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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

DISCLOSEABLE TRANSACTION RELATING TO PROVISION OF ADDITIONAL LOANS

On 21 October 2014, CAAM, the Lender and the Agent entered into the Master Agreement pursuant to which the parties agreed to restructure certain existing arrangements relating to the Loan in the sum of US\$30.0 million under the Existing Facility Agreement and re-finance it with the New Facility.

As conditions precedent to the Master Agreement taking effect, the Board would like to announce that the Company, Quality King, CAAM, the Lender and the Agent entered into the Deed of Implementation on 28 November 2014 to give effect to certain obligations of the Company and Quality King, which include, among other things, Quality King agreeing to provide the Additional Loans (comprising the First A\$ Loan and the Second A\$ Loan in an aggregate amount of approximately A\$28.7 million and the US\$ Loan in the amount of US\$3.0 million) to CAAM.

The provision of the Additional Loans by Quality King, a wholly-owned subsidiary of the Company, to CAAM constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated (i) 17 October 2012 in relation to the shareholders' agreement entered into by Quality King, CAAM and other independent third parties regarding the investment in CAAM by way of subscription of CAAM Ordinary Shares and CAAM Preference Shares; (ii) 26 February 2013 in relation to (a) the sale deed regarding the acquisition of 100% interest in the Target by King Bid Co, and (b) the subscription deed regarding the subscription of shares in Holdco 1 (representing 70% interest in Holdco 1) by CAAM; and (iii) 8 April 2013

* *for identification purpose only*

in relation to (a) completion of the subscription of CAAM Ordinary Shares and CAAM Preference Shares and shares in Holdco 1 and (b) completion of the acquisition of the Target referred to in the above announcements and arrangements in relation to certain loans.

Completion of the acquisition of the Target, the subscription of 5,000,000 CAAM Ordinary Shares and 28,143,000 CAAM Preference Shares by Quality King and subscription of shares in Holdco 1 by CAAM all took place on 8 April 2013. As a result of completion of the aforesaid transactions and as at the date hereof, Quality King is interested in (i) 5,000,000 CAAM Ordinary Shares, representing approximately 38.46% of the entire issued CAAM Ordinary Shares; and (ii) 29,471,104 CAAM Preference Shares, representing the entire issued CAAM Preference Shares. The principal asset of CAAM is its interest in the Target through its 70% interest in Holdco 1. Holdco 1 indirectly holds 100% of the shares in King Bid Co, which holds 100% of the shares in the Target. CAAM has been accounted for as an associated company of the Group.

To fund the acquisition of the Target, CAAM has borrowed the Loan in the sum of US\$30.0 million from the Lender under the terms of the Existing Facility Agreement. In conjunction with the Loan, inter alia,

- (i) Quality King and all other shareholders of CAAM have charged the respective CAAM Ordinary Shares and CAAM Preference Shares held by them to the Lender as security for the Loan;
- (ii) the Company and Quality King have executed the Non-competition Deed undertaking in favour of the Lender not to undertake any business that is in competition with CAAM or any other member of CAAM save the existing businesses that are carried on by the Company;
- (iii) Quality King has entered into the Equity Option Agreement pursuant to which, among other things, CAAM has granted certain equity option in the CAAM Ordinary Shares in favour of the Lender, and Quality King has undertaken to procure CAAM to comply with certain obligations thereunder; and
- (iv) the Company has entered into the Undertaking Agreement undertaking to provide capital injection to CAAM to cover any repayment and interest shortfall under the Existing Facility Agreement subject to a limit of US\$2.0 million.

In addition, on 7 April 2014 and 14 October 2014, Quality King has advanced the Existing A\$ Loans in the aggregate amount of A\$11.0 million (equivalent to approximately HK\$72.4 million) to King Bid Co.

THE DEED OF IMPLEMENTATION

On 21 October 2014, CAAM, the Lender and the Agent entered into the Master Agreement pursuant to which the parties intend to repay and refinance the Loan by the New Facility. As conditions precedent to the Master Agreement taking effect, the Company and Quality King entered into the

Deed of Implementation with CAAM, the Lender and the Agent on 28 November 2014 to give effect to certain obligations of the Company and Quality King including, inter alia, the provision of the Additional Loans to CAAM, the termination of the existing share charge, the execution and delivery of the New Share Charge, the termination of the Equity Option Agreement and the entering into of the New Equity Option Agreement, and the termination of the Non-competition Deed and replacing it with the New Non-Compete Undertaking. The Transaction Documents were executed and exchanged on 28 November 2014 to set out the specific terms of the above transactions which are described below. The New Facility is also subordinated to an amended and restated syndicated facility granted to, among others, King Bid Co under a deed of priority and a subordination deed both dated 28 November 2014 to which the Company and/or Quality King are parties.

The Lender is a fund and the Agent is a “Trust Company” registered under section 78(1) of the Trustee Ordinance (Cap. 29). To the best of the Directors’ knowledge, information and belief having made all reasonable enquires, the Lender, the Agent and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

THE ADDITIONAL LOANS

The First A\$ Loan Agreement

On 28 November 2014, Quality King and CAAM entered into the First A\$ Loan Agreement, pursuant to which Quality King agreed to provide the First A\$ Loan in the principal amount of A\$17.0 million (equivalent to approximately HK\$111.9 million) to CAAM for on-lending to King Bid Co to enable it to reduce external gearing. The First A\$ Loan has been drawn down by CAAM and on-lent to King Bid Co on 28 November 2014.

The Deed of Assignment and the Second A\$ Loan Agreement

On 28 November 2014, the Company, Quality King and CAAM executed the Deed of Assignment, pursuant to which the Company and Quality King agreed to assign all their interests in the agreements relating to the Existing A\$ Loans to CAAM. As at the date of the Deed of Assignment, the total outstanding amount under the aforesaid agreements is A\$11,748,384 (equivalent to approximately HK\$77.4 million), comprising principal amount of the Existing A\$ Loans of A\$11.0 million plus accrued interest of approximately A\$0.75 million. The consideration for the assignment payable by CAAM is A\$11,748,384 which is financed by the Second A\$ Loan advanced by Quality King to CAAM under the Second A\$ Loan Agreement dated 28 November 2014. No new funding is required to be provided by Quality King under the terms of the Second A\$ Loan Agreement. The transaction completed on 28 November 2014.

The US\$ Loan Agreement

On 28 November 2014, Quality King and CAAM entered into the US\$ Loan Agreement, pursuant to which Quality King has advanced the US\$ Loan in the amount of US\$3.0 million (equivalent to approximately HK\$23.3 million) to CAAM. The US\$ Loan has been used by CAAM as to US\$2.0 million for the payment of accrued interest and partial repayment under the Existing Facility Agreement and as to US\$1.0 million as working capital. Upon the provision of the US\$ Loan, the obligation of the Company under the Undertaking Agreement has been released. The US\$ Loan has been drawn down by CAAM on 28 November 2014.

Terms of the Additional Loans

The principal terms of each of the Additional Loans are as follows:

Term

The term of the facility under each of the Additional Loans shall commence on the date of the relevant Additional Loan Agreement and end on the earlier of (i) 8 April 2018; (ii) the date the relevant Additional Loan Agreement is terminated; and (iii) any other date to be agreed in writing between the parties.

CAAM shall repay all amounts outstanding under the relevant Additional Loan Agreement at the end of the term of the facility.

Interest

Each of the Additional Loans bears interest at the following rates:

From the date of the First A\$ Loan Agreement, US\$ Loan Agreement and the respective Existing A\$ Loans Agreements for the Second A\$ Loan to the date before their first anniversary thereof	13% per annum
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On and from the date of their first anniversary of the First A\$ Loan Agreement, US\$ Loan Agreement and the respective Existing A\$ Loans Agreements for the Second A\$ Loan to the day before their second anniversary thereof	14% per annum
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On and from the date of their second anniversary of the First A\$ Loan Agreement, US\$ Loan Agreement and the respective Existing A\$ Loans Agreements for the Second A\$ Loan until the end of the term of the agreements	15% per annum
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Interest is accrued by CAAM annually.

Priority

The Lender, the Agent, Quality King and CAAM executed the deed of subordination on 28 November 2014, pursuant to which the parties agreed that the Additional Loans will be subordinated to the New Facility advanced under the New Facility Agreement, and the New Facility ranks in priority to the Additional Loans in all respects.

NEW NON-COMPETE UNDERTAKING

On 28 November 2014, the Company, Quality King and the Agent executed the New Non-Compete Undertaking pursuant to which the Company and Quality King have undertaken in favour of the Lender not to undertake any business that is in competition with CAAM or other member of CAAM save the existing businesses that are carried on by the Company. The New Non-Compete Undertaking replaces the Non-competition Deed.

NEW SHARE CHARGE

On 28 November 2014, Quality King and CAAM also executed the New Share Charge pursuant to which Quality King has charged the 5,000,000 CAAM Ordinary Shares and 29,471,104 CAAM Preference Shares held by it in favour of the Lender as a security for the New Facility. The existing share charge as security for the Loan has been terminated.

NEW EQUITY OPTION AGREEMENT

On 28 November 2014, Quality King and CAAM entered into the New Equity Option Agreement. Under the New Equity Option Agreement, CAAM grants to Quality King the Equity Option, under which Quality King may exercise the Equity Option upon payment of the exercise price of US\$1 to CAAM. Upon Quality King exercising the Equity Option, CAAM shall issue and allot 5,096,492 CAAM Ordinary Shares to Quality King. The Equity Option may be exercised at any time from 28 November 2014 until 18 March 2020 (both dates inclusive).

INFORMATION ABOUT CAAM

The principal activity of CAAM is investment holding. It holds 70% of the shares in Holdco 1. Holdco 1 indirectly holds 100% equity interest in King Bid Co which in turn holds the entire equity interest in the Target.

The Target is a leading fruit and vegetable grower-aggregator in Australia and one of the largest suppliers of fresh produce in Australia. It aims to further grow its business in Australia by increasing market share and further product penetration and at the same time exploring opportunities for export of fresh produce to Mainland China.

REASONS FOR THE DEED OF IMPLEMENTATION AND PROVISION OF THE ADDITIONAL LOANS

The Company is an investment holding company and the Group is principally engaged in the business of construction and engineering, insurance and investment, property development and investment, food and beverage, car dealership and fresh produce supply.

The Additional Loans are provided to CAAM to reduce external gearing and to fund the operations and activities of the Target. The Deed of Implementation and the Transaction Documents are entered into by the Company and/or Quality King to facilitate the arrangement of the New Facility by the Lender to CAAM. The Directors consider that the New Facility and the Additional Loans would strengthen the working capital position of CAAM for its business development.

The Group has funded the Additional Loans by its internal resources and external financing.

The Directors believe that the terms of the Deed of Implementation and the Additional Loan Agreements, which were negotiated on arm's length basis among the parties, are fair and reasonable and the provision of the Additional Loans and the entering into of the Deed of Implementation and the Transaction Documents are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The provision of the Additional Loans constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Company will comply with applicable Listing Rules if Quality King exercises the conversion rights attached to the CAAM Preference Shares and/or when the Equity Option is exercised.

DEFINITIONS

“Additional Loans”	together, the First A\$ Loan, the Second A\$ Loan and the US\$ Loan
“Additional Loan Agreements”	together, the First A\$ Loan Agreement, the Second A\$ Loan Agreement and the US\$ Loan Agreement
“Agent”	Madison Pacific Trust Limited, being the facility agent and security agent under the New Facility
“Board”	the board of Directors
“BVI”	the British Virgin Islands

“CAAM”	CAAM Limited, a company incorporated in the BVI with limited liability and an associated company of the Group
“CAAM Ordinary Share(s)”	ordinary voting share(s) of CAAM with no par value
“CAAM Preference Share(s)”	non-voting preference share(s) of CAAM with no par value which are convertible into CAAM Ordinary Shares on a one-for-one basis
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock code: 25)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Deed of Assignment”	the deed of assignment dated 28 November 2014 entered into among the Company, Quality King and CAAM
“Deed of Implementation”	the deed dated 28 November 2014 executed among the Company, Quality King, CAAM, the Lender and the Agent to give effect to certain obligations of the Company and Quality King contemplated under the Master Agreement
“Director(s)”	director(s) of the Company
“Equity Option”	the equity option in the CAAM Ordinary Shares granted by CAAM to Quality King pursuant to the New Equity Option Agreement
“Equity Option Agreement”	the equity option agreement dated 8 April 2013 entered into between, among others, Quality King and CAAM in relation to the grant of certain equity option in the CAAM Ordinary Shares by CAAM to the Lender
“Existing A\$ Loans”	the loans in an aggregate principal amount of A\$11 million advanced by Quality King to King Bid Co in April and October 2014
“Existing A\$ Loans Agreements”	the agreements dated 7 April 2014 and 14 October 2014 and made among the Company, Quality King and King Bid Co in relation to the Existing A\$ Loans
“Existing Facility Agreement”	the facility agreement dated 14 March 2013 (as amended on 8 April 2013) between, among others, CAAM and the Lender relating to the Loan

“First A\$ Loan”	the loan in the amount of A\$17 million advanced by Quality King to CAAM pursuant to the First A\$ Loan Agreement
“First A\$ Loan Agreement”	the agreement dated 28 November 2014 between Quality King and CAAM in relation to the First A\$ Loan
“Group”	the Company and its subsidiaries
“Holdco 1”	King Holding Company 1 Pty Limited, a company incorporated in Australia with limited liability and a 70%-owned subsidiary of CAAM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“King Bid Co”	King Bid Company Pty Limited, a company incorporated under the laws of Australia with limited liability and a wholly-owned subsidiary of Holdco 1
“Lender”	ASCF (Cayman Islands) II Limited
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of US\$30.0 million borrowed by CAAM from the Lender pursuant to the Existing Facility Agreement
“Master Agreement”	the master agreement dated 21 October 2014 entered into by CAAM, the Lender and the Agent
“New Equity Option Agreement”	the option agreement dated 28 November 2014 entered into by Quality King and CAAM
“New Facility”	the new credit facility in the amount of US\$30.0 million provided by the Lender to CAAM under the New Facility Agreement
“New Facility Agreement”	the facility agreement entered into by the Lender, the Agent and CAAM dated 28 November 2014, under which the New Facility has been advanced to CAAM
“New Non-Compete Undertaking”	the deed of non-compete undertaking entered into by the Company, Quality King and the Agent dated 28 November 2014

“New Share Charge”	the legal mortgage over CAAM Ordinary Shares and CAAM Preference Shares dated 28 November 2014 entered into by CAAM, Quality King, other shareholders of CAAM and the Agent
“Non-competition Deed”	the deed of non-competition dated 8 April 2013 executed by the Company and Quality King in favour of the Lender
“Quality King”	Quality King Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Second A\$ Loan”	the loan in the amount of approximately A\$11.7 million advanced by Quality King to CAAM pursuant to the Second A\$ Loan Agreement
“Second A\$ Loan Agreement”	the agreement dated 28 November 2014 between Quality King and CAAM in relation to the Second A\$ Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Moraitis Group Pty Limited, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of King Bid Co
“Transaction Documents”	together, the First A\$ Loan Agreement, the Second A\$ Loan Agreement, the US\$ Loan Agreement, the New Non-Compete Undertaking, the New Share Charge, the New Equity Option Agreement and the deed of subordination
“Undertaking Agreement”	the undertaking dated 8 April 2013 executed by the Company and the facility agent and security agent of the Loan under the Existing Facility Agreement
“US\$ Loan”	the loan in the amount of US\$3.0 million advanced by Quality King to CAAM pursuant to the US\$ Loan Agreement
“US\$ Loan Agreement”	the agreement dated 28 November 2014 entered into between Quality King and CAAM in relation to the US\$ Loan
“A\$”	Australian dollar(s), the lawful currency of Australia
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

This announcement contains translation between A\$ and HK\$ at the rate of A\$1.0= HK\$6.5847 and between US\$ and HK\$ at the rate of US\$1.0=HK\$7.7540. The translation rate is for illustration purposes only and should not be taken as a representation that the relevant currencies could actually be converted at that rate or at all.

By Order of the Board
Chevalier International Holdings Limited
CHOW Yei Ching
Chairman

Hong Kong, 28 November 2014

As at the date of this announcement, the Board comprises Dr. Chow Yei Ching (Chairman), Messrs. Kuok Hoi Sang (Vice Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Chow Vee Tsung, Oscar, Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as executive Directors; Dr. Chow Ming Kuen, Joseph, Messrs. Sun Kai Dah, George and Yang Chuen Liang, Charles and Professor Poon Chung Kwong as independent non-executive Directors; and Dr. Ko Chan Gock, William as non-executive Director.