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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: 025)

DISCLOSEABLE TRANSACTION

IN RELATION TO DISPOSAL OF SHAREHOLDING INTEREST IN AND LOAN DUE BY CITIWAY ENGINEERING LIMITED

The Board is pleased to announce that on 22 March 2010, the Vendor, an indirect wholly-owned subsidiary of the Company, as vendor, and the Purchaser as purchaser entered into the Agreements pursuant to which (i) the Vendor agreed to sell and the Purchaser agreed to purchase the entire issued share capital of the Sale Shares at RMB160 million (equivalent to approximately HK\$183 million) and (ii) the Group agreed to assign and the Purchaser agreed to accept the assignment of the Sale Loan at RMB103 million (equivalent to approximately HK\$117 million). The Completion will take place not later than 80 working days from the signing of the Agreements.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Disposal and the Loan Transfer constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

THE AGREEMENTS

The Disposal Agreement

Date: 22 March 2010
Parties: (a) the Vendor
(b) the Purchaser

Assets to be disposed of

The Sale Shares, being the entire issued share capital of Citiway under the Disposal Agreement.

The Loan Transfer Agreement

Date: 22 March 2010
Parties: (a) the Group
(b) the Purchaser

Assets to be assigned

The Sale Loan, representing the total amounts due by Citiway to the Group under the Loan Transfer Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as Mr. Hu is the ultimate beneficial owner of the Purchaser and the JV Partner, Mr. Hu and the Purchaser are third parties independent of the Company and its connected persons (defined in the Listing Rules).

CONSIDERATION

The Consideration for the Disposal and the Loan Transfer amounts to a total of RMB263 million (equivalent to approximately HK\$300 million) determined as follows:

- (i) RMB160 million (equivalent to approximately HK\$183 million) being the agreed amount for the Disposal;
- (ii) RMB103 million (equivalent to approximately HK\$117 million) being the agreed amount for the Loan Transfer.

A sum of RMB26.3 million (equivalent to approximately HK\$30 million) was paid by the Purchaser in cash on 22 March 2010 as the deposit for the Disposal and the remaining sum of RMB133.7 million (equivalent to approximately HK\$153 million) will be paid on or before the Completion. A sum of RMB103 million (equivalent to approximately HK\$117 million) as the amount for the Loan Transfer will also be paid on or before the Completion.

The Consideration is arrived at after arm's length negotiations between the parties to the Agreements with reference to (i) the underlying value of the Xiling Project and the prevailing market condition, and (ii) the face value of the Sale Loan immediately before the signing of the Loan Transfer Agreement. The Board (including independent non-executive Directors) considers that the Consideration is fair and reasonable.

COMPLETION

Subject to the satisfaction of the obligations and conditions precedent set out in the Disposal Agreement, the Completion will take place not later than 80 working days from the signing of

the Disposal Agreement.

Upon the Completion, Citiway will cease to be a subsidiary of the Company and its results will no longer be consolidated into the Group.

INFORMATION OF CITIWAY AND JOINT VENTURE COMPANY

Citiway is an indirect wholly-owned subsidiary of the Company, which is incorporated in Hong Kong with limited liability. It is an investment holding company which has no other operating businesses or major assets other than the investment in the Joint Venture Company. The Joint Venture Company is a property development company undertaking the Xiling Project, which is incorporated in PRC between Citiway holding 46% interest and the the JV Partner holding 54% interest as appeared in the SAIC^{##}.

Citiway recorded an unaudited consolidated loss before and after taxation for the year ended 31 March 2008 and 31 March 2009 of approximately HK\$0.7 million and HK\$4.7 million respectively. Citiway had an unaudited consolidated net liability of approximately HK\$3.7 million as at 28 February 2010.

REASONS FOR THE DISPOSAL AND THE LOAN TRANSFER

The Group is 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. In PRC property market, the Group's presence includes cities such as Shanghai, Chengdu, Beijing, Shenzhen, Hefei and Changchun.

The Directors consider that the Disposal is a good opportunity to realise the Group's investment. The proceeds from the Disposal and the Loan Transfer will bring immediate cash inflow to the Group and thus enhance the Group's ability to make desirable and timely investments. It is expected that a gain on disposal will be recorded in connection with the Disposal. The Directors (including independent non-executive Directors) are of the view that the terms of the Agreements are fair and reasonable and the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND THE LOAN TRANSFER

Upon the Completion, the Company estimates that a gain on disposal of approximately HK\$171 million will be recorded by the Group. As a result of the Disposal and the Loan Transfer, it is expected that net proceeds of approximately HK\$280 million (after deducting related expenses incurred in connection with the Disposal and the Loan Transfer) will be received by the Group. The net proceeds arising from the Disposal and the Loan Transfer will be used for the general working capital of the Group.

LISTING IMPLICATIONS

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Disposal and the Loan Transfer constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Agreements”	Disposal Agreement and Loan Transfer Agreement
“Board”	board of Directors
“Citiway”	Citiway Engineering Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued shares are listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal and the Loan Transfer in accordance with the terms and conditions of the Agreements
“Consideration”	the consideration payable by the Purchaser for the Disposal and the Loan Transfer
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Sale Shares pursuant to the Disposal Agreement
“Disposal Agreement”	the disposal agreement dated 22 March 2010 entered into between the Vendor and the Purchaser in relation to the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC

“Joint Venture Company”	深圳其士金峰園房地產開發有限公司 (Shenzhen Chevalier Golden Peak Real Estate Development Co., Ltd.*), a joint venture company incorporated in PRC between Citiway holding 46% interest and the JV Partner holding 54% interest as appeared in the SAIC ^{##}
“JV Partner”	深圳市金峰園投資發展有限公司 (Shenzhen Golden Peak Investment Development Co., Ltd*), a company established in PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Transfer”	the proposed assignment of Sale Loan pursuant to the Loan Transfer Agreement
“Loan Transfer Agreement”	the loan transfer agreement dated 22 March 2010 entered into between the Group and the Purchaser in relation to the Loan Transfer
“Mr. Hu”	Mr. Hu Zhi Feng, the ultimate beneficial owner of the Purchaser and the JV Partner
“PRC”	the People’s Republic of China
“Purchaser”	Fortunemark International Limited, a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding
“SAIC”	Shenzhen Administration of Industry and Commerce, which changed its name as Shenzhen Market Supervisory Bureau
“Sale Loan”	all obligations, liabilities and debts owing and incurring by Citiway to the Group immediately before the signing of the Loan Transfer Agreement
“Sale Shares”	10,000 ordinary shares of HK\$1 each in Citiway, representing the entire issued share capital of Citiway
“Share(s)”	fully paid ordinary share(s) of HK\$1.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Richsky International Limited, an indirect wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability
“Xiling Project”	a commercial and residential project which is located at Xiling, Shenzhen comprising of two 50-storey high-rise residential buildings. The project occupies a site of approximately 15,000 sq.m. with a total gross floor area of approximately 120,300 sq.m.
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“sq.m.”	square metres
“%”	per cent.

The Group is of the opinion that the shareholding interest of Citiway in the Joint Venture Company may be adjusted to 56.75% pursuant to the supplemental agreement dated 20 June 2005, which is subject to the approval of and the registration with the competent authorities of PRC government. Following the negotiation with the JV Partner, the Group has agreed to sell its 100% equity interest in Citiway to the Purchaser.

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.

If there is any inconsistency between the Chinese names of PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

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

Hong Kong, 22 March 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*