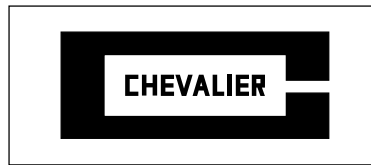


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CHEVALIER INTERNATIONAL HOLDINGS LIMITED **其士國際集團有限公司***

(Incorporated in Bermuda with limited liability)

(Stock code: 25)

DISCLOSEABLE TRANSACTION

VLL, a wholly-owned subsidiary of the Company, entered into the Agreements on 19 July 2007 after the trading hours with NSUC whereby VLL agreed to subscribe for such new registered capital of Changchun New Star representing 96% of the total equity interests of Changchun New Star after the increase in the registered capital of it, in the total subscription amount of RMB192 million (equivalent to approximately HK\$197.8 million). Upon Completion, Changchun New Star will be owned by VLL and NSUC in the proportion of 96% and 4% respectively. The business activities of Changchun New Star are property development and sale operations. It is the approved developer for the Redevelopment Project located at Changchun City, Jilin Province, the PRC.

The total investment amount of Changchun New Star will be approximately RMB375 million (equivalent to approximately HK\$386.3 million). The enlarged registered capital of Changchun New Star will be RMB200 million (equivalent to approximately HK\$206 million).

The Subscription constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing the details of Changchun New Star will be dispatched to the Shareholders as soon as practicable.

THE AGREEMENTS BOTH DATED 19 JULY 2007

Parties:

- (i) 新星宇建設有限責任公司, (New Star Universe Construction Development Co. Ltd. **), i.e. NSUC, which is independent and is not connected with the Company and its connected person, as defined in the Listing Rules; and
- (ii) Victoria Link Limited, i.e. VLL, a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and after making all reasonable enquiries, NSUC and its ultimate beneficial owners are third parties independent of the Company and its connected persons, as defined under the Listing Rules.

There is also no prior transaction and relationship with each of NSUC and each of its ultimate beneficial owners which require aggregation under Rule 14.22 of the Listing Rules.

Pursuant to the Subscription Agreement, NSUC will increase the registered capital of Changchun New Star from RMB8 million (equivalent to approximately HK\$8.2 million) to RMB200 million (equivalent to HK\$206 million); and VLL agreed to subscribe for the entire increased portion of the registered capital of Changchun New Star of RMB192 million (equivalent to approximately HK\$197.8 million) in cash.

Information on Changchun New Star

Changchun New Star was established on 23 August 2006 under the PRC laws to engage in development and sale of properties. At present, Changchun New Star is 100% owned by NSUC with a registered capital of RMB8 million (equivalent to approximately HK\$8.2 million).

Pursuant to the Subscription Agreement, Changchun New Star will enlarge its registered capital to RMB200 million (equivalent to approximately HK\$206 million) by way of subscription by VLL of new capital of RMB192 million (equivalent to approximately HK\$197.8 million) into Changchun New Star in cash. Upon Completion and subject to the approval of the relevant PRC regulatory authorities of the JV Agreement and the articles of association of Changchun New Star, Changchun New Star will become a sino-foreign joint venture company under the laws of the PRC and the term of the joint venture shall be 30 years from the date of issue of the business license of Changchun New Star as a sino-foreign joint venture enterprise. Changchun New Star is the approved developer for the Redevelopment Project located at Changchun City, Jilin Province, the PRC. The Redevelopment Project involves the redevelopment of certain shanty areas at Fan Jia Dian, Lu Yuan District of the Changchun City in the PRC. The redevelopment has a site area of 766 mu which is planned to be developed as a residential apartment complex with a total floor area of not less than approximately 766,050 sq. m.

The Changchun New Star financial statements were prepared under the PRC GAAP. As at 30 June 2007, the audited net asset value of Changchun New Star was amounted to approximately RMB7.2 million (equivalent to approximately HK\$7.4 million); and the aggregate net loss attributable to Changchun New Star for the period from the date of establishment i.e. 23 August 2006 to 31 December 2006 is as follows:

	2006 RMB
Unaudited net loss before taxation and extraordinary items	(344,818)
Unaudited net loss after taxation and extraordinary Items	(344,818)

Information on the JV Parties

VLL is an investment holding company incorporated on 26 June 2007 in Hong Kong with limited liability, and is a wholly owned subsidiary of the Company.

NSUC is a company established on 29 December 2005 under the PRC laws and is principally engaged in properties development.

Total investment and registered capital of Changchun New Star

The total investment amount of Changchun New Star after transformation as a sino-foreign joint venture will be RMB375 million (equivalent to approximately HK\$386.3 million), which shall be the maximum investment amount to be made towards Changchun New Star by the JV Parties under the laws of the PRC. The possible funding arrangements and obligations of the JV Parties in respect of the part of the total investment amount in excess of the registered capital is further described in the paragraph below as well as the section headed “Funding” below. The enlarged registered capital of Changchun New Star will be RMB200 million (equivalent to approximately HK\$206 million), of which RMB192 million (equivalent to approximately HK\$197.8 million) will be subscribed by VLL as new capital in cash and the remaining RMB8 million (equivalent to approximately HK\$8.2 million) represents the existing registered capital already owned by NSUC as at the date of this announcement. Accordingly, VLL and NSUC will hold 96% and 4% respectively of the enlarged registered capital of Changchun New Star. The profits derived from Changchun New Star are to be shared in proportion to the JV Parties’ contributions to the registered capital of Changchun New Star.

The remaining balance of RMB175 million (equivalent to approximately HK\$180.3 million) of the total investment amount of Changchun New Star will be either funded by financing from financial institutions or as loans by the JV Parties, as approved by the JV Board from time to time. Pursuant to the JV Agreement, if Changchun New Star raises borrowings from any financial institutions, the JV Parties are obliged to provide guarantees or other security, as and when required by such financial institution, in proportion to their contributions to the registered capital of Changchun New Star.

Pursuant to the Subscription Agreement, VLL is obliged to make an initial contribution of RMB48 million (equivalent to approximately HK\$49.4 million) to Changchun New Star, representing 25% of the subscription money payable by VLL to Changchun New Star, prior to the issuance of the business licence of Changchun New Star as a sino-foreign joint venture enterprise. The remaining balance of RMB144 million (equivalent to approximately HK\$148.3 million) shall be paid by VLL within 6 months after the issuance of the aforesaid business licence of Changchun New Star. The issuance of the business licence is subject to the approval of the relevant PRC regulatory authority.

Save for the requirements to obtain necessary PRC governmental and regulatory approvals for the Agreements and transactions contemplated therein, there is no other conditions precedent to the Agreements. The Company shall have no obligation to complete the Agreements if the requisite PRC governmental and regulatory approvals not obtained.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreements, including the subscription money payable by VLL under the Subscription Agreement and the payment terms are fair and reasonable and on normal commercial terms. The Directors also consider that the Subscription in relation to the Redevelopment Project is in the ordinary and usual course of business of the Company and in the interest of the Company and the Shareholders as a whole.

Representation of the JV Board

The JV Board comprises five directors. NSUC is entitled to appoint one director and VLL is entitled to appoint four directors and the chairman of the JV Board shall be one of the representatives of VLL.

REASONS FOR THE ACQUISITION

The Company is an investment holding company which, through its subsidiaries, is principally engaged in the business of construction and engineering, insurance, property development and investment, computer and information technology and food and beverages. The Company currently has operations in China, South East Asia, Europe, North America, Australia and the Middle East. In particular, the Company's presence in the PRC property market includes cities such as Shanghai, Chengdu, Beijing, Shenzhen, Hefei etc.

The purpose of the Agreement is to enable the JV Parties to form a joint venture for the Redevelopment Project. The Redevelopment Project will expand the Company's presence in the PRC property market and is expected to add value to the Company in that the Directors believe the Redevelopment Project will contribute to the revenue and earnings growth of the Group in future.

FUNDING

The contribution to the registered capital of Changchun New Star by VLL was agreed upon after arm's length negotiations between the JV Parties, and is to be funded from internal resources of the Company and/or bank borrowings. No final decision has been made in respect of the split at present. However, the Directors confirm that once if there is any further funding made to the Changchun New Star in relation to the Redevelopment Project, the Company will make further announcement and will fully comply with the relevant reporting and disclosure requirements in the Listing Rules as and when appropriate. Pursuant to the Subscription Agreement, any further funding contribution to Changchun New Star will be in proportion to their shareholding in Changchun New Star.

GENERAL

The Subscription constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing, among other things, further information on the Agreements, Changchun New Star and the Redevelopment Project and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

“Agreements”	the Subscription Agreement and the JV Agreement
“Board”	the board of Directors
“Changchun New Star”	長春新星宇聖馳房地產開發有限責任公司 (Changchun New Star Universe Sheng Chi Real Estate Development Co. Ltd. **) established under the laws of the PRC and which will be transformed into a sino-foreign equity joint venture company pursuant to the JV Agreement
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“Completion”	date of completion of the Subscription Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the sino-foreign joint venture agreement dated 19 July 2007 made between the JV parties relating to the formation of Changchun New Star as a sino-foreign joint venture enterprise under the laws of the PRC
“JV Board”	the board of Changchun New Star
“JV Parties”	collectively, VLL and NSUC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NSUC”	新星宇建設有限責任公司 (New Star Universe Construction Development Co. Ltd. **), a company established under the laws of the PRC with limited liability
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau SAR and Taiwan for the purpose of this Announcement
“PRC GAAP”	the General Accepted Accounting Principles of the PRC
“Redevelopment Project”	the residential redevelopment project of Changchun New Star involving the redevelopment of the shanty areas at Fan Jia Dian, Lu Yuan District in Changchun City, Jilin Province, the PRC

“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription by VLL of 96% equity interest in the enlarged registered capital of Changchun New Star pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement relating to the increase in capital of Changchun New Star dated 19 July 2007 made between the JV Parties by way of the Subscription
“VLL”	Victoria Link Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“mu”	refers to the PRC measurement units of land area, and one mu is equivalent to approximately 666.67 sq. m.
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m”	square metres

* *the Chinese name is for identification only*

** *the English translation of the Chinese name is for identification only*

The exchange rate of RMB1.00 to HK\$1.03 used in this announcement is for reference only.

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

Hong Kong, 24 July 2007

As at the date of this announcement, the Board of the Company comprises Dr. Chow Yei Ching, Mr. Kuok Hoi Sang, Mr. Tam Kwok Wing, Mr. Chow Vee Tsung, Oscar, Mr. Fung Pak Kwan, Mr. Kan Ka Hon, and Mr. Ho Chung Leung as executive directors and Dr. Chow Ming Kuen, Joseph, Mr. Li Kwok Heem, John and Mr. Sun Kai Dah, George as independent non-executive directors.