

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 025)

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF CORPORATE GUARANTEE

On 27 May 2010, the Company provided the Corporate Guarantee in favour of the Bank in connection with the Loan Facility granted by the Bank to the Borrower, being an associated company indirectly held as to 40% by the Group.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the provision of the loans and the guarantees in aggregate in the last 12 months for the benefits of the Borrower constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

BACKGROUND

On 29 April 2010, the Bank entered into the Loan Facility Letter with the Borrower and pursuant to which the Bank agreed to grant a Loan Facility in a principal amount of RMB50 million (equivalent to approximately HK\$57 million) to the Borrower for financing its expansion of car dealership business in the PRC. The Borrower, a company incorporated in the PRC with limited liability, is an associated company indirectly held as to 40% by the Group.

The conditions precedent to drawing by the Borrower under the Loan Facility Letter, among other things, is the delivery of the Corporate Guarantee to the Bank. The Loan Facility, subject to a total maximum amount of RMB50 million (equivalent to approximately HK\$57 million), are available for draw down as long as they are not terminated by the Bank and bear interest at commercial rate as agreed between the Bank and the Borrower.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The Company has given the Corporate Guarantee in favour of the Bank for the repayment of the Loan Facility and accruing interest owed by the Borrower and the due performance and observation of the terms and conditions in the Loan Facility in case of the Borrower's default. As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the provision of the loans and the guarantees for the benefits of the Borrower in aggregate in the last 12 months constitutes a discloseable transaction for the Company under the Listing Rules.

THE CORPORATE GUARANTEE

On 27 May 2010, the Guarantors executed the Corporate Guarantee to the Bank, whereby each of them agreed to guarantee for all the debt obligations of the Borrower pursuant to the Loan Facility Letter. No fee or commission is payable by the Borrower to the Company for the provision of the Corporate Guarantee.

In case the Borrower fails to make due and punctual repayment of the amount due under the Loan Facility or breach any undertakings set forth under the Loan Facility Letter, each of the Guarantors will be jointly and severally responsible for repayment of the Loan Facility plus any related interests, penalties and expenses incurred by the Bank in relation to the enforcement of the Loan Facility Letter and the Corporate Guarantee.

The Corporate Guarantee shall be in force from the date of its execution to the date when the Borrower has performed all their repayment obligations under the Loan Facility Letter.

INFORMATION ON THE BORROWER

The Borrower, a company incorporated in the PRC with limited liability, is an associated company indirectly held as to 40% by the Group and is indirectly held as to 60% by Qi Yang. The principal activity of the Borrower is the operation of the car dealership business in the PRC. Save as aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Qi Yang is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

INFORMATION ON THE COMPANY

The Company and its subsidiaries are principally engaged in the business of construction and engineering, insurance and investment, property development and investment, food and beverages and computer and information communication technology.

REASONS FOR PROVIDING THE CORPORATE GUARANTEE

The provision of the Corporate Guarantee will provide further funding to the Borrower to finance its expansion of car dealership business in the PRC. The Group has confidence in the

prospects of the car dealership business in Chengdu and believes that it represents a good opportunity for the Company to sustain the Group's long-term growth objective. Being one of the owners of the Borrower, the Directors consider it in the interest of the Company to provide the Corporate Guarantee to support the funding required by the Borrower. Given that Qi Yang is also providing the Corporate Guarantee on a joint and several basis, the Directors are of the opinion that the guarantee arrangements under the Loan Facility are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The provision of the Corporate Guarantee under the Loan Facility Letter will not have any immediate effects on the earnings, assets and liabilities of the Company. The Company will use its internal resources to discharge its liabilities should any obligation arise under the Corporate Guarantee.

IMPLICATIONS UNDER THE LISTING RULES

With reference to the advance of loans in the total amount of RMB67 million (equivalent to approximately HK\$76.4 million) from the Group to the Borrower on 25 December 2009 and 10 February 2010 respectively and the provision of the corporate guarantee in favour of another financial institution for the Borrower for an amount of RMB5 million (equivalent to approximately HK\$5.7 million) on 3 February 2010, all the loans and corporate guarantee granted for the benefits of the Borrower in the last 12 months should be aggregated together with the Corporate Guarantee, the total of which amounted to RMB122 million (equivalent to approximately HK\$139.1 million), under Rule 14.22 of the Listing Rules.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the provision of the loans and the guarantees for the benefits of the Borrower in aggregate in the last 12 months constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

The following terms are used in this announcement within the meanings set opposite them:-

“Bank”	匯豐銀行(中國)有限公司成都分行 (HSBC Bank (China) Company Limited Chengdu Branch), a wholly-foreign-owned bank in the PRC
“Board”	the board of Directors
“Borrower”	啟陽(成都)投資管理有限公司 (Qi Yang (Chengdu) Investment Management Limited*), a company incorporated in the PRC, which is indirectly owned as to 40% by the Company and 60% by Qi Yang

“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Stock Exchange
“Corporate Guarantee”	The guarantee executed by the Company and Qi Yang on 27 May 2010 in favour of the Bank guaranteeing all the debt obligations of the Borrower under the Loan Facility
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	the Company and Qi Yang
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	a principal amount of RMB50 million (equivalent to approximately HK\$57 million) as prescribed in the Loan Facility Letter and bears interest at commercial lending rate
“Loan Facility Letter”	the letter dated 29 April 2010 entered into between the Bank and the Borrower whereby the Bank agreed to grant the Loan Facility to the Borrower for financing its expansion of car dealership business
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Qi Yang”	Qi Yang Holdings Limited (啟陽控股有限公司*), a company incorporated in the Republic of the Marshall Islands, which indirectly holds 60% interest in the Borrower
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.14. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 27 May 2010

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 and Ho Chung Leung 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.

website: <http://www.chevalier.com>

* *for identification purpose only*