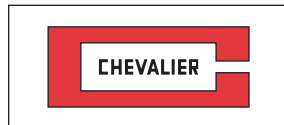


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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY IN THE UNITED KINGDOM

The Board is pleased to announce that on 2 July 2021 (after trading hours of the Stock Exchange), the Purchaser entered into an SP Agreement with the Vendor to acquire the Property at the consideration of GBP21.0 million (excluding VAT and equivalent to approximately HK\$224.7 million).

The consideration for the Acquisition is expected to be financed as to 40% by the Group's internal resources and as to 60% through a 5-year term loan to be obtained from a bank by the Purchaser and secured by, among others, mortgage over the Property.

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but all the applicable percentage ratios in respect of the Acquisition are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

The Board is pleased to announce that on 2 July 2021 (after trading hours of the Stock Exchange), the Purchaser entered into the SP Agreement with the Vendor to acquire the Property at the consideration of GBP21.0 million (excluding VAT and equivalent to approximately HK\$224.7 million).

Details of the Acquisition are set out below:

SP Agreement

Material terms of the SP Agreement are set out below:

- Parties: (1) Vendor, namely, BC Hammersmith Property Limited; and
(2) Purchaser
- Subject matter: the Property, together with the residue of terms granted by the Leasehold Leases, subject to the occupational lease with the Tenant. For details, see the paragraphs headed “Information of the Property” below
- Consideration: GBP21.0 million (excluding VAT and equivalent to approximately HK\$224.7 million)
- Payment terms: (1) deposit of 10% of the consideration exclusive of VAT (i.e. GBP2.1 million, equivalent to approximately HK\$22.5 million) (“**Deposit**”) payable to the Vendor’s conveyancer as stakeholder on the terms that, on Completion, the Deposit will be paid to the Vendor with accrued interest. The Deposit shall be paid in same day cleared funds from an account held in the name of the Purchaser’s conveyancer at a clearing bank to an account in the name of the Vendor’s conveyancer; and
(2) the balance of the consideration less the Deposit payable on Completion in same day cleared funds from an account held in the name of the Purchaser’s conveyancer at a clearing bank to an account in the name of the Vendor’s conveyancer and, if appropriate, by unconditional release of a deposit held by a stakeholder.

The consideration of GBP21.0 million (equivalent to approximately HK\$224.7 million) for the Acquisition is to be satisfied in cash. 40% of the consideration is to be satisfied by the Group’s internal resources, and the remaining 60% of the consideration will be satisfied by a 5-year term loan to be obtained from a bank by the Purchaser and secured by legal debenture from the Purchaser including mortgage over the Property, fixed and floating charge of all assets of the Purchaser and legal assignment of rental income of the Property to the bank (“**Mortgage Loan**”).

The Purchaser has agreed in principle with a bank in the UK on the terms of the Mortgage Loan. In the event that the Mortgage Loan is yet to be finalised in time and made available for drawdown to the Purchaser upon Completion, the Group will finance the entire consideration at Completion by its internal resources first and refinance 60% the Acquisition with the Mortgage Loan.

The consideration for the Property was agreed between the Vendor and the Purchaser’s Agent via an open bidding process. The Directors, having taken into account, among others, the market value of the Property, available data comparables, the expected rental income to be generated from the Property and

various investment and finance costs for the Acquisition, consider such consideration to be reasonable. Based on a valuation report prepared by an independent valuer, the Property was valued at GBP21.2 million (equivalent to approximately HK\$226.8 million) as at 19 May 2021.

The Vendor is a property holding company incorporated in England and Wales. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is wholly-owned by two individuals, Ms. Lara Legassick and Mr. Manoj Badale, and the Vendor and its ultimate beneficial owners are Independent Third Parties.

Condition precedent to Completion

The sale and purchase of the Property is conditional on the completion of the New Leasehold Lease. Please see paragraphs headed "Information of the Property — Title" for details of New Leasehold Lease.

The Purchaser may at any time before the Long-Stop Date elect to treat the above condition precedent as satisfied. If the condition precedent has not been satisfied on or before the Long-Stop Date, the Vendor or the Purchaser may terminate the SP Agreement by notice in writing. In such event, the SP Agreement will be terminated without any further liability on the parties thereto and the Vendor shall repay the Deposit to the Purchaser (without interest). Such termination of the SP Agreement shall be without prejudice to any liability of any party against any other arising from any antecedent breach of the SP Agreement.

Stamp duty

All stamp duty in relation to the Acquisition shall be borne by the Purchaser.

Completion

Completion shall take place on the day which is 10 business days after the day on which the condition precedent has been satisfied. Upon Completion, the Purchaser shall pay the consideration less the Deposit and the Vendor shall deliver to the Purchaser, among others, the deed of transfer of the Property, documents of title in respect of the Property and a deed of surrender in respect of the surrender of the Old Occupational Leases. Please see paragraphs headed "Information of the Property — Tenant" for details of Old Occupational Leases. The Property shall be transferred to the Purchaser free from all encumbrances other than those specified in the SP Agreement.

If either party fails to complete on the Completion Date then the party ready to complete shall serve a notice to complete to the other party. The party receiving the notice to complete shall then have 10 business days to complete the Acquisition, failing which, the SP Agreement will be terminated. If the Purchaser is the party that fails to complete the Acquisition within 10 business days after receiving the notice to complete, the Deposit will be forfeited.

Rescission

If either party fails to complete the Acquisition in accordance with the SP Agreement, the other party may rescind the SP Agreement and retain its other rights and remedies.

If either party rescind the SP Agreement:

- (1) Unless the rescission is a result of the Purchaser's breach of the SP Agreement, the Deposit shall be repaid to the Purchaser with accrued interest; and
- (2) The Purchaser shall return any documents it received from the Vendor and cancel registration of the SP Agreement.

INFORMATION OF THE PROPERTY

Details of the Property are set out below:

Location	1–3 Hammersmith Broadway, London
Net internal area	29,356 sq.ft.
Property completion year	Built in 1994. It is currently under refurbishment by the Tenant.
Title	The Property is held under two separate long leasehold titles known as 1 Hammersmith Broadway and 3 Hammersmith Broadway, which have residual terms of approximately 158 years and 97 years, respectively, from the date of the SP Agreement. The annual rent of each of the Leasehold Leases is at a peppercorn GBP1. Pursuant to the SP Agreement, the Vendor shall use reasonable endeavours to ensure that prior to Completion a new leasehold lease in respect of 3 Hammersmith Broadway is entered into with the landlord such that its leasehold title will have a term of approximately 158 years at an annual peppercorn rent of GBP1 and terminating on the same day as the long lease in respect of 1 Hammersmith Broadway on 25 January 2179 (“ New Leasehold Lease ”).
Tenant	The Property is currently leased to Agilysis Holdings Limited through a number of leases which will all expire on 30 March 2027 (“ Old Occupational Leases ”). Agilysis Holdings Limited entered into a lease to sublease the Property to The Secretary of State for Housing, Communities and Local Government of the UK (“ Tenant ”) on 24 February 2021. Pursuant to the SP Agreement, the Vendors shall ensure that the Old Occupational Leases are surrendered and Purchaser shall become the direct landlord under the lease with the Tenant.
Existing lease term	10-year full repairing and insuring lease from 24 February 2021. The Tenant is given 4 months rent-free period up to 23 June 2021 and break clauses at the third year and fifth year of the lease term. If the break clause is not exercised on the third year, further 2 months rent-free period will be given to the Tenant. If the break clause is not exercised on the fifth year, further 3 months rent-free period will be given to the Tenant.

Annual rent GBP1,139,141 (equivalent to approximately HK\$12,188,809); the lease to the Tenant is subject to open market rent review if the Tenant does not exercise the break clause on the fifth year of the lease term.

The lease with the Tenant is on full repairing and insuring basis, which means that the Tenant would be responsible for all the expenses of the Property including real property taxes, building insurance, and maintenance costs. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the rental income from the Property for each of the two years ended 31 March 2019 and 2020 was approximately GBP1.5 million (equivalent to approximately HK\$16.1 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The principal activity of the Company is investment holding. The principal activities of the Group are construction and engineering, property investment, property development and operations, healthcare investment and car dealership.

The Acquisition and the transactions contemplated thereunder are in the ordinary and usual course of the Group's businesses. The Directors consider the Acquisition as a good opportunity for the Group to expand and diversify its property investment business into the UK, and invest into an asset with stable income and strong tenant covenant.

The material terms of the Acquisition, including the consideration, were agreed between the Vendor and the Purchaser's Agent via an open bidding process. The Directors, having considered, among others, market value of the Property, available data comparables, expected rental income to be generated by the Property and various investment and finance costs for the Acquisition consider the terms of the Acquisition to be fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect the Acquisition is more than 5% but all the applicable percentage ratios in respect of the Acquisition are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms of the SP Agreement
“Board”	the board of Directors
“business day”	any day from Monday to Friday (inclusive) which is not Christmas Day, Good Friday or a statutory bank holiday in the UK

“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”	the completion of the Acquisition in accordance with the terms of the SP Agreement
“Completion Date”	10 business days after the date on which the condition precedent has been satisfied or such earlier date as may be agreed between the parties
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit”	has the meaning ascribed to it in the paragraphs headed “The Acquisition — SP Agreement”
“Director(s)”	the director(s) of the Company
“GBP”	British pound sterling, the lawful currency of the UK
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined under the Listing Rules)
“Leasehold Leases”	the two long leases through which the Property’s leasehold titles are granted to the Vendors as amended by the New Leasehold Lease. For details of Leasehold Leases, please see the paragraphs headed “Information of the Property — Title”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 August 2021
“New Leasehold Lease”	has the meaning ascribed to it in the paragraphs headed “Information of the Property — Title”
“Old Occupational Leases”	has the meaning ascribed to it in the paragraphs headed “Information of the Property — Tenant”
“Property”	a Grade-A office building in the UK together with the residue of the term of years granted by the relevant Leasehold Leases. Details of the Property are set out in the paragraphs headed “Information of the Property” above
“Purchaser”	Chevalier (Hammersmith Broadway) Limited, a company incorporated in England and Wales and an indirect wholly-owned subsidiary of the Company
“Purchaser’s Agent”	Snapdragon Real Estate Investment Management Limited, a private limited company incorporated in England and Wales and is specialised in provision of specialist investment and asset management services to sophisticated real estate investors

“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SP Agreement”	the contract for the sale of leasehold land subject to lease(s) dated 2 July 2021 and entered into by the Purchaser and the Vendor in respect of the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	has the meaning ascribed to it in the paragraphs headed “Information of the Property — Tenant”
“UK”	the United Kingdom
“VAT”	value added tax or any equivalent tax chargeable in the UK
“Vendor”	BC Hammersmith Property Limited, a company incorporated in England and Wales and, to the best knowledge, information and belief of the Directors, engages in property holding
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“sq.ft.”	square feet
“%”	per cent.

For illustrative purposes, sums in GBP in this announcement are translated to HK\$ at the rate of GBP1 = HK\$10.7. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 2 July 2021

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*