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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

PROVISION OF GUARANTEE

On 14 October 2009, a drawdown notice was served by the Borrowers to the Bank to drawdown an amount of HK\$280 million under the Loan Facility. Each of the Borrowers and the Company has also executed the Guarantee on 16 October 2009 in favour of the Bank whereby each of them agreed to guarantee all the debt obligations of the Borrowers pursuant to the Loan Facility Letter.

The provision of the Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the relevant percentage ratios exceed 5% but are less than 25%.

INTRODUCTION

CCPD is a company established in the PRC in which the Group has a 49% interest through its indirect wholly-owned subsidiary, Chinaford. The remaining 51% interest in CCPD is held by Dolce Field which is an Independent Third Party. CCPD is accounted for as a jointly controlled entity of the Group. It is intended that CCPD will enter into the Transfer Agreement with Tibet Public Security, pursuant to which CCPD agrees to purchase 50% equity interest in CSED held by Tibet Public Security for a total cash consideration of RMB12.5 million (equivalent to approximately HK\$14.2 million). In addition to the aforesaid consideration of RMB12.5 million (equivalent to approximately HK\$14.2 million), CCPD is also required to finance the construction costs of certain units with total construction area of 40,000 sq. m. in a residential apartment complex being developed by Tibet Public Security in Chengdu as the repayment of Tibet Public Security's investment in CSED. CSED is the registered holder of the land use right of an approximately 81,000 sq. m. site situated at 麓山大道 (Lushan Avenue*) in Chengdu.

THE LOAN FACILITY

In connection with the acquisition of CSED and the aforesaid development work in Chengdu, the Borrowers, being the shareholders of CCPD, have obtained the Loan Facility from the Bank. The Loan Facility is available for drawdown within six months from the date of the Loan Facility Letter, subject to the Guarantee being executed by each of the Borrowers and the Company to cover the outstanding principal amount of up to HK\$340 million together with interests and costs under the Loan Facility from time to time. The Loan Facility is also secured by share charges over the entire issued share capital of Chinaford and Dolce Field executed by Richsky and the Lai Family respectively in favour of the Bank. The Loan Facility will mature in four years from the date of the first drawdown, and bears interest at commercial rate as determined by the Bank for the relevant interest period on the first business day of such interest period.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Bank and its ultimate beneficial owners are Independent Third Parties. The Bank is a licensed bank in Hong Kong.

THE GUARANTEE

On 14 October 2009, a drawdown notice was served by the Borrowers to the Bank for an amount of HK\$280 million. In conjunction with this, the Company and the Borrowers executed the Guarantee on 16 October 2009, whereby each of them agreed to guarantee all the debt obligations of the Borrowers pursuant to the Loan Facility Letter. There are no fees or commissions payable by the Borrowers to the Company or Richsky for the provision of the Guarantee or the security.

In case the Borrowers fail 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 Company and the Borrowers 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 Guarantee.

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

INFORMATION ON THE BORROWERS

Chinaford is a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company. Dolce Field is an investment holding company and is beneficially owned by the Lai Family. Dolce Field is the joint venture partner of Chinaford in CCPD. 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, Dolce Field and Lai Family are Independent Third Parties. Except for the advance of RMB10 million (equivalent to approximately HK\$11.35 million) from the Group's wholly-owned subsidiary to CCPD for other PRC projects as at the date of this announcement, there was no prior transaction between Dolce Field or CCPD and the Group in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

INFORMATION ON THE COMPANY

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

REASONS FOR PROVIDING THE GUARANTEE

CSED is the registered holder of the land use right of the site with an area of approximately 81,000 sq. m. situated at 麓山大道 (Lushan Avenue*) in Chengdu, which is planned to be developed into a residential apartment complex. Like other PRC urban cities, Chengdu has attained fast economic growth in recent years. The Group has confidence in the prospects of the property development business in Chengdu and believes that the investment by CCPD in CSED represents a good opportunity for the Company to further expand its investment portfolio in the PRC and sustain the Group's long-term growth objective. As a joint venture partner in CCPD and in turn in CSED, the Directors consider it in the interest of the Company to provide the Guarantee to support the funding required by CCPD in its investment in CSED and the development of this project. Given that Dolce Field is also providing the Guarantee on a joint and several basis and the Lai Family are also providing the security over their shares in Dolce Field, the Directors are of the opinion that the security and 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 Guarantee under the Loan Facility Letter will not have any immediate effects on the earnings, assets and liabilities of the Company. However, the Company will be responsible for repayment of the amount due under the Loan Facility together with payment of any related interests, penalties and expenses incurred by the Bank in relation to the enforcement of the Loan Facility Letter and the Guarantee if the Borrowers default the repayment of the Loan Facility or breach any undertakings set forth under the Loan Facility Letter. In that case, the Company will use internal resources of the Company to fulfill its obligations under the Guarantee.

LISTING RULES IMPLICATIONS

The provision of the Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the relevant percentage ratios exceed 5% but are less than 25%.

DEFINITIONS

“Bank”	Bank of China (Hong Kong) Limited
“Borrowers”	Chinaford and Dolce Field
“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 a jointly controlled entity of the Company, in which the Group has a 49% interest
“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 currently owned as to 50% by CCPD and 50% by Tibet Public Security
“Chinaford”	Chinaford Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 25)
“Director(s)”	the director(s) of the Company
“Dolce Field”	Dolce Field Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee executed by the Company and each of the Borrowers on 16 October 2009 in favour of the Bank guaranteeing all the debt obligations of the Borrowers under the Loan Facility
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Lai Family”	Mr. Lai De Yong, Mr. Lai De Gang and Mr. Lai Hai Jun, the beneficial owners of Dolce Field
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Facility”	the term loan facility up to the amount of HK\$340 million provided by the Bank to the Borrowers
“Loan Facility Letter”	the banking facility letter dated 22 September 2009 issued by the Bank to the Borrowers in relation to the Loan Facility
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Richsky”	Richsky International Limited, the immediate holding company of Chinaford, which is a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Tibet Public Security”	西藏自治區公安廳經濟適用房統建中心 (Economic Housing Building Center of Tibet Autonomous Region Provincial Public Security Department*), an institutional organisation established in the PRC
“Transfer Agreement”	the sale and purchase agreement to be entered into between CCPD and Tibet Public Security on or about 19 October 2009 in relation to the acquisition by CCPD of 50% interest in CSED
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres

The exchange rate of RMB1.00 to HK\$1.135 used in this announcement is for reference only.

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

Hong Kong, 16 October 2009

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, Mr. Sun Kai Dah, George and Mr. Yang Chuen Liang, Charles as independent non-executive Directors and Dr. Ko Chan Gock, William as non-executive Director.

* *for identification only*