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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)



**CHEVALIER iTECH
HOLDINGS LIMITED
其士科技控股有限公司***

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

**DISCLOSEABLE TRANSACTION PLACING OF NEW SHARES
PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES
BY CHEVALIER INTERNATIONAL HOLDINGS LIMITED
IN
CHEVALIER iTECH HOLDINGS LIMITED AND
SUSPENSION AND RESUMPTION OF TRADING**

On 3 May 2007, CIHL and Dr. Chow have agreed to place, through their placing agent, DBS, 32,200,000 existing ordinary shares of HK\$0.50 each in the share capital of CiTL to independent investors at a price of HK\$3.70 per Share and CIHL has agreed to subscribe for 25,384,146 new Shares at the price of HK\$3.70 per Share.

The Placing is to be placed by DBS on a best effort basis.

The 25,384,146 Subscription Shares represent approximately 13.35% of the existing issued share capital of CiTL of 190,155,871 Shares and approximately 11.78% of CiTL's issued share capital as enlarged by the Subscription of 25,384,146 Subscription Shares. The net proceeds from the Subscription of approximately HK\$91.6 million will be used by the CiTL Group for working capital.

As at the date of this announcement, CIHL and Dr. Chow have approximately 56.70% and 3.58% interest in CiTL, respectively. The shareholding of CIHL in CiTL will be reduced to approximately 43.35% immediately upon completion of the Placing and approximately 50.02% immediately upon completion of the Subscription. Dr. Chow will cease to directly hold any shares in CiTL after the Placing and the Subscription.

Trading in the shares of CIHL and CiTL were suspended from 2:30 p.m. on 2 May 2007 at the request of CIHL and CiTL pending the issue of this announcement and applications have been made to the Stock Exchange for the resumption of trading of the shares of CIHL and CiTL from 9:30 a.m. on 4 May 2007.

The boards of directors of Chevalier International Holdings Limited (“CIHL”) and Chevalier iTech Holdings Limited (“CiTL”) (the “Directors”) are pleased to announce that CIHL and Dr. Chow Yei Ching (“Dr. Chow” together with CIHL, the “Vendors” and each of them a “Vendor”) have agreed to place, through the placing agent, DBS Asia Capital Limited (“DBS”), 32,200,000 existing ordinary shares (the “Placing Shares”) of HK\$0.50 each (“Shares”) in the share capital of CiTL to independent investors at a price of HK\$3.70 per Share (the “Placing”) and CIHL will subscribe for 25,384,146 new Shares (the “Subscription Shares”) at the price of HK\$3.70 per Share (the “Subscription”). Details of the Placing and the Subscription are as follows:—

A. PLACING OF EXISTING SHARES

Major terms of the placing agreement dated 3 May 2007 (the “Placing Agreement”):—

Vendors:

CIHL, the controlling shareholder of CiTL

Dr. Chow, a director of CIHL and CiTL and a controlling shareholder of CIHL

Placing agent:

DBS

To the best of the Directors’ knowledge, information and belief, the Directors confirm, having made all reasonable enquiries, that each of DBS and its ultimate beneficial owners is independent of, not connected with the directors, chief executive or substantial shareholders of CiTL or any of its subsidiaries or any of their respective associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

As at the date of this announcement, DBS does not beneficially hold any Shares.

Placees:

The placees (which will be six or more individual, corporate and/or institutional investors) and their respective ultimate beneficial owners (i) will not be connected persons (as defined under the Listing Rules); (ii) will be third parties independent of and do not act in concert with any of the Vendors; (iii) are independent of CiTL and its connected persons (as defined under the Listing Rules); and (iv) will not be connected with the directors, chief executive or substantial shareholders of CiTL or any of its subsidiaries or any of their respective associates.

No placee will become a substantial shareholder of CiTL as a result of the Placing.

Placing price:

HK\$3.70 per Placing Share. This price was agreed after arm’s length negotiations and represents:—

- (i) a discount of approximately 13.95% to the closing price of HK\$4.30 per Share quoted on the Stock Exchange on 2 May 2007 (the “Suspension Date”);
- (ii) a discount of approximately 5.13% to the closing price of HK\$3.90 per Share quoted on the Stock Exchange on 30 April 2007, being the last trading day of the Shares immediately before the Suspension Date;

- (iii) a discount of approximately 1.18% to the average closing price of HK\$3.744 per Share quoted on the Stock Exchange from 24 April 2007 to 30 April 2007, both dates inclusive, being the last five trading days of the Shares immediately before the Suspension Date;
- (iv) a premium of approximately 3.38% over the average closing price of approximately HK\$3.579 per Share as quoted on the Stock Exchange from 17 April 2007 to 30 April 2007, both dates inclusive, being the last ten trading days of the Shares immediately before the Suspension Date; and
- (v) a premium of approximately 9.14% over the average closing price of approximately HK\$3.39 per Share as quoted on the Stock Exchange from 15 March 2007 to 30 April 2007, both dates inclusive, being the last thirty trading days of the Shares immediately before the Suspension Date.

Rights

The Placing Shares will rank equally with the existing Shares.

Placing Shares

The 25,384,146 Placing Shares and 6,815,854 Placing Shares to be placed by CIHL and Dr. Chow, representing approximately 13.35% and 3.58% of the existing issued share capital of CiTL of 190,155,871 Shares, respectively.

The Placing is to be conducted by DBS on a best effort basis.

Completion of the Placing

Subject to no breach of representations, warranties, undertakings or obligations of CiTL or CIHL or Dr. Chow at or prior to completion of the Placing, the completion of the Placing will take place on or before 8 May 2007.

B. SUBSCRIPTION OF 25,384,146 NEW SHARES

Major terms of the subscription agreement dated 3 May 2007:—

Subscriber:

CIHL

Issuer:

CiTL

Subscription Shares:

The 25,384,146 new Shares to be issued under the Subscription represents approximately 13.35% of the existing issued share capital of CiTL and approximately 11.78% of the issued share capital of CiTL as enlarged by the issue of the Subscription Shares.

Subscription Price:

HK\$3.70 per Subscription Share. On the basis of estimated net proceeds to CiTL of approximately HK\$91.6 million from the Subscription, this represents a net price of HK\$3.61 per Subscription Share to CiTL.

CiTL will bear the costs and expenses in connection with the Placing of the 25,384,146 Placing Shares and the Subscription of the 25,384,146 Subscription Shares. Dr. Chow will bear the costs and expenses incurred in respect of the Placing of the 6,815,854 Placing Shares. The costs and expenses for the Placing and the Subscription to be borne by CiTL is estimated to be approximately HK\$2.3 million, which the Directors consider to be fair and reasonable.

General Mandate to issue Subscription Shares:

The Subscription Shares will be issued pursuant to the general mandate to allot, issue and deal with Shares granted to the directors of CiTL by resolution of its shareholders passed at CiTL's annual general meeting held on 28 September 2006. CiTL is authorized to allot, issue or otherwise deal with up to 38,031,174 new Shares under the General Mandate. As at the date of this announcement, no Shares have been issued by CiTL under the General Mandate.

Ranking of the Subscription Shares

The Subscription Shares will rank equally with Shares in issue at the time of issue and allotment of the Subscription Shares.

Use of Proceeds

The net proceeds from the Subscription of approximately HK\$91.6 million will be used by CiTL and its subsidiaries (the "CiTL Group") for the purpose of working capital.

Condition of the Subscription

The Subscription is conditional upon, inter alia:

- a) completion of the Placing; and
- b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares to be issued under the Subscription.

Completion

Under the Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 17 May 2007 (or such later date as CiTL and CIHL may agree, such agreement not to unreasonably withheld or delayed and subject to compliance with the Listing Rules).

In the event that the conditions to the Subscription are not fulfilled by 17 May 2007, or in the event that the Subscription Shares are yet to be issued to CIHL by 17 May 2007, i.e. within 14 days after execution of the Placing Agreement, CiTL and CIHL may elect, subject to compliance with all requirements including the shareholders' approval in relation to connected transactions under the Listing Rules, to postpone completion of the Subscription to a later date to be agreed between CiTL and CIHL.

Application for listing

Application will be made by CiTL to the Stock Exchange to grant the listing of and permission to deal in the Subscription Shares.

C. EFFECTS OF THE PLACING AND THE SUBSCRIPTION

The shareholding of the Vendors in CiTL immediately before completion of the Placing, immediately after completion of the Placing but before completion of the Subscription, and immediately after completion of both the Placing and the Subscription are and will be as follows:—

Name of shareholders	Before the Placing		After the Placing		After the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dr. Chow	6,815,854	3.58	0	0.00	0	0.00
CIHL	107,822,933	56.70	82,438,787	43.35	107,822,933	50.02
Other Directors	5,842,200	3.07	5,842,200	3.07	5,842,200	2.71
Public	69,674,884	36.65	101,874,884	53.58	101,874,884	47.27
Total	<u>190,155,871</u>	<u>100.00</u>	<u>190,155,871</u>	<u>100.00</u>	<u>215,540,017</u>	<u>100.00</u>

Note: Assumes that other than the Subscription Shares, no new Shares are issued or purchased by CiTL and other than the Placing Shares, no Shares are sold or purchased by the Vendors, in each case after the date of this announcement up to the date of the completion of the Subscription, and currently there are no convertibles in relation to the Shares.

D. REASON FOR THE PLACING AND SUBSCRIPTION

CiTL is an investment holding company. Upon completion of the disposal of the IT business, which has been approved by the independent shareholders at the special general meeting held on 2 May 2007, the CiTL Group will be principally engaged in food & beverage business. In view of the current market conditions, the directors of CiTL consider that the Placing and Subscription represents a good opportunity to raise capital for CiTL while broadening the shareholders base and the capital base of CiTL and also enables the CiTL Group to have a higher level of working capital to further develop its business.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing and the Subscription are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing and the Subscription are in the interests of CIHL and CiTL and their respective shareholders as a whole.

E. DISCLOSEABLE TRANSACTION FOR CIHL

As a result of the placing of the Placing Shares, the interests of CIHL in CiTL would be reduced to approximately 43.35%, the Placing is considered as a discloseable transaction of CIHL. Upon completion of the Subscription, CIHL will hold approximately 50.02% of the issued share capital of CiTL. Barring any unforeseen circumstances, the reduction of CIHL's interest in CiTL is temporary and CiTL will be accounted as, and continue to be, a subsidiary of CIHL after the completion of the Subscription and CIHL will not sustain any gain and loss in such discloseable transaction.

F. CAPITAL RAISING ACTIVITY OF CiTL IN THE PAST 12 MONTHS

During the past 12 months, CiTL has carried out the following fund raising exercise:—

Date of announcement	Capital raising activity	Net proceeds raised	Use of proceeds
30 August 2006	Subscription of new shares	HK\$44.6 million	HK\$42.8 million has been applied as first tranche consideration payment for the acquisition of Sinochina Enterprises Limited (“SEL”). SEL and its subsidiaries are engaged in ownership and operation of restaurants and other food and beverage outlets.

G. GENERAL

CIHL is an investment holding company which, through its subsidiaries, is principally engaged in the business of construction and engineering, insurance and investment, property investment, hotel investment, information technology and food & beverage.

CiTL is an investment holding company which, through its subsidiaries, is principally engaged in the provision of computer and information communication technology services, food & beverage business and investment in securities.

According to the audited financial statements of CiTL, as at 31 March 2006, CiTL’s total consolidated assets amounted to approximately HK\$630,832,000 and total consolidated liabilities amounted to approximately HK\$219,556,000 and consolidated profits before and after taxation for the year ended 31 March 2006 amounted to approximately HK\$40,828,000 and HK\$36,966,000, respectively. According to the audited financial statements of CiTL as at 31 March 2005, CiTL’s total consolidated assets amounted to approximately HK\$460,455,000 and total consolidated liabilities amounted to approximately HK\$81,919,000 and consolidated profits before and after taxation for the year ended 31 March 2005 amounted to approximately HK\$1,892,000 and HK\$1,553,000 respectively.

Tradings in the shares of CIHL and CiTL were suspended from 2:30 p.m. on 2 May 2007 at the request of CIHL and CiTL pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading of the shares of CIHL and CiTL from 9:30 a.m. on 4 May 2007.

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

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

Hong Kong, 3 May 2007

As at the date of announcement, the Board of CIHL comprises Dr. Chow Yei Ching, Mr. Kuok Hoi Sang, Mr. Tam Kwok Wing, Mr. Chow Vee Tsung, Oscar, Mr. Fung Pak Kwan, Mr. Kan Ka Hon and Mr. Ho Chung Leung as executive directors, and Dr. Chow Ming Kuen, Joseph, Mr. Li Kwok Heem, John and Mr. Sun Kai Dah, George as independent non-executive directors; and

the Board of CiTL comprises Dr. Chow Yei Ching, Mr. Chow Vee Tsung, Oscar, Mr. Kuok Hoi Sang, Mr. Kan Ka Hon and Miss Lily Chow as executive directors and Mr. Shinichi Yonehara, Mr. Wu King Cheong and Mr. Kwong Man Sing as independent non-executive directors.

** for identification purpose only*

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