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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: 25)

SUPPLEMENTARY ANNOUNCEMENT DISCLOSEABLE TRANSACTION

Reference is made to the announcement of Chevalier International Holdings Limited (the “**Company**”) dated 7 October 2016 (the “**Announcement**”) regarding the discloseable transaction in relation to the entering into of an agreement for, among others, the redevelopment of a land parcel in Hong Kong; operation and management of senior housing facility and residential care home for the elderly; and engagement of consultancy services. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company would like to provide additional information with regard to the Project as follows:

1. The size and the terms of the Loan were agreed by the Consultant based on a reasonable assessment of the projected Development Expenditure which includes the Land Premium and the construction costs of the Facility Building and the Church Building.
2. The Loan, or any part thereof, shall only be advanced by the Consultant to HKMC or HKMC Holding as and when any part of the Development Expenditure (including the Land Premium) is incurred by HKMC or HKMC Holding.
3. The Loan granted by the Consultant shall be recouped from the income generated from Resident Deposits and the Operating Revenue. The Consultant shall also be paid the Standard Fee as well as other incentive fees, the terms of which shall be agreed from time to time between the parties. It is the Company’s view that, in light of the increasing demand for senior housing facilities due to the growing aged population in Hong Kong, the Project will increase the Company’s exposure and enhance its reputation in the senior housing industry, which will in turn bring about other tangible or intangible benefits.

4. The Loan, which shall be granted by the Consultant to HKMC or HKMC Holding, shall be financed by the Company from its working capital and/or through external financing (depending on market conditions) by means of inter-company loans and/or equity financing from the Company to the Consultant.
5. In light of the above, in particular paragraph (3), the Directors consider that the terms of the Agreement, including its ancillary documents, the Side Letter and the Security Deed, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

By Order of the Board
Chevalier International Holdings Limited
KUOK Hoi Sang
Co-Chairman and Managing Director

Hong Kong, 25 October 2016

As at the date of this announcement, the Board of the Company comprises Dr Chow Yei Ching (Co-Chairman), Messrs Kuok Hoi Sang (Co-Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr Chow Ming Kuen, Joseph, Mr Yang Chuen Liang, Charles and Professor Poon Chung Kwong as Independent Non-Executive Directors; Dr Ko Chan Gock, William and Mr Chow Vee Tsung, Oscar as Non-Executive Directors.

* *for identification purpose only*