2. Assets to be disposed of by CiTL and to be acquired by CIHL Group

4. Conditions precedent

Trading in the shares of CiTL on the Stock Exchange was suspended with effect from 9:30 a.m. on Tuesday, 13 March 2007 at the request of CiTL pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of CiTL with effect from 9:30 a.m. on Thursday, 15 March 2007.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CiTL under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL, a substantial shareholder of CiTL, is the purchaser. The Disposal therefore requires the approval by the independent CiTL Shareholders at the SGM to be convened to consider and, if thought fit, approve the Agreement and the transaction contemplated thereunder. As CIHL has material interest in the Disposal which is different from other CIHL Shareholders, and therefore CIHL is deemed not to have voting at the SGM. A circular containing, among other things, further details of the Agreement, financial information relating to CIHL, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal will be implemented only upon satisfaction of the conditions precedent as set out in 4(a) below is fulfilled. The Disposal shall be completed within two Business Days of the date of the SGM and the conversions of the cash consideration shall be made on the third Business Day following the day on which all the above conditions precedent are fulfilled. The Disposal shall take place on the third Business Day following the day on which all the above conditions precedent have been fulfilled.

On 12 March 2007, CiTL as the Vendor and CIHL as the Purchaser entered into the Agreement pursuant to which CiTL agreed to dispose of and CIHL, via its wholly-owned subsidiary, agreed to purchase each of the Sale Companies and the Sale Assets together with all rights at the Cut-off Time and thereafter attaching or accruing thereto for an aggregate consideration of approximately HK$55 million, subject to adjustment upon Completion.

The Agreement was entered into by CIHL and CiTL after the close of the trading hours on 12 March 2007 or such later date as may be agreed between CiTL and CIHL.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal will be implemented only upon satisfaction of the conditions precedent as set out in 4(a) below is fulfilled. The Disposal shall be completed within two Business Days of the date of the SGM and the conversions of the cash consideration shall be made on the third Business Day following the day on which all the above conditions precedent are fulfilled. The Disposal shall take place on the third Business Day following the day on which all the above conditions precedent have been fulfilled.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL Group under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.
LISTING RULES IMPLICATIONS

Under the Listing Rules, the Disposal, when aggregated with the Settlement, constitutes a major transaction for CIHL. The Disposal also constitutes a connected transaction for CIHL under the Listing Rules as CHIL, a substantial shareholder of CIHL, is the purchaser and therefore requires the approval by the independent CIHL Shareholders at the SGM to be convened to consider and, if thought fit, approve the Agreement and transaction contemplated thereunder. As CIHL has material interest in the Disposal which is different from other CIHL Shareholders, CHIL and its associates are required to abstain from voting at the SGM. By virtue of Dr. Chow’s 53.97% interest in CHIL, Dr. Chow and his associates are also required to abstain from voting at the SGM. A circular containing, among other things, further details on the Agreement, financial information relating to CIHL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CIHL Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the shares of CIHL on the Stock Exchange was suspended with effect from 9:30 a.m. on Tuesday, 13 March 2007 at the request of CIHL pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of CIHL with effect from 9:30 a.m. on Thursday, 15 March 2007.

TERMS USED IN THIS ANNOUNCEMENT

“Aggregate Consideration” the aggregate consideration for the sale of the Share Companies and the Sale Assets

“Agreement” the agreement dated 12 March 2007 entered into between CIHL and CHIL in relation to the sale and purchase of the Sale Companies and the Sale Assets

“Board” board of directors

“Business Day” a day (other than a Saturday or Sunday) on which banks are generally open for business in Hong Kong

“CIHL” or “Purchaser” Chevalier International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange

“CIHL Group” CIHL and its subsidiaries, not including CIHL Group for the purpose of this announcement

“CHIL” or “Vendor” Chevalier International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange, and an indirectly 56.7% owned subsidiary of CHIL

“CIHL Group” CIHL and its subsidiaries

“CIHL Shareholders” shareholder(s) of CIHL

“Completion” completion of the Agreement

“Completion Date” the third Business Day following the day on which all the conditions precedent to the Agreement are fulfilled or waived or such other date as the parties may agree

“Cut-off Time” 1 April 2007

“Disposal” disposal of the Sale Companies and the Sale Assets pursuant to the Agreement

“Dr. Chow” Dr. Chow Yei Ching, being the beneficial owner of 53.97% of the issued share capital of CIHL and the beneficial owner of 3.58% of the issued share capital of CIHL

“Excluded Assets” those companies, assets, contracts and rights owned, controlled or used by the Vendor which are not used in connection with or in respect of the Sale Business (including but not limited to companies and assets engaged in food and beverage business and securities investment business) and which shall be excluded from the sale and purchase under the Agreement

“Excluded COA Companies” being subsidiaries of Chevalier (OA) Holdings Limited excluded from the sale and purchase under the Agreement

“HKFRS” Hong Kong Financial Reporting Standards, including all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants

“Hong Kong” the Hong Kong Special Administrative Region of the PRC

“IT Business” information technology related business carried out by the Sale Companies and their respective subsidiaries and associate in Hong Kong, the PRC and Thailand

“Listing Rules” The Rules Governing the Listing of Securities on the Stock Exchange

“Net Asset Statement” the adjusted net assets statement of the Sale Shares and the Sale Assets as at 31 March 2007

“PRC” the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement

“Sale Assets” all assets and liabilities of Chevalier iTech Limited related to its IT Business

“Sale Business” the IT Business and related business within the scope of the constituent documents of the Sale Companies which comprises of the Sale Shares and the Sale Assets


“Sale Shares” the entire equity interest of each of the Sale Companies

“SEL” Sinochina Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability being 49% owned by CIHL as at the date of this announcement

“Settlement” settlement of outstanding amount due by the Sale Companies to CIHL Group which amounted to approximately HK$35 million as at 31 January 2007, subject to adjustment upon Completion

“SGM” the special general meeting to be convened by CIHL for CIHL Shareholders to consider and, if thought fit, to approve the Agreement and the transaction contemplated thereunder

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“HK$” Hong Kong dollar, the lawful currency of Hong Kong

“%” per cent.

By Order of the Board of Chevalier iTech Holdings Limited
Chow Yei Ching
Chairman
Hong Kong, 14 March 2007

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

* for identification only

As at the date of this announcement, the Board of CIHL comprises Dr. Chow Yei Ching, Mr. Fung Pak Kwan, Mr. Kuok Hoi Sang, Mr. Chow Yee Tung, Oscar, Mr. Kan Ka Hon and Miss Lily Chow as executive directors and Mr. Shinichi Yoshikura, Mr. Wu King Cheong and Mr. Kwong Man Sing as independent non-executive directors.

As at the date of this announcement, the Board of CHIL comprises Dr. Chow Yei Ching, Mr. Kuok Hoi Sang, Mr. Fung Pak Kwan, Mr. Chow Yee Tung, Oscar, Mr. Tam Kwok Wing, 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 Duk, George as independent non-executive directors.