CHEVALIER INTERNATIONAL HOLDINGS LIMITED
( Incorporated in Bermuda with limited liability )

Drafted by the Board

On 27th June, 2006, Chevalier Chengdu, a wholly-owned subsidiary of the Company, entered into the Development Agreement with the JV Partners to undertake the Joint Development Project. Chevalier Chengdu will be the JV Partner that will bear the economic interests in the Joint Development Project.

The Development Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing further details of the Development Agreement will be dispatched to the shareholders of the Company as soon as practicable.

INTRODUCTION

The Board is pleased to announce that Chevalier Chengdu, a wholly-owned subsidiary of the Company, has entered into an agreement with Anhui Anxing Lianhe Corporation (Anhui Province Hua Qiao Hotel) and Anhui Anxing Lianhe Corporation (Anhui Anxing Lianhe Corporation) on 27th June, 2006 whereby the parties to the agreement agreed to undertake the Joint Development Project.

The Development Project involves development of a commercial complex on a site situated at Chang Jiang Road Central in Hefei, Anhui Province, the PRC. It will comprise office building, shopping mall, hotel and service apartment. Nevertheless, the exact development plan of the Joint Development Project is yet to be finalized.

DEFINITIONS

Board
Chevalier Chengdu
JV Partners
Joint Development Project
Joint Venture Company
“JV Partners”
“Joint Development Project”
“JV Partners’ Land”
“Joint Venture Company”
“Joint Venture Development Project”
“Listing Rules”
“PRC”
“Stock Exchange”
“RMB”

The Board is pleased to announce that Chevalier Chengdu, a wholly-owned subsidiary of the Company, has entered into an agreement with 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel) and 安徽安興聯合公司 (Anhui Anxing Lianhe Corporation) on 27th June, 2006 whereby the parties to the agreement agreed to undertake the Joint Development Project.

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THE JOINT DEVELOPMENT PROJECT DATE 27TH JUNE, 2006

Parties:
(1) Chevalier Chengdu, a wholly-owned subsidiary of the Company established as a wholly foreign-owned enterprise in the PRC and is principally engaged in property investment as well as provision of business consulting services;
(2) 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel), a state-owned company established in the PRC and is principally engaged in trading of building materials, property development, property management and provision of business consulting services.
(3) 安徽安興聯合公司 (Anhui Anxing Lianhe Corporation), a state-owned company established in the PRC and is principally engaged in trading of building materials, property development, property management and provision of business consulting services.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, the JV Partners and their ultimate beneficial owners are independent of the Company and its connected persons (as defined under the Listing Rules).

Major Terms

The Development Project involves development of a commercial complex on a site situated at Chang Jiang Road Central in Hefei, Anhui Province, the PRC. Majority portion of the Development Site is owned by 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel) which has agreed to transfer it to the Joint Development Project for development as described below in further details. The remaining area of the Development Site would be acquired from independent third parties.

Pursuant to the Development Agreement, Chevalier Chengdu and the JV Partners will bear the cost and share the economic interests in the Joint Development Project on a 51:49 basis. The total investment for the Joint Development Project is RMB750,000,000 (equivalent to approximately HK$721,153,846). Of this total investment, RMB112,870,000 (equivalent to approximately HK$108,528,846) will be contributed by the JV Partners and Chevalier Chengdu respectively, and the remaining is expected to be financed by external borrowings or be borne by Chevalier Chengdu and the JV Partners on a 51:49 basis.

The JV Partners will make their initial contribution of RMB108,440,000 (equivalent to approximately HK$104,269,231) in the form of the JV Partners’ Land. The JV Partners’ Land shall be transferred to the Joint Development Project with good titles and free of lien, encumbrances or other third parties’ rights. Accordingly, the JV Partners shall bear all land acquisition fees and the JV Partners’ Land shall be further monitored by the Joint Development Project. It will comprise nine committee members, of which three will be appointed by Chevalier Chengdu, three by 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel) and the remaining one by 安徽安興聯合公司 (Anhui Anxing Lianhe Corporation) and the remaining one by 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel).

Following the appointment of the joint venture management committee, the Joint Venture Company will be set up and shall be responsible for managing the Joint Development Project. It will comprise nine committee members, of which three will be appointed by Chevalier Chengdu, three by 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel) and the remaining one by 安徽安興聯合公司 (Anhui Anxing Lianhe Corporation) and the remaining one by 安徽省郵儲銀行 (Anhui Province Hua Qiao Hotel). After the Joint Venture Company is set up, the management committee members will be appointed to be the board of directors of the Joint Venture Company.

The Joint Development Project will be named 傳媒廣場 (Hua Qiao Plaza) and constructed on a site situated at Chang Jiang Road Central in Hefei, Anhui Province, the PRC. Hefei is the capital city and an important industrial centre of the Anhui Province, with a total area of approximately 7,266 square kilometers and a population of approximately 4.6 million as of 31st December, 2005. The Development Site is situated at a prime location of Hefei, which gives the Joint Development Project a competitive advantage in terms of location.

Like other PRC urban cities, Hefei has attained fast economic growth in recent years. Hefei’s GDP reached approximately RMB85.4 billion in 2005 while its GDP grew approximately 16.9% over 2004. Its GDP per capita increased by approximately 14.5% over 2004 to RMB19,960 in 2005. Urban consumer expenditure in Hefei reached RMB32.4 billion in 2005, representing an increase of 16.9% over 2004. The decrease in property investment as a result of the recent market climate has led to a growing demand for commercial complex. With its prime location in Hefei, the Directors believe that the Joint Development Project, when launched, would be well received by the market.

It is currently planned that the Joint Development Project would comprise office building, shopping mall, hotel and service apartment. Nevertheless, the exact development plan of the Joint Development Project is yet to be finalized.

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

Hong Kong, 11th July, 2006

As at the date of this announcement, the board of directors of the Company comprises Dr. Chow Yei Ching, Messrs. Kuok Hoi Sang, Fung Pak Kwan, Chow Yee Tsang, Oscar, Tam Kwok on, Kan Ka Hon and Hu Cheng 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.

For identification purpose only