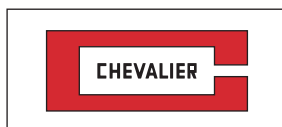


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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

DISCLOSEABLE TRANSACTION

On 10 December 2024 (after trading hours of the Stock Exchange), OR4 Laurelhurst, an indirect wholly-owned subsidiary of the Company, entered into the Asset Purchase Agreement with SE Stark, under which OR4 Laurelhurst has agreed to sell and SE Stark has agreed to purchase the Transferred Assets for a total consideration of US\$35 million (equivalent to approximately HK\$273 million).

As the applicable percentage ratios exceed 5% but are less than 25%, the transaction contemplated under the Asset Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

ASSET PURCHASE AGREEMENT

Date

10 December 2024

Parties

- (i) OR4 Laurelhurst, as the seller; and
- (ii) SE Stark, as the purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, SE Stark and its ultimate beneficial owner(s) who own or control 30% or more of the voting capital of such party are parties independent of the Company, its subsidiaries, directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules).

Transferred Assets

Subject to the terms and conditions of the Asset Purchase Agreement, OR4 Laurelhurst has agreed to sell and SE Stark has agreed to purchase the Transferred Assets, free and clear of any liabilities and obligations of OR4 Laurelhurst. SE Stark shall only assume OR4 Laurelhurst's liabilities and obligations of the Transferred Assets related to the period from and after Closing.

The Transferred Assets include, amongst other things, (a) fee simple title in and to the real property on which Laurelhurst Village, 3060 SE Stark St., Portland, OR 97214, U.S. (the "Facility") is located, and adjacent real property (collectively, the "Real Property"); (b) all buildings, structures, fixtures, building systems and equipment included in the Real Property, and all components thereof, including, amongst other things, security and surveillance systems installed at the Real Property owned by OR4 Laurelhurst, together with the telecommunications, computer, wiring, and cable installations at the Real Property owned by OR4 Laurelhurst (collectively, the "Improvements"); (c) all right, title, and interest of OR4 Laurelhurst in and to any alleys, strips, or gores adjoining the Real Property, and all other accessions, appurtenant rights, and privileges of OR4 Laurelhurst in and to the Real Property and the Improvements (collectively, the "Appurtenances"); (d) all furniture, fixtures, furnishings, and equipment owned by OR4 Laurelhurst and located at the Facility and all other items of tangible personal property owned by OR4 Laurelhurst and used in connection with the ownership, leasing, and maintenance of the Real Property and the Facility (collectively, the "Tangible Personal Property"); (e) to the extent OR4 Laurelhurst's interest is assignable pursuant to applicable law, all licenses, permits, approvals, and certificates of need (or the equivalent) owned or held by OR4 Laurelhurst that are required in order to own and lease the Facility, as a landlord; (f) all right, title and interest of OR4 Laurelhurst in and to any architect and engineer plans and specifications associated with the Facility; (g) vehicles as particularised in the Asset Purchase Agreement; (h) all right, title, and interest of OR4 Laurelhurst in and to any trade names (including without limitation "Laurelhurst Village" and "Laurelhurst Terrace") associated with the operation of the Facility; and (i) any and all other items of intangible personal property owned by OR4 Laurelhurst and used in connection with the ownership, leasing, and maintenance of the Real Property and the Facility (Items (e) to (i) shall collectively be called "Others").

SE Stark will not acquire, amongst other things, (a) any goodwill of OR4 Laurelhurst and/or the current lessee and licensed operator of the Facility ("Old Operator") associated with the business operated at the Facility; (b) all promissory notes and investments maintained in OR4 Laurelhurst's and/or Old Operator's accounts; (c) all bank accounts, demand deposit accounts, insurance policies, cash equivalents and securities of OR4 Laurelhurst and/or Old Operator; (d) OR4 Laurelhurst's or Old Operator's organisational documents, corporate minute books and stock transfer records, tax records, accounts payable records, accounts receivable records and other records of OR4 Laurelhurst or Old Operator, as applicable, relating to it as an entity; (e) income and franchise tax refunds to the extent relating to periods prior to the Closing Date; (f) insurance policies on the lives of OR4 Laurelhurst's and/or Old Operator's shareholders or members; (g) accounts receivable and credits against accounts payable of the Facility;

(h) any assets that are not used or held for use exclusively with respect to the Facility; (i) all insurance policies of OR4 Laurelhurst and/or Old Operator and except as provided in the Asset Purchase Agreement, rights to proceeds under any policies; (j) assets, systems and computer hardware used by OR4 Laurelhurst and/or Old Operator, or their respective Affiliates at the corporate level or in any of its other businesses; (k) all actions, suits, claims, rights and chooses in action by, against or in favor of OR4 Laurelhurst; (l) rights to payments, reimbursement or refunds from the U.S., any state, any insurer, municipality, public utility or other agency, individual or entity with respect to the Facility which relate to the period prior to the Closing Date; (m) all employee records, employee agreements, and employment related materials, as well as operational and clinical manuals, policies and procedures; (n) all tradenames and trademarks, copyrights, proprietary software, other intellectual property, and all promotional materials relating to the marketing and advertising of the Facility owned by OR4 Laurelhurst, Old Operator, or any of their respective Affiliates or subsidiaries; (o) all vendor or service arrangements for the benefit of multiple senior living communities, including the Facility and other communities owned, leased or managed by OR4 Laurelhurst, Old Operator, or any of their respective Affiliates or subsidiaries; (p) all accounts, enrollments, participation agreements, National Provider Identifier numbers, and provider numbers related to or associated with Medicaid; (q) any vehicles leased by OR4 Laurelhurst and/or Old Operator and used in connection with the operation of the Facility except those vehicles as particularised in the Asset Purchase Agreement and any equipment leased by OR4 Laurelhurst and/or Old Operator; (r) any machinery, equipment and other tangible property leases, and any rights of OR4 Laurelhurst and/or Old Operator thereunder; and (s) all permits, licenses, approvals and authorisations issued, granted or given by or under the authority of any federal, state or local governmental or quasi-governmental agency, authority, official, tribunal, or Medicaid managed care organisation relating in any way to the ownership or operation of the Facility and that are (i) not transferrable pursuant to applicable law or (ii) issued to any provider of services at the Facility for the purpose of providing services at the Facility and at other facilities (whether now or in the future).

Closing Date and Option to Extend

The purchase and sale of the Transferred Assets shall be consummated on the first calendar day of the month that is at least thirty (30) days following the last day of the Due Diligence Period (the “Initial Closing Date”). SE Stark shall have one (1) option to extend the Initial Closing Date by one (1) month to the first calendar day of the month immediately following the month in which the Initial Closing Date was otherwise to occur upon (i) written notice to OR4 Laurelhurst given at least ten (10) Business Days prior to the Initial Closing Date and (ii) the deposit with the settlement agent within three (3) calendar days of the exercise of such extension right of the additional sum of US\$500,000 (equivalent to approximately HK\$3.90 million) (the “Closing Extension Deposit”). Upon deposit of the Closing Extension Deposit with the settlement agent, such Closing Extension Deposit shall be included with and become part of the Deposit. The Initial Closing Date together with any extension thereof in accordance with the preceding sentence is referred to the “Closing Date”.

Consideration

The total consideration for the Disposal is US\$35 million (equivalent to approximately HK\$273 million) (the “Consideration”), of which:

- (a) US\$1 million (equivalent to approximately HK\$7.8 million) shall be delivered within seven (7) Business Days of the date of the Asset Purchase Agreement to the settlement agent and held in escrow as an initial deposit to OR4 Laurelhurst (the “Initial Deposit”); and
- (b) The balance of the Consideration less the amount of the Deposit shall be paid at Closing by wire transfer of immediately available funds to the settlement agent.

The Consideration is subject to adjustments and prorations which may arise from, amongst other things, real and personal property taxes and assessments, collected rents, utility bills, security deposits and operating expenses incurred for which OR4 Laurelhurst shall be responsible up to the Closing Date and SE Stark shall be responsible on and after the Closing Date.

The Consideration was determined after arm’s length negotiations between OR4 Laurelhurst and SE Stark taking into account of the book value of the Transferred Assets amounting to approximately US\$14.69 million (equivalent to approximately HK\$114.58 million) as at 30 September 2024.

The guarantee to the indemnification by OR4 Laurelhurst

Pursuant to the Asset Purchase Agreement and following the consummation of the Closing, OR4 Laurelhurst has agreed to indemnify, protect, defend, exculpate and hold Purchaser Indemnified Parties harmless from and against, and agree promptly to defend Purchaser Indemnified Parties from and reimburse Purchaser Indemnified Parties for, any and all liabilities, losses, costs, claims, damages, penalties, and expenses (including reasonable attorneys’ fees and expenses and costs of investigation and litigation) which Purchaser Indemnified Parties may at any time suffer or incur, or become subject to, as a result of or in connection with, among other things, any and all obligations of OR4 Laurelhurst of any nature whatsoever due to a third party, any breach or inaccuracy of any of the representations or warranties made by OR4 Laurelhurst, any failure by OR4 Laurelhurst to carry out, perform, satisfy, and discharge any of its covenants, agreements, undertakings, liabilities, or obligations, and any and all claims arising out of the operation of the Facility prior to Closing (collectively, the “Indemnity Obligations”). SH3 Emer LLC (“SH3 Emer”), an indirect wholly-owned subsidiary of the Company, has agreed to, by signing a joinder to the Asset Purchase Agreement, undertake the Indemnity Obligations, subject to certain limitations and survival period, including a cap of US\$1,225,000 (equivalent to approximately HK\$9.56 million) (the “Cap”), in the event that OR4 Laurelhurst fails to perform any of its Indemnity Obligations. SH3 Emer has further agreed that it shall maintain cash or cash equivalents equal to the Cap during the period commencing on the Closing Date and ending nine months thereafter for the purpose of such Indemnity Obligations.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Group has been investing in senior housing properties and related facilities in the U.S. since 2011. From time to time, the Group will rearrange the portfolio in order to enhance the overall performance of the Group's healthcare investments. Having considered a wide range of factors, including but not limited to, the local economy and demographics, the market supply and demand of elderly housing services, the upside potential and the current physical conditions of the Transferred Assets, the Group decided to dispose of the Transferred Assets and reallocate the resources to the Group's other investments.

The Directors believe that the terms of the Asset Purchase Agreement and the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole. The Directors anticipated that the Asset Purchase Agreement and the Disposal are conducted in the ordinary and usual course of the business of the Group on normal commercial terms and will have no material adverse impact on the operations and financial position of the Group.

INFORMATION ON THE PARTIES TO THE ASSET PURCHASE AGREEMENT

OR4 Laurelhurst

OR4 Laurelhurst is an indirect wholly-owned subsidiary of the Company. It is a limited liability company established under the laws of the state of Delaware, the U.S., and is a single purpose vehicle holding the Transferred Assets.

SE Stark

SE Stark is a limited liability company incorporated in Nevada, the U.S.. It is principally engaged in nursing home ownership and operation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SE Stark and its ultimate beneficial owner(s) who own or control 30% or more of the voting capital of such party are parties independent of the Company, its subsidiaries, directors, chief executives and substantial shareholders or their respective associates. SE Stark is primarily held by two irrevocable trusts called (i) Tatiriq Irrevocable Trust and (ii) Saessy Irrevocable Trust, and each hold approximately 30% or more of SE Stark. The trustee of Tatiriq Irrevocable Trust is Heather Bennett-Idels and its beneficiaries are Shimon Idels, Heather Bennett-Idels, Josh Idels, Rachel Idels, Rikki Idels, Ahuva Idels, Allison Haley Book and Bianca Lea Book. The trustee of Saessy Irrevocable Trust is Daniel Gottesman and its beneficiaries are Steven Schwartz, Elisheva Sharon Prager, Sarah Schwartz, Yehuda Schwartz and Molly Schwartz.

The Asset Purchase Agreement provides for the assignability by SE Stark of the Asset Purchase Agreement to its Affiliate(s).

GENERAL

Listing Rules Implications

As the applicable percentage ratios exceed 5% but are less than 25%, the transaction contemplated under the Asset Purchase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Financial Information of the Transferred Assets

The unaudited financial information attributable to the Transferred Assets for the two years ended 31 March 2023 and 2024, were set out below:

	Year ended 31 March 2023 (US\$'000)	Year ended 31 March 2024 (US\$'000)
Transferred Assets	14,999.66	14,844.23
Profits before tax	42.15	743.55
Profits after tax	49.01	595.43

Financial Impact of the Disposal

Upon the completion of the Disposal, the Group is expected to realise an estimated gain on Disposal of approximately US\$13.32 million (equivalent to approximately HK\$103.90 million). Such gain is estimated based on the Consideration less (i) the book value of the Transferred Assets as at 30 September 2024; (ii) written off of the goodwill and (iii) the estimated amount of costs and tax in relation to the Disposal. Such calculation is only an estimate provided for illustrative purpose and the actual gain on the Disposal will depend on the final consideration after the adjustment, subject to the final audit to be performed by the Group's auditors.

The Directors do not anticipate that the completion of the Disposal will have a significant effect on the business and performance of the Group.

Use of Proceeds from the Disposal

The Directors currently intend to use the net proceeds from the Disposal as general working capital for the Group.

DEFINITIONS

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

“Affiliate”	as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person, and in the context of an Affiliate of SE Stark, a party that is independent of the Company, its subsidiaries, directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules). For the purposes of this definition, “control” (including with correlative meanings, the terms “controlling,” “controlled by,” and “under common control with”) as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through ownership of voting securities or by contract or otherwise
“Asset Purchase Agreement”	the agreement of asset purchase dated as of 10 December 2024 entered into between OR4 Laurelhurst and SE Stark regarding, inter alia, the sale and purchase of the Transferred Assets
“Board”	the board of Directors
“Business Day”	any day other than a Saturday, Sunday, or holiday on which national banking associations in the State of Oregon, U.S. are authorised or required to be closed
“Closing”	the closing of the sale and purchase of the Transferred Assets contemplated under the Asset Purchase Agreement
“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 person(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit”	the Initial Deposit and Closing Extension Deposit (if any), together with any interest earned thereon
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Transferred Assets by OR4 Laurelhurst to SE Stark pursuant to the Asset Purchase Agreement
“Due Diligence Period”	the period commencing on the date of the Asset Purchase Agreement and ending on the earlier of (i) 28 February 2025 or (ii) the date that is forty-five (45) days after the later of (1) the date of the Asset Purchase Agreement and (2) the date on which the OTA is executed by and between New Operator and Old Operator
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“New Operator”	the entity that will lease the Facility from SE Stark and will acquire operational and managerial control of the business within the Facility pursuant to the OTA
“Person”	any individual, corporation, proprietorship, firm, partnership, limited partnership, trust, association, or other entity
“Purchaser Indemnified Parties”	collectively SE Stark, New Operator, and their Affiliates, members, partners, directors, shareholders, officers, employees and agents
“OR4 Laurelhurst”	OR4 Laurelhurst, LLC, an indirectly wholly-owned subsidiary of the Company, being a limited liability company established under the laws of the state of Delaware, the U.S.
“OTA”	the Operations Transfer Agreement to be entered into between the Old Operator and New Operator whereby New Operator will acquire the operational and managerial control of the business within the Facility
“SE Stark”	SE Stark Street HoldCo LLC, a limited liability company established under the laws of the state of Nevada, the U.S.

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transferred Assets”	the Real Property, Improvements, Appurtenances, Tangible Personal Property and Others
“U.S.”	the United States of America
“US\$”	U.S. dollars, the lawful currency of the U.S.
“%”	per cent

For illustrative purposes, sums in US\$ in this announcement are translated to HK\$ at the rate of US\$1 = HK\$7.8. 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, 10 December 2024

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; Professor Poon Chung Kwong, Mr. Irons Sze, Mr. Sun Leland Li Hsun and Ms. Kwan Angelina Agnes as Independent Non-Executive Directors; Mr. Chow Vee Tsung, Oscar as Non-Executive Director.

* *for identification purpose only*