



**CHEVALIER iTECH HOLDINGS LIMITED**  
**其士科技控股有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 508)**

**MAJOR AND CONNECTED TRANSACTION**  
**RESUMPTION OF TRADING**

On 12 March 2007, CiTL as the Vendor and CIHL as the Purchaser entered into the Agreement pursuant to which CiTL agreed to dispose of and CIHL, via its wholly-owned subsidiary, agreed to purchase each of the Sale Companies and the Sale Assets together with all rights at the Cut-off Time and thereafter attaching or accruing thereto for an aggregate consideration of approximately HK\$56 million, subject to adjustment upon Completion. In addition, CIHL also undertakes to procure the settlement by the Sale Companies of all amounts due by the Sale Companies to CiTL Group which amounted to approximately HK\$35 million, subject to adjustment upon Completion.

The Disposal, when aggregated with the Settlement, constitutes a major transaction for CiTL under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules as CIHL, a substantial shareholder of CiTL, is the purchaser. The Disposal therefore requires the approval by the independent CiTL Shareholders at the SGM to be convened to consider and, if thought fit, approve the Agreement and the transaction contemplated thereunder. As CIHL has material interest in the Disposal which is different from other CiTL Shareholders, CIHL and its associates are required to abstain from voting at the SGM. By virtue of Dr. Chow's 53.97% interest in CIHL, Dr. Chow and his associates are also required to abstain from voting at the SGM. A circular containing, among other things, further details of the Agreement, financial information relating to CiTL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CiTL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a discloseable transaction for CIHL under Chapter 14 of the Listing Rules. A circular containing further information on the Agreement and other information as required under the Listing Rules will be despatched to the CIHL Shareholders as soon as possible practicable.

Trading in the shares of CiTL on the Stock Exchange was suspended with effect from 9:30 a.m. on Tuesday, 13 March 2007 at the request of CiTL pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of CiTL with effect from 9:30 a.m. on Thursday, 15 March 2007.



**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**

**THE AGREEMENT DATED 12 MARCH 2007**

**1. Parties**

**Purchaser:** CIHL  
**Vendor:** CiTL

The Agreement was entered into by CIHL and CiTL after the close of the trading hours on 12 March 2007.

**2. Assets to be disposed of by CiTL and to be acquired by CIHL Group**

Pursuant to the Agreement, CiTL agreed to dispose of and CIHL, via its wholly-owned subsidiary, agreed to purchase the Sale Business, which comprises:

- (a) The Sale Shares, representing the entire equity interest of each of the Sale Companies. The following table sets out the principal business carried out by each of the Sale Companies and/or through their subsidiaries and associate.

<i>Sale Companies</i>	<i>Principal businesses</i>
Chevalier (Thailand) Limited	Trading of computer, office equipment and installation of system
Chevalier (OA) Holdings Limited	Trading of computer, office equipment and installation of system
Chevalier Investments (B.V.I.) Limited	Inactive
Great Time Properties Limited	Inactive
Cavalier Properties Limited	Inactive
其士科技貿易(上海)有限公司 (Chevalier iTech Trading (Shanghai) Co., Ltd.)*	Trading of computer
廣州其士科技工程有限公司 (Guangzhou Chevalier iTech Services Co., Ltd.)*	Information technology maintenance services

The unaudited consolidated net asset value of the Sale Companies as at 31 January 2007, which is prepared in accordance with the HKFRS, amounted to approximately HK\$61 million.

- (b) The Sale Assets, comprising all the assets and liabilities of Chevalier iTech Limited that relates to the IT Business which amounted to an unaudited net asset deficit of approximately HK\$5 million as at 31 January 2007 which is prepared in accordance with the HKFRS.

Given Chevalier (OA) Holdings Limited, being one of the Sale Companies, is also the intermediate holding company of certain subsidiaries engaging in other businesses unrelated to the IT Business, such subsidiaries not engaging in the IT Business (i.e. the Excluded COA Companies) and the assets held by it and its subsidiaries not used in connection with the Sale Business (i.e. the Excluded Assets) will be excluded from the Disposal. Whereas Chevalier iTech Limited, not being one of the Sale Companies, has certain assets and liabilities related to the IT Business, therefore all such assets and liabilities (i.e. the Sale Assets) will be disposed of by CiTL pursuant to the Agreement.

Set out below is the financial information of the Sale Companies and the Sale Assets for each of the two years ended 31 March 2005 and 2006 prepared in accordance with the HKFRS:

	<b>Year ended 31 March</b>	
	<b>2005</b>	<b>2006</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
Turnover (audited)	574.9	549.0
Profit before taxation (audited)	1.5	18.4
Profit after taxation and minority interest (unaudited)	1.2	17.4

**3. Consideration**

The Aggregate Consideration is approximately HK\$56 million, being the aggregate net asset value of both the Sale Shares and the Sale Assets as at 31 January 2007. The Aggregate Consideration shall be adjusted with reference to the Net Asset Statement (to be reviewed by accountants as agreed by the Vendor and the Purchaser). In the event the aggregate adjusted net asset value of the Sale Shares and the Sale Assets as set out in the Net Asset Statement is different from HK\$56 million, the Aggregate Consideration shall be adjusted accordingly on a dollar-to-dollar basis with no limit to such adjustment. The aggregate adjusted net asset value of the Sale Shares and the Sale Assets as set out in the Net Asset Statement is not expected to be negative.

The Purchaser will pay to the Vendor a refundable deposit of approximately HK\$56 million in cash within three Business Days after the conditions precedent as set out in 4(a) below is fulfilled. The Aggregate Consideration (subject to adjustment pursuant to the Net Asset Statement) less the aforesaid refundable deposit shall be payable by the Purchaser to the Vendor at Completion, in cash from internal resources of CIHL Group. In the event the refundable deposit exceeds the Aggregate Consideration payable, the Vendor shall return the excess, without interest, to the Purchaser upon Completion.

**4. Conditions precedent**

Completion is conditional upon satisfaction of all of the following conditions by not later than 30 September 2007 or such later date as may be agreed between CiTL and CIHL:

- (a) the transactions envisaged by, and the performance of the obligations by the Vendor pursuant to, the Agreement being approved by a simple majority of shareholders of the Vendor (excluding those shareholders prohibited by the Listing Rules from voting on the relevant resolution) voting at the SGM;
- (b) the transactions envisaged by, and the performance of the obligations by the Purchaser pursuant to, the Agreement being approved by the Board of CIHL (including the independent non-executive directors of CIHL);
- (c) all necessary consents and authorisations which may be required to implement the Agreement under any existing contractual arrangements, or under loan or finance documentation, having been obtained;

- (d) all authorisations, consents and approvals of all governmental or regulatory authorities, agencies or bodies which the Purchaser reasonably consider necessary or required (after prior consultation with the Vendor) for the purposes of the transactions contemplated by the Agreement having been obtained including without limiting the generality of the foregoing:

- (i) all consents or approval from the original approval authority in the PRC required in relation to the transfer of registered capital in the two wholly-owned foreign enterprises established in the PRC, namely 其士科技貿易(上海)有限公司 (Chevalier iTech Trading (Shanghai) Co., Ltd.)\* and 廣州其士科技工程有限公司 (Guangzhou Chevalier iTech Services Co., Ltd.)\*; and

- (ii) if required, all consents or approvals from the original approval authority in Thailand required in relation to the transfer of the Sale Shares in respect of Chevalier (Thailand) Limited and its subsidiaries;

- (e) the completion of transfer of interests in the Excluded Assets, in particular, the Excluded COA Companies by Chevalier (OA) Holdings Limited to the Vendor or other subsidiaries of the Vendor and the payment of all stamp duties related (or otherwise waived by the Stamp Duty Office of Hong Kong, if applicable);

- (f) the due publication and completion by the Vendor and the Purchaser of the notice of transfer in accordance with the provisions of Section 4 of the Transfer of Businesses (Protection of Creditors) Ordinance (Chapter 49 of the Laws of Hong Kong) in respect of the Sale Business; and

- (g) the issue of the Net Asset Statement, reviewed by such accountants as agreed by the Vendor and the Purchaser.

Save for conditions (c) and (d) above, none of the conditions precedent can be waived.

In the event that the above conditions are not fulfilled or waived by the parties in writing by 30 September 2007 or such later date as may be agreed between the parties, all rights, obligations and liabilities of the parties to the Agreement will cease and determine and no party will have any claim against the other save for any antecedent breach and the return of the refundable deposit which has been paid by the Purchaser to the Vendor without interest.

**5. Completion**

Completion shall take place on the third Business Day following the day on which all the above conditions are fulfilled or waived or such other date as the parties may agree.

**6. Other terms of the Agreement**

- (a) all revenues, incomes, liabilities and receivables arising out of or in connection with the Sale Business after the Cut-off Time, and as shown on the business records which relate to the Sale Business at or after the Cut-off Time shall belong to the Purchaser;

- (b) CIHL undertakes to CiTL to procure the settlement by the Sale Companies to CiTL or its subsidiaries all amounts due by the Sale Companies, which amounted to approximately HK\$35 million as at 31 January 2007, subject to adjustment upon Completion; and

- (c) CIHL undertakes to procure the release of CiTL from all guarantees and letters of undertaking given by it in respect of the obligations of the Sale Companies, and otherwise disclosed in writing to CIHL prior to the Completion Date and to indemnify CiTL Group and keep them indemnified and held harmless against all claims, losses, damages, costs, expenses and liabilities arising out of such guarantees and letters of undertaking until such guarantees and letters of undertaking have been released from the time immediately following Completion.

**REASONS FOR THE DISPOSAL**

Following completion of the acquisition of Pacific Coffee in May 2005, CiTL acquired SEL, which traded under the name "Igor's". SEL, through its subsidiaries, operates over 20 food and beverage outlets in Hong Kong. It is disclosed in CiTL's 2005/2006 annual report that the Board of CiTL intends to further develop CiTL Group's food and beverage business to obtain economy of scale and broaden the income stream and further explore investment opportunities in food and beverage business in Hong Kong and neighbouring regions. The respective Boards of CiTL and CIHL consider that the Disposal realigns CiTL's business focus and resources and is in line with CiTL Group's business strategy. After the Disposal, the Sale Companies will cease to be subsidiaries of CiTL and CiTL will cease to engage in the IT Business. CiTL has no present intention to dispose of any other business segments.

In view of the above, the respective Boards of CiTL and CIHL (save for the independent non-executive directors of CiTL who would reserve their views until receipt of the letter of advice from the independent financial adviser) consider the terms of the Disposal, including the Aggregate Consideration and its payment terms, are on normal commercial terms and are fair and reasonable and that the Disposal is in the interest of CiTL and CIHL and their respective shareholders.

**FINANCIAL EFFECT OF THE DISPOSAL**

As the Sale Companies and the Sale Assets are to be disposed of at their respective net asset values with fair value adjustment on properties, a gain of approximately HK\$6 million is expected to arise from the Disposal for CiTL.

**USE OF PROCEEDS**

The sale proceeds from the Disposal will be applied as general working capital of CiTL after Completion.

**OTHER INFORMATION**

CiTL is an investment holding company which, prior to the Disposal, through its subsidiaries, is principally engaged in the provision of computer and information communication technology services, food & beverage business and investment in securities.

CIHL is an investment holding company which, through its subsidiaries, is principally engaged in the business of construction and engineering, insurance and investment, property investment, hotel investment, information technology and food & beverage.

After the Disposal, CiTL Group will cease to engage and CIHL Group will directly engage in the IT Business.

There is no present intention to change the composition of the respective Boards of CIHL and CiTL.

**LISTING RULES IMPLICATIONS**

Under the Listing Rules, the Disposal, when aggregated with the Settlement, constitutes a major transaction for CiTL. The Disposal also constitutes a connected transaction for CiTL under the Listing Rules as CIHL, a substantial shareholder of CiTL, is the purchaser and therefore requires the approval by the independent CiTL Shareholders at the SGM to be convened to consider and, if thought fit, approve the Agreement and transaction contemplated thereunder. As CIHL has material interest in the Disposal which is different from other CiTL Shareholders, CIHL and its associates are required to abstain from voting at the SGM. By virtue of Dr. Chow's 53.97% interest in CIHL, Dr. Chow and his associates are also required to abstain from voting at the SGM. A circular containing, among other things, further details on the Agreement, financial information relating to CiTL Group, the notice of the SGM and other information as required under the Listing Rules, will be despatched to the CiTL Shareholders as soon as practicable.

The Disposal, when aggregated with the Settlement, constitutes a discloseable transaction for CIHL under the Listing Rules. Given the Board of CIHL considers that the Disposal is not price-sensitive to CIHL and the Disposal only constitutes a discloseable transaction for CIHL which does not require suspension in trading in CIHL's shares pursuant to Rule 14.37 of the Listing Rules, CIHL has not applied for suspension in trading in CIHL's shares. A circular containing further information on the Agreement and other information as required under the Listing Rules will be despatched to the CIHL Shareholders as soon as practicable.

**SUSPENSION AND RESUMPTION OF TRADING**

Trading in the shares of CiTL on the Stock Exchange was suspended with effect from 9:30 a.m. on Tuesday, 13 March 2007 at the request of CiTL pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the shares of CiTL with effect from 9:30 a.m. on Thursday, 15 March 2007.

**TERMS USED IN THIS ANNOUNCEMENT**

"Aggregate Consideration"	the aggregate consideration for the sale and purchase of the Sale Companies and the Sale Assets
"Agreement"	the agreement dated 12 March 2007 entered into between CiTL and CIHL in relation to the sale and purchase of the Sale Companies and the Sale Assets
"Board"	board of directors
"Business Day"	a day (other than a Saturday or Sunday) on which banks are general open for banking business in Hong Kong
"CIHL" or "Purchaser"	Chevalier International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
"CIHL Group"	CIHL and its subsidiaries, not including CiTL Group for the purpose of this announcement
"CIHL Shareholders"	shareholder(s) of CIHL
"CiTL" or "Vendor"	Chevalier iTech Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange, and an indirectly 56.7% owned subsidiary of CIHL
"CiTL Group"	CiTL and its subsidiaries
"CiTL Shareholders"	shareholder(s) of CiTL
"Completion"	completion of the Agreement
"Completion Date"	the third Business Day following the day on which all the conditions precedent to the Agreement are fulfilled or waived or such other date as the parties may agree
"Cut-off Time"	1 April 2007
"Disposal"	disposal of the Sale Companies and the Sale Assets pursuant to the Agreement
"Dr. Chow"	Dr. Chow Yei Ching, being the beneficial owner of 53.97% of the issued share capital of CIHL and the beneficial owner of 3.58% of the issued share capital of CiTL
"Excluded Assets"	those companies, assets, contracts and rights owned, controlled or used by the Vendor which are not used in connection with or in respect of the Sale Business (including but not limited to companies and assets engaged in food and beverage business and securities investment business) and which shall be excluded from the sale and purchase under the Agreement
"Excluded COA Companies"	being subsidiaries of Chevalier (OA) Holdings Limited excluded from the sale and purchase under the Agreement
"HKFRS"	Hong Kong Financial Reporting Standards, including all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IT Business"	information technology related business carried out by the Sale Companies and their respective subsidiaries and associate in Hong Kong, the PRC, and Thailand
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Net Asset Statement"	the adjusted net assets statement of the Sale Shares and the Sale Assets as at 31 March 2007
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
"Sale Assets"	all assets and liabilities of Chevalier iTech Limited relating to its IT Business
"Sale Business"	the IT Business and related business within the scope of the constituent documents of the Sale Companies which comprises of the Sale Shares and the Sale Assets
"Sale Companies"	Chevalier (Thailand) Limited, Chevalier (OA) Holdings Limited, Chevalier Investments (B.V.I.) Limited, Great Time Properties Limited, Cavalier Properties Limited, 其士科技貿易(上海)有限公司 (Chevalier iTech Trading (Shanghai) Co., Ltd.)*, 廣州其士科技工程有限公司 (Guangzhou Chevalier iTech Services Co., Ltd.)* and their respective subsidiaries and associate
"Sale Shares"	the entire equity interest of each of the Sale Companies
"SEL"	Sinochina Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability being 49% owned by CiTL as at the date of this announcement
"Settlement"	settlement of outstanding amount due by the Sale Companies to CiTL Group which amounted to approximately HK\$35 million as at 31 January 2007, subject to adjustment upon Completion
"SGM"	the special general meeting to be convened by CiTL for CiTL Shareholders to consider and, if thought fit, to approve the Agreement and the transaction contemplated thereunder
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong
"%"	per cent.

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

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

Hong Kong, 14 March 2007

\* for identification only

As at the date of this announcement, the Board of CiTL comprises Dr. Chow Yei Ching, Mr. Fung Pak Kwan, Mr. Kuok Hoi Sang, Mr. Chow Vee Tsung, Oscar, Mr. Kan Ka Hon and Miss Lily Chow as executive directors and Mr. Shinichi Yonehara, Mr. Wu King Cheong and Mr. Kwong Man Sing as independent non-executive directors.

As at the date of this announcement, the Board of CIHL comprises Dr. Chow Yei Ching, Mr. Kuok Hoi Sang, Mr. Fung Pak Kwan, Mr. Chow Vee Tsung, Oscar, Mr. Tam Kwok Wing, 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.