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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)

DISCLOSEABLE TRANSACTION

THE AGREEMENT

The Board is pleased to announce that after trading hours of the Stock Exchange on 20 March 2015, Richsky and Excellent City (both are wholly-owned subsidiaries of the Company), the Lai Family and Sino Image (a company owned by the Lai Family) entered into the Agreement, pursuant to which, among other things, (i) Richsky agreed to purchase, and the Lai Family agreed to sell, the entire equity interest in Dolce Field at the First Consideration; and (ii) Excellent City agreed to purchase, and Sino Image agreed to sell, an 11% equity interest in Mass Harvest at the Second Consideration.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined in the Listing Rules) exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

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* For identification purpose only

THE AGREEMENT

Date

20 March 2015

Parties

- (i) Richsky International Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company (as the purchaser for the entire equity interest in Dolce Field);
- (ii) the Lai Family (as the vendor for the entire equity interest in Dolce Field);
- (iii) Excellent City Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company (as the purchaser for an 11% equity interest in Mass Harvest); and
- (iv) Sino Image Limited, a company incorporated in the BVI with limited liability and is owned by the Lai Family (as the vendor for an 11% equity interest in Mass Harvest).

Sino Image is principally engaged in investment holding and holds a 51% equity interest in Mass Harvest as at the date of the Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for being co-investors with members of the Group in a number of projects including CCPD and Mass Harvest, each of the members of the Lai Family and Sino Image are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

Pursuant to the Agreement, (i) Richsky agreed to purchase, and the Lai Family agreed to sell, the entire equity interest in Dolce Field at the First Consideration; and (ii) Excellent City agreed to purchase, and Sino Image agreed to sell, an 11% equity interest in Mass Harvest at the Second Consideration.

Consideration

The First Consideration amounted to RMB1 and shall be set off against the amount due by the Lai Family to Dolce Field in the amount of HK\$8. As at the date of the Agreement, the Group has made advances to Dolce Field and CCPD. The amounts due from Dolce Field and CCPD in proportion to the Group's 49% interest in CCPD as at the date of Completion is expected to be approximately HK\$39.8 million and HK\$382.6 million respectively. In addition to the above, the Group has made

further advances to CCPD which is expected to be approximately HK\$398.2 million as at the date of Completion. The First Consideration was determined after arm's length negotiations among the parties taking into account the expected amount of advances provided by the Group to Dolce Field and CCPD prior to Completion.

The Second Consideration amounted to US\$1 and shall be set off against the amount due by Sino Image to Excellent City in the amount of approximately HK\$25,000. As at the date of the Agreement, the Group has made advances to Mass Harvest. The amount due from Mass Harvest to the Group as at the date of Completion is expected to be approximately HK\$283.8 million and such amount shall be capitalised in the Group. The Second Consideration of US\$1 was determined after arm's length negotiations among the parties taking into account the expected amount of advances provided to Mass Harvest and to be capitalised in the Group upon Completion.

Other terms of the Agreement

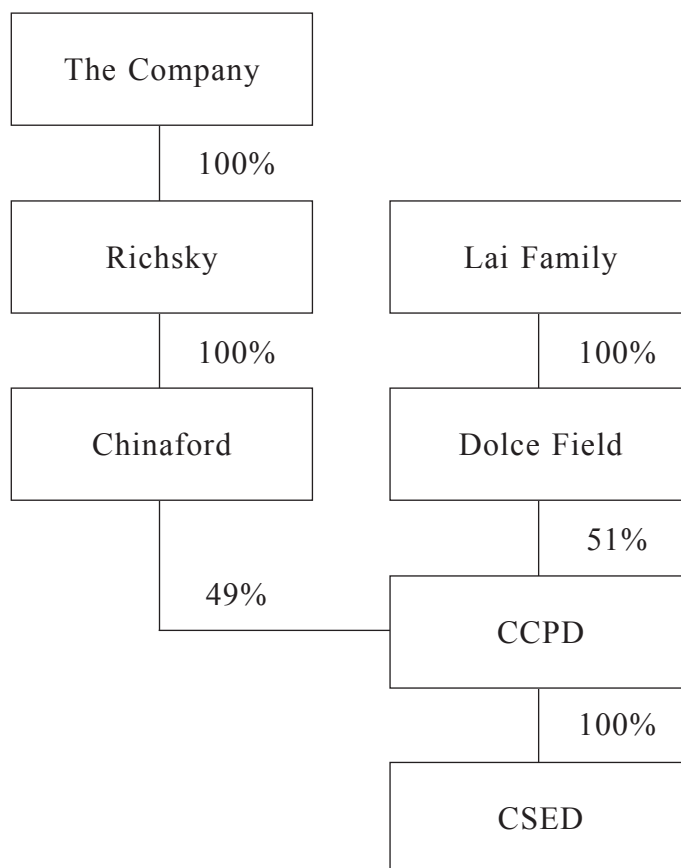
- (i) The board of directors of Century Jinjiang after Completion shall comprise 5 members who are appointed by Mass Harvest, of which 3 appointed members shall be determined by Excellent City and 2 appointed members shall be determined by Sino Image.
- (ii) Excellent City and Sino Image will offer each other a pre-emptive right to acquire equity interest in Mass Harvest if they intend to sell their equity interest in Mass Harvest in future.
- (iii) Within three years from the date of the Agreement, Excellent City and Sino Image shall each seek for potential purchasers if the parties intend to dispose of the hotel property interest of Mass Harvest Group. If a potential purchaser is identified by either Excellent City or Sino Image who is willing to offer a purchase price for the hotel property interest agreed between Excellent City and Sino Image, Excellent City and Sino Image shall be obliged to agree for Mass Harvest to sell the hotel property interest and they shall be respectively entitled to 53.5% and 46.5% of the purchase price. Such entitlement ratio is not in proportion to the percentage shareholding in Mass Harvest as the parties agreed to give incentive to Sino Image to assist in seeking potential purchaser who can offer an attractive price for the hotel property in the future.

Completion

Completion will take place on 1 April 2015.

INFORMATION ON DOLCE FIELD AND CCPD GROUP

The simplified organisation structure of Dolce Field and CCPD Group immediately prior to Completion is as follows:



Dolce Field is principally engaged in investment holding and is owned by the Lai Family prior to Completion. Based on the management accounts of Dolce Field provided by the Lai Family, the only material asset of Dolce Field is its investment in CCPD and it did not prepare any consolidated financial statements. Dolce Field is a joint venture partner with Chinaford in CCPD which is a property development company incorporated in the PRC and is owned as to 51% by Dolce Field and 49% by Chinaford. CCPD and its wholly-owned subsidiary, CSED, are engaged in a property development project in Chengdu of the PRC, namely Chateau Ermitas, and the holder of a parcel of land of 26,846 square meters situated in 成都雙流縣華陽街道二江寺社區 (Chengdu Shuangliu County Huayang Street Erjiangsi Community*). The Chateau Ermitas development has two phases. Phase I includes villas, apartments, car parking spaces, clubhouse and shopping mall which has been completed and launched for sale in 2013. As at the date of the Agreement, 48 units of villa, 90 units of apartment, 336 car parking spaces, the shopping mall and clubhouse remain unsold. Development work at Phase II of the project and the parcel of land has yet to be commenced. CCPD is accounted for as a joint venture of the Group prior to Completion.

Set out below is the financial information of Dolce Field:

	For the year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	(2,774)	(3,049)
Loss for the year	(2,774)	(3,049)

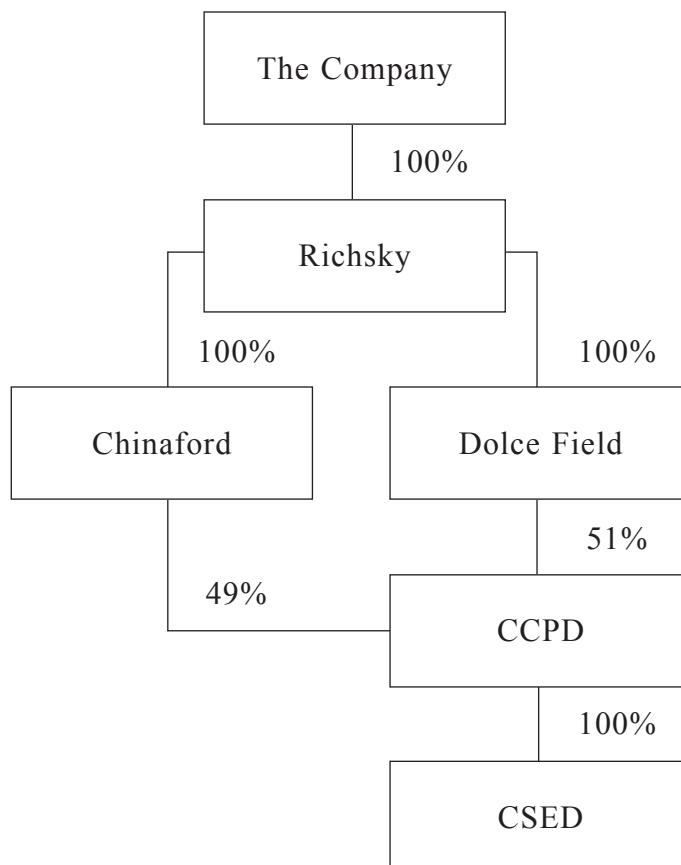
As at 31 March 2014, the net liability value of Dolce Field attributable to its shareholders was approximately HK\$12.5 million.

Set out below is the consolidated financial information of CCPD Group:

	For the year ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	(23,568)	(26,377)
Loss for the year	(23,568)	(26,377)

As at 31 March 2014, the consolidated net asset value of CCPD Group attributable to its shareholders was approximately HK\$411.6 million.

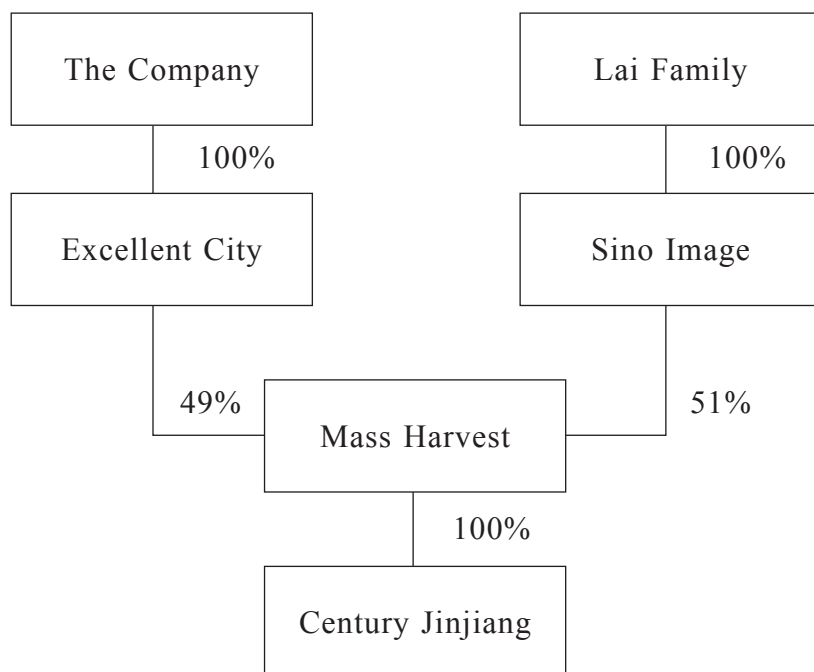
The simplified organisation structure of Dolce Field and CCPD Group upon Completion will be as follows:



After Completion, Dolce Field will become a wholly-owned subsidiary of the Company.

INFORMATION ON MASS HARVEST GROUP

The simplified organisation structure of Mass Harvest Group immediately prior to Completion is as follows:



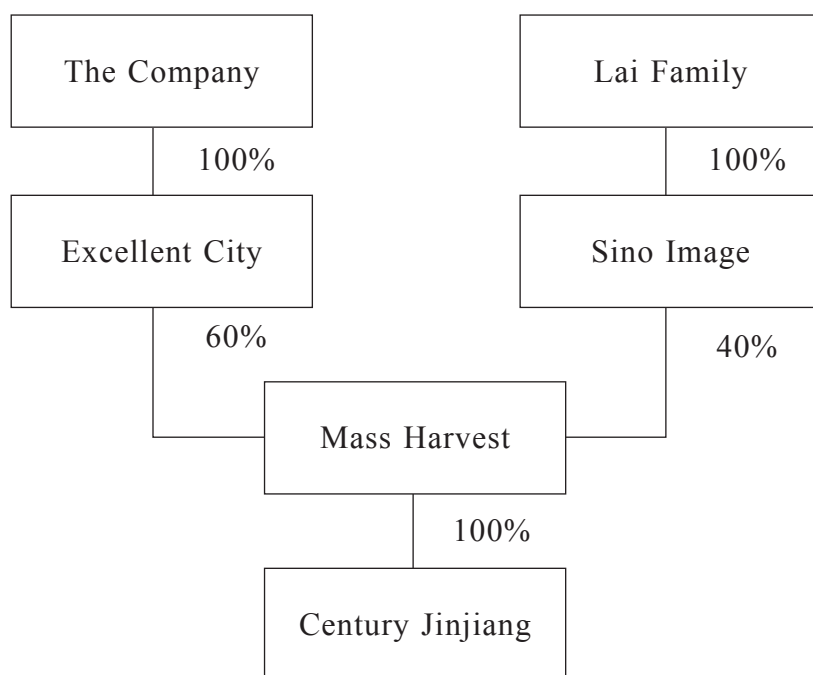
Mass Harvest is principally engaged in investment holding and is owned as to 49% by Excellent City and 51% by Sino Image prior to Completion. Mass Harvest Group is principally engaged in investment holding and operation of a hotel in Chengdu of the PRC through Century Jinjiang. The hotel is jointly owned by Century Jinjiang and several independent third parties, which consists of a total of 460 guestrooms and suites and is equipped with conference rooms and car parking spaces.

Set out below are the consolidated financial information of Mass Harvest Group:

	For the year ended 31 March	
	2014	2013
	HK\$'000	HK\$'000
Loss before taxation	(35,390)	(27,453)
Loss for the year	(35,390)	(27,453)

As at 31 March 2014, the net liability value of Mass Harvest Group attributable to its shareholders was approximately HK\$99.4 million.

The simplified organisation structure of Mass Harvest Group upon Completion will be as follows:



After Completion, Mass Harvest will be owned as to 60% by the Group and will remain as a joint venture of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group is principally engaged in the businesses of construction and engineering, insurance and investment, property, food and beverage, car dealership, enterprise and network solutions and fresh produce supply. The Group currently has business operations in Australia, Canada, Hong Kong, Japan, Macau, Philippines, the PRC, Singapore, Thailand, United States of America and Vietnam. The Group has strong presence in the PRC property market, including cities such as Beijing, Changchun, Chengdu and Shanghai.

The Company is positive about the performance of the property market in the PRC in the future accomplished by the recent easing of policy on the property market and mortgage lending in the PRC. The Group will continue to assess and monitor its allocation of financial resources in the PRC property market on an ongoing basis in order to generate optimal return to the Shareholders from this sector. The Board believes that the Acquisition enables the Group to take over the control of CCPD and to reflect the financial resources that the Group had already committed in CCPD and Century Jinjiang. In the meantime, the Acquisition enables the Group to increase its involvement in the business development and operation plannings of CCPD and Century Jinjiang with a view to streamlining the operation and improving the efficiency of CCPD and Century Jinjiang.

Based on the above, the Directors consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in the Listing Rules) exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the entire equity interest in Dolce Field by Richsky from the Lai Family and 11% equity interest in Mass Harvest by Excellent City from Sino Image pursuant to the Agreement
“Agreement”	the agreement dated 20 March 2015 entered into (i) between Richsky and the Lai Family for the sale and purchase of the entire equity interest in Dolce Field; and (ii) between Excellent City and Sino Image for the sale and purchase of an 11% equity interest in Mass Harvest
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CCPD”	成都其士房地產發展有限公司 (Chengdu Chevalier Property Development Company Limited*), a company established in the PRC and is owned as to 49% by Chinaford as at the date of the Agreement
“CCPD Group”	CCPD and CSED
“Century Jinjiang”	成都世代錦江國際酒店有限公司 (Chengdu Century Jinjiang International Hotel Company Limited*) and its subsidiaries. Chengdu Century Jinjiang International Hotel Company Limited is a company established in the PRC and a wholly-owned subsidiary of Mass Harvest
“Chinaford”	Chinaford Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock code: 25)

“Completion”	completion of the Acquisition pursuant to the terms of the Agreement
“CSED”	成都聖華房地產開發有限公司 (Chengdu Shenghua Real Estate Development Company Limited*), a company established in the PRC and a wholly-owned subsidiary of CCPD
“Director(s)”	the director(s) of the Company
“Dolce Field”	Dolce Field Limited, a company incorporated in the BVI with limited liability
“Excellent City”	Excellent City Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“First Consideration”	the consideration payable by Richsky to the Lai Family for the purchase of the entire equity interest in Dolce Field pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Lai Family”	Mr. Lai De Yong, Mr. Lai De Gang and Mr. Lai Hai Jun, the owners of Sino Image
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mass Harvest”	Mass Harvest Limited, a company incorporated in the BVI with limited liability and a 49% associated company of the Company
“Mass Harvest Group”	Mass Harvest and Century Jinjiang
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Richsky”	Richsky International Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Second Consideration”	the consideration payable by Excellent City to Sino Image for the purchase of an 11% equity interest in Mass Harvest pursuant to the Agreement
“Shareholder”	holders of the ordinary share(s) in the capital of the Company

“Sino Image”	Sino Image Limited, a company incorporated in the BVI with limited liability and is owned by the Lai Family
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of United States
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 20 March 2015

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, Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr Chow Ming Kuen, Joseph, Messrs Sun Kai Dah, George, Yang Chuen Liang, Charles and Professor Poon Chung Kwong as Independent Non-Executive Directors; and Dr Ko Chan Gock, William as Non-Executive Director.