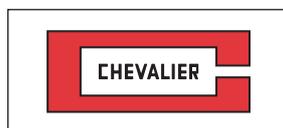


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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF SUBSIDIARY

THE AGREEMENT

The Board is pleased to announce that, on 20 June 2019 (after trading hours of the Stock Exchange), the Vendor, a direct wholly-owned subsidiary of the Company, as vendor, and the Purchaser as purchaser entered into the Provisional Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, which represents the entire issue share capital of the Target and the Sale Loan, at the Consideration of HK\$280,000,000, which shall be settled by cash. The completion shall take place at or before 2:00 p.m. on Thursday, 31 October 2019 and in any event shall not be later than five months from the date of the Provisional Agreement.

The Target, an indirect wholly-owned subsidiary of the Company, is an investment holding company and holding the Holdco incorporated in Hong Kong. The Holdco is the registered and beneficial owner of the Property. Upon Completion, the Target will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company and the Disposal is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 20 June 2019 (after trading hours of the Stock Exchange), the Vendor, a direct wholly-owned subsidiary of the Company, as vendor, and the Purchaser as purchaser entered into the Provisional Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, which represents the entire issue share capital of the Target and the Sale Loan, at the Consideration of HK\$280,000,000, which shall be settled by cash. The Completion shall take place at or before 2:00 p.m. on Thursday, 31 October 2019 and in any event no later than five months from the date of the Provisional Agreement.

THE PROVISIONAL AGREEMENT

Principal terms of the Provisional Agreement are set out below:

Date: 20 June 2019 (after trading hours of the Stock Exchange)

Parties: (a) the Vendor: CIH (BVI) Limited, a direct wholly-owned subsidiary of the Company

(b) the Purchaser: Real Supreme Limited

Assets to be disposed of

Pursuant to the Provisional Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share and the Sale Loan. As at the date of this announcement, the Vendor beneficially owns the Sale Share, being the entire issued share capital of the Target, and the Sale Loan. Details of the Target Group are set out in the section headed “Information of the Target Group” below.

Property

As at the date of this announcement, the Holdco is the registered and beneficial owner of the property which comprises (1) Ground Floor, 1st Floor including Flat Roof, 2nd Floor, 3rd Floor, 4th Floor and 5th Floor and the Roof, No. 1B Davis Street, Hong Kong and (2) Ground Floor, 1st Floor including Flat Roof, 2nd Floor, 3rd Floor, 4th Floor and 5th Floor and the Roof, No. 1C Davis Street, Hong Kong (the “**Property**”).

Consideration

The Consideration for the sale and purchase for the Sale Share and the Sale Loan shall be HK\$280,000,000 which shall be paid to the Vendor by the Purchaser in cash by way of cashier order (save and except the Initial Deposit (as defined below) which can be settled by solicitor’s cheque) issued by a licensed bank in Hong Kong drawn in favour of the Vendor (or its nominee) in the following manner:

(i) HK\$5,000,000 (the “**Initial Deposit**”) shall be paid upon signing the Provisional Agreement;

- (ii) HK\$23,000,000 shall be paid by the end of Due Diligence Period (as defined below) (the “**Further Deposit**” and together with the Initial Deposit called collectively the “**Deposit**”); and
- (iii) HK\$252,000,000 shall be paid on the Completion Date.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms after taking into account 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 the Directors are of the view that the Consideration is fair and reasonable and on normal commercial terms and that the Disposal is in the interests of the Company and the Shareholders as a whole.

Conditions Precedent of the Provisional Agreement

Completion is conditional upon the fulfillment (or waiver, as the case may be) of the following conditions:

- (i) the Target to prove and give good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong); and
- (ii) all necessary consents, approvals and authorisations required to be obtained in connection with the sale and purchase of the Sale Share and the Sale Loan and all the transactions contemplated under the Provisional Agreement have been obtained.

If condition (i) above is not fulfilled (or waived by the Purchaser) on or before the Completion Date (as defined below), the Purchaser shall be entitled to cancel the transaction under the Provisional Agreement whereupon the Vendor shall return the Deposit in full to the Purchaser forthwith without interest, penalty or deduction. Neither party shall have any claim against each other thereafter.

Due diligence investigation

The Purchaser shall complete its due diligence investigation on the Target, Holdco and the Property within 30 days from the date of the Provisional Agreement (the “**Due Diligence Period**”). If the Purchaser is not satisfied with the results of due diligence investigation by the end of the Due Diligence Period, the Purchaser shall be entitled to cancel the transaction under the Provisional Agreement whereupon the Vendor shall return the Initial Deposit to the Purchaser forthwith without penalty or deduction. If the Purchaser by the end of the Due Diligence Period either (a) gives written notice to the Vendor or its solicitor that he is satisfied with the results of the due diligence investigation or (b) fails to give written notice to the Vendor or its solicitor (in which case he is deemed to be satisfied with the results of the due diligence investigation), the Further Deposit shall forthwith become payable.

Completion

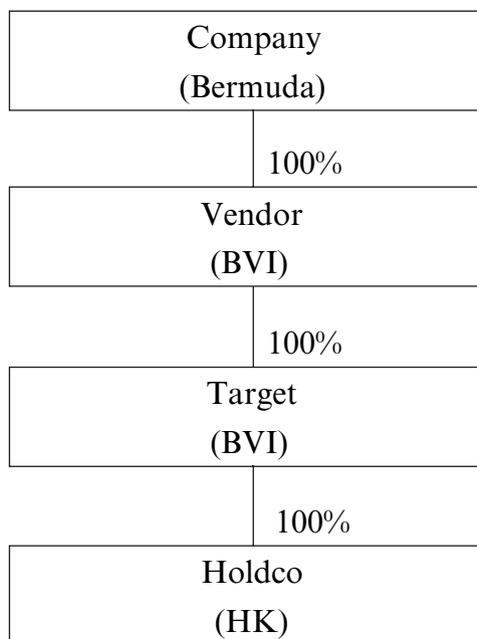
The Vendor and the Purchaser shall enter into a formal agreement for the sale and purchase of the Sale Share and Sale Loan on or before Saturday, 20 July 2019 and in any event no later than 40 days from the date of the Provisional Agreement. Subject to satisfaction of the obligations and conditions precedent set out in the Provisional Agreement, the Completion shall take place at or before 2:00 p.m. on Thursday, 31 October 2019 and in any event shall not be later than five months from the date of the Provisional Agreement (the “**Completion Date**”).

Upon Completion, the Target will cease to be a subsidiary of the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group.

INFORMATION OF THE TARGET GROUP

Shareholding structure of the Target Group

Set out below is the shareholding structure the Target Group immediately before Completion:



The Target is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement which holds the entire share capital of Holdco, a company incorporated in Hong Kong with limited liability. Holdco is an investment holding company which has no other operating businesses or major assets other than holding the legal and beneficial ownership of the Property.

Financial information of the Target Group

Set out below is the unaudited consolidated financial information of the Target Group for the period from 1 January 2017 to 31 March 2018 and the financial year ended 31 March 2019:

	For the year ended 31 March 2019	For the period from 1 January 2017 to 31 March 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	4,988	7,027
Profit before taxation	10,185	48,125
Profit after taxation	10,185	47,756

The unaudited consolidated net liabilities of the Target Group as at 31 May 2019 was approximately HK\$24,400,000.

INFORMATION OF THE PURCHASER

The Purchaser was incorporated in Anguilla with limited liability and is principally engaged in investment holding. The Purchaser is ultimately owned by Mr. Ng Kwai Tung.

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

REASONS FOR THE DISPOSAL

The Group is principally engaged in the business of construction and engineering, property investment, property development and operations, healthcare investment and car dealership.

The Directors consider that the Disposal is a good opportunity to realise the Group's investment. The proceeds from the Disposal will be applied to the general working capital of the Group and operation of current principal businesses of the Group. The Directors are of the view that the terms of the Provisional Agreement are fair and reasonable and the entering into the Provisional Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group is expected to record an unaudited gain on the Disposal of approximately HK\$70,600,000. Such gain is estimated based on the Consideration from the Disposal of HK\$280,000,000 plus the unaudited consolidated

net liabilities of the Target Group as at 31 May 2019 of approximately HK\$24,400,000 and minus the Sale Loan as at 31 May 2019 of approximately HK\$227,800,000 and the estimated transaction costs of approximately HK\$6,000,000.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Disposal constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability, and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 25)
“Completion”	the completion of the sale and purchase of the Sale Share and the Sale Loan
“Consideration”	the consideration payable by the Purchaser for Sale Share and the Sale Loan
“Directors”	the directors of the Company
“Disposal”	the sale of the Sale Share and the Sale Loan by the Vendor pursuant to the terms and conditions of the Provisional Agreement
“Group”	the Company and its subsidiaries
“Holdco”	Silver Prosper Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Provisional Agreement”	the sale and purchase agreement dated 20 June 2019 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Loan”	all obligation, liabilities and debts owing and incurring by the Target to the Vendor or its associated parties as at Completion
“Sale Share”	1 ordinary share of US\$1.00 each in the Target, representing the entire issued share capital of the Target
“Shareholder(s)”	holder(s) of the ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Jumbo Rainbow Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target and its subsidiary
“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.

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

Hong Kong, 20 June 2019

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

* *For identification purpose only*