CHEVALIER INTERNATIONAL HOLDINGS LIMITED
其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 025)

DISCLOSEABLE TRANSACTION AND RESUMPTION OF TRADING

CHEVALIER PACIFIC HOLDINGS LIMITED
其士泛亞控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

MAJOR TRANSACTION AND RESUMPTION OF TRADING

THE SHARE EXCHANGE AGREEMENT

After Stock Exchange trading hours on 15 December 2010, Sinochina (as purchaser) and Sharp Rise (as purchaser's guarantor), both being wholly-owned subsidiaries of CPHL, entered into the Share Exchange Agreement with IRHL (as vendor) and the Owners (as vendor's guarantors) in relation to the Share Exchange.

The Share Exchange involves Sinochina acquiring the Metro Point Share (representing the entire issued share capital of Metro Point) from IRHL, the consideration of which will be satisfied by the allotment and issue of 400 new shares of Sinochina (representing 40% of the issued share capital of Sinochina as enlarged by the issue of the aforesaid shares) to IRHL.

The Café Deco Group is engaged in the food and beverages business under the trade name "Café Deco" and has five outlets and one franchise store in Hong Kong, Macau and Australia, while the Igor's Group is engaged in the food and beverages business of the CPHL Group comprising 35 restaurant outlets in Hong Kong. The Share Exchange, if completed, will result in a merger of the Café Deco Group and the Igor's Group. Immediately after Completion, Sharp Rise and IRHL will respectively hold 60% and 40% of the issued share capital of Sinochina.

THE FIRST LOAN AGREEMENT AND THE SECOND LOAN AGREEMENT

CPL and Sinochina entered into the First Loan Agreement and the Second Loan Agreement with IRHL respectively to advance the First Loan and the Second Loan to IRHL respectively for the purpose of satisfying certain financial obligations of IRHL.

THE OPTION AGREEMENT

In preparation for the entering into of the Share Exchange Agreement, the Igor's Group implemented the Igor's Reorganisation, pursuant to which a 51% interest in each of the World Pointer Group Companies were transferred from CL Holdings to World Pointer. In conjunction with the Share Exchange Agreement, each of the World Pointer Group Companies shall enter into the Management Agreement with Sinochina upon Completion to appoint Sinochina as its sole agent to manage and operate the nine restaurants and three kiosks owned by the World Pointer Group Companies. In addition, the Option Agreement will be entered into upon Completion between CPHL and CL Holdings whereby CPHL and CL Holdings will be granted the CPHL Put Option and the CL Put Option respectively.

THE SHAREHOLDERS AGREEMENT

On Completion, the Parties will enter into the Shareholders Agreement to regulate the relationship among each other in respect of the affairs of and their dealings with the Merged Group after Completion (including, without limitation, its operations, management and business).

* *For identification purpose only*

LISTING RULES IMPLICATIONS

The Transactions constitute a discloseable transaction for CIHL and a major transaction for CPHL under Chapter 14 of the Listing Rules and is therefore subject to the approval of the CPHL Shareholders.

As no CPHL Shareholder has a material interest in the Transactions which is different from the interests of the other CPHL Shareholders, no CPHL Shareholder is required to abstain from voting. CIHL, the controlling shareholder of CPHL interested in 1,285,829,330 CPHL Shares (representing approximately 54.14% of the issued share capital of CPHL) as at the date hereof, has given its written consent for the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement and the transactions contemplated thereunder. The written consent has been accepted in lieu of CPHL holding a special general meeting to approve the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement, the financial information of the CPHL Group and the Café Deco Group and other information as required under the Listing Rules will be despatched to the CPHL Shareholders on or before 28 February 2011 to allow CPHL sufficient time to prepare the relevant information for inclusion in its circular.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES OF CIHL AND CPHL

Trading in the shares of CIHL and CPHL on the Stock Exchange was suspended with effect from 9:30 a.m. on 16 December 2010 at the request of CIHL and CPHL pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of CIHL and CPHL with effect from 9:30 a.m. on 20 December 2010.

The directors of CIHL and CPHL are pleased to announce that after Stock Exchange trading hours on 15 December 2010, the Parties entered into the Share Exchange Agreement in relation to the Share Exchange. Set out below are the principal terms of the Share Exchange Agreement.

THE SHARE EXCHANGE AGREEMENT

Date

15 December 2010

Parties

(i) IRHL, which is interested in the entire issued share capital of Metro Point as at the date of the Share Exchange Agreement;

(ii) Sinochina, a wholly-owned subsidiary of Sharp Rise immediately before Completion and the purchaser of the Metro Point Shares;

(iii) Mr. Martin Claudius Heinrich Allies and Mr. Graeme John Reading, the ultimate beneficial owners of IRHL, acting as guarantors to guarantee the performance of IRHL's certain obligations under the Share Exchange Agreement; and

(iv) Sharp Rise, a wholly-owned subsidiary of CPHL and the holding company of Sinochina, acting as the guarantor to guarantee the performance of Sinochina's certain obligations under the Share Exchange Agreement.

IRHL is an investment holding company with its subsidiaries and associated company engaged principally in food and beverages business under the trade name of "Café Deco". To the best of the knowledge, information and belief of the respective Boards of CIHL and CPHL after making reasonable enquiries, IRHL and its ultimate beneficial owners are third parties independent of and not connected with CIHL, CPHL and their respective connected persons.

Neither CIHL nor CPHL has been involved in any previous transaction with IRHL and its ultimate beneficial owners in the previous 12 months which would otherwise require aggregation with the Share Exchange pursuant to Rule 14.22 of the Listing Rules.

Subject matters of the Share Exchange Agreement and consideration

Pursuant to the Share Exchange Agreement, IRHL agreed to transfer to Sinochina the Metro Point Share (being the entire issued share capital of Metro Point) free from all Encumbrances and with all rights becoming attached or accruing thereto as from the date of Completion.

In consideration of IRHL transferring the Metro Point Share, Sinochina agrees to allot and issue the Sinochina Shares (being 400 new shares in Sinochina, representing 40% of the total issued share capital of Sinochina as enlarged by the issue of the Sinochina Shares) to IRHL at Completion credited as fully paid up and free from all Encumbrances and with all rights now or hereafter becoming attached or accruing thereto as from the date of Completion.

Under the Share Exchange Agreement, CPHL will effectively dispose of a 40% interest in the Igor's Group in exchange for a 60% interest in the Café Deco Group and result in a merger of the Café Deco Group and the Igor's Group. The resultant shareholding percentage of Sharp Rise and IRHL in Sinochina after the Share Exchange was determined after arm's length negotiations among the Parties, taking into account a number of factors including the respective historical earnings, financial position and future business prospects of the Igor's Group and the Café Deco Group.

CDG Reorganisation

In order to facilitate the merger of the Café Deco Group and the Igor's Group under the Share Exchange Agreement, it is one of the conditions precedent to Completion that the respective shares of each of the Café Deco Group Companies shall be transferred to either Metro Point or a wholly-owned subsidiary of Metro Point on or before the Completion Date and all liabilities (actual or contingent, including, without limitation, any Encumbrances) not related solely to the businesses of each of the Café Deco Group Companies shall be fully settled, discharged, released or otherwise transferred out on or before the Completion Date.

Settlement of the IRHL's obligations

As part of the consideration for the Share Exchange and subject to the terms of the Share Exchange Agreement, Sharp Rise shall procure that CPL (a wholly-owned subsidiary of CPHL) shall, within two Business Days after the date of the Share Exchange Agreement, advance the First Loan to IRHL for the purpose of satisfying certain obligations of IRHL. Details of the terms of the First Loan are set out in the paragraph headed "The First Loan Agreement" below.

Sinochina shall, on or before the Completion Date, advance the Second Loan to IRHL for the purpose of satisfying certain further obligations of IRHL. Details of the terms of the Second Loan are set out in the paragraph headed "The Second Loan Agreement" below.

Conditions

The Share Exchange Agreement is subject to and conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

(i) the grant of a written shareholders' approval of the execution of the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement and the transactions contemplated thereunder from CPHL Shareholder(s), holding, together, more than 50% in the nominal value of the shares of CPHL having the right to attend and vote at the relevant general meeting (if a general meeting is to be convened) in lieu of holding a general meeting in accordance with the relevant requirements of Chapter 14 of the Listing Rules;

(ii) all consent, approvals, clearances and authorisations of any relevant government or regulatory authorities and/or other relevant third parties as may be necessary for the execution and implementation of the Share Exchange Agreement by IRHL have been obtained;

(iii) Sinochina undertaking a due diligence investigation in respect of the Café Deco Group including but not limited to the affairs, business, assets, finance, taxation, results, legal and financing structure of the Café Deco Group Companies and being satisfied with the results of such due diligence investigation;

(iv) IRHL undertaking a due diligence investigation in respect of the Igor's Group including but not limited to the affairs, business, assets, finance, taxation, results, legal and financing structure of the Igor's Group Companies and being satisfied with the results of such due diligence investigation;

(v) the CDG Reorganisation has been duly carried out and completed by IRHL to the reasonable satisfaction of Sinochina pursuant to terms and conditions of the Share Exchange Agreement and written evidence of completion of the CDG Reorganisation being provided to Sinochina except for the completion of the registration of the discharge and/or release of securities or Encumbrances created by the Café Deco Group Companies as set out in the Share Exchange Agreement which shall be completed within three months after Completion;

(vi) a letter or written correspondence from IRHL's auditors in the form reasonably satisfactory to Sharp Rise confirming that an accountants report with unqualified opinion for the Café Deco Group Companies on an individual company basis for the three years ended 31 March 2008, 2009 and 2010 and five months ended 31 August 2010 in such form as the Stock Exchange may require can be issued;

(vii) no event having occurred since the date of the Share Exchange Agreement to Completion, which would constitute a material breach of the Settlement Agreements and/or the Written Consent which is not rectified by IRHL, or render the Settlement Agreements and/or the Written Consent invalid, void or unenforceable;

(viii) no event having occurred since the date of the Share Exchange Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Café Deco Group and such material adverse effect shall not have been caused;

(ix) the representation, warranties and undertakings made or given by Sharp Rise in favour of IRHL as set out in the Share Exchange Agreement remaining true, accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Share Exchange Agreement and Completion;

(x) the representation, warranties and undertakings made or given by IRHL in favour of Sinochina and Sharp Rise as set out in the Share Exchange Agreement remaining true, accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Share Exchange Agreement and Completion; and

(xi) all necessary statutory governmental and regulatory obligations having been complied with and all necessary regulatory authority in Hong Kong, Macau, Australia and other relevant jurisdiction governmental and third party consents and approvals (including approval of the transactions contemplated under the Share Exchange Agreement by the Stock Exchange (if required) and those person entitled to any pre-emption rights) and waivers for the purposes of the transactions contemplated under the Share Exchange Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the Parties).

If any of the conditions set out in (iii) to (x) have not been fulfilled (or, as the case may be, waived by Sinochina in respect of conditions (iii), (v) to (viii) and (x) or waived by IRHL in respect of condition (iv) and (ix)) by 31 December 2010 (or other later date as may be agreed by the Parties), the provisions of the Share Exchange Agreement shall from such date have no effect and no Parties shall have any liability under them (without prejudice to the rights of any of the Parties in respect of antecedent breaches).

Performance guarantee

Under the Share Exchange Agreement, IRHL and the Owners have irrevocably and unconditionally guaranteed certain performance metrics ("Performance Guarantee") of the Macau Operations for a period of three years after 1 April 2011 (the "Guarantee Period") or as extended in accordance with the terms of the Share Exchange Agreement. In the event that there is a shortfall under the Performance Guarantee then Sharp Rise shall be entitled to a compensation equivalent to 60% of the shortfall subject to a pre-determined maximum compensation amount. The aforesaid compensation may be settled in cash by IRHL and the Owners, and/or from the dividends to be declared and payable by Sinochina to IRHL. If the compensation is not fully paid within three years, the Owners shall settle the outstanding compensation by transferring an equivalent amount of shares of Sinochina to Sharp Rise.

Adjustment(s)

The Parties agree that each of the Café Deco Group Companies and the Igor's Group Companies shall, on Completion Date, have zero net current assets/liabilities (as defined in the Share Exchange Agreement). If there are any surplus net current assets in any company, the amount shall firstly be used to settle inter-company balances and/or shareholders loans, any balance thereof shall be distributed to the immediate parent company of the relevant company(ies). In the event there is a net current liability in any company, Sharp Rise or IRHL (as the case may be) shall make up such net current liabilities in cash to restore the relevant company to a zero net current assets/liabilities position.

Sharp Rise and IRHL agreed and warranted respectively that the Igor's Group and the Café Deco Group shall as at the Completion Date have no outstanding indebtedness save for certain indebtedness as permitted under the Share Exchange Agreement. Sharp Rise and IRHL shall respectively settle any outstanding indebtedness of the Igor's Group and the Café Deco Group.

Completion

Subject to continuing fulfillment or waiver of the conditions mentioned above on or before 21 December 2010 (or such other date as the Parties may agree), Completion shall take place on 21 December 2010 or such other date as the Parties may agree.

Upon Completion, Metro Point will be wholly owned by Sinochina which will in turn be owned as to 60% by CPHL and as to 40% by IRHL. Sinochina will be accounted for as a 60%-owned subsidiary of the CPHL Group and the CIHL Group and the results of the Merged Group will be consolidated into the financial statements of the CPHL Group and the CIHL Group.

THE FIRST LOAN AGREEMENT

Date

15 December 2010

Parties

(i) CPL, as lender; and

(ii) IRHL, as borrower.

The First Loan

CPL shall, within two Business Days after the date of the Share Exchange Agreement, advance the First Loan (in the amount of HK$25,000,000) to IRHL. As at the date of this announcement, CPL has advanced the First Loan to IRHL.

The First Loan is secured by a guarantee provided by the Owners on a several and proportionate basis and shall be interest free for a period of seven calendar days from the date of drawdown and thereafter shall carry interest at the rate of 10% per annum and payable monthly.

The Parties agree that the First Loan and the accrued interest (if any) shall be assumed by Sinochina on the Completion Date and payable by Sinochina by instalments before the expiry of the third anniversary of the drawdown of the First Loan. The interest chargeable on the First Loan after Sinochina's assumption shall be 7.5% over the six-month Hong Kong Interbank Offer Rate from time to time and payable bi-annually.

IRHL shall assign a loan equivalent to the First Loan and the interest accrued thereon owed by Café Deco Macau Limited (a wholly-owned subsidiary of IRHL) to IRHL as at the Completion Date to Sinochina within three (3) Business Days after Completion.

Upon Completion, Sinochina shall create (i) a first fixed charge over all its shareholdings in CL Holdings and Metro Point and (ii) a first floating charge over all the assets of Sinochina in favour of CPL to secure the repayment of the First Loan.

THE SECOND LOAN AGREEMENT

Date

15 December 2010

Parties

(i) Sinochina, as lender; and

(ii) IRHL, as borrower.

The Second Loan

Sinochina shall, on or before the Completion Date, advance the Second Loan (in the sum of HK$25,000,000) to IRHL. As at the date of this announcement, Sinochina has advanced the Second Loan to IRHL.

The Second Loan is secured by a guarantee provided by the Owners on a several and proportionate basis and shall be interest free for a period of seven calendar days from the date of drawdown and thereafter shall carry interest at the rate of 10% per annum and payable monthly.

Subject to the terms of the Share Exchange Agreement, the Parties agree that IRHL shall repay the Second Loan and the accrued interest (if any) by assigning a loan equivalent to the Second Loan and the accrued interest as at time of assignment owed by Café Deco Macau Limited to IRHL as at the Completion Date to Sinochina within three (3) Business Days after Completion.

THE SHAREHOLDERS AGREEMENT

On Completion, the Parties will enter into the Shareholders Agreement to regulate the relationship among each other in respect of the affairs of and the dealings of the Merged Group after Completion (including, without limitation, its operations, management and business). Set out below are the major terms of the Shareholders Agreement:

Compositions of the Board of Sinochina

The Board of Sinochina should comprise five directors, of which three shall be appointed and designated by Sharp Rise and two shall be appointed and designated by IRHL. The chairman of the Board of Sinochina should be nominated by Sharp Rise.

Activities of the Merged Group

IRHL and Sharp Rise shall manage and operate the Merged Group based on a new business plan going forward.

Financing

The estimated initial capital expenditure for the Merged Group in the twelve months from the date of the Shareholders Agreement is HK$40,000,000 based on the proposed business plans of the Merged Group. Sinochina shall procure that the initial capital will first be met by borrowings from banks and other financial institutions without any guarantee or security to be provided by the shareholders of Sinochina or its holding companies provided however that IRHL and Sharp Rise shall pledge their respective shareholdings in Sinochina as security if so required by the banks or financial institutions. If borrowings from banks and other financial institutions cannot be obtained, Sharp Rise agrees that it shall, from time to time during the twelve-month period as mentioned above, provide shareholders loan(s) up to HK$40,000,000 at an interest rate which is the lowest of the then prevailing market lending rate offered by three reputable financial institutions with corporate guarantee from shareholders and shall be reviewed annually.

Dividend policy

Unless with the unanimous consent of the shareholders of Sinochina or prevented by any terms of the First Loan and/or any other credit facilities, the shareholders of Sinochina shall procure that Sinochina shall make advance or distribute to and among its shareholders amounts equivalent to not less than 33% of profits after making provisions of payments of interests chargeable on loans advanced by any third parties and on loans advanced by its shareholders, depreciation, amortisation and taxes, net of accumulated loss (if any) and the outstanding advance previously made to its shareholders (if any) on a quarterly basis provided that all advances or distributions shall comply with the generally accepted accounting principles in Hong Kong.

Others

The Shareholders Agreement shall also contain other usual terms for agreement of this type such as restrictions on entering into competing business, restrictions on transfer, pre-emptive right, right of first refusal, tag along right and drag along right.

The Shareholders Agreement shall continue in full force so long as there is more than one shareholder unless terminated in accordance with its terms.

THE IGOR'S REORGANISATION

In preparation of the entering into of the Share Exchange Agreement, CPHL implemented the Igor's Reorganisation, pursuant to which a 51% interest in each of the World Pointer Group Companies were transferred from CL Holdings to World Pointer at a cash consideration of HK$25,000,000, which is determined having considered the earnings potential of the World Pointer Group Companies and the cashflow requirements of the other companies under CL Holdings. Immediately prior to Completion, the World Pointer Group Companies are wholly-owned subsidiaries of the CPHL Group (held as to 51% directly by World Pointer and 49% by its wholly-owned subsidiary Sinochina). Immediately upon Completion, the effective interest in the World Pointer Group Companies held by the CPHL Group will be reduced to 80.4%, comprising the 51% direct interest held through World Pointer and the 49% interest held through its 60%-owned subsidiary, Sinochina.

Information about the World Pointer Group Companies

World Pointer is an investment holding company. Its only assets are its interests in the World Pointer Group Companies, namely Giant Ocean (H.K.) Limited, Grand Concept (Hong Kong) Limited and Eastech Limited. The aforesaid three companies currently operate nine restaurants and three kiosks including but not limited to Watermark, Boathouse, Pier 7 and Café de Paris Soho.

Financial information of the World Pointer Group Companies

Summarised below are the unaudited combined financial information of the World Pointer Group Companies for the two years ended 31 March 2009 and 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 March	
	2009	**2010**
	HK$ million	***HK$ million***
Profit/(loss) before taxation	6.0	**(4.9)**
Profit/(loss) after taxation	4.7	**(4.0)**

	As at 30 September 2010
	HK$ million
Net liabilities	**7.0**

The Management Agreement

In conjunction with the Share Exchange Agreement, each of the World Pointer Group Companies shall enter into the Management Agreement with Sinochina upon Completion to appoint Sinochina as its sole agent to manage and operate the nine restaurants and three kiosks owned by the World Pointer Group Companies for a period commencing from the Completion Date and ending on 15 February 2014.

Under the Management Agreement, Sinochina shall provide general administrative and management services to each of the World Pointer Group Companies and manage and operate the restaurants and kiosks owned by the World Pointer Group Companies, including but not limited to matters relating to staff recruitment, establishment of price schedules, purchasing of inventories, promotion, clientele management, and maintenance of the restaurant premises. In consideration of Sinochina providing the services to each of the World Pointer Group Companies, Sinochina shall be entitled to a monthly management fee (the "Management Fee") equivalent to 6% of the monthly gross sale arising from the operations of the restaurants under the World Pointer Group Companies, payable in arrears within 10 Business Days from the end of the relevant month. In addition, Sinochina shall also be entitled to an incentive fee (the "Incentive Fee") up to 7% of the monthly gross sale arising from the operations of the restaurants under the World Pointer Group Companies if such restaurants have positive EBITDA, payable in arrears within seven days from the end of the relevant month.

The Incentive Fee shall be calculated in the following manner:

(i) if the EBITDA over the monthly gross sales (the "EBITDA Margin") after deduction of the Management Fee is less than 7%, Sinochina shall be entitled to receive an Incentive Fee equivalent to the EBITDA less the Management Fee; or

(ii) if the EBITDA Margin after deduction of the Management Fee is 7% or more, the Incentive Fee shall be equivalent to 7% of the monthly gross sales.

Sinochina shall be responsible to have the World Pointer Group Companies maintain sufficient cash flow for their operations. In the event the EBITDA of the World Pointer Group Companies is less than zero, Sinochina shall make up such shortfall on a dollar-to-dollar basis.

The Option Agreement

As at the date hereof, each of the World Pointer Group Companies is held as to 49% by CL Holdings and 51% by World Pointer. In conjunction with the Share Exchange Agreement, CPHL and CL Holdings shall also at Completion enter into the Option Agreement on the following principal terms:

The CPHL Put Option

In consideration of a sum of HK$1 paid by CPHL to CL Holdings, CL Holdings irrevocably and unconditionally grants to CPHL an option to sell all (but not part only) of the 51% interest in the issued share capital of the World Pointer Group Companies to CL Holdings, by serving a six-month notice in writing during the period commencing from 1 January 2013 to 31 December 2013, at a cash consideration of HK$25,000,000. The consideration shall be payable upon completion of the sale and purchase of the shares in the World Pointer Group Companies pursuant to the CPHL Put Option. The consideration is determined with reference to the original cash consideration paid by World Pointer to CL Holdings for the transfer of the 51% interest in the World Point Group Companies.

In the event that CPHL exercises the CPHL Put Option, the effective interest in the World Pointer Group Companies held by CPHL will be reduced from 80.4% to 60.0%. The World Pointer Group Companies will remain as subsidiaries of CPHL.

The CL Put Option

In consideration of a sum of HK$1 paid by CL Holdings to CPHL, CPHL irrevocably and unconditionally grants to CL Holdings an option to sell all (but not part only) of the 49% interest in the issued share capital of the World Pointer Group Companies to CPHL, by serving a one-month notice in writing during the period commencing from 1 January 2014 to 15 January 2014, at a cash consideration of HK$24,019,608 provided that CPHL has not exercised the CPHL Put Option at the end of the exercise period of the CPHL Put Option. The consideration shall be payable upon completion of the sale and purchase of the shares in the World Pointer Group Companies pursuant to the CL Put Option. The consideration is determined having considered, among other things, the consideration under the CPHL Put Option. It is expected that the consideration will be satisfied by internal resources of the CPHL Group and/or bank borrowings.

In the event that CL Holdings exercises the CL Put Option, the effective interest in the World Pointer Group Companies held by CPHL will be increased from 80.4% to 100.0%. The World Pointer Group Companies will become wholly-owned subsidiaries of CPHL.

INFORMATION ON THE CAFÉ DECO GROUP

Business

Metro Point is an investment holding company incorporated on 28 October 2010 solely for the purpose of acting as the holding company of the companies comprising the Café Deco Group. The Café Deco Group is one of the leading restaurant groups in Hong Kong. It is headquartered in Hong Kong and currently employs over 550 staff in three territories including Hong Kong, Macau and Australia.

At present, the Café Deco Group has five outlets, including Café Deco, Peak Café Bar and Top Deck in Hong Kong, Café Deco Macao at The Venetian® Macao-Resort-Hotel and Café Sydney in Australia. In addition to the above five self-owned restaurants, a Café Deco franchise located at the Hong Kong International Airport is operated by a European food catering company. Café Deco Group's history can be traced back to the founding of its iconic Café Deco opened in the Peak Galleria shopping complex in Hong Kong in 1994. The Café Deco Group extended its footprint to Australia in 1999 by launching Café Sydney. These restaurants offer a blend of delectable ethnic cuisines and beautifully prepared international dishes accompanied by a wide selection of wines from around the world.

Financial information

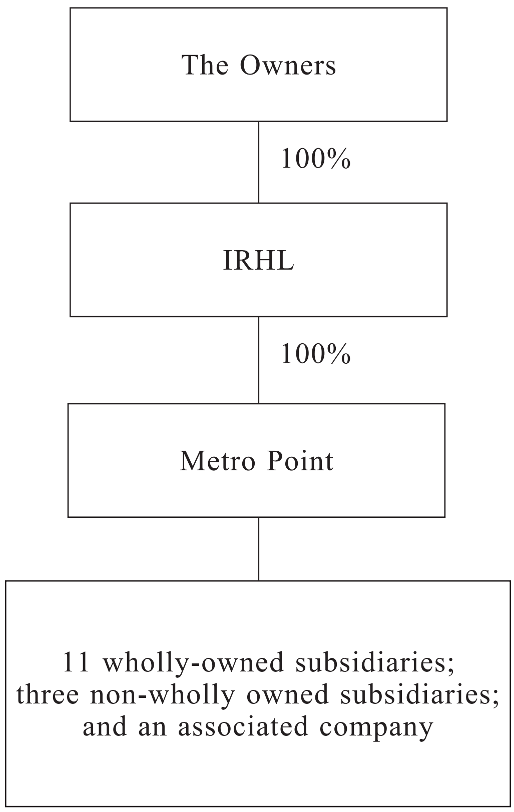
Metro Point does not have any materials assets or liabilities and has not recorded any material income or expenses since its incorporation and before the CDG Reorganisation.

Summarised below are the unaudited combined financial information of the companies comprising the Café Deco Group for the two years ended 31 March 2009 and 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 March	
	2009	**2010**
	HK$ million	***HK$ million***
Profit before taxation	9.8	**3.5**
Profit/(loss) after taxation	5.4	**(1.6)**

According to the unaudited combined financial statements of the Café Deco Group as at 31 August 2010, the Café Deco Group had net liabilities of approximately HK$9.1 million. Taking into account the adjustments as described in the paragraph headed "Adjustment(s)" under the section headed "The Share Exchange Agreement" above and the waiver of the loans due by the Café Deco Group Companies to IRHL in accordance with the terms of the Share Exchange Agreement, the adjusted net asset value of the Café Deco Group as at 31 August 2010 would have amounted to approximately HK$8.3 million.

Simplified shareholding structure before Completion



INFORMATION ON THE IGOR'S GROUP

Business

The Igor's Group, established in 1998, is one of the key players in the food and beverages industry in Hong Kong. It operates and manages restaurants in various styles, clubs and bars in prime areas of Hong Kong such as Lan Kwai Fong, Soho, Central and Causeway Bay and in tourist spots such as Stanley and Discovery Bay. At present, the Igor's Group owns and operates 35 outlets, including but not limited to Watermark, Café de Paris, The Boathouse, Café Duvet, Pier 7 Café & Bar, Tonic, Mooz, Pickled Pelican, Peel, Bourbon and Wildfire.

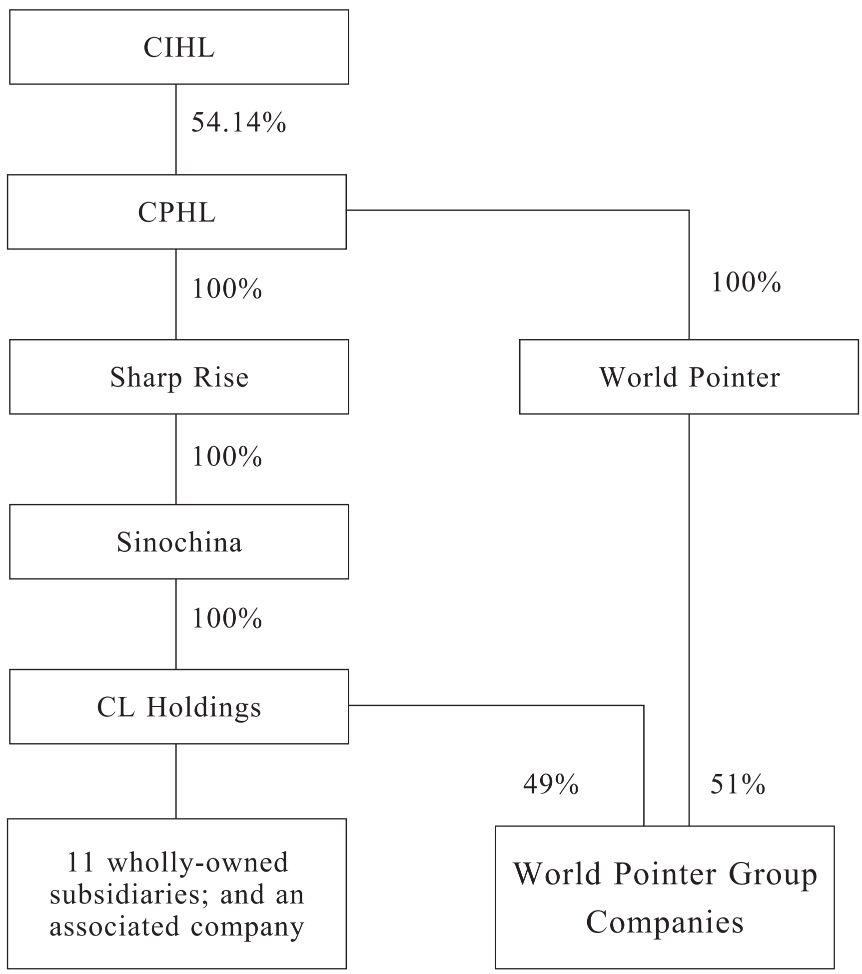
Financial information

Summarised below are the unaudited combined financial information of the Igor's Group for the two years ended 31 March 2009 and 2010 prepared in accordance with the Hong Kong Financial Reporting Standards:

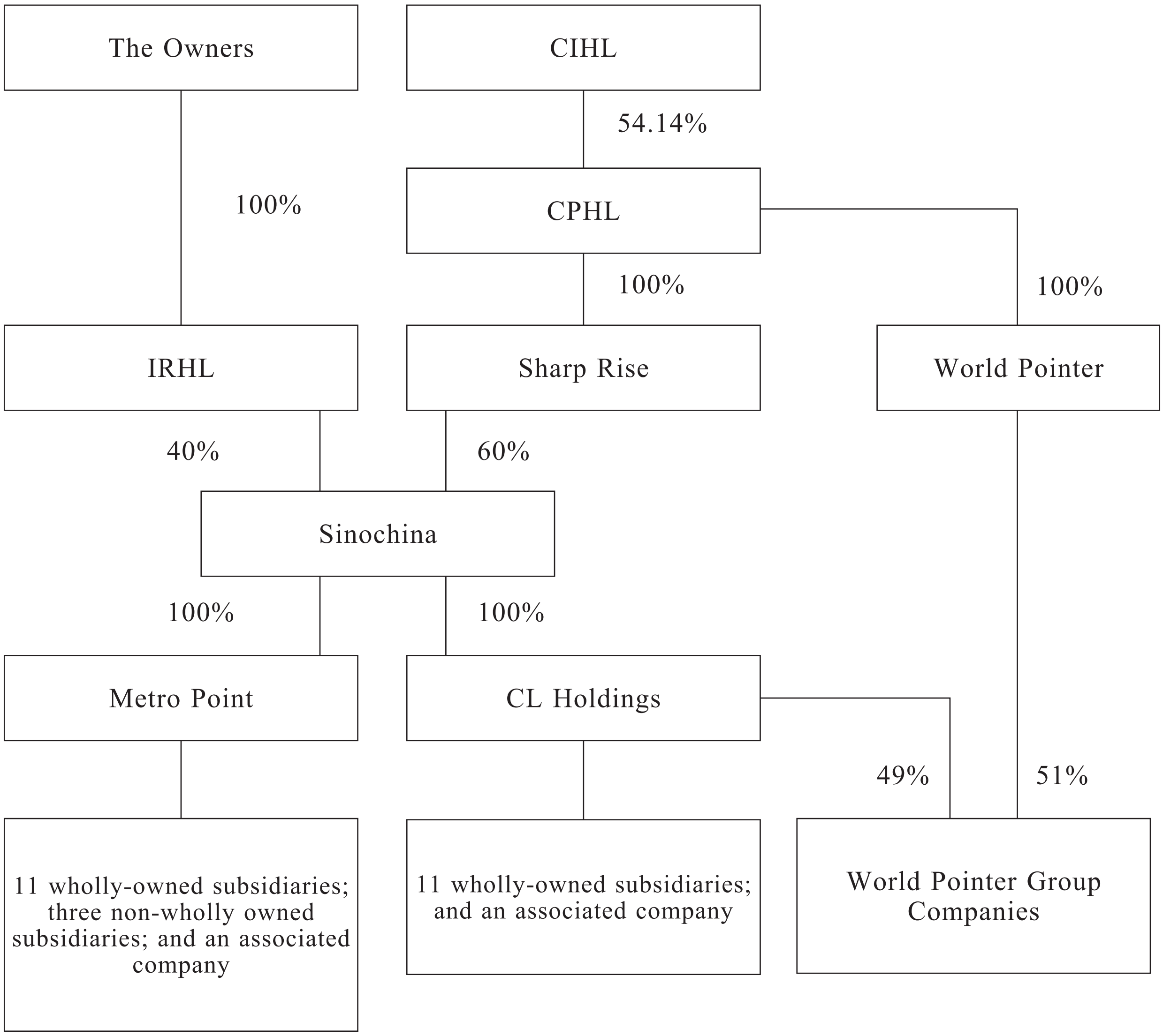
	For the year ended 31 March	
	2009	**2010**
	HK$ million	***HK$ million***
Profit before taxation	18.4	**10.7**
Profit after taxation	14.9	**9.3**

According to the unaudited combined financial statements of the Igor's Group as at 30 September 2010, the Igor's Group had net assets of approximately HK$63.3 million. Taking into account the adjustments as described in the paragraph headed "Adjustment(s)" under the section headed "The Share Exchange Agreement" above and the waiver of the loans due by the Igor's Group Companies to Sharp Rise in accordance with the terms of the Share Exchange Agreement, the adjusted net asset value of the Igor's Group as at 30 September 2010 would have amounted to approximately HK$57.1 million.

Simplified shareholding structure before Completion



SIMPLIFIED SHAREHOLDING STRUCTURE OF THE MERGED GROUP UPON COMPLETION OF THE SHARE EXCHANGE AGREEMENT



REASONS FOR THE SHARE EXCHANGE AGREEMENT AND THE OPTION AGREEMENT

CIHL is principally engaged in the business of construction and engineering, insurance and investment, property development and investment, food and beverages, and computer and information communication technology. CPHL is principally engaged in the business of food and beverages, investments in securities and natural resources.

The Igor's Group had been operating in a challenging business environment following the global financial tsunami in 2008. The severe and rapid market deterioration negatively affected the spending sentiments of the general public and gave a hard hit on the food and beverages industry in Hong Kong. With the implementation of a series of stabilising and stimulating measures by respective countries to revive the global economy, it started to show signs of recovery in the second half of 2009. In particular, the Hong Kong economy looks set to continue improving gradually due to sustained economic growth in China and worldwide. However, the competition in the food and beverages business is becoming more intense as a result of rising rental and increasing wages. The Igor's Group has been striving to maintain its competitiveness in the food and beverages industry.

The directors of CIHL and CPHL as well as the Owners believe the combined reputations, management, brands and resources of the Café Deco Group and the Igor's Group, respectively, in the food and beverages industry will provide significant synergies and operating efficiencies upon the merger of the two groups. By leveraging on each other's brand name and history in Hong Kong, the directors of CIHL and CPHL believe the Share Exchange will enable the Merged Group to enhance its competitiveness amid the intensifying business operating environment by expanding its group with restaurants offering different cuisines and dining experience, broadening its customer base and enjoying economies of scale.

The Igor's Reorganisation and the Management Agreement are put in place with a view to enabling the CPHL Group to maintain a direct majority interest in the World Pointer Group Companies which own and operate nine restaurants and three kiosks while having Sinochina as manager to oversee their operations after the Share Exchange. The Option Agreement serves to provide flexibility for CPHL or Sinochina to adjust their holding in the World Pointer Group Companies depending on the performance of the Merged Group after Completion.

Having considered the above, the respective Boards of CIHL and CPHL (including the independent non-executive directors of CIHL and CPHL) consider that the terms of the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement and the Second Loan Agreement are fair and reasonable and the entering into of the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement and the Second Loan Agreement is in the interests of the CIHL and CPHL and their respective shareholders as a whole.

FINANCIAL EFFECTS

The Share Exchange

Under the Share Exchange Agreement, CPHL will effectively dispose of a 40% interest in the Igor's Group in exchange for a 60% interest in the Café Deco Group. Since Sinochina would still be a subsidiary of CPHL, only turning from a wholly-owned subsidiary to a 60%-owned subsidiary of CPHL, upon Completion, it is expected that an estimated loss on disposal of approximately HK$40 million would be recorded under the consolidated statement of changes in equity of CPHL as reserve movement. Such amount was based on the disposal of 40% of the CPHL Group's investment in the Igor's Group as at 30 September 2010 (which comprises the adjusted net asset value of the Igor's Group of approximately HK$57 million and the intangible assets net of deferred tax liabilities of approximately HK$50 million) which amounted to approximately HK$43 million, the acquired 60% of the adjusted net asset value of the Café Deco's Group as at 31 August 2010 amounted to approximately HK$5 million and the expenses attributable to such disposal of approximately HK$2 million. CIHL will share approximately 54.14% of such loss to be recorded by the CPHL Group in the reserve movement of the CIHL Group's consolidated statement of changes in equity. The above amounts of the disposal loss are subject to the changes in net asset values of the Igor's Group and Café Deco's Group on Completion Date and fair value adjustments (if any).

The CPHL Put Option

Immediately upon Completion, the effective interest in the World Pointer Group Companies held by the CPHL Group will be reduced to 80.4%, comprising the 51% direct interest held through World Pointer and the 49% interest held through its 60%-owned subsidiary, Sinochina. The exercise of the CPHL Put Option will effectively constitute a disposal of a 20.4% effective interest in the World Pointer Group Companies by CPHL, turning from 80.4%-owned to 60%-owned subsidiaries of CPHL. Since the World Pointer Group Companies would still be subsidiaries of CPHL upon exercise of the CPHL Put Option, it is expected that an estimated gain on disposal of approximately HK$11 million (based on the 20.4% effective interests in the net liabilities value of the World Pointer Group Companies as at 30 September 2010 of approximately HK$1 million and the attributable cash received by the CPHL Group of approximately HK$10 million) would be recorded under the consolidated statement of changes in equity of CPHL as reserve movement. CIHL will share approximately 54.14% of such gain to be recorded by the CPHL Group in the reserve movement of the CIHL Group's consolidated statement of changes in equity. The above amounts of disposal gain are subject to the changes in net liabilities values of the World Pointer Group Companies on the date of disposal and fair value adjustments (if any). Besides, subject to valuation, the fair value (if any) of the CPHL Put Option may also have impact on the consolidated income statement of the CPHL Group and the CIHL Group at the date of grant.

The CL Put Option

In the event that CL Holdings exercises the CL Put Option, the effective interest in the World Pointer Group Companies held by CPHL will be increased from 80.4% to 100.0%. The World Pointer Group Companies will become wholly-owned subsidiaries of CPHL. Subject to valuation, the fair value (if any) of the CL Put Option may have impact on the consolidated income statement of the CPHL Group at the date of grant.

LISTING RULES IMPLICATIONS

The Transactions constitute a discloseable transaction for CIHL and a major transaction for CPHL under Chapter 14 of the Listing Rules and is therefore subject to the approval of the CPHL Shareholders by way of poll.

As no CPHL Shareholder has a material interest in the Transactions which is different from the interests of the other CPHL Shareholders, no CPHL Shareholder is required to abstain from voting. CIHL, the controlling shareholder of CPHL interested in 1,285,829,330 CPHL Shares (representing approximately 54.14% of the issued share capital of CPHL) as at the date hereof, has given its written consent for the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement and the transactions contemplated thereunder. The written consent has been accepted in lieu of holding a special general meeting to approve the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement, the Second Loan Agreement, the financial information of the CPHL Group and the Café Deco Group and other information as required under the Listing Rules will be despatched to the CPHL Shareholders on or before 28 February 2011 to allow CPHL sufficient time to prepare the relevant information for inclusion in its circular.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES OF CIHL AND CPHL

Trading in the shares of CIHL and CPHL on the Stock Exchange was suspended with effect from 9:30 a.m. on 16 December 2010 at the request of CIHL and CPHL pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of CIHL and CPHL with effect from 9:30 a.m. on 20 December 2010.

DEFINITIONS

"Australia"	The Commonwealth of Australia
"Board"	in relation to a company, means its board of directors
"Business Day"	means a day (excluding a Saturday or Sunday) on which banks in Hong Kong are open for business
"BVI"	the British Virgin Islands
"Café Deco Group"	being Metro Point, its subsidiaries and associated company after the CDG Reorganisation
"Café Deco Group Companies"	companies in the Café Deco Group
"CDG Reorganisation"	the proposed reorganisation of the Café Deco Group being contemplated under the Share Exchange Agreement
"CIHL"	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 025)
"CIHL Group"	CIHL and its subsidiaries including CPHL
"CL Holdings"	CL Holdings Limited, a company incorporated in Hong Kong and a direct wholly-owned subsidiary of Sinochina
"CL Put Option"	the put option to be granted by CPHL to CL Holdings under the Option Agreement to sell all (but not part only) of the 49% interest in the World Pointer Group Companies to CPHL

“Completion”	completion of the Share Exchange Agreement
“Completion Date”	the date on which Completion takes place, being 21 December 2010 or such other date as agreed by the Parties in writing
“connected person(s)”	has the meanings ascribed to it in the Listing Rules
“CPHL”	Chevalier Pacific Holdings Limited, a company incorporated in Bermuda with limited liability and a direct non wholly-owned subsidiary of CIHL, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 508)
“CPHL Group”	CPHL and its subsidiaries
“CPHL Put Option”	the put option to be granted by CL Holdings to CPHL under the Option Agreement to sell all (but not part only) of the 51% interest in the World Pointer Group Companies to CL Holdings
“CPHL Share(s)”	the ordinary share(s) of HK$0.05 each in the capital of CPHL
“CPHL Shareholder(s)”	the holder(s) of the ordinary share(s) of HK$0.05 each in the capital of CPHL
“CPL”	Chevalier Pacific Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CPHL
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Encumbrances”	any mortgage, charge, claim, third-party right or interest, equitable interest, lien, option, pledge, security interest, right of first refusal, right of pre-emption or similar restriction of any kind (including any restriction on use, voting, transfer, receipt of income, or exercise of any other ownership interest), other encumbrance or security interest of any kind, or another type of preferential arrangement
“First Loan”	a loan in the amount of HK$25,000,000 advanced by CPL to IRHL pursuant to the First Loan Agreement
“First Loan Agreement”	the loan agreement dated 15 December 2010 entered into between CPL (as lender) and IRHL (as borrower) in respect of the First Loan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Igor’s Group”	Sinochina and its subsidiaries and associated companies immediately before Completion
“Igor’s Group Companies”	companies in the Igor’s Group
“Igor’s Reorganisation”	the internal reorgansiation of the Igor’s Group implemented in preparation of the Share Exchange which involves the transfer of a 51% interest in each of the World Pointer Group Companies from CL Holdings to World Pointer, and the entering of the Option Agreement and the Management Agreement
“IRHL”	International Restaurants Holdings Limited, a company incorporated in the Cayman Islands with limited liability and beneficially owned by the Owners
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC

"Macau Operations"	the food and beverages business in Macau carried on by the Café Deco Group
"Management Agreement"	the management agreements to be entered into by Sinochina with each of the World Pointer Group Companies for the appointment of Sinochina as the sole agent to manage and operate the restaurants and kiosks owned by the World Pointer Group Companies
"Merged Group"	Sinochina, its subsidiaries and associated companies immediately after Completion
"Metro Point"	Metro Point Enterprise Company Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of IRHL before Completion
"Metro Point Share"	one share of Metro Point, being the entire issued share capital of Metro Point to be transferred by IRHL to Sinochina pursuant to the terms and conditions of the Share Exchange Agreement
"Option Agreement"	the agreement to be entered into between CPHL and CL Holdings in relation to the CPHL Put Option and CL Put Option
"Owners"	together, Mr. Martin Claudius Heinrich Allies and Mr. Graeme John Reading
"Parties"	collectively, IRHL, Sinochina, the Owners and Sharp Rise
"PRC"	the People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
"Second Loan"	a loan in the amount of HK$25,000,000 advanced by Sinochina to IRHL pursuant to the Second Loan Agreement
"Second Loan Agreement"	the loan agreement dated 15 December 2010 entered into between Sinochina (as lender) and IRHL (as borrower) in respect of the Second Loan
"Settlement Agreements"	the arrangements between IRHL and its financiers regarding certain financial obligations of IRHL
"Share Exchange"	the transaction involving effectively the disposal of a 40% interest in the Igor's Group by CPHL in exchange for a 60% interest in the Café Deco Group pursuant to the terms and conditions of the Share Exchange Agreement
"Share Exchange Agreement"	the agreement dated 15 December 2010 entered into among the Parties in relation to the Share Exchange
"Shareholders Agreement"	the agreement to be entered into among the Parties on Completion for the purpose of regulating their relationship among themselves in respect of the affairs of and their dealings with the Merged Group
"Sharp Rise"	Sharp Rise Limited, a company incorporated in the BVI and a wholly-owned subsidiary of CPHL
"Sinochina"	Sinochina Enterprises Limited, a company incorporated in the BVI and a direct wholly-owned subsidiary of Sharp Rise before Completion
"Sinochina Shares"	400 new shares of Sinochina to be allotted and issued to IRHL in accordance with the terms and conditions of the Share Exchange Agreement

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transactions"	the transactions contemplated under the Share Exchange Agreement, the Option Agreement, the Shareholders Agreement, the First Loan Agreement and the Second Loan Agreement
"World Pointer"	World Pointer Limited, a company incorporated in the BVI and a wholly-owned subsidiary of CPHL
"World Pointer Group Companies"	Giant Ocean (H.K.) Limited, Grand Concept (Hong Kong) Limited and Eastech Limited, being 51%-owned subsidiaries of World Pointer after the Igor's Reorganisation
"Written Consent"	the consents given by financiers of IRHL for IRHL to undertake the transactions contemplated in the Share Exchange Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

By Order of the Board
Chevalier International Holdings Limited
Chow Yei Ching
Chairman

By Order of the Board
Chevalier Pacific Holdings Limited
Chow Yei Ching
Chairman

Hong Kong, 17 December 2010

As at the date of this announcement, the Board of CIHL comprises Dr. Chow Yei Ching (Chairman), Messrs. Kuok Hoi Sang (Vice Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Chow Vee Tsung, Oscar, Ho Chung Leung and Ma Chi Wing as executive directors; Dr. Chow Ming Kuen, Joseph, Messrs. Sun Kai Dah, George and Yang Chuen Liang, Charles as independent non-executive directors; and Dr. Ko Chan Gock, William as non-executive director.

As at the date of this announcement, the Board of CPHL comprises Dr. Chow Yei Ching (Chairman), Mr. Chow Vee Tsung, Oscar (Managing Director), Mr. Kuok Hoi Sang, Miss Lily Chow and Mr. Chang Wan Lung, Robert as executive directors and Mr. Wu King Cheong, Mr. Leung Kwong Kin and Mr. Lau Kai Shu, Frank as independent non-executive directors.

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