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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)

**CONTINUING CONNECTED TRANSACTIONS  
AND  
MAJOR TRANSACTION RELATING TO  
PROVISION OF FINANCIAL ASSISTANCE**

Financial adviser to Chevalier International Holdings Limited

  
**Optima Capital Limited**  
Optima Capital Limited

On 12 February 2009, the Company entered into the Elevator Distribution Agreement with TELC and the Office Equipment Distribution Agreement with Toshiba in relation to, among other things, the distribution of the Elevator Products and the sale and purchase of the Office Equipment Products respectively. The transactions contemplated under the Agreements will constitute continuing connected transactions for the Company under the Listing Rules. As each of the annual caps for the sale of Office Equipment Products by the Group to the Toshiba Group and the payment of the Marketing Fee by the Toshiba Group to the Group for the year ending 31 March 2010 is below 2.5% of each of the applicable percentage ratios (other than the profits ratio) of the Company under the Listing Rules, these transactions are subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules. As each of the annual caps for the purchases of Elevator Products and Office Equipment Products by the Group from the TELC Group and the Toshiba Group respectively and the payment of the Maintenance Commission by the Group to the TELC Group for the year ending 31 March 2010 exceeds 2.5% of each of the applicable percentage ratios (other than the profits ratio) of the Company under the

Listing Rules, these transactions are subject to the reporting, announcement and independent shareholders' approval requirements set out in Rule 14A.35 of the Listing Rules.

Besides, on the First Closing Date, the Company and TELC shall enter into the Shareholders' Agreement. Among other things, it would be one of the terms of the Shareholders' Agreement that the Company shall continue to provide the Corporate Guarantee in respect of the borrowings or finance of the CHKL Group during the Relevant Period and, in the case of non-Toshiba business in Singapore, a period of two years after the First Closing, provided that TELC will provide a counter indemnity in favour of the Company for such guarantee to the extent of TELC's shareholdings in CHKL save and except for non-Toshiba business in Singapore. Each of the Company and TELC also undertakes that it shall, after the Relevant Period and, in the case of non-Toshiba business in Singapore, a period of two years after the First Closing, provide irrevocable and unlimited guarantee in respect the borrowings or finance of the CHKL Group proportionate to its then shareholding in CHKL. The provision of the Corporate Guarantee after the Relevant Period constitutes a major transaction for the Company under the Listing Rules. It also constitutes a continuing connected transaction for the Company during the Relevant Period. The provision of the Corporate Guarantee is subject to independent Shareholders' approval.

Neither Toshiba nor any of its associates hold any Shares as at the date hereof. Accordingly, no existing Shareholder has a material interest in the Agreements or the provision of the Corporate Guarantee which is different from the other Shareholders, and therefore no Shareholder is required to abstain from voting on the transactions contemplated under the Agreements and the provision of the Corporate Guarantee. Dr. Chow, the controlling Shareholder holding 154,682,359 Shares, representing approximately 55.73% of the total issued Shares as at the date hereof, has given his written consent to the transactions contemplated under the Agreements and the provision of the Corporate Guarantee during and after the Relevant Period. The Company has submitted an application to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from holding a Shareholders' meeting and that a written independent Shareholders' approval be accepted in lieu of holding a general meeting.

A circular containing, among other things, information on the Agreements and the Corporate Guarantee, the letters from the independent committee of the Board and the independent financial adviser containing their respective opinions on the Agreements and the provision of the Corporate Guarantee during the Relevant Period will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

## **BACKGROUND**

Reference is made to the announcement of the Company dated 4 December 2008 and the Circular of the Company dated 23 January 2009 in relation to, among other things, the disposal of the CHKL Sale Shares.

As mentioned in the Circular, following the First Closing, the Company will hold a 51% interest in CHKL and CHKL will be accounted for as a subsidiary of the Company. After the Second Closing, the Company will continue to hold a 49% interest in CHKL and CHKL will be accounted for as an associated company of the Company. During the Relevant Period, as TELC will become a substantial shareholder of CHKL, Toshiba and its associates including TELC will become connected persons of the Company under the Listing Rules.

Members of the Group have been the distributor of the Elevator Products manufactured by the TELC Group since 1970, with responsibility for sales, engineering and maintenance in Hong Kong and Singapore. As part of the distribution arrangement, the Group has been paying maintenance commission to the TELC Group. Members of the Group have also been purchasing the Office Equipment Products manufactured by the Toshiba Group for re-sale in Hong Kong and Macau since 1983. Certain affiliates of the Toshiba Group in Hong Kong are also customers of the Group for such Office Equipment Products. Furthermore, the Group has been undertaking marketing and promotional activities in connection with the Office Equipment Products. Subject to the entering into of separate agreements between the Group and the Toshiba Group, the Toshiba Group shall make payment to the Group to contribute part of the marketing expenses incurred by the Group if written agreement can be reached between them on the detailed arrangements and the amounts of the contribution. The purchase of the Elevator Products from the TELC Group, the payment of the Maintenance Commission by the Group to the TELC Group, the purchase and sale of the Office Equipment Products from/to the Toshiba Group, and the payment of the Marketing Fee by the Toshiba Group to the Group will constitute continuing connected transactions for the Company under the Listing Rules during the Relevant Period.

In anticipation of the First Closing and in compliance with the applicable requirements of the Listing Rules, on 12 February 2009, the parties entered into the Elevator Distribution Agreement and the Office Equipment Distribution Agreement, which serve as framework agreements between the parties for the sale and purchase of the Elevator Products and Office Equipment Products respectively. Details of the Elevator Distribution Agreement and the Office Equipment Distribution Agreement are set out below.

## **THE ELEVATOR DISTRIBUTION AGREEMENT**

### **Date**

12 February 2009

### **Parties**

- (i) TELC (as supplier); and
- (ii) the Company (as distributor).

### **Subject matter**

Pursuant to the Elevator Distribution Agreement, TELC shall appoint the Group and the Company agrees to act and procure its subsidiaries to act as distributor of the Elevator Products for the TELC Group in Hong Kong, Macau, Singapore, the PRC and such other territories as agreed between the parties from time to time on terms set out therein. As the distributor, the Group purchases Elevator Products from the TELC Group for re-sale. The Group will also provide maintenance services for the Elevator Products by entering into separate maintenance agreements with its customers.

### **Term**

Subject to the Shareholders' approval of the Company, the Elevator Distribution Agreement shall come into effect on the First Closing Date and shall, unless sooner terminated in accordance with the terms of the Elevator Distribution Agreement, continue until the Second Closing Date or 31 March 2010, whichever is the earlier.

### **Price and payment terms**

The price of the Elevator Products and the terms of each order for the Elevator Products shall be arrived at after arm's length negotiations, be comparable to those offered to independent third parties and be on terms comparable to the prevailing market rate and practice. Furthermore, the Maintenance Commission is payable by the Group to the TELC Group in respect of the maintenance income generated by the Group relating to the Elevator Products. It is agreed among the parties that the Maintenance Commission shall be based on individual maintenance agreements between the Group and its customers, at rates comparable to those offered to independent third parties and on terms comparable to the prevailing market rate and practice.

## **THE OFFICE EQUIPMENT DISTRIBUTION AGREEMENT**

### **Date**

12 February 2009

### **Parties**

- (i) Toshiba; and
- (ii) the Company.

### **Subject matter**

Pursuant to the Office Equipment Distribution Agreement, Toshiba shall sell to the Group the Office Equipment Products and the Company agrees to purchase and procure its subsidiaries to purchase the Office Equipment Products for re-sale in Hong Kong, Macau or such other territories as agreed between the parties from time to time. The Company also agrees to sell and procure its subsidiaries to sell the Office Equipment Products to members of the Toshiba Group at their request for their own use. Furthermore, the Company shall procure the Group to undertake marketing, advertisement and sales promotions of the Office Equipment Products.

### **Term**

Subject to the Shareholders' approval of the Company, the Office Equipment Distribution Agreement shall come into effect on the First Closing Date and shall, unless sooner terminated in accordance with the terms of the Office Equipment Distribution Agreement, continue until the Second Closing Date or 31 March 2010, whichever is the earlier.

### **Price and payment terms**

The price of the Office Equipment Products and the terms of each order for the Office Equipment Products shall be arrived at after arm's length negotiations, be comparable to those offered to independent third parties and be on terms comparable to the prevailing market rate and practice.

In respect of the costs incurred by the Group for the marketing, advertisement and sales promotions of the Office Equipment Products, Toshiba agrees that the relevant supplying entities within the Toshiba Group shall pay to the relevant entities within the Group the Marketing Fee as contribution to part of the aforesaid marketing, advertisement and sales promotion costs, if written agreement can be reached between them on the detailed

arrangements and the amounts of the contribution. The Marketing Fees are agreed among the parties with reference to the amounts of advertising and promotion expenses incurred by the Group and the quantity of purchases from the Toshiba Group. The Marketing Fee is payable within 30 days from the debit note issued by the Group to the Toshiba Group half-yearly.

## **ANNUAL CAPS**

The purchase by the Group of the Elevator Products and the payment of Maintenance Commission under the Elevator Distribution Agreement, and the sale and purchase of Office Equipment Products and the payment of Marketing Fee by the Toshiba Group under the Office Equipment Distribution Agreement shall be subject to maximum amounts not exceeding the respective annual caps. Set out below are the historical transaction amounts and the annual caps for the respective transactions:

	<i>Historical amounts</i>			<i>Annual caps</i>
	<i>Year ended 31 March</i>			<i>Year ending</i>
	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>31 March</i>
	<i>HK\$'</i>	<i>HK\$'</i>	<i>HK\$'</i>	<i>HK\$'</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
<b><i>Transactions related to Elevator Products:-</i></b>				
Purchases of Elevator Products by the Group	55.7	63.9	114.2	155
Maintenance Commission paid / payable by the Group	48.2	47.1	48.4	60
<b><i>Transactions related to Office Equipment Products:-</i></b>				
Purchases of Office Equipment Products by the Group	318.7	266.3	243.6	280
Sale of Office Equipment Products by the Group	1.9	1.6	1.5	5
Marketing Fee received / receivable by the Group	5.1	5.0	5.5	10

The annual caps proposed above are determined with reference to the historical amounts of transactions for each of the years ended 31 March 2006, 2007 and 2008 and the estimated projection of purchases and/or sales of the Elevator Products and Office

Equipment Products. In particular, the annual caps relating to the Elevator Products have been determined after taking into account the business growth opportunity brought by the cross holding relationship as a result of the Disposal as mentioned in the Circular. In view of the recent economic downturn, the Group plans to carry out more advertising and marketing activities to boost the sales and market demand for the Office Equipment Products. Accordingly, the Group expects that more Marketing Fee will be received during the year ending 31 March 2010. With more marketing activities boosting the market demand, the Group expects the purchase of Office Equipment Products will increase accordingly. Furthermore, as most of the transactions with the Toshiba Group in relation to Office Equipment Products are denominated in Japanese Yen, the anticipated strong position of Yen will lead to a larger transaction amounts during the year ending 31 March 2010 as compared to previous years.

## **PROVISION OF CORPORATE GUARANTEE**

As mentioned in the Circular, the Company has been giving corporate guarantee in respect of the borrowings or finance of the members of the CHKL Group (which are direct or indirect wholly-owned subsidiaries of the Company prior to the First Closing). On the First Closing Date, the Company and TELC shall enter into the Shareholders' Agreement. Among other things, it would be one of the terms of the Shareholders' Agreement that the Company shall continue to provide the Corporate Guarantee in respect of the borrowings or finance of the CHKL Group during the Relevant Period and, in the case of non-Toshiba business in Singapore, a period of two years after the First Closing, provided that TELC will provide a counter indemnity in favour of the Company for such guarantee to the extent of TELC's shareholdings in CHKL save and except for non-Toshiba business in Singapore.

Each of the Company and TELC also undertakes that it shall, after the Relevant Period and, in the case of non-Toshiba business in Singapore, a period of two years after the First Closing (which is expected to be on or around 31 March 2011), provide irrevocable and unlimited guarantee in respect of all or any outstanding external borrowings or finance (including without limitation loans, overdrafts, trade finance, performance guarantees, bank guarantees or otherwise) of the CHKL Group proportionate to its then shareholding in CHKL.

### **Annual cap amount of the Corporate Guarantee to be utilised by the CHKL Group during the Relevant Period**

The provision of the Corporate Guarantee during the Relevant Period constitutes a continuing connected transaction for the Company under the Listing Rules. It is proposed that the maximum amount of the Corporate Guarantee to be utilised by the

CHKL Group during the Relevant Period would be HK\$365 million. The aforesaid maximum amount of the Corporate Guarantee during the Relevant Period has been determined with reference to the business scope, the financial position and the projected capital needs of the CHKL Group after the First Closing. Under the terms of the Shareholders' Agreement, the Company is entitled to appoint five (including the chairman) out of nine members to the board of directors of CHKL during the Relevant Period and is able to control 51% of the voting power in CHKL. Therefore, the Directors consider that the Company can effectively monitor and manage the borrowing activities of the CHKL Group to ensure that the utilization of the Corporate Guarantee by the CHKL Group during the Relevant Period would be within the proposed cap.

### **Financial position of the CHKL Group**

The CHKL Group is the business unit of the Group principally engaged in the Elevator Business. As at 31 March 2008, the total banking facilities available to the CHKL Group amounted to HK\$730.3 million and the maximum amount of banking facilities utilised by the CHKL Group during the year ended 31 March 2008 amounted to approximately HK\$152 million. No borrowing attributable to the Elevator Business of the CHKL Group was outstanding as at 31 March 2008. The unaudited profit before taxation and after taxation attributable to the Elevator Business of the CHKL Group for the year ended 31 March 2007 were approximately HK\$174.6 million and approximately HK\$143.2 million respectively. The unaudited profit before taxation and after taxation attributable to the Elevator Business of the CHKL Group for the year ended 31 March 2008 were approximately HK\$175.9 million and approximately HK\$143.1 million respectively.

### **REASONS FOR THE AGREEMENTS AND THE PROVISION OF CORPORATE GUARANTEE**

The Group is principally engaged in the business of construction and engineering, insurance and investment, property (including property development and investment, hotel operations), food and beverages, computer and information communication technology and others. The Group currently has operations in China, South East Asia, Europe, North America, Australia and the Middle East. In particular, the Group has strong presence in the PRC property market, including cities such as Beijing, Changchun, Chengdu, Hefei, Shanghai and Shenzhen.

Toshiba, one of the world's leaders in high technology, is a diversified manufacturing and marketer of advanced electronic and electrical products, spanning information and communications equipment and systems, Internet-based solutions and services, electronic components and materials, power systems, industrial and social infrastructure systems,

and household appliances. TELC was established in 2001 when Toshiba spun off its elevator and escalator business as a subsidiary. TELC is one of the world's leading companies in elevators and moving walks, with a network of six affiliates in three countries.

TELC and the Company have enjoyed a positive relationship since 1970 when the Company became an overseas distributor of Toshiba elevators, with responsibility for sales and engineering in Hong Kong and Singapore. The Group has also been a distributor of the Office Equipment Products for the Toshiba Group since 1983.

After completion of the Disposal, the TELC Group will continue with its existing business and other members of the Group will continue their business relationship with the Toshiba Group in the ordinary and usual course of business of the Group. The Agreements serve as framework to regulate the conduct of business between the Group and the Toshiba Group during the Relevant Period. The Directors are of the view that the transactions contemplated under the Agreements are in the ordinary course of business of the Group, the terms of the Agreements and the respective annual caps are on normal commercial terms and fair and reasonable, and the entering into of the Agreements is in the interests of the Company and the Shareholders as a whole.

Having considered that the Group will remain to hold a substantial shareholding in the CHKL Group after the Disposal, the Directors consider it fair and reasonable to provide continuous support to the CHKL Group for its business expansion by means of the Corporate Guarantee. Given that the Relevant Period would only last for one year and a counter-indemnity will be provided by TELC in favour of the Company in respect of such guarantees to the extent of TELC's shareholdings in CHKL, the net exposure to the Company in respect of such guarantees is proportional to the Company's shareholding in CHKL. After the Relevant Period and, in the case of non-Toshiba business in Singapore, a period of two years after the First Closing, the guarantee will be provided by the Company and TELC pro rata to their respective shareholding in the CHKL Group. In addition, the non-Toshiba business in Singapore of the CHKL Group has been conducted by the CHKL Group for more than 30 years and is related to the distribution, installation and maintenance of elevators which are not under the brand name of Toshiba and not manufactured by the Toshiba Group. Given the much longer history thus more knowledge possessed by the Group than TELC in such non-Toshiba business in Singapore, the Directors consider that it is fair and reasonable to extend the Corporate Guarantee in respect of the non-Toshiba business in Singapore of the CHKL Group to two years after the First Closing (which is expected to be on or around 31 March 2011 or about one year after the Second Closing).

Pursuant to the Shareholders' Agreement, both the Company and TELC agree and undertake that they will not, without the prior approval in writing of both of them, permit

CHKL and/or any members of the CHKL Group to borrow any single borrowing of any moneys, and/or accept any financial facilities or credit obtained from banks and other financial institutions for more than 30% of the total asset value as recorded in the immediately preceding audited consolidated accounts of the CHKL Group. Accordingly, although the Corporate Guarantee is an unlimited guarantee, the Company is able to monitor the gearing level of the CHKL Group and therefore control its risk exposure. Having considered the above, the Directors consider that the terms of the Corporate Guarantee are on normal commercial terms, fair and reasonable and the provision of the Corporate Guarantee is in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

By virtue of TELC being a substantial shareholder of CHKL (being a non-wholly owned subsidiary of the Company) during the Relevant Period, TELC, Toshiba and their associates would become connected persons of the Company under the Listing Rules during the Relevant Period. The transactions contemplated under the Agreements will constitute continuing connected transactions for the Company under the Listing Rules. Subsequent to the Relevant Period, CHKL will be a 49% owned associated company of the Company. Save for their respective interests in CHKL, CHKL and its ultimate beneficial owner (Toshiba) are independent from the Company and its connected persons.

As each of the annual caps for the sale of the Office Equipment Products by the Group to the Toshiba Group and the payment of the Marketing Fee by the Toshiba Group to the Group for the year ending 31 March 2010 is below 2.5% of each of the applicable percentage ratios (other than the profits ratio) of the Company under the Listing Rules, these transactions are subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules.

As each of the annual caps for the purchases of Elevator Products and Office Equipment Products by the Group from the TELC Group and the Toshiba Group respectively and the payment of the Maintenance Commission by the Group to the TELC Group for the year ending 31 March 2010 exceeds 2.5% of each of the applicable percentage ratios (other than the profits ratio) of the Company under the Listing Rules, these transactions are subject to the reporting, announcement and independent Shareholders' approval requirements set out in Rule 14A.35 of the Listing Rules.

The provision of the Corporate Guarantee during the Relevant Period constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As the relevant cap amount of the Corporate Guarantee to be utilised by the CHKL Group during the Relevant Period of HK\$365 million exceeds 2.5% of each of the applicable percentage ratios (other than the profits ratio) of the Company under the

Listing Rules, the provision of the Corporate Guarantee and the relevant cap amount is subject to reporting, announcement and independent Shareholders' approval requirements under Rule 14A.63 of the Listing Rules. The Company will comply with the Listing Rules to make announcement and, if required, seek independent Shareholders' approval again as and when appropriate if any of aforesaid annual caps are to be increased.

As the Corporate Guarantee is an unlimited guarantee, the provision of the Corporate Guarantee after the Relevant Period constitutes a major transaction for the Company and is also subject to independent Shareholders' approval.

Neither Toshiba nor any of its associates hold any Shares as at the date hereof. Accordingly, no existing Shareholder has a material interest in the Agreements or the provision of the Corporate Guarantee which is different from the other Shareholders, and therefore no Shareholder is required to abstain from voting on the transactions contemplated under the Agreements and the provision of the Corporate Guarantee. Dr. Chow, the controlling Shareholder holding 154,682,359 Shares, representing approximately 55.73% of the total issued Shares as at the date hereof, has given his written consent to the transactions contemplated under the Agreements and the provision of the Corporate Guarantee during and after the Relevant Period. The Company has submitted an application to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules for a waiver from holding a Shareholders' meeting and that a written independent Shareholders' approval be accepted in lieu of holding a general meeting.

A circular containing, among other things, information on the Agreements, the Corporate Guarantee, the letters from the independent committee of the Board and the independent financial adviser containing their respective opinions on the Agreements and the provision of the Corporate Guarantee during the Relevant Period will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

## **DEFINITIONS**

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

“Agreements”	together, the Elevator Distribution Agreement and the Office Equipment Distribution Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“CHKL”	Chevalier (HK) Limited, a wholly-owned subsidiary of the Company as at the date of the Sale and Purchase Agreement
“CHKL Group”	CHKL together with its subsidiaries and its associated company, Shiba Tech Corporation Limited, as at the First Closing
“CHKL Sale Shares”	a total of 51% of the issued share capital of CHKL as at the Second Closing
“Circular”	the circular of the Company dated 23 January 2009 in relation to, among other things, the Disposal
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares 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
“Corporate Guarantee”	the irrevocable and unlimited corporate guarantee to be given by the Company in respect of the borrowings or finance of the CHKL Group pursuant to the Shareholders’ Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of CHKL Sale Shares pursuant to the Sale and Purchase Agreement
“Dr. Chow”	Dr. Chow Yei Ching, the Chairman and Managing Director of the Company and the controlling Shareholder
“Elevator Business”	the business of research and development, design, assembly, sale, marketing, distribution, installation, maintenance, repair and/or servicing of elevators, escalators, autowalks, moving ramp products and/or their derivative products and/or their components, and manufacturing of components of elevators, escalators, autowalks, moving ramp products and/or their derivative products

“Elevator Distribution Agreement”	the master agreement dated 12 February 2009 between the Company and TELC in relation to the distribution of the Elevator Products
“Elevator Products”	the elevators and escalators and their parts manufactured by or for the TELC Group
“First Closing”	closing of the sale and purchase of 49% of the issued share capital of CHKL and the transfer of the beneficial interest in 20% of the registered capital of Toshiba Elevator (Shenyang) Co., Ltd. and 20% of the registered capital of Toshiba Elevator (China) Co., Ltd., on or before 31 March 2009 unless agreed to be postponed by both the Company and TELC
“First Closing Date”	the date on which the First Closing takes place
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Maintenance Commission”	the commission payable by the Group to the TELC Group in respect of the maintenance fees to be received by the Group for maintenance services for the Elevator Products to be provided by the Group to its customers pursuant to the Elevator Distribution Agreement
“Marketing Fee”	the payment by the Toshiba Group to the Group to contribute part of the marketing, advertisement and sales promotion costs incurred by the Group in respect of the Office Equipment Products pursuant to the Office Equipment Distribution Agreement
“Office Equipment Distribution Agreement”	the master agreement dated 12 February 2009 between the Company and Toshiba in relation to the distribution of the Office Equipment Products

“Office Equipment Products”	the office automation and communication equipment and products bearing the trademarks of “TOSHIBA” and “東芝” including, without limitation, copiers, facsimiles, note-book computers, key telephone systems, point of sale systems, bar-code printers and their respective spare parts, options, accessories, consumables and related products
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Relevant Period”	the period following the First Closing and prior to the Second Closing
“Sale and Purchase Agreement”	the agreement dated 28 November 2008 entered into between the Company and TELC in relation to, among other things, the Disposal
“Second Closing”	closing of the sale and purchase of 2% of the issued share capital of CHKL on or before 31 March 2010 or any other dates as agreed by both the Company and TELC
“Second Closing Date”	the date on which the Second Closing takes place
“Shareholders’ Agreement”	the shareholders’ agreement to be executed by the Company and TELC on the First Closing Date to regulate their respective rights and obligations in CHKL, Toshiba Elevator (Shenyang) Co., Ltd. and Toshiba Elevator (China) Co., Ltd. as shareholders
“Share(s)”	ordinary share(s) of HK\$1.25 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TELC”	Toshiba Elevator and Building Systems Corporation
“TELC Group”	TELC and its subsidiaries

“Toshiba”	Toshiba Corporation, a corporation organised and existing under the laws of Japan
“Toshiba Group”	Toshiba and its subsidiaries, including the TELC Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board  
**CHEVALIER INTERNATIONAL HOLDINGS LIMITED**  
**Chow Yei Ching**  
*Chairman and Managing Director*

Hong Kong, 20 February 2009

*As at the date of this announcement, the Board comprises Dr. Chow Yei Ching (Chairman and Managing Director), Messrs. Kuok Hoi Sang (Vice Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Chow Vee Tsung, Oscar, Ho Chung Leung and Ho Sai Hou as executive Directors and Dr. Chow Ming Kuen, Joseph, Mr. Sun Kai Dah, George and Mr. Yang Chuen Liang, Charles as independent non-executive Directors.*

*\* for identification only*