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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)

LETTER OF INTENT RELATING TO POSSIBLE ACQUISITION OF CERTAIN HOT SPRING HOTELS

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 6 December 2011, Chevalier Asset Management Limited ("CAML"), a wholly-owned subsidiary of Chevalier International Holdings Limited (the "Company", together with its subsidiaries, the "Group"), has entered into a letter of intent (the "LOI") with an asset manager (the "Asset Manager") in relation to a possible acquisition (the "Possible Acquisition") by CAML or its nominees (the "Purchaser") of certain hot spring hotels in Japan and certain related assets and operating companies (collectively, the "Target") from the respective vendors (the "Vendors").

To the best of the knowledge, information and belief of the directors of the Company, and having made all reasonable enquiries, the Asset Manager, its ultimate beneficial owner(s) and the Vendors are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Pursuant to the terms of the LOI, the Possible Acquisition is subject to the fulfilment of certain conditions precedent, including but not limited to satisfaction of the results of due diligence investigations in respect of the Target to be conducted by the Purchaser and the consideration for the Possible Acquisition has been agreed under the LOI. The LOI, however, does not create any contractual binding obligations between the Purchaser and the Vendors to proceed with the Possible Acquisition unless and until a legally binding sale and purchase agreement is executed by the Purchaser and the Vendors. It is expected that a legally binding sale and purchase agreement will be entered into between the Purchaser and the Vendors on or before 30 December 2011 or such other date to be agreed by them. Pursuant to the LOI, the Vendors agree not to enter into any binding commitment with any other third party in respect of the sale and purchase of the Target from the date of the LOI until 30 December 2011.

REASONS FOR ENTERING INTO THE LOI

The Group is principally engaged in the businesses of construction and engineering, insurance and investment, property development and investment, food and beverages, and computer and information communication technology. The Company is optimistic about the development of tourism industry in Japan and considers that the Possible Acquisition, if materialises, will diversify the income stream of the Group.

The LOI does not create any contractual binding obligations between the Purchaser and the Vendors to proceed with the Possible Acquisition unless and until a legally binding sale and purchase agreement is executed by the Purchaser and the Vendors. As such, the Possible Acquisition may or may not proceed. Based on the financial information available to the Company as at the date hereof, the Possible Acquisition will constitute a discloseable transaction of the Company if it materialises. Further announcement will be made by the Company in accordance with the Listing Rules as and when appropriate. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 6 December 2011

As at the date of this announcement, the board of directors of the Company 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 and Yang Chuen Liang, Charles as independent non-executive directors and Dr Ko Chan Gock, William as non-executive director.

* *For identification purpose only*