	Notes	Unaudited 30th September, 2006 HK$'000	Audited 31st March, 2006 HK$'000
Non-current assets			
Investment properties		**7,175**	7,120
Property, plant and equipment	*9*	**62,784**	55,895
Prepaid lease payments		**2,103**	2,192
Goodwill		**82,392**	82,392
Trademark		**108,000**	108,000
Interest in an associate		**435**	–
Available-for-sale investments		**18,480**	10,020
Investments at fair value through profit or loss		**49,507**	49,588
		330,876	315,207
Current assets			
Inventories		**78,823**	66,991
Debtors, deposits and prepayments	*10*	**112,503**	100,164
Amount due from ultimate holding company		**1,075**	1,756
Amounts due from customers for contract work		**141**	342
Tax recoverable		**191**	662
Investments at fair value through profit or loss		**74,742**	73,279
Derivative financial instruments		**–**	32
Bank balances and cash equivalents		**102,669**	72,399
		370,144	315,625
Current liabilities			
Creditors, bills payables, deposits and accruals	*11*	**92,652**	77,045
Amounts due to customers for contract work		**137**	264
Deferred service income		**18,391**	20,420
Dividend payable		**8,568**	–
Provision for taxation		**840**	942
Bank borrowings		**52,000**	52,000
		172,588	150,671
Net current assets		**197,556**	164,954
Total assets less current liabilities		**528,432**	480,161

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

As at 30th September, 2006

	Notes	Unaudited 30th September, 2006 HK$'000	Audited 31st March, 2006 HK$'000
Capital and reserves			
Share capital	*12*	**95,078**	85,678
Reserves		**369,814**	325,422
Equity attributable to equity holders of the Company		**464,892**	411,100
Minority interests		**184**	176
Total Equity		**465,076**	411,276
Non-current liabilities			
Bank borrowings		**43,000**	49,000
Deferred taxation		**20,356**	19,885
		63,356	68,885
Total equity and non-current liabilities		**528,432**	480,161

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th September, 2006 (unaudited)

		Attributable to equity holders of the Company								
					Capital	Exchange				
		Share	Share	Capital	redemption	fluctuation	Retained		Minority	
		capital	premium	reserve	reserve	reserve	profits	Total	interests	Total
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2005		85,678	223,434	18,060	14	1,657	52,432	381,275	175	381,450
Exchange difference arising on translation of financial statements of foreign operations directly recognised in equity		–	–	–	–	(543)	–	(543)	(10)	(553)
Profit for the period		–	–	–	–	–	21,250	21,250	–	21,250
Total recognised income and expense for the period		–	–	–	–	(543)	21,250	20,707	(10)	20,697
Final dividend for 2005 paid		–	–	–	–	–	(1,713)	(1,713)	–	(1,713)
At 30th September, 2005		85,678	223,434	18,060	14	1,114	71,969	400,269	165	400,434
At 1st April, 2006		**85,678**	**223,434**	**18,060**	**14**	**1,370**	**82,544**	**411,100**	**176**	**411,276**
Exchange difference arising on translation of financial statements of foreign operations directly recognised in equity		**–**	**–**	**–**	**–**	**2,050**	**–**	**2,050**	**8**	**2,058**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**15,664**	**15,664**	**–**	**15,664**
Total recognised income and expense for the period		**–**	**–**	**–**	**–**	**2,050**	**15,664**	**17,714**	**8**	**17,722**
Final dividend relating to 2006	7	**–**	**–**	**–**	**–**	**–**	**(8,568)**	**(8,568)**	**–**	**(8,568)**
Issue of share capital		**9,400**	**35,246**	**–**	**–**	**–**	**–**	**44,646**	**–**	**44,646**
At 30th September, 2006		**95,078**	**258,680**	**18,060**	**14**	**3,420**	**89,640**	**464,892**	**184**	**465,076**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th September, 2006

	Unaudited Six months ended 30th September, 2006 HK$'000	2005 HK$'000
Net cash from operating activities	**15,445**	65,693
Net cash used in investing activities	**(24,028)**	(239,035)
Net cash from financing activities	**38,646**	104,839
Increase/(decrease) in cash and cash equivalents	**30,063**	(68,503)
Cash and cash equivalents at beginning of period	**72,399**	181,330
Effect of foreign exchange rate changes	**207**	(312)
Cash and cash equivalents at end of period	**102,669**	112,515
Analysis of the balances of cash and cash equivalents		
Bank balances and cash equivalents	**102,669**	112,515

NOTES

For the six months ended 30th September, 2006

1. Basis of preparation and accounting policies

The condensed financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. Principal accounting policies

The condensed financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31st March, 2006 except as described below.

In prior years, fixed assets of machinery, tools, equipment, furniture, fixtures, office equipment and motor vehicles were depreciated on reducing balance basis at annual charge rate of 20% or 40% with initial charge of 20%. The directors of the Group have reviewed the usage of these assets and considered it appropriate to depreciate them on a straight line basis over their useful lives from 5 to 10 years. This change in accounting estimate has no significant impact to the Group's depreciation charged to the income statement for the current period.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards, HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that have become effective. The application of the new HKFRSs has no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has also considered the new standards, amendments and interpretations that may be applicable to the Group. The Group has not yet early adopted the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment and interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 8	Scope of HKFRS 2[2]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[3]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[4]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st May, 2006.
[3] Effective for annual periods beginning on or after 1st June, 2006.
[4] Effective for annual periods beginning on or after 1st November, 2006.

NOTES *(Continued)*

3. Segment information

An analysis of the Group's turnover and contribution to operating profit by business segment and turnover by geographical segment is as follows:–

(a) By business segment

For the six months ended 30th September, 2006

	Computer and information communication technology *HK$'000*	**Food and beverage** *HK$'000*	**Investments in securities and others** *HK$'000*	**Consolidated** *HK$'000*
TURNOVER	**259,798**	**115,963**	**6,118**	**381,879**
RESULTS				
Segment results	**5,999**	**8,149**	**8,392**	**22,540**
Unallocated corporate expenses				**(2,543)**
Unallocated corporate income				**164**
Interest income				**492**
Operating profit				**20,653**
Finance costs				**(2,541)**
Profit before taxation				**18,112**
Income tax expenses				**(2,448)**
Profit for the period attributable to equity holders of the Company				**15,664**

For the six months ended 30th September, 2005

	Computer and information communication technology *HK$'000*	Food and beverage *HK$'000*	Investments in securities and others *HK$'000*	Consolidated *HK$'000*
TURNOVER	296,408	72,511	59,835	428,754
RESULTS				
Segment results	9,145	7,798	5,302	22,245
Unallocated corporate expenses				(2,594)
Unallocated corporate income				4,392
Interest income				1,038
Operating profit				25,081
Share of result of an associate	(45)	–	–	(45)
Finance costs				(1,505)
Profit before taxation				23,531
Income tax expenses				(2,281)
Profit for the period attributable to equity holders of the Company				21,250

NOTES *(Continued)*

3. Segment information *(Continued)*

(b) By geographical segment

	Turnover Six months ended 30th September, **2006** ***HK$'000***	 2005 *HK$'000*
Hong Kong	**331,924**	387,129
Thailand	**37,230**	33,333
Others	**12,725**	8,292
	381,879	428,754

4. Other income

	Six months ended 30th September, **2006** ***HK$'000***	 2005 *HK$'000*
Included in other income are:		
Interest income	**492**	1,038
Gross rental income from properties less outgoings	**220**	275
Unrealised fair value gain of investments at fair value through profit or loss	**3,770**	–
Profit on disposal of properties for sales	**–**	4,392
Gain on foreign exchange contracts	**–**	1,696

5. Profit before taxation

	Six months ended 30th September, **2006** ***HK$'000***	 2005 *HK$'000*
Profit before taxation is arrived at after charging:		
Cost of goods sold	**217,515**	235,996
Depreciation on property, plant and equipment	**10,356**	6,741
Operating lease payments in respect of renting of premises	**31,430**	20,127
Staff costs, including directors' emoluments	**61,476**	52,016

6. Income tax expenses

	Six months ended 30th September, **2006** ***HK$'000***	 2005 *HK$'000*
The charge/(credit) comprises:		
Current taxation		
Hong Kong	**1,539**	1,962
Overseas	**439**	399
Deferred taxation	**470**	(80)
	2,448	2,281

NOTES *(Continued)*

6. Income tax expenses *(Continued)*

Provision for Hong Kong profits tax is calculated at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits less available tax relief for losses brought forward.

Provision for overseas taxation is calculated based on the rates applicable to the relevant local legislation on the estimated assessable profits.

7. Dividend

	Six months ended 30th September, 2006 *HK$'000*	2005 *HK$'000*
Interim dividend		
HK2.5 cents per share (2005: HK3.0 cents per share)	**4,754**	5,141

On 8th December, 2006, the Board of Directors declared an interim dividend of HK2.5 cents per ordinary share. The interim dividend is not reflected as a dividend payable in this condensed consolidated balance sheet, but will be reflected as an appropriation of retained earnings for the year ending 31st March, 2007.

A 2006 final dividend of HK5 cents (2005: HK1 cent) per ordinary share, totalling HK$8,568,000 was approved at the annual general meeting held on 28th September, 2006 and paid in October 2006. It has been reflected as an appropriation of retained earnings for the six months ended 30th September, 2006.

8. Earnings per share

Basic earnings per share are calculated based on the profit for the period of HK$15,664,000 (2005: HK$21,250,000) and on the weighted average number of ordinary shares of 171,922,446 (2005: 171,355,871) in issue during the period.

No diluted earnings per share are presented as the Company had no potential ordinary shares outstanding for the two periods ended 30th September, 2005 and 2006.

9. Property, plant and equipment

For the six months ended 30th September, 2006, the Group acquired property, plant and equipment of HK$16,956,000 (HK$35,547,000 for the six months ended 30th September, 2005) and disposed of property, plant and equipment with a net book value of HK$368,000 (HK$989,000 for the six months ended 30th September, 2005).

10. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors of HK$53,920,000 (31st March, 2006: HK$56,626,000).

The ageing analysis of trade debtors net of allowance of doubtful debts is as follows:

	As at 30th September, 2006 *HK$'000*	As at 31st March, 2006 *HK$'000*
0–60 days	**47,155**	49,348
61–90 days	**2,516**	2,533
Over 90 days	**4,249**	4,745
Total	**53,920**	56,626

NOTES *(Continued)*

10. Debtors, deposits and prepayments *(Continued)*

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted for trade debtors was 60 days except for sales of food and beverage at coffee shops which are mainly on cash basis.

The carrying amounts of the Group's trade and other debtors approximate to their fair values.

11. Creditors, bill payables, deposits and accruals

Included in creditors, bill payables, deposits and accruals are trade creditors and bills payable of HK$35,053,000 (31st March, 2006: HK$34,416,000).

The ageing analysis of trade creditors and bills payables is as follows:

	As at 30th September, 2006 *HK$'000*	As at 31st March, 2006 *HK$'000*
0–60 days	**32,398**	31,166
61–90 days	**690**	333
Over 90 days	**1,965**	2,917
Total	**35,053**	34,416

The carrying amounts of the Group's trade and other creditors and bills payables approximate to their fair values.

12. Share capital

	As at 30th September, 2006		As at 31st March, 2006	
	Number of Ordinary Shares of HK$0.5 each	**Nominal Value** *HK$'000*	Number of Ordinary Shares of HK$0.5 each	Nominal Value *HK$'000*
Authorised:				
At beginning and end of the period	**240,000,000**	**120,000**	240,000,000	120,000
Issued and fully paid:				
At beginning of the period	**171,355,871**	**85,678**	171,355,871	85,678
Issue of shares	**18,800,000**	**9,400**	–	–
At end of the period	**190,155,871**	**95,078**	171,355,871	85,678

NOTES *(Continued)*

13. Operating lease

(a) The Group as lessee

At 30th September, 2006, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of renting of premises which fall due as follows:

	As at 30th September, 2006	As at 31st March, 2006
	HK$'000	*HK$'000*
Within one year	**61,201**	51,269
In the second to fifth year inclusive	**65,389**	63,969
	126,590	115,238

Operating leases are negotiated and rentals are fixed for lease term ranging from two to three years.

The operating lease rentals of certain coffee shops of the Group are determined based on the turnover of the coffee shops should such amounts be higher than the minimum guaranteed rental. The above amount of commitment has only included the minimum guaranteed rental.

(b) The Group as lessor

All the investment properties were leased out for a period of three years and the Group did not have any renewal options given to the leasees. The future minimum lease receivable by the Group with one year under non-cancellable operating leases amounted to HK$301,000 (31st March, 2006: HK$292,000).

14. Subsequent event

On 25th November, 2006, the Company entered into an agreement with Sinochina Pacific Limited to acquire, in two tranches, a total of 100 shares in Sinochina Enterprises Limited ("SEL"), representing the entire issued share capital of SEL. The two tranches involve the acquisition of 49 and 51 ordinary shares in SEL constituting respective 49% and 51% of the entire issued share capital of SEL. The total consideration of the two tranches shall in any event not exceed HK$200 million in aggregate. The consideration shall be satisfied in cash and financed by the internal resources of the Group.

SEL is engaging in the business of operation of restaurants and other food and beverage outlets in Hong Kong.

Further details of the event were contained in the Company's announcement dated 1st December, 2006.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK2.5 cents (2005: HK3.0 cents) per share for the six months ended 30th September, 2006 payable on Tuesday, 9th January, 2007 to shareholders whose names appear on the Register of Members of the Company on Friday, 5th January, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 3rd January, 2007 to Friday, 5th January, 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 2nd January, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30th September, 2006, the Group's turnover and net profit dropped by 11% and 26% respectively compared with the corresponding period last year. A substantial drop in turnover amounting to over HK$50 million of the investment segment was the main reason for the decline in the Group's total turnover. The decrease in turnover of the investment segment, however, had no direct impact on the Group's overall profitability, as sales of securities do not necessarily correlate with profits. Turnover of the computer and information communication technology segment also dropped but was offset by an increase in turnover of the food and beverage segment. As for the overall profit from the three segments, it was at a similar level as in the corresponding period last year. The decline in operating profit of the computer segment caused by slow sales of notebook computers was offset by the surge in profits from the investment segment. Net profit was HK$5.6 million less than that in the same period last year as a result of increased finance costs and the absence of the like of the HK$4 million profit on disposal of property for sale in the unallocated corporate income recorded last year.

The performance of the computer and information communication technology segment encountered setbacks in growth – the result of a delay in the introduction of a new operating system and recall of defective notebook computer batteries. Nevertheless, the computer division remained as a major contributor to the segment's profits. Meanwhile, the network solutions division continued to offer comprehensive telecommunication and IT solutions that address clients' particular technical requirements. Among the Group's key clients include several government departments and educational institutions.

Both turnover and segment results of the food and beverage segment improved by 60% and 5% to HK$116 million and HK$8 million, respectively. Embedded in the segment results of HK$8 million, there is a loss of HK$4 million generated from the operations in China, an inevitable upfront investment cost for entering the new market. For Hong Kong and Singapore only, the segment results actually improved by over 50% to HK$12 million, which was in line with the growth of turnover. For the six months ended 30th September, 2006, Pacific Coffee continued to expand its network in Hong Kong, Singapore, Shanghai, Beijing and Chengdu, elevating total store numbers to 61, up from 49 stores year on year.

In Hong Kong, new stores were opened in Wanchai, Lantau, Central, the Peak, Garden Road, Mongkok and The University of Hong Kong, all of which have delivered strong results – exceeding the Group's expectations. In Beijing, a kiosk at the Beijing Exhibition Center was opened, thereby adding to the two stores that are already present in the capital. Meanwhile, in Shanghai, three stores were opened and a regional office was established. A kiosk was also opened within the new Seibu department store in Chengdu. As the Group is presently building on its operational network in these cities, and thus at an initial investment stage, additional time will be required to generate returns in the PRC.

Conversely, same store sales in Hong Kong grew by 7% during the review period, driven by increased volume which has assisted the Group to offset surging rental costs. Same store profitability has also increased due to continuous improvement in services and the growing popularity of Western luxury-style cafes.

During the review period, initiatives that have helped to promote business efficiency include implementation of a store-wide electronic point-of-sale system which provides real-time data analysis. In addition, the roll out of a unique digital multimedia display system has enhanced the Company's ability to disseminate its brand values and partnerships in an appealing format.

Contributions from the investment in securities segment increased to HK$8.4 million during the period despite a significant drop in turnover as mentioned before. The Group's professional management team continued to implement its proven strategies in achieving satisfactory return from a diversified investment portfolio. Coupled with strong economic growth in Hong Kong and the PRC as well as liquidity driven market conditions, it is anticipated that the performance of this segment can be maintained. Accordingly, the Group will continue to manage its securities and investment portfolio with prudence to enhance yields.

Subsequent to the end of the review period, the Group entered into an agreement to acquire the entire issued share capital of SEL, a holding company of Igor's – one of Hong Kong's fastest growing food and beverage management companies. The Group will initially acquire 49% of Igor's based on its EBITDA performance in 2006 and 2007. The remaining 51% will be acquired based on its EBITDA performance in 2008. Total consideration will not exceed HK$200 million.

Igor's established its first restaurant in 1998 and now operates 20 outlets. Its restaurants including "Wildfire", "The Boathouse", "Stormies Crabshack" and "Café de Paris", in various prime dining destinations such as Lan Kwai Fong, Soho, Knutsford Terrace and Stanley in Hong Kong, offer a wide variety of international cuisines ranging from traditional French to fast food. In addition, Igor's also operates popular bars and restaurants in the premier entertainment districts of Lan Kwai Fong and Wanchai, namely "Stormies", "The Cavern", "Swindlers" and "Typhoon", where their resident bands offer an impressive repertoire of live music entertainment.

PROSPECTS

Outlook for the computer and information communication technology business remains uncertain as margin continues to be under the pressure of market competition. That said, Hong Kong's economy is expanding at a brisk pace while interest rates remain relatively low with the added prospect of downward adjustments as 2007 appears on the horizon. Furthermore, the labor market is improving and this will spur consumption, hence investment in IT expenditure is expected to see moderate growth. Never complacent, the Group will continually seek ways to bring added value to customers, whether in the form of comprehensive solutions or reliable high-performance products and services.

For the stylish food and beverage business, in particular, Pacific Coffee, there are a number of initiatives in the pipeline. In Hong Kong, small or unprofitable stores facing high rental increases will be relocated. In Beijing and Shanghai, the Group will establish stores in more retail focused shopping areas and tourist locations so as to improve Pacific Coffee's brand visibility and profitability. In Singapore, the newly opened Vivo City store has already earned highly positive feedback from customers and become a new flagship. Not satisfied, management of Pacific Coffee will focus on building a strong regional team with local talent to ensure long-term growth.

With Igor's creative food and beverage concepts as well as Pacific Coffee's strong retail and brand presence, the Group is well positioned to continue capturing a growing share of the burgeoning lifestyle-based food and beverage market in Hong Kong, the PRC and other parts of Asia.

FINANCIAL REVIEW

As at 30th September, 2006, the Group's total net assets attributable to equity holders of the Company amounted to HK$465 million (HK$411 million as at 31st March, 2006).

As at 30th September, 2006, total debt to equity ratio was 20.4% (24.6% as at 31st March, 2006) and net debt to equity ratio was nil (Nil as at 31st March, 2006), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net assets of HK$465 million (HK$411 million as at 31st March, 2006).

As at 30th September, 2006, the Group's bank and other borrowings amounted to HK$95 million (HK$101 million as at 31st March, 2006). Cash and deposit at bank including structured deposits amounted to HK$152 million (HK$122 million as at 31st March, 2006) and there are no net borrowings as at 30th September, 2006 (Nil as at 31st March, 2006). The improvement in cash position was mainly attributable to the share placement of 18.8 million new shares in August 2006, bringing in net proceeds after expenses of HK$44.6 million for the expansion of food and beverage business and for the general working capital of the Group.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in Hong Kong or US dollars. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30th September, 2006, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to S352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Interests in the Company – Shares

Name of Directors	Capacity	Number of ordinary shares: Personal interests	Number of ordinary shares: Corporate interests	Number of ordinary shares: Total	Approximate percentage of interest (%)
CHOW Yei Ching	Beneficial owner and interest of controlled corporation	6,815,854	104,198,933*	111,014,787	58.38
FUNG Pak Kwan	Beneficial owner	2,580,000	–	2,580,000	1.36
KUOK Hoi Sang	Beneficial owner	2,400,000	–	2,400,000	1.26
KAN Ka Hon	Beneficial owner	451,200	–	451,200	0.24
Shinichi YONEHARA	Beneficial owner	600	–	600	0.00032

* *Dr CHOW Yei Ching has notified the Company that under the SFO, he was deemed to be interested in 104,198,933 shares of the Company which were held by Chevalier International Holdings Limited ("CIHL") as Dr Chow beneficially owned 147,738,359 shares in CIHL, representing approximately 53.03% of the issued share capital of CIHL. Dr Chow was deemed to be interested in these shares under the SFO and these shares were same as those shares disclosed in the section "Substantial Shareholders' Interests in Securities" below.*

(b) Interests in Associated Corporation – Shares

Name of Directors	Associated corporation	Capacity	Number of ordinary shares: Personal interests	Number of ordinary shares: Total	Approximate percentage of interest (%)
CHOW Yei Ching	CIHL	Beneficial owner	147,738,359	147,738,359	53.03
FUNG Pak Kwan	CIHL	Beneficial owner	93,479	93,479	0.03
KUOK Hoi Sang	CIHL	Beneficial owner	98,216	98,216	0.04
KAN Ka Hon	CIHL	Beneficial owner	29,040	29,040	0.01
Shinichi YONEHARA	CIHL	Beneficial owner	1,671	1,671	0.001

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES *(Continued)*

Save as disclosed above and in "Share Option Schemes" below, as at 30th September, 2006, so far as is known to the Directors and the chief executives of the Company, no other person has interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO); or are required, pursuant to S352 of the SFO, to be recorded in the register referred to therein; or are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEMES

A share option scheme of the Company (the "CiTL Scheme") was approved by the shareholders of CIHL and shareholders of the Company on 20th September, 2002. Another share option scheme of CIHL (the "CIHL Scheme") was also approved by the shareholders of CIHL on 20th September, 2002. The CiTL Scheme and the CIHL Scheme fully comply with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). As at 30th September, 2006, no share option was granted, exercised, cancelled or lapsed under the CiTL Scheme and the CIHL Scheme. There was no outstanding option under the CiTL Scheme and the CIHL Scheme at the beginning and at the end of the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30th September, 2006, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under S336 of the SFO were as follows:

Substantial Shareholder	**Capacity**	**Number of shares held**	**Approximate percentage of interest** (%)
CHOW Yei Ching	Beneficial owner	111,014,787 *(Notes 1 and 3)*	58.38
MIYAKAWA Michiko	Beneficial owner	111,014,787 *(Notes 2 and 3)*	58.38
CIHL	Beneficial owner	104,198,933 *(Note 3)*	54.80
Chevalier (HK) Limited ("CHK")	Beneficial owner	13,471,200 *(Note 3)*	7.08
Firstland Company Limited ("Firstland")	Beneficial owner	13,471,200 *(Note 3)*	7.08

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(Continued)*

Substantial Shareholder	Capacity	Number of shares held	Approximate percentage of interest (%)
Chen Wai Wai, Vivien	Beneficial owner	18,800,000 *(Note 4)*	9.89
Crosby Investment Holdings Inc.	Interest of controlled corporation	18,800,000 *(Note 4)*	9.89
Nan Fung Resources Limited	Interest of controlled corporation	18,800,000 *(Note 4)*	9.89
Gentfull Investment Limited	Beneficial owner	18,800,000 *(Note 4)*	9.89

Notes:

1. Under the SFO, these shares were held by Dr Chow as (i) personal interests of 6,815,854, (ii) corporate interests of 104,198,933 in which Dr Chow was deemed to be interested.

2. Under Part XV of the SFO, Ms Miyakawa Michiko, the spouse of Dr Chow, was deemed to be interested in the same parcel of 111,014,787 shares held by Dr Chow.

3. These shares were held as interest of controlled corporation through Firstland, a company incorporated in Hong Kong and a wholly-owned subsidiary of CHK. CHK is a company incorporated in Hong Kong and a wholly-owned subsidiary of CIHL. CIHL is a company incorporated in Bermuda. Under Part XV of the SFO, CHK, CIHL, Dr Chow and his spouse were deemed to be interested in 13,471,200 shares.

4. Ms Chen Wai Wai, Vivien, Crosby Investment Holdings Inc., Nan Fung Resources Limited are taken to be interested in 18,800,000 shares which were held by Gentfull Investment Limited. Gentfull Investment Limited is wholly owned by Nan Fung Resources Limited and in turn wholly owned by Crosby Investment Holdings Inc. which is 100% owned by Ms Chen Wai Wai, Vivien.

Save as disclosed above, as at 30th September, 2006, so far as is known to the Directors and the chief executives of the Company, no other person has interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under S336 of the SFO, or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

ARRANGEMENT FOR ACQUISITION OF SHARES OR DEBENTURES

Except for the share option schemes adopted by the Company and its associated corporations, at no time during the period was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th September, 2006, the Group employed approximately 850 full time staff globally. Total staff costs amounted to approximately HK$61 million for the period under review. The remuneration policies are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, retirement schemes and employees' share option scheme.

AUDIT COMMITTEE

During the period, the Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30th September, 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30th September, 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. All directors of the Company confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended 30th September, 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th September, 2006 with the exception of the following deviation:

Under the code provision A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive directors are not appointed for a specific term. However, they are subject to retirement by rotation at least once every three years under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

APPRECIATION

On behalf of the Board, I would like to thank the management and all staff for their concerted effort, commitment and professionalism.

By Order of the Board
CHOW Yei Ching
Chairman

Hong Kong, 8th December, 2006

website: http://www.chevalier-itech.com