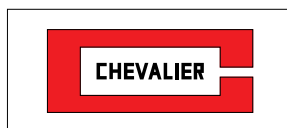

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chevalier International Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 025)

MAJOR TRANSACTION

Financial adviser to Chevalier International Holdings Limited

**OPTIMA
CAPITAL
Optima Capital Limited**

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	3
The Agreement	4
Information on CPT	7
Reasons for the Disposal	7
Financial effects of the Disposal	8
General	9
Appendix I — Financial information on the Group	10
Appendix II — General information	12

DEFINITIONS

In this circular, the following expressions have the meanings as set out below unless the context requires otherwise:

“Agreement”	the agreement dated 16 May 2008 entered into between the Company, CPT Belgium and Sekisui regarding the sale and purchase of the Sale Share
“Banking Day”	the days (other than Saturday or Sunday) on which banks are open for business in Munich, Germany
“Board”	the board of Directors
“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
“Completion Date”	the date of Completion
“Convertible Bonds”	the 2.125% convertible bonds due 2011 of the Company
“CPHL”	Chevalier Pacific Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 508) and a subsidiary of the Company
“CPT”	CPT Chevalier Pipe Technologies GmbH, a company with limited liability organised under the laws of Germany and a wholly-owned subsidiary of the Company prior to Completion
“CPT Belgium”	CPT Belgium Holdings SPRL, a company with limited liability organised under the laws of Belgium and a wholly-owned subsidiary of the Company
“CPT Group”	CPT and its subsidiaries upon completion of the reorganisation as described in the paragraph headed “Reorganisation” in the letter from the Board contained in this circular and to be disposed of to Sekisui pursuant to the terms and conditions of the Agreement
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of the Sale Share by CPT Belgium to Sekisui pursuant to the terms and conditions of the Agreement
“Dr. Chow”	Dr. Chow Yei Ching, the Chairman and Managing Director of the Company and the controlling Shareholder

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	10 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“Sale Share”	one share in CPT in the nominal amount of EUR8,625,000 (equivalent to approximately HK\$106.1 million)
“Sekisui”	Sekisui Chemical Co., Ltd., a stock corporation organised under the laws of Japan whose common stock is listed on the Tokyo Stock Exchange and the Osaka Securities Exchange
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.25 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder’s Loans”	the shareholder’s loans advanced by the Company and its affiliates to the CPT Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“AUD”	Australian dollars, the lawful currency of Australia
“EUR”	Euros, the official currency of European Union
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

For illustration purpose, amounts in foreign currencies in this circular are translated into HK\$ at the exchange rate of US\$1 to HK\$7.8; EUR1 to HK\$12.3 and AUD1 to HK\$7.4.

LETTER FROM THE BOARD



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 025)

Executive Directors:

Chow Yei Ching (*Chairman and Managing Director*)

Kuok Hoi Sang (*Vice Chairman and Managing Director*)

Tam Kwok Wing (*Deputy Managing Director*)

Chow Vee Tsung, Oscar

Ho Chung Leung

Ho Sai Hou

Independent non-executive Directors:

Chow Ming Kuen, Joseph O.B.E., J.P.

Sun Kai Dah, George

Yang Chuen Liang, Charles

Registered office:

Canon's Court

22 Victoria Street

Hamilton, HM 12

Bermuda

*Head office and principal place
of business:*

22nd Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay

Hong Kong

13 June 2008

*To the Shareholders and, for information only,
holders of the Convertible Bonds*

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

On 23 May 2008, the Company announced that the Company and CPT Belgium, a wholly-owned subsidiary of the Company, entered into the Agreement on 16 May 2008 after the Stock Exchange trading hours with Sekisui whereby CPT Belgium conditionally agreed to sell and Sekisui conditionally agreed to purchase the Sale Share for a total consideration of US\$37.5 million (equivalent to approximately HK\$292.5 million). The Sale Share represents 75% of the equity interest in CPT. Upon Completion, CPT will be owned as to 75% by Sekisui and 25% by CPT Belgium.

The Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to the approval of the Shareholders. As no Shareholder has a material interest in the Disposal which is different from the other Shareholders, no Shareholder is required to abstain from voting. Dr. Chow, the controlling Shareholder holding 154,682,359 Shares (representing 55.52% of the total issued Shares) as at the date of the Agreement, has given his written

* *For identification purpose only*

LETTER FROM THE BOARD

consent for the Agreement. The written consent has been accepted in lieu of holding a special general meeting to approve the Agreement pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, further information on the Agreement and the Group.

THE AGREEMENT

Date

16 May 2008

Parties

- (i) CPT Belgium (as seller);
- (ii) Sekisui (as purchaser); and
- (iii) the Company (as guarantor).

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

There was no prior transaction between the Group and Sekisui and its ultimate beneficial owners in the last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

Asset to be disposed of

The Sale Share, being 75% equity interest in CPT.

At the date of the Agreement, the share capital of CPT amounted to EUR11,500,000 (equivalent to approximately HK\$141.5 million), consisting of one share in the nominal amount of EUR11,500,000 (equivalent to approximately HK\$141.5 million) held by CPT Belgium. Subject to Completion, CPT Belgium shall split the share in CPT into one share in the nominal amount of EUR8,625,000 (equivalent to approximately HK\$106.1 million) (i.e. the Sale Share) and one share in the nominal amount of EUR2,875,000 (equivalent to approximately HK\$35.4 million) and transfer the Sale Share to Sekisui. Immediately upon Completion, CPT will be owned as to 75% by Sekisui and 25% by CPT Belgium. CPT and its subsidiaries will no longer be subsidiaries of the Company. The CPT Group will no longer be consolidated into the Group but will be equity accounted for as associated companies of the Company.

The Sale Share will be sold together with any and all rights pertaining to it from 1 April 2008, including the rights to profits and dividends for all fiscal years commencing on or after 1 April 2008 and profits for prior fiscal years to the extent they have not been distributed are for the account of Sekisui.

LETTER FROM THE BOARD

Consideration

The consideration for the Sale Share shall be US\$37.5 million (equivalent to approximately HK\$292.5 million), subject to adjustment as described in the paragraph headed “Net asset value of the CPT Group” below. The consideration shall be paid by Sekisui in the following manner:

- (i) an amount equal to 80% of the consideration, i.e. US\$30 million (equivalent to approximately HK\$234 million), shall be paid to the Company’s bank account in immediately available funds on Completion; and
- (ii) the balance of 20% of the consideration, i.e. US\$7.5 million (equivalent to approximately HK\$58.5 million), shall be paid to and held in an account maintained with an escrow agent until 30 September 2009.

The balance held in the escrow account referred to in (ii) above shall be reduced by any amount of payment that CPT Belgium shall be obliged to make to Sekisui and/or the CPT Group pursuant to the Agreement, in particular without limitation for claims based on a breach of the representations and warranties given or on indemnifications undertaken pursuant to the Agreement, provided that the escrow balance shall be reduced for purposes of the Compensation, if any, to be made by CPT Belgium regarding shortfall in the net asset value of the CPT Group pursuant to the Agreement as described below. Any remaining balance held in the escrow account (together with all the interest accrued in the escrow account) shall be released to CPT Belgium after 30 September 2009.

Net asset value of the CPT Group

The consideration of US\$37.5 million for the Sale Share was agreed between the parties based on arm’s length negotiations subject to the consolidated net asset value of the CPT Group being not less than US\$29.5 million (equivalent to approximately HK\$230.1 million) as at 31 March 2008 (the “Minimum NAV”).

CPT Belgium shall deliver an unaudited net asset statement of the CPT Group as at 31 March 2008 to Sekisui on or before 30 September 2008. The aforesaid net asset statement shall be based on the audited consolidated financial statements of CPT as of 31 March 2008 which are to be prepared under generally accepted accounting principles in Germany, and adjusted so as to include members of the CPT Group only and assuming ongoing business of CPT and without taking into account the change of its shareholders. This net asset statement prepared on the aforesaid basis will be reported on by the auditors of CPT Belgium on or before 31 October 2008. If the consolidated net asset value of the CPT Group as at 31 March 2008 as shown in the aforesaid net asset statement finally accepted by both parties (the “Agreed NAV”) is less than the Minimum NAV, CPT Belgium shall compensate CPT in an amount equals to the amount by which the Minimum NAV exceeds the Agreed NAV (the “Compensation”) by way of:

- (i) waiver of an equal amount of Shareholder’s Loans;
- (ii) payment by CPT Belgium into CPT’s free capital reserve; or
- (iii) any other method, provided that such method does not have any negative legal, tax or accounting implications,

LETTER FROM THE BOARD

it being understood that CPT Belgium may choose at its discretion the method of Compensation. The Compensation shall be effected by CPT Belgium within 10 Banking Days after the net asset statement has been finalised in accordance with the terms of the Agreement.

Refinancing of Shareholder's Loans and release of the guarantees

The Company and its affiliates have provided Shareholder's Loans to the CPT Group. As at the date of the Agreement, the outstanding balance of the Shareholder's Loans, subject to audit and adjustment, amounted to approximately EUR11.1 million (equivalent to approximately HK\$136.5 million). In addition, the Company and its affiliates have provided guarantees in favour of the CPT Group for banking facilities of the CPT Group. As at the date of the Agreement, the amount of facilities guaranteed by the Company and/or its affiliates comprised facilities denominated in EUR and AUD and amounted to EUR7.5 million and AUD12.4 million (equivalent to an aggregate of approximately HK\$184.0 million), of which approximately EUR7.1 million and AUD9.2 million (equivalent to an aggregate of approximately HK\$155.4 million) have been utilised by the CPT Group.

Pursuant to the Agreement, Sekisui agreed to make available a credit line to CPT in order to replace 75% of the Shareholder's Loans on or before 30 September 2009. Sekisui also agreed that until 30 September 2009, it shall use best efforts to obtain the unconditional release of the Company and its affiliates from 75% of their obligations and liabilities under the guarantees. Until the guarantees have been replaced, Sekisui will keep the Company and its affiliates fully indemnified from any liabilities resulting from any guarantees provided by the Company and its affiliates which are in excess of their 25% share.

Conditions

Completion is conditional upon the satisfaction of the following conditions:

- (i) the relevant merger control approvals or clearances from the German Federal Cartel Office and, if required, the competent cartel office of the PRC have been obtained;
- (ii) the Company has obtained all consents and approvals required under the Listing Rules in connection with the Agreement and the transaction contemplated in the Agreement; and
- (iii) receipt of the consideration for the Sale Share in the manner as described in the paragraph headed "Consideration" above.

CPT Belgium and Sekisui undertake to use their best efforts and to cause each of the conditions in (i) and (ii) above to be satisfied as soon as possible. As at the Latest Practicable Date, condition (ii) above has been fulfilled. If the condition in (i) above shall not be fulfilled on a date falling 6 months after the date of the Agreement (or any such later date as the parties may agree), CPT Belgium and Sekisui may rescind the Agreement by giving written notice to the other, and the Agreement shall cease to have force and effect. The parties aim at satisfaction of the condition in (i) latest by 31 August 2008. None of the above conditions are capable of being waived.

LETTER FROM THE BOARD

Reorganisation

Certain existing subsidiaries of CPT will not form part of the CPT Group and will not be disposed of to Sekisui. Pursuant to the terms of the Agreement, prior to the Completion Date, CPT Belgium shall at its cost and expenses initiate an internal reorganisation to transfer these companies out of CPT. If the reorganisation has not been completed at the Completion Date, CPT Belgium shall cooperate with Sekisui to continue and complete the reorganisation and indemnify Sekisui from all damages, costs, liabilities, tax or other expenses and losses that may be suffered by Sekisui or the CPT Group in relation to the reorganisation or these excluded companies.

Completion

Within 5 Banking Days after conditions (i) and (ii) have been fulfilled, Completion shall take place and Sekisui shall pay the consideration for the Sale Share referred to in condition (iii) and in the manner as described in the paragraph headed "Consideration" above.

INFORMATION ON CPT

CPT was established in 2002 and has its headquarters in Munich, Germany. The CPT Group is principally engaged in pipe construction and rehabilitation for use in urban area. It provides pipe planning to installation services which uses two leading key technologies, the cured in place pipe technology and the spiral wound technology, across a number of markets in Europe, Australia and the Middle East.

As at 30 September 2007, the unaudited net asset value of the CPT Group amounted to approximately HK\$235.4 million. The unaudited results of the CPT Group for each of the two years ended 31 March 2006 and 2007 were as follows:

	2006	2007
	<i>HK\$' million</i>	<i>HK\$' million</i>
Loss before taxation	12.8	6.7
Loss after taxation	11.3	8.1

The aforesaid unaudited financial figures of the CPT Group were prepared under generally accepted accounting principles in Hong Kong based on management accounts of the companies comprising the CPT Group. In addition, the above unaudited figures were prepared based on certain assumptions which include, among others things, the assumption that the reorganisation as described in the paragraph headed "Reorganisation" above has been completed and the group structure of the CPT Group had been in place incorporating the financial effects of the reorganisation throughout the two financial years ended 31 March 2006 and 2007.

REASONS FOR THE DISPOSAL

The Company is an investment holding company which, through its subsidiaries, is principally engaged in the business of construction and engineering, insurance and investment, property, information technology, and food and beverages. The Company currently has operations in

LETTER FROM THE BOARD

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 and Changchun.

Under the management of the Company, the CPT Group has become one of the leading global pipe rehabilitation companies and developed leading technologies for the rehabilitation of drinking water networks and sewer networks. The Company has also supported the set-up of a global sales and distribution network for the CPT Group. During the recent years, the CPT Group recorded remarkable growth in turnover.

Sekisui is a limited company incorporated in Japan having over 60 years of history. It has around 200 companies operating in 20 countries, providing high performance products in the fields of plastics, water environment solutions and factory produced housing. Its products range from medical, interlayer films, foam, packaging tape, industrial tape, fine chemicals, speciality chemicals, water supply and drainage systems, civil engineering systems, industrial materials and pipes, composite products and materials, to building materials.

The Directors consider that the products and services of the CPT Group and Sekisui are complementary to each other and believe that it is in the interests of CPT to partner with Sekisui, which is a sizeable player in the construction material industry, to fuel its further growth in business and improve its competitiveness and marketability.

Based on the above and the expected gain on the Disposal as described below, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal is expected to increase the total net assets of the Group by approximately HK\$120.1 million. The total assets and liabilities of the Group will decrease with reference to the amount of assets and liabilities of the CPT Group as a result of the Disposal.

The Disposal is expected to generate a positive return on the Company's investment in CPT and generate cash inflow for the Group. Based on the Minimum NAV and the consideration for the Sale Share, the Disposal is expected to result in an estimated gain of approximately US\$15.4 million (equivalent to approximately HK\$120.1 million). The actual gain or loss resulting from the Disposal however will be determined based on the actual net asset value of the CPT Group as at the Completion Date with adjustment on the Compensation, if any. The Company intends that the proceeds from the Disposal will be retained as general working capital of the Group.

Immediately upon Completion, CPT will be owned as to 75% by Sekisui and 25% by CPT Belgium. CPT and its subsidiaries will cease to be subsidiaries of the Company but will be accounted for as associated companies of the Company.

LETTER FROM THE BOARD

GENERAL

The Disposal constitutes a major transaction of the Company under the Listing Rules and requires the approval of the Shareholders. As no Shareholder has a material interest in the Disposal which is different from the other Shareholders, no Shareholder is required to abstain from voting. Dr. Chow, the controlling Shareholder holding 154,682,359 Shares (representing approximately 55.52% of the total issued Shares) as at the date of the Agreement, has given his written consent for the Agreement. The written consent has been accepted in lieu of holding a special general meeting to approve the Agreement pursuant to Rule 14.44 of the Listing Rules.

Your attention is drawn to the financial information of the Group and further information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Chevalier International Holdings Limited
Chow Yei Ching
Chairman and Managing Director

1. FINANCIAL AND TRADING PROSPECTS

Upon Completion, the Group will continue its principal activities in construction and engineering, insurance and investment, property, information technology and food and beverage with greater financial flexibility for other investment opportunities.

In the 2007-2008 Policy Address of the Chief Executive of the Hong Kong government, a host of infrastructure projects was cited for the future. The total projected cost of those projects amounted to HK\$250 billion or about 17% of the nominal gross domestic products of Hong Kong. These projects are expected to provide mid to long-term growth impetus to the city. Against such a backdrop, the Group expects the businesses of the Group, particularly construction and engineering as well as food and beverage, to thrive in the coming years.

In the PRC, continuous growth is expected for the general economy and major areas including private consumption, investment and exports. While liquidity will remain ample, the general pace of growth will be more moderate as wages and other costs continue to rise and the country tightens monetary control. Anticipating persistently strong demand for housing, the Group is optimistic about securing bigger revenue from property sales, which will become a stable income source for it in the years to come.

2. INDEBTEDNESS STATEMENT

2.1 Borrowing and debts

Borrowings

As at the close of business on 30 April 2008, being the latest practicable date for the purpose of this indebtedness statement, the Group had secured bank borrowings of approximately HK\$268,003,000, unsecured borrowings and overdrafts of approximately HK\$1,919,943,000 and Convertible Bonds with principal value of HK\$384,802,000.

Pledge of assets

At the close of business on 30 April 2008, the Group had pledged its properties, inventories and deposits of HK\$1,280,800,000, HK\$71,796,000 and HK\$29,544,000 respectively to secure the general banking facilities granted to the Group.

Contingent liabilities

As at the close of business on 30 April 2008, the Group had contingent liabilities in respect of guarantees issued for backup facilities granted to an associate and jointly controlled entities of HK\$14,570,000 and HK\$411,810,000 respectively.

2.2 Disclaimer

Save as aforesaid and apart from intra-group liabilities, as at 30 April 2008, the Group had no other outstanding mortgages, charges, debentures, loan capital or bank overdrafts, loans or other similar indebtedness, hire purchase commitments, liabilities under acceptances, acceptance credits or any guarantees or any material contingent liabilities.

3. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Company since 31 March 2007, being the date to which the latest audited financial statements of the Company were made up, save as publicly disclosed.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that upon completion of the Disposal and after taking into account the internal resources and present banking facilities available to the Group and the expected proceeds to be received from the Disposal, the Group has sufficient working capital for its requirements for at least the next twelve months from the date of this circular in the absence of unforeseen circumstances.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries and that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

i. Directors' and chief executives' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company pursuant to S352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

(a) *Interests in the Company – Shares (long position)*

Name of Directors	Capacity	Number of Shares		Total	Approximate percentage of interest (%)
		Personal interests	Family interests		
Chow Yei Ching	Beneficial owner	154,682,359 [#]	—	154,682,359	55.52
KUOK Hoi Sang	Beneficial owner	98,216	—	98,216	0.04
TAM Kwok Wing	Beneficial owner	169,015	32,473	201,488	0.07
HO Chung Leung	Beneficial owner	40,000	—	40,000	0.01

[#] Dr. Chow beneficially owned 154,682,359 Shares, representing approximately 55.52% of the Shares. These Shares were the same as those Shares disclosed in the section "Substantial Shareholders' interests in securities" below.

(b) *Interests in associated corporation – shares (long position)*

Name of Directors	Associated corporation	Capacity	Number of ordinary shares			Total	Approximate percentage of interest (%)
			Personal interests	Corporate interests	Family interests		
Chow Yei Ching	CPHL	Interest of controlled corporation	—	121,326,933 [#]	—	121,326,933	56.29
KUOK Hoi Sang	CPHL	Beneficial owner	2,400,000	—	—	2,400,000	1.11
TAM Kwok Wing	CPHL	Beneficial owner	400,000	—	10,400	410,400	0.19

[#] Dr. Chow had notified CPHL that under the SFO, he was deemed to be interested in 121,326,933 shares in CPHL which were all held by the Company as Dr. Chow beneficially owned 154,682,359 Shares, representing approximately 55.52% of the Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, no other person had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to S352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ii. Substantial Shareholders' interests in securities

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under S336 of the SFO were as follows:

Substantial Shareholders	Capacity	Number of Shares held	Number of underlying Shares held (under equity derivatives of the Company)	Approximate percentage of interest (%)
Chow Yei Ching	Beneficial owner	154,682,359(L)	—	55.52(L)
Miyakawa Michiko	Beneficial owner	154,682,359(L) (Note 1)	—	55.52(L)
The Goldman Sachs Group, Inc.	Interest of controlled corporation	—	26,993,989(L) 2,306,933(S) (Note 2)	9.69(L) 0.83(S)
Goldman Sachs (UK) L.L.C.	Interest of controlled corporation	—	23,992,101(L) 2,306,933(S) (Note 3)	8.61(L) 0.83(S)
Goldman Sachs Group Holdings (U.K.)	Interest of controlled corporation	—	23,992,101(L) 2,306,933(S) (Note 3)	8.61(L) 0.83(S)
Goldman Sachs Holdings (U.K.)	Interest of controlled corporation	—	23,992,101(L) 2,306,933(S) (Note 3)	8.61(L) 0.83(S)
Goldman Sachs International	Beneficial owner	—	23,992,101(L) 2,306,933(S) (Note 3)	8.61(L) 0.83(S)
The Goldman, Sachs & Co. L.L.C.	Interest of controlled corporation	3,001,888(L) (Note 4)	—	1.08(L)
Goldman Sachs & Co	Beneficial owner	3,001,888(L) (Note 4)	—	1.08(L)

Notes:

- (1) Under Part XV of the SFO, Ms. Miyakawa Michiko, the spouse of Dr. Chow, is deemed to be interested in the same parcel of 154,682,359 Shares held by Dr. Chow.
- (2) The Goldman Sachs Group, Inc. is taken to have an interest in the 3,001,888 Shares held by Goldman Sachs & Co and the 21,685,168 Shares that would be held by Goldman Sachs International upon full conversion of the Convertible Bonds held by Goldman Sachs International. The Convertible Bonds are issued by the Company to Goldman Sachs International on 26 July 2006. Goldman Sachs & Co and Goldman Sachs International are both wholly-owned subsidiaries of The Goldman Sachs Group, Inc.
- (3) Goldman Sachs (UK) L.L.C., Goldman Sachs Group Holdings (U.K.) and Goldman Sachs Holdings (U.K.) are taken to be interested in the 21,685,168 Shares that would be held by Goldman Sachs International upon full conversion of the Convertible Bonds. Goldman Sachs International is 99% owned by Goldman Sachs Holdings (U.K.) and 100% held by Goldman Sachs Group Holdings (U.K.) and Goldman Sachs (UK) L.L.C.
- (4) The Goldman, Sachs & Co. L.L.C. is taken to be interested in the 3,001,888 Shares held by Goldman Sachs & Co. Goldman Sachs & Co is owned as to 99.8% by The Goldman Sachs Group, Inc. and the remaining 0.2% by The Goldman, Sachs & Co. L.L.C. (which is a wholly-owned subsidiary of The Goldman Sachs Group, Inc.).

The letter “L” denotes a long position and the letter “S” denotes a short position.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, no other person had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or in any options in respect of such capital.

3. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration of material importance or claim of material importance pending or threatened against any member of the Group.

4. CONTRACTS OR ARRANGEMENT AND COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or their respective associates had an interest in any business constituting a competing business to the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of or leased to, or which are proposed to be acquired, disposed of or leased to, the Company or any of its subsidiaries since 31 March 2007 (the date to which the latest published audited financial statements of the Company were made up).

As at the Latest Practicable Date, there was no contract or arrangement in which any Director was materially interested and which was significant in relation to the business of the Group.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered, or were proposing to enter, into any service contract with member of the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

6. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and are or may be material:

- (a) the agreement dated 27 June 2006 entered into between 其士(成都)投資管理有限公司 (Chevalier (Chengdu) Investment Management Limited) (“Chevalier Chengdu”), a wholly-owned subsidiary of the Company, and 安徽省華僑飯店 (Anhui Province Hua Qiao Hotel) and 安徽安興聯合總公司 (Anhui Anxing Lianhe Corporation), pursuant to which Chevalier Chengdu will invest RMB112,870,000 into a joint venture development project, details of which are set out in the announcement of the Company dated 11 July 2006 and the circular dated 2 August 2006;
- (b) the purchase agreement between the Company and Goldman Sachs International dated 26 July 2006, pursuant to which the Company agreed to issue, and the Purchaser agreed to subscribe for, HK\$450 million in aggregate principal of the Convertible Bonds, details of which are set out in the announcement dated 27 July 2006;
- (c) the share purchase agreement dated 25 November 2006 entered between CPHL (formerly known as Chevalier iTech Holdings Limited) and Sinochina Pacific Limited (“SPL”) in relation to, among other things, the acquisition of the entire issued share capital of Sinochina Enterprises Limited (“SEL”) in two tranches and a loan of up to HK\$3.5 million to be advanced by CPHL to SEL and each of its subsidiaries upon request at any time after the completion of the first tranche. Details are set out in the announcement of the Company dated 1 December 2006 and the circular dated 7 February 2007;
- (d) the shareholders’ agreement dated 31 January 2007 entered between CPHL, SPL and SEL, pursuant to which the board composition, dividend policy and transfer of shares of SEL are agreed upon until the completion of the second tranche of SEL shares, details are set out in the announcement of the Company dated 1 December 2006 and the circular dated 7 February 2007;
- (e) the escrow agreement dated 31 January 2007 entered into among SPL and CPHL, in which a proportion of the consideration for the second tranche of SEL shares is placed into escrow until the expiry of the one year period following the completion of the second tranche, details of which are set out in the announcement of the Company dated 1 December 2006 and the circular dated 7 February 2007;

- (f) the agreement dated 12 March 2007 entered into between the Company and CPHL in relation to the sale and purchase of a number of subsidiaries of CPHL for an aggregate consideration of approximately HK\$56 million, details of which are set out in the announcement of the Company dated 14 March 2007 and the circular dated 4 April 2007;
- (g) the placing and subscription agreement dated 3 May 2007 entered by the Company in relation to the placement of 32,200,000 existing ordinary shares of CPHL and the subscription of 25,384,146 new ordinary shares of CPHL, details of which are set out in the announcement of the Company dated 3 May 2007 and the circular dated 25 May 2007;
- (h) the subscription agreement dated 19 July 2007 made between Victoria Link Limited (“VLL”), a wholly-owned subsidiary of the Company, and 新星宇建設有限責任公司 (New Star Universe Construction Development Co. Ltd) (“NSUC”) in relation to the increase in capital of 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.) (“Changchun New Star”), of which VLL will invest RMB192 million. The details are set out in the announcement of the Company dated 24 July 2007 and the circular dated 10 August 2007;
- (i) the sino-foreign joint venture agreement dated 19 July 2007 made between VLL and NSUC in relation to the formation of Changchun New Star as a sino-foreign joint venture enterprise under the laws of the PRC, details of which are set out in the announcement of the Company dated 24 July 2007 and the circular dated 10 August 2007; and
- (j) the Agreement.

7. MISCELLANEOUS

- (a) The qualified accountant of the Company is Mr. HO Chung Leung. He is a fellow member of The Association of Chartered Certified Accountants in the U.K. and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The secretary of the Company is Mr. HO Sai Hou. He is a fellow member of The Association of Chartered Certified Accountants in the U.K. and a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda. Its head office and its principal place of business is situated at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong.
- (d) The Hong Kong branch share registrars and transfer office of the Company is Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong, from the date of this circular up to and including 27 June 2008:

- (a) the Company's memorandum and bye-laws;
- (b) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (c) the annual reports of the Company for each of the two financial years ended 31 March 2006 and 2007;
- (d) the interim report of the Company for the six months ended 30 September 2007; and
- (e) a copy of each circulars issued pursuant to the requirement set out in Chapters 14 and/or 14A which has been issued since 31 March 2007 (the date to which the latest published audited financial statements of the Company were made up).