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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 025)

MAJOR TRANSACTION AND RESUMPTION OF TRADING

THE DISPOSAL AGREEMENT

On 3 April 2010, the Vendor, the Purchaser and the Guarantors entered into the Disposal Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share from the Vendor at the Consideration of approximately HK\$246 million. The Purchaser also agreed to provide advances to or take up the obligation of the Target Group for the Loan Repayment. The Consideration and the principal amount under the Loan Repayment amount to approximately HK\$532 million in total.

The principal asset of the Target Company is its holding of a 51% indirect interest in the Huaqiao Plaza Project.

GENERAL

The Disposal together with the Loan Repayment constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders. As no Shareholder has a material interest in the Disposal and the Loan Repayment which is different from the other Shareholders, no Shareholder is required to abstain from voting. Dr. Chow, the controlling Shareholder holding 154,682,359 Shares (representing approximately 55.73% of the issued share capital of the Company) as at the date hereof, has given his written approval for the Disposal Agreement and the transactions contemplated thereunder. The written approval has been accepted in lieu of holding a special general meeting to approve the Disposal Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, information on the Disposal Agreement, a property valuation report on the Huaqiao Plaza Project and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 7 April 2010 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 April 2010.

INTRODUCTION

On 3 April 2010, the Vendor, the Purchaser and the Guarantors entered into the Disposal Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share from the Vendor. The Purchaser also agreed to provide advances to or take up the obligation of the Target Group for the Loan Repayment.

The Directors note that on 3 April 2010, 銀泰百貨有限公司 (Intime Department Store Co., Ltd.*), an indirect wholly-owned subsidiary of Intime, also entered into the Transfer Agreements with each of Anhui Travel and Anxing Development pursuant to which 銀泰百貨有限公司 (Intime Department Store Co., Ltd.*) will acquire the 19% and 30% equity interests in Huaqiao Hotel respectively from Anhui Travel and Anxing Development.

Completion of the Disposal Agreement is not inter-conditional with the completion of the Transfer Agreements. The major terms of the Disposal Agreement are set out below.

THE DISPOSAL AGREEMENT

Date

3 April 2010

Parties

- (i) Vendor: Chevalier Development China Limited, an indirect wholly-owned subsidiary of the Company
- (ii) Purchaser: Intime Department Store (Hong Kong) Company Limited
- (iii) Guarantors: the Company as guarantor to the Vendor and Intime as the guarantor to the Purchaser

The Purchaser is a company established in Hong Kong with limited liability and a wholly-owned subsidiary of Intime. The Purchaser is principally engaged in investment holding and Intime is principally engaged in the operation and management of department stores in the PRC. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser, Intime and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Company has not involved in any previous transaction with the Purchaser and its ultimate beneficial owners in the previous 12 months which would otherwise require aggregation with the Disposal and the Loan Repayment pursuant to Rule 14.22 of the Listing Rules.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Share, representing the entire issued share capital in the Target Company. The Target Company holds the entire equity interest in Chevalier Hefei, which in turn holds a 51% interest in Huaqiao Hotel. The principal asset of Huaqiao Hotel is the Huaqiao Plaza Project.

Settlement of the Loans and the Huaqiao Loan

As at the date of the Disposal Agreement, the Target Group owed the Group the Loans and the Huaqiao Loan, the principals of which amount to HK\$150,959,541.84 and RMB118,501,991.89 (equivalent to approximately HK\$135 million) respectively. Pursuant to terms of the Disposal Agreement, the Purchaser also agreed that it will provide advances to the Target Group for the purpose of making full repayment of the Loans. In addition, the Target Group shall also repay the Huaqiao Loan in full before Completion. In the event that the Huaqiao Loan cannot be repaid in full by the Completion Date, the Purchaser or Intime shall take up the repayment obligation of the Huaqiao Loan and repay the Huaqiao Loan in full on the Completion Date.

Consideration

The Consideration for the Sale Share is HK\$245,999,820.50. The Consideration and the repayment of the Loans, which amount to approximately HK\$397 million in total, shall be satisfied by the Purchaser in the following manner:

- (i) 10% of the Consideration and the repayment of the Loans, being approximately HK\$39.7 million in total, will be paid by the Purchaser or its nominee to the Vendor or its nominee in cash within 10 business days after the signing of the Disposal Agreement;
- (ii) not less than 30% of the Consideration and the repayment of the Loans on a cumulative basis, being approximately HK\$119.1 million in total, will have been paid by the Purchaser to the Vendor in cash (a) within 10 business days after the obtaining of the approval from the relevant authorities in charge of foreign invested enterprises in respect of the Transfer Agreements or the obtaining of a new approval certificate (批准證書*) by Huaqiao Hotel; or (b) by 31 May 2010, whichever is the earlier;
- (iii) 65% of the Consideration and the repayment of the Loans on a cumulative basis, being approximately HK\$258.0 million in total, will have been paid by the Purchaser to the Vendor in cash within 10 business days from the Completion Date;
- (iv) 85% of the Consideration and the repayment of the Loans, on a cumulative basis, being approximately HK\$337.4 million in total, will have been paid by the Purchaser to the Vendor in cash by 31 December 2010; and

- (v) the Consideration and the repayment of the Loans will have been paid in full by the Purchaser to the Vendor in cash within 12 months after the signing of the Disposal Agreement.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser having taken into account principally the attributable net asset value of the Target Group as at 28 February 2010, the amount of the Group's investment and an estimated return thereon in the Huaqiao Plaza Project.

Adjustment

To the best of the Directors' knowledge and information, certain portion of the completed Huaqiao Plaza Project should be reserved for the resettlement of the original occupants. Pursuant to the preliminary development plan of the Huaqiao Plaza Project, it is planned that 8,046.49 sq.m. in respect of the residential area and approximately 810 sq.m. in respect of the commercial area (together, the "Planned Resettlement Areas") will be delivered to the registered original occupants for resettlement after completion of the Huaqiao Plaza Project.

Pursuant to the terms of the Disposal Agreement, if the resettlement areas ultimately delivered to the original occupants after completion of the Huaqiao Plaza Project exceed 103% of the Planned Resettlement Areas, the costs and expenses associated with such excess resettlement areas shall be born by the Vendor in proportion to its shareholding in Huaqiao Hotel.

Conditions precedent

The Disposal Agreement is subject to and conditional upon the fulfillment of following conditions:

- (i) Huaqiao Hotel having repaid the Huaqiao Loan (including all the interests accrued thereon) to Chevalier Chengdu in full before the Completion Date or in the event that the Huaqiao Loan cannot be repaid by Huaqiao Hotel in full by the Completion Date, the Purchaser or Intime shall take up the repayment obligation of the Huaqiao Loan and repay the Huaqiao Loan in full on the Completion Date; and
- (ii) compliance by the Company of the applicable requirements under the Listing Rules, including approval by the Shareholders, in respect of the Disposal Agreement and the transactions contemplated thereunder.

Completion

Subject to the fulfillment of the above conditions precedent, Completion shall take place on a date (i) on which each of the Vendor and the Purchaser having delivered to each other the completion documents pursuant to the Disposal Agreement; and (ii) on which the four existing directors and one existing supervisor of Huaqiao Hotel nominated by the Vendor having been replaced by the four new directors and one new supervisor nominated by the Vendor and such changes having been filed with the relevant industrial and commercial authority; and (iii) no earlier than 30 June 2010 and no later than 10 July 2010.

INFORMATION ON THE TARGET GROUP AND THE HUAQIAO PLAZA PROJECT

The Target Group

The Target Company is an indirect wholly-owned subsidiary of the Company incorporated in the BVI on 23 July 2008 with limited liability. It is principally engaged in investment holding.

Chevalier Hefei is a direct wholly-owned subsidiary of the Target Company established in Hong Kong with limited liability. It is principally engaged in investment holding.

Huaqiao Hotel was established as a sino-foreign equity joint-venture enterprise in January 2009 under the PRC laws to engage in property development, 51% interest of which is directly owned by Chevalier Hefei.

Based on the unaudited consolidated financial statements of the Target Group which are prepared under the generally accepted accounting principles in Hong Kong, the Target Group did not record any turnover for the period from 23 July 2008 (date of incorporation) to 31 March 2009 and for the six months ended 30 September 2009. As Huaqiao Hotel is accounted for as a jointly controlled entity of the Target Group, the Target Group recorded a share of loss in a jointly controlled entity amounting to approximately HK\$22,000 and HK\$1,144,000 for the period from 23 July 2008 to 31 March 2009 and for the six months ended 30 September 2009 respectively. The losses (both before and after taxation) of the Target Group were approximately HK\$470,000 and HK\$1,149,000 for the period from 23 July 2008 to 31 March 2009 and for the six months ended 30 September 2009 respectively. The Target Group recorded unaudited consolidated net liabilities of approximately HK\$940,000 and HK\$1,511,000 as at 30 September 2009 and 28 February 2010 respectively.

The Huaqiao Plaza Project

On 28 November 2008, Chevalier Hefei entered into a subscription agreement with Anhui Travel and Anxing Development, pursuant to which Anxing Development and Chevalier Hefei agreed to subscribe in cash for the increased registered capital of Huaqiao Hotel of RMB78,000,000 and RMB132,600,000 respectively, and the capital required to be contributed by Anhui Travel was RMB49,400,000. As at the date the Disposal Agreement, Huaqiao Hotel was owned as to 19%, 30% and 51% by Anhui Travel, Anxing Development and Chevalier Hefei respectively. Huaqiao Hotel holds the entire interest in the Huaqiao Plaza Project.

The Huaqiao Plaza Project occupies a site of 20,558 sq.m. which is being developed into a commercial/residential complex with expected total gross floor area of approximately 182,002 sq.m.. The Huaqiao Plaza Project is currently under construction.

REASONS FOR THE DISPOSAL

The Group 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. In respect of the property development business, the

Group's presence includes cities such as Shanghai, Chengdu, Beijing, Shenzhen, Hefei and Changchun in the PRC.

The net proceeds from the Disposal and the principal amount under the Loan Repayment (after deducting the related expenses) are expected to amount to approximately HK\$502 million which will be used by the Group as general working capital and possible business developments and investments.

Based on the unaudited consolidated net liabilities of the Target Group as at 28 February 2010, the carrying value of the principal amount of the Loans and the Huaqiao Loan and the estimated net proceeds from the Disposal and the principal amount under the Loan Repayment, it is estimated that a gain of approximately HK\$218 million will be recorded by the Group as a result of the Disposal.

The Company considers that the Disposal provides a good opportunity for the Group to realize its investments to generate a satisfactory return. The proceeds from the Disposal and the Loan Repayment would also bring cash inflow to the Group which is expected to be received sooner than the receipt of distributions and dividends, if any, from the Target Group if the Group were to continue to hold its equity interest in the Target Company. The cash inflow would enhance the Group's ability and flexibility to make desirable and timely investments when suitable opportunities arise. In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal Agreement are fair and reasonable and the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

After Completion, the Group will cease to hold any equity interest in the Target Group.

GENERAL

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A circular containing, among other things, information on the Disposal Agreement, a property valuation report on the Huaqiao Plaza Project and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

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DEFINITIONS

“Anhui Travel”	安徽省旅遊集團有限公司 (Anhui Province Travel Group Company Limited*), a state-owned enterprise established in the PRC
“Anxing Development”	安徽安興發展股份有限公司 (Anhui Anxing Development Joint-Stock Company Limited*), a joint-stock company established in the PRC with limited liability
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chevalier Chengdu”	Chevalier (Chengdu) Investment Management Limited, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Chevalier Hefei”	Chevalier Investment (Hefei) Limited, a company established in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Target Company and an indirect wholly-owned subsidiary of the Company
“Company”	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
“Completion”	completion of the Disposal
“Completion Date”	a date on which Completion takes place
“connected person(s)”	has the meanings ascribed to it in the Listing Rules
“Consideration”	the consideration of HK\$245,999,820.50 payable by the Purchaser to the Vendor for the acquisition of the Sale Share pursuant to the terms of the Disposal Agreement
“Directors”	the directors of the Company

“Disposal”	the proposed disposal of the Sale Share by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 3 April 2010 entered into among the Vendor, the Purchaser and the Guarantors in relation to the Disposal and the Loan Repayment
“Dr. Chow”	Dr. Chow Yei Ching, the Chairman of the Company and the controlling Shareholder
“Group”	the Company and its subsidiaries
“Guarantors”	the Company and Intime
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaqiao Hotel”	安徽省華僑飯店有限公司 (Anhui Province Huaqiao Hotel Company Limited*), a sino-foreign joint-venture enterprise owned as to 19%, 30% and 51% by Anhui Travel, Anxing Development and Chevalier Hefei respectively as at the date of the Disposal Agreement
“Huaqiao Loan”	the loan with principal amount of RMB118,501,991.89 (equivalent to approximately HK\$135 million) owed by Huaqiao Hotel to Chevalier Chengdu as at the date of the Disposal Agreement and the interests accrued thereon
“Huaqiao Plaza Project”	a construction project to develop a commercial complex known as 華僑廣場 (Huaqiao Plaza*) at a parcel of land situated at the junction of Changjiang Zhong Road and Qunli Road, Luyang District, Hefei, Anhui Province, the PRC
“Intime”	Intime Department Store (Group) Company Limited 銀泰百貨 (集團)有限公司(stock code: 1833), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans (other than the Huaqiao Loan) owing by the Target Group to the Group as at the date of the Disposal Agreement
“Loan Repayment”	the repayment of the Loans and the Huaqiao Loan by the Target Group to the Group pursuant to the terms of the Disposal Agreement

“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Purchaser”	Intime Department Store (Hong Kong) Company Limited, a company established in Hong Kong with limited liability and a wholly-owned subsidiary of Intime
“Sale Share”	the one issued share with par value of US\$1 of the Target Company, representing the entire issued share capital of the Target Company
“Shares”	ordinary shares of HK\$1.25 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Smartco Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company, Chevalier Hefei and Huaqiao Hotel
“Transfer Agreements”	the two equity transfer agreements entered into between 銀泰百貨有限公司 (Intime Department Store Co., Ltd.*) and Anhui Travel and Anxing Development respectively on 3 April 2010 in relation to the 19% and 30% equity interest in Huaqiao Hotel
“Vendor”	Chevalier Development China Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.1379. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 7 April 2010

As at the date of this announcement, the Board 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 and Ho Chung Leung 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.

website: <http://www.chevalier.com>

* *For identification purpose only*