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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 PROPOSED ACQUISITION OF THE TARGET COMPANY**

On 10 August 2017 (after trading hours), the Group, through the Purchaser, conditionally agreed to acquire from the Vendor and its Affiliates the Sale Share and the Assignment Debts at the Consideration, subject to fulfillment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Acquisition, the principal terms and conditions of which are set out below.

As certain applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

### **INTRODUCTION**

The Board is pleased to announce that on 10 August 2017 (after trading hours), the Group, through the Purchaser, conditionally agreed to acquire from the Vendor and its Affiliates the Sale Share and the Assignment Debts at the Consideration, subject to fulfillment of the Conditions Precedent, by entering into the Agreement in respect of the Proposed Acquisition, the principal terms and conditions of which are set out below.

### **THE AGREEMENT**

Date	10 August 2017
Parties	(1) the Vendor; (2) the Guarantor; and (3) the Purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor, the Guarantor and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **Assets to be acquired by the Group under the Agreement**

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor and its Affiliates (i) the Sale Share comprising 1 ordinary share in the issued share capital of the Target Company; and (ii) the Assignment Debts amounting to HK\$35,006,084 as at the date of this announcement.

## **Consideration**

The Consideration for the Proposed Acquisition is HK\$360,000,000 (to be adjusted by adding or deducting the Adjustment Amount), which shall be apportioned as follows:

- (i) the consideration for the Assignment Debts shall be a sum equal to face value of the Assignment Debts; and
- (ii) the remaining amount of the Consideration shall be the consideration for the Sale Share.

The Consideration shall be payable by the Purchaser in the following manner:

- (i) the Deposit was paid by the Purchaser to the Vendor by way of cashier order and/or cheque issued by a firm of solicitors drawn on a licensed bank in Hong Kong in favour of the Guarantor as the Vendor's nominee as instructed by the Vendor upon the signing of the Agreement;
- (ii) the remaining sum of the Consideration less the Deposit (the "Completion Payment"), shall be payable on Completion, of which
  - (a) an amount equivalent to such part of the Bank Indebtedness required for the absolute release and discharge of the Existing Encumbrances shall be paid to the Bank for the purpose of repaying part of the Bank Indebtedness and the absolute release and discharge of the Existing Encumbrances;
  - (b) an amount equivalent to the balance of purchase price payable under the Goldfame Agreement (i.e. HK\$315,000,000 as adjusted under the Goldfame Agreement) less the amount referred to in (a) above shall be paid to GEL for the purpose of facilitating the completion of the Goldfame Agreement; and
  - (c) the balance of the Completion Payment (after deducting the aforesaid (a) and (b) above) shall be paid to the Guarantor as the Vendor's nominee as instructed by the Vendor.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor having taken into account (i) the estimated market value of the Property which is determined by reference to comparable sale transactions of similar properties in the same district in Hong Kong; and (ii) the net asset values of the Target Company, Goldfame and Almax.

The Directors consider the Consideration to be fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **Conditions Precedent to Completion**

Completion is conditional upon the Purchaser being reasonably satisfied on or before the Completion Date that:

- (a) the Vendor's title to the Sale Share and the title of the Guarantor and Bright Port to the Assignment Debts being in order and free from all encumbrances;
- (b) the Property being free from all encumbrances and Almax having vacant possession of the Property; and
- (c) the Goldfame Agreement being and remaining valid, legally binding, subsisting, in full force and effect and none of the parties under the Goldfame Agreement being in default or in breach of any terms of the Goldfame Agreement.

If any of the Conditions Precedent has not been fulfilled (or waived by the Purchaser in writing) on or before the Completion Date, the Agreement shall terminate.

In the event that any of the Conditions Precedent is not fulfilled notwithstanding that the Vendor has used its best endeavours to procure the satisfaction of the Conditions Precedent on or before the Completion Date, the Vendor shall within 5 Business Days after the Completion Date repay the full amount of the Deposit without any interest or costs to the Purchaser (or to such person the Purchaser may direct) and following which the Agreement shall terminate without further liability on any party to the Agreement.

In the event that the Completion does not take place as a result of default by the Vendor, the Vendor shall forthwith repay the full amount of the Deposit without any interest or costs to the Purchaser (or to such person the Purchaser may direct) and following which the Agreement shall terminate without further liability on any party to the Agreement.

If Completion does not take place as a result of default by the Purchaser, the Vendor shall be entitled to forfeit the full amount of the Deposit and following which the Agreement shall terminate without further liability on any party to the Agreement.

## **Completion**

Completion shall take place at the office of GEL's solicitors (or such other venue as the Purchaser and the Vendor may agree) on the Completion Date simultaneously with completion of the Goldfame Agreement. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and accordingly, the financial results of the Target Company, Goldfame and Almax will be consolidated into the consolidated financial statements of the Company.

In the event that the completion of the Goldfame Agreement does not take place in accordance with the terms of the Goldfame Agreement upon Completion, the Vendor shall forthwith repay the full amount of the Consideration received by it under the Agreement without any interest or costs to the Purchaser (or to such person the Purchaser may direct).

## **Guarantee**

The Guarantor unconditionally, irrevocably and absolutely guarantees to the Purchaser and each of its successors in title, the full, due and punctual performance by the Vendor of all its obligations under the Agreement.

## **Put Option**

The Purchaser is granted a put option pursuant to the Agreement for no additional consideration, in which the Purchaser has the right, but is not obliged, to sell the Sale Share and the Assignment Debts to the Vendor at the Consideration in the event that the completion of the Goldfame Agreement does not take place in accordance with the terms of the Goldfame Agreement after Completion.

## **INFORMATION ABOUT THE TARGET COMPANY**

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 1 December 2016. Since its incorporation, the Target Company has not carried on any business except for the entering into of the Goldfame Agreement, and it is intended that the Target Company will be principally engaged in investment holding.

## **The Goldfame Agreement**

On 14 January 2017, the Target Company as purchaser, entered into the Goldfame Agreement, pursuant to which the Target Company agreed to purchase from GEL as vendor, the entire issued share capital of Goldfame and loans to Goldfame and Almax at the consideration of HK\$350,000,000 (subject to adjustment), which shall be paid by the Target Company in the following manner:

- (a) HK\$15,000,000 being initial deposit shall be paid by the Target Company to GEL's solicitors as stakeholder upon signing of the Goldfame Agreement;
- (b) HK\$20,000,000 being further deposit shall be paid by the Target Company to GEL's solicitors as stakeholder on or before 31 March 2017; and
- (c) HK\$315,000,000 (subject to adjustment) being the balance of the consideration under the Goldfame Agreement shall be paid by the Target Company upon completion of the Goldfame Agreement.

Subject to certain conditions precedent, completion of the Goldfame Agreement shall take place on or before 31 August 2017.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, GEL and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Almax is currently holding the Property located at No. 4 Tai Yip Street, Kowloon, Hong Kong. The Property is an industrial building. As at 31 July 2017, the book value of the Property was HK\$350,000,000.

## **Financial Information of Goldfame and Almax**

Goldfame is an investment holding company of Almax and has no business operation. Its financial performance was mainly contributed by Almax. Its financial information extracted from the Audited Accounts of Almax for the two years ended 31 December 2015 and 2016 is set out as follows:

	<b>Year ended 31 December 2016 HK\$'000 (audited)</b>	<b>Year ended 31 December 2015 HK\$'000 (audited)</b>
Profit/(Loss) before taxation	54,823	(549)
Profit/(Loss) for the year	55,038	(426)

According to the unaudited consolidated financial statements of Goldfame and Almax, the unaudited consolidated net asset value as at 31 July 2017 was approximately HK\$58,161,000.

## **Financial Information of the Target Company**

According to the unaudited financial statements of the Target Company, the unaudited loss for the period from 1 December 2016 (date of incorporation) to 30 June 2017 was approximately HK\$6,000. The unaudited net liability value of the Target Company as at 30 June 2017 was approximately HK\$6,000.

## **INFORMATION ABOUT THE VENDOR AND THE GUARANTOR**

The Vendor is a wholly-owned subsidiary of the Guarantor incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Guarantor and its subsidiaries are principally engaged in property development and property investment in Hong Kong.

## **INFORMATION ABOUT THE PURCHASER AND THE GROUP**

The Purchaser is an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

The Group is principally engaged in construction and engineering, property investment, property development and operations, senior housing and car dealership.

## **REASONS AND BENEFITS FOR THE PROPOSED ACQUISITION**

With the intention to redevelop the Property into a multi-storey retail/office building, the Directors believe that the Proposed Acquisition will offer potential capital appreciation to the Group.

The Directors consider that the terms of the Proposed Acquisition and the Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As certain applicable percentage ratio stipulated under Rule 14.07 of the Listing Rules in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the Proposed Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

**As Completion is subject to the fulfilment or waiver of the Conditions Precedent, the Proposed Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Adjustment Amount”	the amount of all current assets of the Target Company, Goldfame and Almax (but excluding any deferred tax assets) minus the amount of all liabilities and provisions of the Target Company, Goldfame and Almax (but excluding the Assignment Debts) as shown in the Pro Forma Completion Accounts
“Affiliate”	in relation to any person or entity, any corporation, company, partnership, association or other business entity (i) that is controlled by such person or entity, (ii) that controls such person or entity; or (iii) that is under common control with such person or entity. For the purposes of this announcement, “control” means ownership of more than fifty per cent. (50%) of the voting securities or interests in another person or entity, or the ability to direct the management or policies of such person or entity, whether by contract or otherwise
“Agreement”	the sale and purchase agreement dated 10 August 2017 entered into between the Vendor, the Guarantor and the Purchaser in relation to the Proposed Acquisition
“Almax”	Almax Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Goldfame
“Assignment Debts”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable by the Target Company to the Vendor, the Vendor’s Affiliate(s), associate(s) and joint venture(s) as at Completion (representing all amounts owing by the Target Company to the Vendor, the Vendor’s Affiliate(s), associate(s) and joint venture(s) as at such date)
“Audited Accounts”	the audited accounts of Almax for the two years ended 31 December 2015 and 2016, comprising the audited profit and loss account and the audited balance sheet prepared in accordance with Hong Kong Financial Reporting Standards

“Bank”	Hang Seng Bank Limited
“Bank Indebtedness”	the principal, interest and other sums and indebtedness (including without any limitation all penalties, default interest, handling charges, fees and costs) due, owing or payable to the Bank from time to time under a facility letter from the Bank to GEL
“Board”	the board of Directors
“Bright Port”	Bright Port Holdings Limited, an Affiliate of the Vendor
“Business Day(s)”	a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
“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)
“Completion”	completion of the Proposed Acquisition in accordance with the Agreement
“Completion Date”	31 August 2017 or any other date which may be agreed by the Vendor and the Purchaser in writing
“Conditions Precedent”	conditions for Completion set forth in the paragraph headed “Conditions Precedent to Completion” of this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$360,000,000 (to be adjusted by adding or deducting the Adjustment Amount)
“Deposit”	the sum of HK\$36,000,000 payable by the Purchaser to the Vendor
“Director(s)”	director(s) of the Company
“Existing Encumbrances”	the encumbrances over the Property of the Target Company in favour of the Bank to secure the repayment of the Bank Indebtedness
“GEL”	Goldfame Enterprises Limited, a company incorporated in Hong Kong with limited liability, the sole shareholder of Goldfame, a third party independent of the Company and its connected persons
“Goldfame”	Goldfame Asset Management Ltd, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of GEL

“Goldfame Agreement”	the provisional sale and purchase agreement dated 14 January 2017 entered into between GEL as the vendor, Mr. Chan Chi Kwong as the guarantor and the Target Company as the purchaser in relation to the sale and purchase of the entire issued share capital of Goldfame and loans to Goldfame and Almax, as varied by certain subsequent solicitors’ correspondences
“Group”	the Company and its subsidiaries
“Guarantor”	Star Properties Group (Cayman Islands) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock code: 1560)
“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
“Pro Forma Completion Accounts”	the unaudited accounts of the Target Company, Goldfame and Almax comprising unaudited balance sheets and unaudited profit and loss accounts as at and for the period from 1 January 2017 or the date of incorporation in case of the Target Company and ending on the Completion Date to be prepared in accordance with Hong Kong Financial Reporting Standards by the Vendor and the Target Company for delivery to the Purchaser prior to Completion
“Property”	all that piece or parcel of ground registered in the Land Registry as Kwun Tong Inland Lot No. 682 together with the messuages erections and buildings thereon now known as No. 4 Tai Yip Street, Kowloon, Hong Kong
“Proposed Acquisition”	proposed acquisition of the Sale Share and the Assignment Debts by the Purchaser from the Vendor and its Affiliates on and subject to the terms and conditions of the Agreement and the performance of the transactions contemplated thereunder
“Purchaser”	Jumbo Gate Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Share”	1 ordinary share of the Target Company to be sold by the Vendor to the Purchaser, constituting the entire issued share capital of the Target Company as at the date of this announcement and Completion
“Shareholder(s)”	holder(s) of ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Target Company”	Moon Colour Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor”	Star Properties Group (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“%”	per cent.

By Order of the Board  
**Chevalier International Holdings Limited**  
**KUOK Hoi Sang**  
*Co-Chairman and Managing Director*

Hong Kong, 10 August 2017

*As at the date of this announcement, the Board comprises Dr. Chow Yei Ching (Co-Chairman), Messrs Kuok Hoi Sang (Co-Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr. Chow Ming Kuen, Joseph, Mr. Yang Chuen Liang, Charles, Professor Poon Chung Kwong and Mr. Irons Sze as Independent Non-Executive Directors; Dr. Ko Chan Gock, William and Mr. Chow Vee Tsung, Oscar as Non-Executive Directors.*

\* *For identification purpose only.*