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: 25)

DISCLOSEABLE TRANSACTION

Financial adviser to Chevalier International Holdings Limited

Optima Capital Limited

Chinaford, a wholly-owned subsidiary of the Company, and Dolce Field have on 9 January 2009 entered into the Agreement in relation to the acquisition of the Sale Shares and the Sale Debt for an aggregate consideration of RMB69,456,021 (equivalent to approximately HK$78,833,000), subject to adjustment. The Sale Shares represent 49% of the total issued share capital of the Target and the Sale Debt represents 49% of the benefit of and the interest in the Relevant Debt. The Target Group is principally engaged in the operation of the Hotel in Chengdu, the PRC.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules.

THE AGREEMENT

Date:

9 January 2009

Parties:

Purchaser : Chinaford (a wholly-owned subsidiary of the Company); and

Vendor : Dolce Field

Dolce Field is principally engaged in investment holding and is beneficially owned by Lai Brothers. Dolce Field is a joint venture partner with the Company in CCPD which is a property development company incorporated in the PRC and is owned as to 51% directly by Dolce Field and 49% indirectly by the Company. 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 Brothers are Independent Third Parties. There was no prior transaction between Dolce Field and the Group in the last 12 months which would require aggregation under Rule 14.22 of the Listing Rules.

Assets to be acquired:

(a) the Sale Shares, representing 49% of the total issued share capital of the Target, free from all encumbrances or third party rights of whatsoever nature and with all rights attached thereto on or after 1 January 2009 (including the right to receive all dividends and distributions declared, made or paid on or after 1 January 2009); and

(b) the Sale Debt, representing 49% of the benefit of and the interest in the Relevant Debt. Pursuant to the Agreement, the Relevant Debt shall comprise of the liabilities owing by the Target Group to the Vendor Group (i) as recognised on the audited consolidated accounts of the Target Group as at 31 December 2008; and (ii) caused by the consideration incurred (or to be incurred) by the Target Group for the transfer of the properties as mentioned in condition (d) below. As at 30 November 2008, the Relevant Debt amounted to approximately RMB60.4 million (equivalent to approximately HK$68.6 million).

Consideration:

The Consideration shall be RMB69,456,021 (equivalent to approximately HK$78,833,000), subject to adjustment as described below. The Consideration shall be paid by Chinaford in cash in the following manner:

(a) RMB45,239,111 (equivalent to approximately HK$51,347,000) shall be paid on or before the fifth business day after the date of the Agreement; and

(b) the balance of RMB24,216,910 (equivalent to approximately HK$27,486,000) (subject to adjustment as detailed below) shall be paid on or before the fifth business day after the fulfillment of all the conditions below.

The Target Group shall appoint an auditor agreed by the parties to issue the audited consolidated accounts of the Target Group for the year ended 31 December 2008. Pursuant to the Agreement, if the audited net book value of certain identified fixed assets of Century Jinjiang as specified in the Agreement as at 31 December 2008 is less than RMB21,746,982 (equivalent to approximately HK$24,683,000), or if the aggregate of the audited consolidated net asset value of the Target Group as at 31 December 2008 (excluding the aforesaid fixed assets) plus the audited amount of the Relevant Debt as at 31 December 2008 is less than RMB48,000,000 (equivalent to approximately HK$54,480,000), the Consideration shall be adjusted downward by an amount equal to 49% of such shortfall (the "Adjustment"). The Adjustment shall either be compensated by Dolce Field to Chinaford in cash or deducted from the balance payment of the Consideration in (b) above.

The Consideration was agreed between the parties based on arm's length negotiations, taking into account the value of the Sale Debt, the properties to be transferred to the Target Group precedent to the Completion as mentioned in condition (d) below, the related rental income stream of these properties, and the prospects of the Target Group as well as the synergy effect that could be brought by the Acquisition to the Group as further elaborated in the paragraph headed "Reasons for the Acquisition" below.

Conditions:

Completion of the Acquisition is subject to, among others, the fulfillment of the following conditions:

(a) Dolce Field having proved to the satisfaction of Chinaford that Dolce Field is the beneficial owner of the Sale Shares;

(b) the execution of an irrevocable consent by Dolce Field for the Acquisition and the nomination of three directors by Chinaford to the board of directors of the Target;

(c) Chinaford being satisfied with the results of its due diligence review on the Target Group, including the ownership of assets and business of the Target Group;

(d) the transfer of the legal title of the basements and certain floor area of the 1st, 5th and 6th floors of the Hotel from the Vendor Group to Century Jinjiang;

(e) Dolce Field having proved to the satisfaction of Chinaford that Century Jinjiang has been assigned all the rights and obligations under the Management Agreement for the engagement of an independent professional management company to manage the operation of the Hotel (as further detailed in the paragraph headed "Information on the Target Group" below);

(f) Dolce Field having proved to the satisfaction of Chinaford that Century Jinjiang has been assigned all the rights and obligations under the Operation Contracts such that Century Jinjiang possesses the operation rights of the rooms of the Hotel (as further detailed in the paragraph headed "Information on the Target Group" below);

(g) the obtaining of all the necessary consents from the owners of the relevant assets currently used in the operation of the Hotel that all existing arrangement shall continue to be effective following Completion;

(h) the execution of the shareholders' agreement and other relevant documents related to the Acquisition, and the obtaining of all the approvals and consents of the relevant government authorities in the PRC; and

(i) the issuance of the unqualified audited consolidated accounts of the Target Group for the year ended 31 December 2008 according to the accounting standards generally accepted in the PRC.

Completion shall take place after the fulfillment of all the conditions, the payment of the entire Consideration and the registration of Chinaford as the owner of the Sale Shares. If the conditions cannot be fulfilled or waived (as the case may be) on or before 31 March 2009 (or a later date as Chinaford may agree in writing), the Agreement shall terminate and none of the parties thereto shall have any obligations thereunder, except for obligations which are expressed in the Agreement to survive such termination.

INFORMATION ON THE TARGET GROUP

Set out below is the organisation structure of the Target Group:

The Target is an investment holding company. Evernoon Chengdu was incorporated in March 2007 and it has not carried out any business activities since its incorporation. Century Jinjiang is the sole operating entity in the Target Group and is engaged in the business of hotel operation since 2004.

Pursuant to the Management Agreement, the Vendor Group had, on behalf of Century Jinjiang, engaged an independent professional hotel management company which charges a monthly management fee to Century Jinjiang to manage the Hotel.

According to the unaudited consolidated management accounts of the Target Group, for the year ended 31 December 2006, the Target Group recorded consolidated net loss (both before and after taxation) of approximately RMB991,000 (equivalent to approximately HK$1,125,000). For the year ended 31 December 2007, the Target Group recorded consolidated net loss (both before and after taxation) of approximately RMB192,000 (equivalent to approximately HK$218,000). As at 30 November 2008, the Target Group recorded consolidated net asset value of approximately RMB314,000 (equivalent to approximately HK$356,000). The aforesaid historical results of the Target Group, however, had not reflected the rental income stream of the basements and certain floor area of the 1st, 5th and 6th floors of the Hotel as further discussed below.

The Hotel is a 29-storey building with two storeys of basements as car parks. The 2nd to 4th floors and the 21st to 29th floors of the Hotel are outside of the business scope of the Target Group. The basements have been used as car parks of the Hotel, while certain floor area of the 1st, 5th and 6th floors of the Hotel have been owned by the Vendor Group and leased to either third parties for the operation of shops and restaurants, or to Century Jinjiang for the operation of the Hotel. Based on the existing leases and past records, the annual rental income generated by these properties amounted to approximately RMB2.0 million (equivalent to approximately HK$2.3 million). It is one of the conditions precedent to the Completion that Dolce Field shall procure the transfer of the legal title of the basements, certain floor area of the 1st, 5th and 6th floors of the Hotel from the Vendor Group to Century Jinjiang. As at the date of this announcement, the transfer of the legal title of the basements to Century Jinjiang has been completed. By referencing to recent sales of similar premises adjacent to the Hotel by CCPD in the open market to Independent Third Party, the Group expects that the value of the relevant floor area on the 1st, 5th and 6th floors of the Hotel to be transferred to the Target Group shall be around RMB49.4 million (equivalent to approximately HK$56.1 million).

The 7th to 20th floors of the Hotel are owned by the Individual Owners. Pursuant to the Operating Contracts entered into between the Vendor Group and each of the Individual Owners during 2003 and 2004, the Vendor Group is entitled to the rights of using these floors for the operation of the Hotel. The Vendor Group has subsequently assigned all the rights and obligations under the Operating Contracts to Century Jinjiang in 2004. Since then, Century Jinjiang has been operating the Hotel and is entitled to the profit or loss generated by the Hotel after paying each of the Individual Owners an annual fee plus a monthly mortgage payment (where applicable).

REASONS FOR THE ACQUISITION

The Group is principally engaged in the business of construction and engineering, insurance investment, property (including property development and investment, hotel operations), food and beverages, computer and information communication technology and others. The Group currently has operations in China, South East Asia, Europe, North America, Australia and the Middle East. In particular, the Group has strong presence in the PRC property market, including cities such as Beijing, Chengdu, Changchun, Hefei, Shanghai and Shenzhen. The Group currently has hotel operations in Dongguan, Jiujiang and Xinyang of the PRC and Vancouver of Canada.

Like other PRC urban cities, Chengdu has attained fast economic growth in recent years. The Group has confidence in the prospects of the hotel business in Chengdu. The Acquisition represents a good opportunity for the Group to further expand its hotel business in the PRC.

CCPD, which is a jointly controlled entity owned as to 51% by Dolce Field and as to 49% by the Group, is currently developing a new building adjacent to the Hotel. It is expected that the construction of such new building will be completed in 2009 and the building will be put into operation in 2010. CCPD plans to develop the tower section of the new building as an extension of the Hotel. In light of this, it is expected that the Acquisition will create synergy effect in the sense that, firstly, the commercial podium and ancillary facilities of the existing Hotel establishment, such as restaurants and conference rooms, can be shared for use by the guests of both the two blocks of the hotel operation, thereby saving a significant amount of development cost and ongoing operating cost by sharing the existing staff and resources. Secondly, the existing business of the Hotel (which is currently being operated by the Target Group) has already well established its brand name and has been accredited four-star rating. It is expected that the brand name effect can be extended to the new building developed by CCPD through the Acquisition. The Group expects that it would benefit from the aforesaid synergy effect.

Furthermore, as the property title of the basements has been transferred to the Target Group in November 2008, while that of the certain floor area of the 1st, 5th and 6th floors of the Hotel will be transferred to the Target Group prior to Completion, it is expected that these properties will bring new rental income stream to the Target Group following Completion, of which the Group will share 49%.

To regulate the shareholders' right of each of Chinaford and Dolce Field in the Target Group, the two parties shall execute a shareholders' agreement before Completion, pursuant to which Chinaford shall nominate three directors and Dolce Field shall nominate four directors to the board of the Target. The Group believes that by participating in the management of the Target Group and pooling the PRC business experience of the Group and Dolce Field, the profitability of the Target Group can be enhanced which in turn benefits the Group.

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.

Upon Completion, the Target will be accounted for as a jointly controlled entity of the Company and the Group will share 49% of the results and net assets of the Target Group.

GENERAL

The Acquisition and the transactions contemplated under the Agreement constitute a discloseable transaction of the Company under the Listing Rules.

DEFINITIONS

"Acquisition"	the acquisition by the Group of the Sale Shares and the Sale Debt pursuant to the terms of the Agreement
"Agreement"	the sale and purchase agreement dated 9 January 2009 entered into between Chinaford and Dolce Field in relation to the Acquisition
"CCPD"	成都其士房地產發展有限公司 (Chengdu Chevalier Real Estate Development Company Limited*), a company established in the PRC and a jointly controlled entity of the Company

"Century Jinjiang"	成都世代錦江商務酒店有限公司 (Chengdu Century Jinjiang Business Hotel Company Limited*), a company established in the PRC and a wholly-owned subsidiary of Evernoon Chengdu
"Chinaford"	Chinaford Investment Limited, a company incorporated in Hong Kong and a 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 (Stock code: 25)
"Completion"	completion of the Agreement
"Consideration"	consideration for the Sale Shares and the Sale Debt
"Director(s)"	the director(s) of the Company
"Dolce Field"	Dolce Field Limited, a company incorporated in the British Virgin Islands with limited liability
"Evernoon Chengdu"	恒盛世紀(成都)投資管理有限公司 (Evernoon Century (Chengdu) Investment Management Company Limited*), a wholly-owned subsidiary of the Target and a wholly foreign owned enterprise established in the PRC
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hotel"	成都世代錦江商務酒店 (Chengdu Century Jinjiang Business Hotel*)
"Independent Third Party(ies)"	third party(ies) independent of the Group and its connected persons (as defined under the Listing Rules)

"Individual Owners"	the various individual owners of the units or rooms located at the 7th to 20th floors of the Hotel. To the best knowledge, information and belief of the Directors, the Individual Owners are Independent Third Parties
"Lai Brothers"	Mr. Lai De Yong, Mr. Lai De Gang and Mr. Lai Hai Jun, the beneficial owners of the Target. To the best knowledge, information and belief of the Directors, each of them is an Independent Third Party
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Agreement"	the agreement pursuant to which the Vendor Group engaged a professional hotel management company to manage the Hotel
"Operating Contracts"	the various contracts signed and supplemented during 2003 and 2004 between the Vendor Group and each of the Individual Owners in respect of the operation rights of the rooms of the Hotel, which were subsequently assigned to Century Jinjiang in 2004
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
"Relevant Debt"	the liabilities owing by the Target Group to the Vendor Group (i) as recognised on the audited consolidated accounts of the Target Group as at 31 December 2008; and (ii) caused by the consideration incurred (or to be incurred) by the Target Group for the transfer of the properties as mentioned in paragraph headed "Conditions"
"Sale Debt"	49% of the benefit of and the interest in the Relevant Debt

"Sale Shares"	49 shares of the Target, representing 49% of the total issued share capital of the Target
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	Evernoon Century Limited, a company incorporated in the British Virgin Islands with limited liability
"Target Group"	the Target and its subsidiaries
"Vendor Group"	the relevant companies owned and controlled by the Lai Brothers as specified in the Agreement
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

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

* *for identification only*

By order of the Board of
Chevalier International Holdings Limited
Chow Yei Ching
Chairman and Managing Director

Hong Kong, 13 January 2009

As at the date of this announcement, the Board comprises Dr. Chow Yei Ching (Chairman and Managing Director), Messrs. Kuok Hoi Sang (Vice Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Chow Vee Tsung, Oscar, Ho Chung Leung and Ho Sai Hou as executive Directors and Dr. Chow Ming Kuen, Joseph, Mr. Sun Kai Dah, George and Mr. Yang Chuen Liang, Charles as independent non-executive Directors.