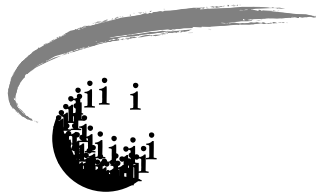


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CHEVALIER iTECH HOLDINGS LIMITED **CHEVALIER INTERNATIONAL HOLDINGS LIMITED**
其士科技控股有限公司* **其士國際集團有限公司***
(incorporated in Bermuda with limited liability) *(incorporated in Bermuda with limited liability)*
(Stock code: 508) **(Stock code: 025)**

**MAJOR TRANSACTION
AND
RESUMPTION OF TRADING**

DISCLOSEABLE TRANSACTION

On 25 November 2006, CiTL entered into the Agreement with the Vendor to acquire, in two tranches, a total of 100 shares in SEL, representing the entire issued share capital of SEL. Details of the Agreement are set out below.

Pursuant to the Agreement, CiTL will lend to SEL Group upon request at any time after First Closing the Purchaser's Loan of up to HK\$3.5 million for the capital expenditure of SEL Group. Subject to the terms of the Agreement, SEL Group may borrow at any time after First Closing the Additional Borrowing of up to HK\$11.5 million from third parties or CiTL (if CiTL offers more favourable terms of finance) for the capital expenditure of new outlets.

The Acquisition, when aggregated with the Purchaser's Loan of HK\$3.5 million and the Additional Borrowing of up to HK\$11.5 million (if provided by CiTL), constitutes a major transaction for CiTL. CiTL has received a written approval in respect of the Acquisition from CIHL, which together with Firstland Company Limited, a wholly-owned subsidiary of CIHL, hold approximately 54.8% of the issued share capital of CiTL as at the date of this announcement. No shareholder of CiTL, including CIHL and its associates, is interested in the Acquisition except as a shareholder of CiTL, therefore no shareholder of CiTL would be required to abstain from voting if CiTL were to convene a general meeting to approve the Acquisition. To the best of the knowledge, information and belief of the respective Boards of CiTL and CIHL after having made all reasonable enquiries, the Vendor and its associates do not have any interests in CIHL or CiTL. Accordingly, under Rule 14.44 of the Listing Rules, a general meeting of CiTL to be held for its shareholders to approve the Acquisition is not required. A circular containing further details of the Agreement and financial information relating to CiTL and SEL Group (including the accountant's report and pro forma financial information) will be despatched to the shareholders of CiTL as soon as practicable.

The Acquisition, when aggregated with the Purchaser's Loan and the Additional Borrowing (if provided by CiTL), constitutes a discloseable transaction for CIHL under the Listing Rules. Given the Board of CIHL considers that the Acquisition is not price-sensitive to CIHL and the Acquisition only constitutes a discloseable transaction for CIHL which does not require suspension of trading in CIHL's shares pursuant to Rule 14.37 of the Listing Rules, CIHL has not applied for suspension of trading in CIHL's shares. A circular containing further information in respect of the Agreement and other information as required under the Listing Rules will be despatched to the shareholders of CIHL as soon as practicable.

Trading in the shares of CiTL on the Stock Exchange was suspended with effect from 9:30 a.m. on Monday, 27 November 2006 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 Friday, 1 December 2006.

THE AGREEMENT DATED 25 NOVEMBER 2006

1. Parties

Purchaser: CiTL

Vendor: Sinochina Pacific Limited, a company incorporated in the BVI with limited liability in which Mr. Lenz owns 51.76% of its issued share capital. Sinochina Pacific Limited is an investment holding company.

To the best of the knowledge, information and belief of the respective Boards of CiTL and CIHL after having made all reasonable enquiries, the Vendor and its beneficial shareholders (i) are independent of the CiTL and CIHL and their respective connected persons, and are not connected persons of CiTL and CIHL; and (ii) are neither the same as nor associated with the parties to the agreement in respect of the acquisition of Pacific Coffee (as described below).

2. Asset to be acquired

The Sale Shares, being 100 ordinary shares of SEL, representing the entire issued share capital of SEL.

The Sale Shares will be acquired by CiTL in two tranches. Tranche I involves the acquisition of 49 ordinary shares of SEL and Tranche II involves the acquisition of 51 ordinary shares of SEL.

SEL and its subsidiaries are engaged in ownership and operation of restaurants and other food and beverage outlets. SEL Group currently operates 20 outlets in Hong Kong. Further information on SEL Group is set out in the section headed "Information on SEL Group" below.

3. Consideration and payment terms

The Consideration (subject to adjustment), including the considerations for Tranche I and Tranche II, shall be determined as follows and in any event not exceed HK\$200 million in aggregate:

(a) Consideration for Tranche I

The purchase price for the first 25% of Tranche I will be valued at:
 $(4.5 \times \text{actual Normalized 2006 EBITDA}) \times 25\%$

The purchase price for the second 24% of Tranche I will be valued according to the following formula:

$M \times \text{audited 2007 EBITDA} \times 24\%$, where M will be determined as follows:

If the audited 2007 EBITDA is:

- | | |
|--|----------|
| (i) less than or equal to HK\$23.0 million, | M = 4.5. |
| (ii) greater than HK\$23.0 million but less than HK\$26.0 million, | M = 5.0. |
| (iii) equal to or greater than HK\$26.0 million, | M = 5.5. |

(b) Consideration for Tranche II

The purchase price for Tranche II will be valued according to the following formula:

$P \times \text{audited 2008 EBITDA} \times 51\%$, where P will be determined as follows:

If the audited 2008 EBITDA is:

- | | |
|--|----------|
| (i) less than or equal to HK\$25.0 million, | P = 4.5. |
| (ii) greater than HK\$25.0 million but less than HK\$30.0 million, | P = 5.0. |
| (iii) equal to or greater than HK\$30.0 million, | P = 5.5. |

If in any one year there is a loss incurred (resulting in negative audited EBITDA), the consideration calculated for that tranche of shares of SEL, which is determined by reference to the audited EBITDA for such year, shall instead be based on the audited net tangible asset value of SEL Group as reflected in the Audited Accounts for such year. Such revaluation method of the consideration applies to both tranches, to the extent relevant, and in the event of the significant disruption (as explained in sub-paragraph headed “Adjustment for a significant disruption” below) and Second Closing is accelerated pursuant to terms of the Agreement (as explained in sub-paragraph headed “Adjustment in the event that Second Closing is accelerated” below).

The Vendor and CiTL agreed on a two-part Consideration so that the purchase price for (i) the second 24% of Tranche I; and (ii) Tranche II, will be based on the future performance of SEL Group.

The Consideration, including the payment terms, was agreed between CiTL and the Vendor after arm’s length negotiations. The Consideration represents 4.5 times the actual Normalized 2006 EBITDA, 4.5 to 5.5 times of the audited 2007 EBITDA and the audited 2008 EBITDA of SEL Group. The consideration for Tranche I shall be paid at First Closing and the consideration for Tranche II shall be paid at Second Closing. The Consideration shall be satisfied in cash and will be financed by the internal resources of the CiTL Group.

The Boards of both CiTL and CIHL are of the view that the Consideration is fair and reasonable after taking into account the 245.8% growth in profit after taxation from 2004 and 2005 of SEL Group as well as the reputation of the outlets operated under SEL Group.

4. Conditions precedent to First Closing

First Closing is conditional on:

- (i) completion of the restructuring of SEL Group including formation of SEL and re-organisation such that all the companies in SEL Group shall be beneficially wholly owned subsidiaries of SEL (except for Orchid International Limited);
- (ii) CiTL having obtained, in terms satisfactory to it, all consents and approvals as may be required under the Listing Rules (including without limitation any approval by the shareholders of CiTL) in connection with the Agreement and the transactions contemplated thereunder, and CiTL having issued and despatched its shareholders’ circular as required by the Listing Rules;
- (iii) CiTL having obtained confirmation in writing from each shareholder and director of each company in SEL Group that it has no claim and is not aware of any circumstance which may give rise to a claim against any company in SEL Group;
- (iv) provision to CiTL of a pro forma balance sheet of SEL Group as at the month end of the calendar month immediately prior to the month of First Closing and management accounts with profit and loss accounts and balance sheet as at 30 September 2006 and actual profit and loss accounts for the nine months from January to September 2006; and
- (v) CiTL having undertaken a due diligence review of the restructuring of SEL Group as anticipated in paragraph (i) above and being satisfied with the review in all respects.

5. First Closing and Second Closing

First Closing shall take place on the third Business Day after the first date on which all the conditions precedent to First Closing have been satisfied or waived. If First Closing has not occurred by the date that is three months after the date of the Agreement, either party may, by notice to the other party, terminate the Agreement, provided that the terminating party is not then in material breach of any of its obligations under the Agreement.

Second Closing shall take place within 21 days after the issue of the Audited Accounts for the year ending 31 December 2008, or such other dates as the parties may agree.

If at any time after First Closing and before Second Closing, (a) the Vendor or Mr. Lenz has committed a deliberate and substantial breach of the Agreement or the Shareholders' Agreement which breach (i) remains uncured for a period of 30 days after notice from CiTL to the Vendor, and (ii) deprives CiTL of a fundamental benefit of any of the agreements or is fundamentally inconsistent with the relationship of trust contemplated by the agreements, or (b) Mr. Lenz has knowingly committed a deliberate and material breach of a restrictive covenant or confidentiality obligation in the Service Agreement or the agreement between Mr. Lenz and CiTL, which breach remains uncured for a period of 30 days after notice from CiTL to the Vendor, and has or will have a material adverse effect on CiTL or SEL Group, CiTL may at its option by notice to the Vendor elect to (i) proceed to First Closing or Second Closing, as the case may be, in so far as reasonably practicable; (ii) postpone First Closing or Second Closing as the case may be, to a date (being a Business Day) falling not more than 10 Business Days after the date set for First Closing or Second Closing; (iii) terminate the Agreement; or (iv) by written notice accelerate Second Closing to a date no earlier than 10 Business Days after the date of breach.

6. Adjustments

(a) Adjustment for a significant disruption

In the event that there is a significant disruption to the economic situation in Hong Kong leading to a significant market downturn for restaurant businesses during the financial year 2008 and the audited 2008 EBITDA of SEL Group is less than 70% of the budgeted 2008 EBITDA (as provided by the Vendor at the beginning of 2008) but positive (i.e. above zero) (if negative, the method of valuation based on net tangible asset value as described above and the payment adjustment as described below shall still apply), the sale and purchase of Tranche II of the Sale Shares shall be completed and paid within 21 days of the issue of the Audited Accounts for the year ending 31 December 2008, but an adjustment payment shall be made within 21 days after the issue of the Audited Accounts for the year ending 31 December 2009. The adjustment payment would be based on the following calculation:

$(51\% \times R \times \text{average of audited 2008 and 2009 EBITDA})$ less consideration for Tranche II, where R will be determined as follows:

If the average audited EBITDA for 2008 and 2009 is:

- | | |
|--|----------|
| (i) less than or equal to HK\$25.0 million, | R = 4.5. |
| (ii) greater than HK\$25.0 million but less than HK\$30.0 million, | R = 5.0. |
| (iii) equal to or greater than HK\$30.0 million, | R = 5.5. |

(b) Adjustment in the event that Second Closing is accelerated

In the event that Second Closing is accelerated (under the circumstances described above) to a date prior to the issue of the Audited Accounts for the year ending 31 December 2008, the sale and purchase of Tranche II of the Sale Shares shall be completed and paid in accordance with the following:

Valuation will be based on the most recent set of Audited Accounts that have been issued. Therefore, if at the time of a breach, the Audited Accounts for the year ending 31 December 2007 have been issued, the valuation of Tranche II of the Sale Shares shall be based on the following formula:

T x audited 2007 EBITDA x 51%, where T will be determined as follows:

If the audited 2007 EBITDA is:

- (i) less than or equal to HK\$23.0 million, T = 4.5.
- (ii) greater than HK\$23.0 million but less than HK\$26.0 million, T = 5.0.
- (iii) equal to or greater than HK\$26.0 million, T = 5.5.

If the Audited Accounts for the year ending 31 December 2007 have not been issued, the valuation of Tranche II of the Sale Shares shall be based on the following formula:

4.5 x audited Normalized 2006 EBITDA x 51%

If the Audited Accounts for the year ending 31 December 2006 have not been issued, the valuation of Tranche II of the Sale Shares shall be based on the following formula:

4.5 x audited 2005 EBITDA x 51%

Payment shall be made at Second Closing.

7. The Purchaser's Loan

Pursuant to the Agreement, CiTL will lend to SEL Group upon request at any time after First Closing the Purchaser's Loan of up to HK\$3.5 million for the capital expenditure of SEL Group. The Purchaser's Loan will bear interest, payable semi-annually, at the Hong Kong prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited plus 100 basis points, and will be repaid by SEL Group in six equal semi-annual instalments commencing on the first anniversary of drawdown. The Purchaser's Loan will be secured by assets of SEL Group with a net realisable value of not less than the amount of the Purchaser's Loan. The Purchaser's Loan is expected to be financed by internal resources of CiTL.

8. Additional Borrowing

Subject to the terms of the Agreement, SEL Group may borrow at any time after First Closing the Additional Borrowing of up to HK\$11.5 million from third parties or CiTL (if CiTL offers more favourable terms of finance) for the capital expenditure of new outlets provided that, among others, SEL Group must obtain CiTL's prior written approval of the opening or development of new outlets (save for new outlets agreed with CiTL prior to the date of the Agreement). The Additional Borrowing, if provided, is expected to be financed by internal resources of CiTL or external financing sources to be arranged by CiTL.

9. Other terms

The Vendor also undertakes to CiTL that:

- (a) on or before 31 December 2006 or First Closing, whichever is earlier, it shall procure that SEL Group:
 - (i) sells and completes the sale of the Office for a sum of not less than HK\$6.0 million;
 - (ii) uses the proceeds of sale of the Office to pay the Outstanding Management Bonuses;
 - (iii) uses the balance of the proceeds of sale of the Office after payment of the Outstanding Management Bonuses, to repay a corresponding portion of the Shareholder Loan; and
 - (iv) provides evidence satisfactory to CiTL that the above provisions have been fully complied with; and

- (b) after First Closing, it shall procure that SEL Group:
- (i) repays the Shareholder's Loan and any interest accrued on the principal amount of such loan from 1 November 2005 until the date of payment;
 - (ii) pays the dividends declared by CL Holdings prior to the date of the Agreement in the amount of HK\$5,556,016 to the extent that it remains outstanding and unpaid as at First Closing; and
 - (iii) repays the various tax loans in full (including all interest and fees) granted by the Shanghai Commercial Bank Ltd under facility letters dated 2 November 2006 in the total principal sum of approximately HK\$2.2 million,

out of the operating cash flow of SEL Group. If there is insufficient operating cash flow to pay such sums immediately, such sums shall be repaid as soon as possible thereafter and in any event before 31 December 2007.

ANCILLARY AGREEMENTS

1. The Shareholders' Agreement

Parties: CiTL;
the Vendor;
and SEL.

Principal terms of the Shareholders' Agreement

(a) Board composition

The maximum number of directors of SEL shall be seven. For so long as each of CiTL and the Vendor is a shareholder of SEL, CiTL and the Vendor shall have the right to appoint and remove up to three directors and four directors respectively.

The chairman of the board of SEL shall be appointed by such board and shall not be entitled to a second or casting vote.

(b) Dividend policy

Shareholders of SEL will procure that immediately prior to Second Closing, SEL Group will distribute all available cash generated from the normal operation of the business of SEL Group that is legally available for distribution, provided that no such distribution shall be made to the extent that it would cause the net current operating assets of SEL Group as of Second Closing to be less than zero. To the extent that at Second Closing there is cash generated from the normal operation of the business of SEL Group that would have been distributed to the Shareholders of SEL pursuant to the immediately preceding sentence but for the fact that such cash was not legally available for distribution, the Consideration for Tranche II shall be increased by an amount equal to 51% of the amount of such cash.

(c) Transfer of shares

No shareholder of SEL shall have the right to transfer any of its shares in SEL except in accordance with the provisions of the Shareholders' Agreement.

The Vendor may not transfer any of its shares in SEL except to CiTL at Second Closing in accordance with the Agreement.

CiTL may not transfer any of its shares in SEL to other parties unless it fails to complete Second Closing in which case, it may transfer its shares in SEL to the Vendor in accordance with the Agreement. However, CiTL may at any time transfer any or all of its shares in SEL to a company within CiTL Group provided that the transferee shall execute an instrument satisfactory to the Vendor and agree to be bound by the Shareholders' Agreement, and CiTL shall remain bound to ensure that the transferee performs its obligations under the Shareholders' Agreement.

There is no present intention to appoint Mr. Lenz as a director of CiTL.

2. The agreement between Mr. Lenz and CiTL

Pursuant to the Agreement, in consideration of CiTL agreeing to enter into the Agreement, the Shareholders' Agreement and the Escrow Agreement, Mr. Lenz, as the majority shareholder of the Vendor, undertakes to, among other things, procure due and punctual performance and compliance by the Vendor of its obligations and the giving of undertakings by the minority shareholders of the Vendor in connection with the Acquisition. In particular, Mr. Lenz undertakes that he holds and will continue to hold for the period from First Closing until Second Closing no less than 51% of the issued share capital of the Vendor.

3. The Escrow Agreement

Pursuant to the Agreement, the Escrow Agreement will be entered into among CiTL, the Vendor and the Escrow Agent upon First Closing. On Second Closing, a proportion of the consideration for Tranche II equal to the maximum aggregate liability of the Vendor under the warranties of the Agreement (i.e. HK\$10 million) less any Resolved Claim, shall be placed into escrow until the expiry of the one year period following Second Closing. The Escrow Amount shall be held by the Escrow Agent to be used by way of set-off against any Resolved Claim after Second Closing. Consideration for Tranche II shall be reduced by the amount of any Resolved Claim as of Second Closing. The Escrow Agreement shall continue in full force and effect until the Escrow Agreement is terminated or all monies in the Escrow Account have been released in accordance with the Escrow Agreement.

4. The Service Agreement

Pursuant to the Agreement, Mr. Lenz and SEL will enter into a service agreement upon First Closing to employ Mr. Lenz as the chief executive officer of SEL for the purpose of facilitating a smooth transition of SEL Group after the Acquisition.

Pursuant to the terms of the Service Agreement, the employment of Mr. Lenz as the chief executive officer of SEL shall be for a term of two and a half years commencing from First Closing.

INFORMATION ON SEL GROUP

SEL was incorporated in the BVI on 6 September 2006. Pursuant to a restructuring exercise, SEL has become the holding company of the companies now comprising SEL Group (also known under the trade name "Igor's"). The first restaurant was established in 1998 and now there are 20 outlets in operation including, among others, "Wildfire", "The Boathouse", "Stormies Crabshack" and "Café de Paris" in various prime dining destinations such as Lan Kwai Fong, Soho, Stanley, and Knutsford Terrace in Hong Kong. Igor's restaurants offer a wide variety of international cuisines, ranging from traditional French to casual fast food. In addition, Igor's also operates bars and restaurants in the premier entertainment districts of Lan Kwai Fong and Wanchai, namely "Stormies", "The Cavern", "Swindlers", and "Typhoon", where their resident bands offer a repertoire of live music entertainment.

Set out below is the audited consolidated financial information of SEL Group (excluding SEL) for the two years ended 31 December 2005 prepared in accordance with the HK GAAP:

	For the year ended 31 December	
	2004 <i>HK\$ million</i> (Restated)	2005 <i>HK\$ million</i> (Audited)
Turnover	81.4	105.8
Profit before taxation and extraordinary item	3.5	9.4
Profit after taxation	2.4	8.3
	As at	
	31 December 2004 <i>HK\$ million</i> (Restated)	31 December 2005 <i>HK\$ million</i> (Audited)
Total assets	30.3	39.1
Net assets	10.7	20.6

After First Closing and before Second Closing, SEL Group will be accounted for as an associated company of CiTL in accordance with the HK GAAP. After Second Closing, SEL Group will become a wholly-owned subsidiary of CiTL and its results will be consolidated into CiTL Group.

REASONS FOR THE ACQUISITION

CiTL completed the acquisition of Pacific Coffee in May 2005. Apart from selling coffees and cold beverages, pastries and coffee-related hardware and supplies at its outlets, Pacific Coffee also sells its branded products to wholesale accounts and provides coffee services to corporate customers including hotels, restaurants, clubs and large corporations. For the year ended 31 March 2006, Pacific Coffee contributed a 10-month turnover of HK\$180 million to CiTL Group. In light of the success of Pacific Coffee in capturing the fast growing and lucrative specialty coffee business 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 economies of scale and broaden the income stream. CiTL will continue to develop its existing businesses and will further explore investment opportunities in the food and beverage business in Hong Kong and neighbouring regions. The Board of CiTL considers that the Acquisition is in line with CiTL Group's business strategy.

The Acquisition represents an attractive opportunity to CiTL Group as it enables CiTL Group to fortify its food and beverage business. In particular, the Boards of CiTL and CIHL believe that the outlets operated under SEL Group will enable CiTL Group to capture the fast growing and lucrative Western lifestyle food and beverage market in Asia. Furthermore, after the Acquisition, CiTL may leverage on its market knowledge and experience in the food and beverage business and enjoy operational economies of scale.

In view of the above, the respective Boards of CiTL and CIHL (including the independent non-executive directors of CiTL and CIHL) consider the terms of the Acquisition, including the Consideration and its payment terms, are on normal commercial terms and are fair and reasonable and the Acquisition is in the interest of CiTL and CIHL and their respective shareholders as a whole.

OTHER INFORMATION

CiTL is an investment holding company which, through its subsidiaries, is principally engaged in the trading and servicing of computer and business machines, provision of network system and solution services, provision of technical and maintenance services, food and 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 and information technology.

LISTING RULES IMPLICATIONS

Under the Listing Rules, the Acquisition, when aggregated with the Purchaser's Loan and the Additional Borrowing if provided by CiTL, constitutes a major transaction of CiTL and would normally require shareholders' approval at a general meeting of CiTL. According to Rule 14.44 of the Listing Rules, in the event that a written shareholders' approval has been obtained from a shareholder who holds more than 50% in nominal value of the securities giving the right to attend and vote at the general meeting to approve the transaction, the holding of a general meeting can be waived. CiTL has received a written approval in respect of the Acquisition from CIHL, which together with Firstland Company Limited, a wholly-owned subsidiary of CIHL, hold approximately 54.8% of the issued share capital of CiTL as at the date of this announcement. No shareholder of CiTL, including CIHL and its associates, is interested in the Acquisition except as a shareholder of CiTL, therefore no shareholder of CiTL would be required to abstain from voting if CiTL were to convene a general meeting to approve the Acquisition. To the best of the knowledge, information and belief of the respective Boards of CiTL and CIHL after having made all reasonable enquiries, the Vendor and its associates do not have any interests in CIHL or CiTL. Accordingly, under Rule 14.44 of the Listing Rules, a general meeting of CiTL to be held for its shareholders to approve the Acquisition is not required. A circular containing further details on the Agreement and financial information on SEL Group and CiTL will be despatched to the shareholders of CiTL as soon as practicable.

The Acquisition, when aggregated with the Purchaser's Loan and the Additional Borrowing if provided by CiTL, constitutes a discloseable transaction of CIHL under the Listing Rules. Given the Board of CIHL considers that the Acquisition is not price-sensitive to CIHL and the Acquisition 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 shareholders of CIHL as soon as possible.

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 Monday, 27 November 2006 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 Friday, 1 December 2006.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition”	the proposed acquisition of the entire issued share capital of SEL
“Additional Borrowing”	an amount up to HK\$11.5 million which may be borrowed by SEL Group from third parties or CiTL (if CiTL offers more favourable terms of finance) solely for the capital expenditure of new outlets subject to the terms of the Agreement
“Audited Accounts”	the audited consolidated balance sheet of CL Holdings and the audited consolidated profit and loss account of each company in SEL Group, for the relevant financial year and all notes thereto and the auditors and the directors' reports relating to such accounts
“Agreement”	the share purchase agreement regarding all the shares of SEL dated 25 November 2006 entered into between CiTL and the Vendor
“Board”	the 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
“BVI”	the British Virgin Islands
“CIHL”	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
“CiTL”	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 54.8%-owned subsidiary of CIHL
“CiTL Group”	CiTL and its subsidiaries
“CL Holdings”	CL Holdings Limited, a company incorporated in Hong Kong with limited liability, the holding company of all the issued share capital in each of the companies in SEL Group (except SEL and Orchid International Limited)
“Consideration”	the consideration for the sale and purchase of the Sale Shares
“EBITDA”	the earnings (excluding non-cash and extraordinary earnings and losses) before interest, tax, depreciation and amortization
“Escrow Agent”	Deacons, the legal adviser to CiTL in respect of the Acquisition
“Escrow Account”	the interest-bearing account to be opened by the Escrow Agent with a licensed bank in Hong Kong for the purposes of the Escrow Agreement
“Escrow Agreement”	the escrow agreement to be entered into among CiTL, the Vendor and the Escrow Agent upon First Closing
“Escrow Amount”	the escrow amount(s) from time to time to be deposited into the Escrow Account in accordance with the terms of the Agreement
“First Closing”	completion of the sale and purchase of Tranche I of the Sale Shares pursuant to the terms of the Agreement
“HK GAAP”	generally accepted accounting principles applicable in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Management Bonuses”	remuneration payments accruing to the management of SEL Group in respect of their performance attributable to periods prior to 1 January 2006, comprising of (i) management bonuses paid between the period from 1 January 2006 to 31 October 2006 in the amount of \$1,389,000 (the “2006 Management Bonuses”); and (ii) unpaid management bonuses in the amount of \$2,514,535.06 as at 31 October 2006 (the “Outstanding Management Bonuses”)

“Mr. Lenz”	Mr. Christopher James Lenz, the majority shareholder of the Vendor holding 51.76% of the Vendor’s issued share capital
“Normalized 2006 EBITDA”	EBITDA for 2006 before deduction of payments made or accrued in respect of the 2006 Management Bonuses and without taking into consideration (i) the accounts of the outlet “Peel” at UG/F, 21 Elgin Street, Central, Hong Kong, (ii) gain from the sale of the warehouse located at Kwai Chung, New Territories and (ii) gain from the sale of the Office
“Office”	the head office premises of SEL Group at 5/F New India House, 52 Wyndham Street, Hong Kong
“Purchaser’s Loan”	the loan up to HK\$3.5 million to be advanced by CiTL to SEL Group at any time after First Closing for the capital expenditure of SEL Group
“Resolved Claim”	a claim by CiTL for the breach of any warranties (including representation, warranty and undertaking contained in the Agreement) which (a) has been agreed by the Vendor and CiTL or (b) in respect of which final judgment is awarded in favour of CiTL by the courts of any competent jurisdiction (for these purposes, a final judgment shall be a judgment in respect of which all applicable rights of appeal have been exhausted); and a claim being “Resolved” shall be construed accordingly
“Sale Shares”	100 ordinary shares in SEL, being the entire issued share capital of SEL
“Second Closing”	completion of the sale and purchase of Tranche II of the Sale Shares pursuant to the terms of the Agreement
“Service Agreement”	the service agreement to be entered between SEL and Mr. Lenz upon First Closing
“SEL”	Sinochina Enterprises Limited, a company incorporated in the BVI with limited liability
“SEL Group”	CL Holdings and each of its subsidiaries before First Closing and SEL and each of its subsidiaries after First Closing
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among CiTL, the Vendor and SEL upon First Closing
“Shareholders’ Loan”	the amount of (i) HK\$5,708,726 owed by CL Holdings to Asset Finance Limited as at 31 October 2006 plus (ii) any interest accrued on the principal amount of such loan from 1 November 2006 until the date of payment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tranche I”	the sale and purchase of 49 ordinary shares in SEL constituting 49% of the entire issued share capital of SEL as at the date of First Closing
“Tranche II”	the sale and purchase of 51 ordinary shares in SEL constituting 51% of the entire issued share capital of SEL as at the date of Second Closing

“Vendor”	Sinochina Pacific Limited, a company incorporated in the BVI with limited liability
“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, 1 December 2006

* *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.

Please also refer to the published version of this announcement in The Standard.