
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chevalier International Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF WHOLLY-OWNED SUBSIDIARIES
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Friday, 28 July 2017 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed.

Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the proxy form shall not preclude you from attending and voting in person at the SGM if you so desire.

This circular will remain on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.chevalier.com>).

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions bear the following meanings:

“Board”	the board of Directors
“BVI”	British Virgin Islands
“CCPD”	成都其士房地產發展有限公司 (Chengdu Chevalier Property Development Company Limited*), a company established in the PRC and is owned as to 49% by Chinaford and as to 51% by Dolce Field
“CCPD Group”	CCPD and CSED
“Chengdu Fujing”	成都福璟泰置業有限公司, a company established in the PRC and an indirect wholly-owned subsidiary of Yango City
“Chevalier Chengdu”	其士(成都)投資管理有限公司 (Chevalier (Chengdu) Investment Management Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, being another vendor of the Sale Loans
“Chinaford”	Chinaford Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Share Vendor prior to Completion
“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), being one of the vendors of the Sale Loans
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Loans pursuant to the terms and conditions of the Framework Agreement
“Completion Date”	the date on which Completion takes place
“CSED”	成都聖華房地產開發有限公司 (Chengdu Shenghua Real Estate Development Company Limited*), a company established in the PRC and a wholly-owned subsidiary of CCPD
“Directors”	the directors of the Company

DEFINITIONS

“Disposal”	the proposed disposal of the Sale Shares by the Share Vendor and the Sale Loans by the Company and Chevalier Chengdu to Yango International and Yango City in accordance with the terms of the Framework Agreement
“Disposal Group”	together, the Targets and the CCPD Group
“Dolce Field”	Dolce Field Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Share Vendor prior to Completion
“Earnest Money”	the earnest money received by the Group from Yango International, Yango City and Chengdu Fujing under the memorandum of understanding dated 20 March 2017
“Framework Agreement”	the framework agreement dated 1 June 2017 entered into among the Share Vendor, the Company, Chinaford, Dolce Field, CCPD, CSED, Chevalier Chengdu, Yango International and Yango City for the sale and purchase of the Sale Shares and the Sale Loans
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land No. 1”	a parcel of land of 34,752 square metres situated in 成都雙流縣萬安鎮東林村 (Chengdu Shuangliu County Wanan Town Donglin Village*)
“Land No. 2”	a parcel of land of 26,846 square metres situated in 成都雙流縣華陽街道二江寺社區 (Chengdu Shuangliu County Huayang Street Erjiangsi Community*)
“Land No. 3”	a parcel of land of 81,335 square metres situated in 成都雙流縣華陽街道辦事處 (Chengdu Shuangliu County Huayang Street Office*)
“Latest Practicable Date”	3 July 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Loans Consideration”	the consideration payable by Yango International and Yango City for the sale and purchase of the Sale Loans pursuant to the Framework Agreement
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	together, Land No. 1, Land No. 2, Land No. 3 and the residential or commercial properties erected thereon (i.e. Phase I of the development of Chateau Ermitas)
“Reference Date”	31 December 2016
“Remaining Group”	the Group immediately after Completion
“Sale Loans”	net amounts due by the Disposal Group to the Remaining Group as at Completion
“Sale Shares”	the entire issued share capital of each of the Targets
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder
“Shares Consideration”	the net consideration payable by Yango International for the sale and purchase of the Sale Shares pursuant to the Framework Agreement
“Shareholder(s)”	holder(s) of the ordinary share(s) in the capital of the Company
“Share Vendor”	Richsky International Limited, a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Shenzhen Listing Rules”	the Rules Governing Listing of Stocks on Shenzhen Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Targets”	Chinaford and Dolce Field
“Vendors”	Share Vendor, the Company and Chevalier Chengdu

DEFINITIONS

“Yango City”	陽光城集團股份有限公司 (Yango City Group Co., Ltd.), a company established in the PRC and the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000671), being one of the purchasers for the Sale Loans
“Yango International”	Yango International Investment Group Limited, a company established in Hong Kong and an indirect wholly-owned subsidiary of Yango City, being the purchaser for the Sale Shares and one of the purchasers for the Sale Loans
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of this circular and for illustrative purpose only, conversions of RMB to HK\$ are based on the exchange rate of RMB1.00 = HK\$1.13 and conversions of US\$ to HK\$ are based on the exchange rate of US\$1.00 = HK\$7.80. No representation is made that any amounts in RMB or HK\$ or US\$ can be or could have been converted at the relevant dates at the above rate or any other rates or at all.

LETTER FROM THE BOARD



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

Executive Directors:

Dr CHOW Yei Ching (*Co-Chairman*)

Mr KUOK Hoi Sang (*Co-Chairman and Managing Director*)

Mr TAM Kwok Wing (*Deputy Managing Director*)

Mr HO Chung Leung

Mr MA Chi Wing

Miss Lily CHOW

Non-Executive Directors:

Dr KO Chan Gock, William

Mr CHOW Vee Tsung, Oscar

Independent Non-Executive Directors:

Dr CHOW Ming Kuen, Joseph

Mr YANG Chuen Liang, Charles

Professor POON Chung Kwong

Mr Irons SZE

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Head office and principal place
of business:*

22nd Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay

Hong Kong

5 July 2017

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL
OF WHOLLY-OWNED SUBSIDIARIES
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 1 June 2017 in relation to the Disposal.

* *For identification purpose only*

LETTER FROM THE BOARD

After the Stock Exchange trading hours on 1 June 2017, the Share Vendor (an indirect wholly-owned subsidiary of the Company), the Company, Chinaford, Dolce Field, CCPD, CSED and Chevalier Chengdu entered into the Framework Agreement with Yango International and Yango City, pursuant to which the Share Vendor and the Company have conditionally agreed to sell and Yango International and Yango City have conditionally agreed to purchase the Sale Shares at a net consideration of RMB746 million (equivalent to approximately HK\$843 million) (subject to downward adjustment required to be made based on the financial statements of the Disposal Group as at Completion as prescribed in the Framework Agreement) and the Sale Loans at a consideration of RMB824 million (equivalent to approximately HK\$930 million).

As certain applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) details of the Disposal; (ii) the valuation report of the Property; and (iii) the notice of SGM.

THE FRAMEWORK AGREEMENT

Date

1 June 2017

Parties

- (i) the Share Vendor;
- (ii) the Company;
- (iii) Chevalier Chengdu;
- (iv) Chinaford;
- (v) Dolce Field;
- (vi) CCPD;
- (vii) CSED;
- (viii) Yango International; and
- (ix) Yango City.

Yango International is principally engaged in investment holding and is a wholly-owned subsidiary of Yango City, a company listed on the Shenzhen Stock Exchange (Stock code: 000671) principally engaged in property development and commodities trading. To the best

LETTER FROM THE BOARD

of the Directors' knowledge, information and belief having made all reasonable enquiries, Yango International, Yango City and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

The assets to be disposed of comprise the Sale Shares and the Sale Loans.

The Sale Shares represent the entire issued share capital of each of Chinaford and Dolce Field. The Sale Loans represent the net amounts owing by the Disposal Group to the Remaining Group as at Completion.

The Sale Shares shall be sold together with all rights, benefits and obligations attached thereto as at the Reference Date.

Considerations and payment terms

A deposit of RMB150 million (equivalent to approximately HK\$170 million) (the "Deposit") has been paid by Yango International or any party designated by Yango International to the Share Vendor or any party designated by the Share Vendor on 7 June 2017 and the Group has simultaneously refunded the Earnest Money in full to Yango International and Yango City.

The aggregate consideration for the Sale Shares and the Sale Loans is RMB1,681 million (equivalent to approximately HK\$1,899 million). Pursuant to the Framework Agreement, the Share Vendor shall bear the liabilities of the Disposal Group in the amount of approximately RMB111 million (equivalent to approximately HK\$126 million), which amount shall be deducted from the aggregate consideration payable for the Sale Shares. The net consideration of approximately RMB1,570 million (equivalent to approximately HK\$1,773 million) shall be payable by Yango International and Yango City to the Share Vendor in cash in the following manner:

- (i) an initial sum of RMB1,124 million (equivalent to approximately HK\$1,269 million), representing the Shares Consideration of RMB746 million (equivalent to approximately HK\$843 million) and the initial installment of RMB378 million (equivalent to approximately HK\$426 million) for the Loans Consideration, shall be payable upon Completion, and the Group shall simultaneously refund the Deposit in full to Yango International and Yango City;
- (ii) a further sum of RMB223 million (equivalent to approximately HK\$252 million) (the "Second Installment"), representing the further installment for the Loans Consideration, shall be payable on the earlier of (a) the renewal of the property ownership certificate of Land No. 2 (the "Certificate") and there is no material change in the usage and area of Land No.2; or (b) the obtaining of the planning permit of construction engineering works, working permit of construction works or pre-sale permit of the commodity housing of Land No.2; and

LETTER FROM THE BOARD

- (iii) the remaining balance of the Loans Consideration (the “Third Installment”) of RMB223 million (equivalent to approximately HK\$252 million) shall be payable upon (a) the Share Vendor confirming that all expenses of the Disposal Group unrelated to the Property having been settled; (b) the Share Vendor confirming clearance of all outstanding taxation issues (and settlement of related expenses, if any) of the Disposal Group; and (c) CCPD and CSED having terminated certain contracts relating to the business of the Disposal Group as agreed in the Framework Agreement and settled all related expenses.

If the amount of outstanding payables to contractors and other creditors (the “Payables”) of the Disposal Group as at the Completion Date is larger than that as at the Reference Date, the Shares Consideration referred to in (i) above shall be adjusted downwards by the amount of the excess of the Payables. For avoidance of doubt, if the amount of Payables as at the Completion Date is less than that as at the Reference Date, no adjustment will be made to the Shares Consideration.

The considerations were arrived at after arm’s length negotiations among Yango International, Yango City and the Share Vendor having taken into account the valuation of the Property by an independent professional valuer of RMB1,362 million (equivalent to approximately HK\$1,539 million) as at 31 May 2017, the net liabilities position of the Disposal Group and the net debts owing by the Disposal Group to the Remaining Group as at the Reference Date.

Other terms

To secure the payment obligations of Yango International and Yango City for the Second Installment and the Third Installment, Yango International, Yango City and the Share Vendor or its designee shall execute necessary securities document on or before Completion to the effect that 30% of the Sale Shares and 30% of the issued shares of each of CCPD and CSED shall be charged in favour of the Share Vendor. The share charges shall be released in respect of 15% of the Sale Shares and the issued shares of each of CCPD and CSED upon the full settlement of each of the Second Installment and the Third Installment, respectively.

Conditions precedent

Completion is subject to fulfillment of the following conditions:

- (i) the Vendors having complied with the Listing Rules and/or any other rules and regulations of the Stock Exchange including obtaining Shareholders’ approval and the approval of Stock Exchange with respect to the Framework Agreement and the transactions contemplated thereunder; and
- (ii) Yango International and Yango City having completed an audit and assessment on the Disposal Group in compliance with the Shenzhen Listing Rules, and Yango City having obtained its shareholders’ approval with respect to the Framework Agreement and the transactions contemplated thereunder and having complied with the announcement requirement pursuant to the Shenzhen Listing Rules.

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If any of the conditions set out in the Framework Agreement is not fulfilled, the Framework Agreement will become null and void and of no further effect. The Share Vendor shall return the Deposit to Yango International and Yango City within 10 business days without any interest and none of the parties shall have any claim against any of the other parties for costs, damages, compensation or otherwise.

In the event that the Group failed to comply with or breached the terms and conditions and the settlement obligations as prescribed in the Framework Agreement, an additional sum of RMB150 million (equivalent to approximately HK\$170 million) together with the Deposit shall be paid or refunded to Yango International, while if Yango International failed to comply with the terms and conditions and the settlement obligation (including the payment schedule as prescribed in the Framework Agreement) (the “Breach”), the Group may, in its sole discretion, forfeit the Deposit and Yango International shall indemnify the Group for additional losses and damages, if any, in excess of the Deposit as a result of the Breach.

Completion

Completion shall take place within 5 business days upon the fulfillment of the conditions precedent. Upon Completion, the Disposal Group will cease to be subsidiaries of the Company, the Group will cease to hold any interest in the Targets and the Disposal Group will be deconsolidated from the consolidated financial statements of the Group.

INFORMATION ABOUT THE DISPOSAL GROUP

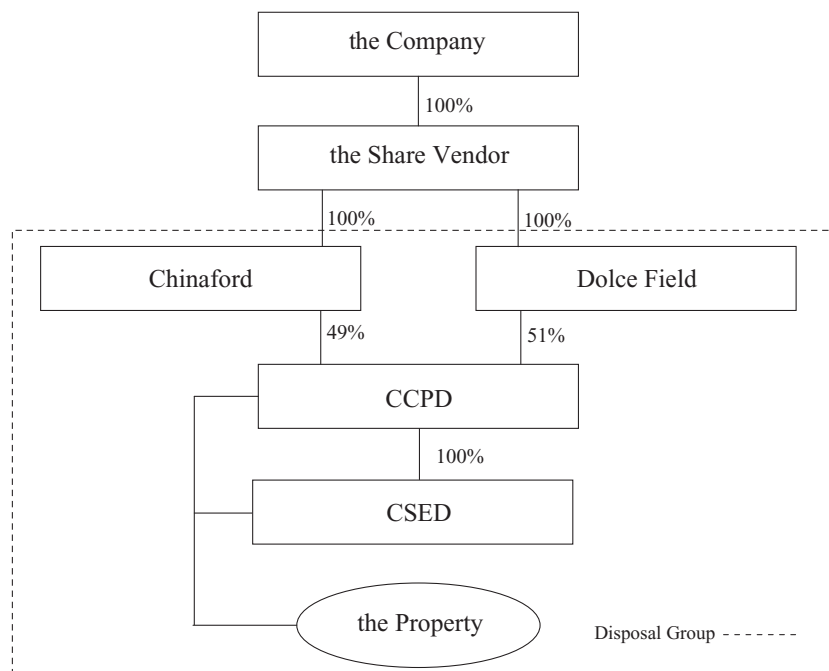
Chinaford and Dolce Field are principally engaged in investment holding and are indirect wholly-owned subsidiaries of the Company. The CCPD Group is principally engaged in a property development project in Chengdu of the PRC, namely Chateau Ermitas, and is the holder of three parcels of land.

The development of Chateau Ermitas comprises two phases. Phase I, which was built on Land No. 1 and Land No. 3, includes villas, apartments, car parking spaces and units for commercial use, has been completed and launched for sale in 2013. As at the date of the Framework Agreement, neither the development at Phase II of the project nor the construction works at Land No. 2 has commenced.

According to the property valuation report prepared by DTZ Cushman & Wakefield Limited which is set out in Appendix II to this circular, the valuation of the Property was approximately RMB1,362 million (equivalent to approximately HK\$1,539 million) as at 31 May 2017 based on the assumption that there are 47 units of villas, 51 units of apartments and 318 units of car parking spaces remained unsold under Phase I of Chateau Ermitas. Subsequent to 31 May 2017, 12 units of villas, 5 units of apartments and 18 units of car parking spaces were sold at an aggregate consideration of RMB81 million (equivalent to approximately HK\$92 million) and there are 35 units of villas, 46 units of apartments and 300 units of car parking spaces remained unsold as the Latest Practicable Date.

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The simplified organisation structure of the Disposal Group immediately prior to Completion is as follows:



Set out below are the unaudited combined results of the Disposal Group comprising Chinaford, Dolce Field, CCPD and CSED prepared under Hong Kong Financial Reporting Standards:

	Year ended 31 March	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax	26,308	(28,328)
Profit/(loss) after tax	26,308	(28,506)

As at the Reference Date, the unaudited combined net liabilities of the Disposal Group amounted to approximately HK\$184 million and the net debts owing by the Disposal Group to the Remaining Group amounted to approximately RMB824 million (equivalent to approximately HK\$930 million).

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Assets and liabilities

In light of the Framework Agreement, the assets and liabilities directly associated with the Disposal Group had been reclassified as assets held for sale/liabilities held for sale as at 31 March 2017 in the annual results announcement for the year ended 31 March 2017. Based on the Shares Consideration and the Loans Consideration, the audited consolidated financial statements of the Group and the unaudited combined financial statements of the Disposal Group as at 31 March 2017, it is estimated that upon Completion, the consolidated total assets of the Group will be increased by approximately HK\$539 million to approximately HK\$15,603 million and the consolidated total liabilities of the Group will be decreased by approximately HK\$148 million to approximately HK\$6,412 million as a result of the derecognition of the assets held for sale/liabilities held for sales and the receipt of the considerations.

Earnings

For illustrative purposes, assuming Completion took place on the Reference Date, based on the unaudited combined results of the Disposal Group, it is expected that the Group would record a gain on the Disposal of approximately HK\$0.5 billion, representing the difference between (i) the net Shares Consideration and the Loans Consideration, net of estimated transaction costs and expenses directly attributable thereto of approximately HK\$193 million; and (ii) the carrying value of the Group's investment in the Disposal Group of HK\$160 million as at the Reference Date; and (iii) the face value of the Sale Loans of approximately RMB824 million (equivalent to approximately HK\$930 million) as at the Reference Date.

The above financial effects are for illustrative purposes only. The actual gain or loss as a result of the Disposal to be eventually recorded by the Group is subject to the financial position of the Disposal Group as at Completion and therefore may be different from the illustrative amount mentioned above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and the principal activities of its subsidiaries include construction and engineering, property investment, property development and operations, senior housing and car dealership.

The Disposal will generate cash inflow to the Group and enhance its liquidity and working capital position. The proceeds from the Disposal is estimated to be approximately RMB1,570 million (equivalent to approximately HK\$1,773 million) and are intended to be used for general working capital and/or future investment opportunities of the Group as and when appropriate.

Taking into account the cash inflow to be generated from the Disposal and the expected gain arising from the Disposal as described in the paragraph headed "Financial effects of the Disposal" above, the Directors consider that the Disposal represents a good opportunity for

LETTER FROM THE BOARD

the Company to realise its investment. The Directors also consider the terms of the Framework Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 25% but are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholder has a material interest in the Disposal and accordingly, no Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the SGM.

CLOSURE OF REGISTER OF MEMBERS AND THE SGM

The register of members of the Company will be closed from Tuesday, 25 July 2017 to Friday, 28 July 2017 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the SGM. No transfer of shares of the Company will be registered during this period. Shareholders whose names appear on the register of members of the Company on Friday, 28 July 2017 shall be entitled to attend and vote at the SGM. In order to be eligible to attend and vote at the SGM, unregistered holders of the shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 24 July 2017.

The notice convening the SGM to be held at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Friday, 28 July 2017 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors consider that the Framework Agreement is on normal commercial terms, the terms of the Framework Agreement are fair and reasonable so far as the Shareholders are concerned, and the Disposal is in the interests of the Company and the Shareholders as a

LETTER FROM THE BOARD

whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Framework Agreement and the transactions thereunder.

WARNING

Completion is conditional upon the fulfillment of the conditions of the Framework Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

ADDITIONAL INFORMATION

Your attention is drawn to the financial information of the Group and other general information set out in the appendices to this circular.

Yours faithfully
On behalf of the Board of
Chevalier International Holdings Limited
KUOK Hoi Sang
Co-Chairman and Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information on the Group for each of the three financial years ended 31 March 2015, 2016 and 2017 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chevalier.com>):

- annual report of the Company for the year ended 31 March 2015 published on 21 July 2015 (pages 54 to 172);
- annual report of the Company for the year ended 31 March 2016 published on 14 July 2016 (pages 55 to 164); and
- annual results announcement of the Company for the year ended 31 March 2017 published on 26 June 2017.

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 31 May 2017, being the latest practicable date for ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK\$2,756 million which comprised unsecured bank and other borrowings of approximately HK\$1,383 million and secured bank and other borrowings of approximately HK\$1,373 million.

Pledge of assets

As at the close of business on 31 May 2017, being the latest practicable date for ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Group's bank and other borrowings and other unutilised banking facilities were secured by investment properties of approximately HK\$1,282 million, property, plant and equipment of approximately HK\$715 million, other non-current assets of approximately HK\$22 million, inventories of approximately HK\$73 million, debtors, deposits and prepayments of approximately HK\$59 million and deposits at bank of approximately HK\$394 million.

Contingent liabilities

As at the close of business on 31 May 2017, being the latest practicable date for ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Group had contingent liabilities in respect of guarantees issued for banking facilities utilised by associates and joint venture amounting to approximately HK\$3 million and HK\$315 million respectively. In the normal course of its business, the Group had contingent liabilities in respect of guarantees given to banks and housing retirement fund management centers for mortgage facilities to

certain buyers of properties amounting to approximately HK\$541 million and guarantees given to banks for mortgage facilities to certain buyers of the joint ventures' properties amounting to approximately HK\$3 million.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, normal trade payables and gross amounts due to customers for contract works, the Group did not, at the close of business on 31 May 2017, being the latest practicable date for the purpose of this indebtedness statement, have any mortgages, charges, debts, securities issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors confirm that there was no material change in the indebtedness status of the Group since 31 May 2017 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into account the internal resources, the existing available credit facilities of the Group and the net proceeds from the Disposal, the Group has sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Upon Completion, the Group will continue to be engaged in the businesses of construction and engineering, property investment, property development and operations, senior housing and car dealership.

The Directors believe that the Disposal provides the Group a good opportunity to realise its investment and the capital appreciation of the Property. The Directors are of the view that the Disposal will strengthen the Group's financial and liquidity position to meet the capital needs of the Group's future investments when opportunities arise.

Going forward, the Group will continue to tap into the construction and engineering and property markets and look for investment opportunities in various segments which can contribute growth and returns for the Group in order to maximise Shareholders' return in the medium to long term.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of values of the Group in the PRC as at 31 May 2017.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

5 July 2017

The Directors
Chevalier International Holdings Limited
22/F, Chevalier Commercial Centre
8 Wang Hoi Road
Kowloon Bay
Kowloon, Hong Kong

Dear Sirs,

Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which Chevalier International Holdings Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the market values of the properties as at 31 May 2017 (the "date of valuation") for the purpose of incorporation into the circular issued by the Company.

Definition of Market Value

Our valuation of each property represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis And Assumption

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

In the course of our valuation of the properties in the PRC, we have assumed that transferable land use rights in respect of each property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the properties. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the properties.

In valuing the properties in the PRC, we have assumed that the grantees or the users of each property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

Method of Valuation

In valuing the properties in Groups I and III which are held by the Group for sale and for future development respectively in the PRC, we have used Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

In valuing the property in Group II which is held by the Group for investment in the PRC, we have adopted Investment Method by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary potential of the property interest, or where appropriate, by Direct Comparison Method by making reference to comparable sales transactions as available in the relevant market.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, development proposals, construction costs, development time schedule, estimated completion dates, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised that no material facts have been omitted from the information supplied.

Title Investigation

We have been provided with copies of documents in relation to the title to the properties. However, we have not been able to conduct searches to verify the ownership of the properties or to ascertain any amendment which may not appear on the copies handed to us.

All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal adviser, King & Wood Mallesons, in respect of the title to the properties in the PRC.

Site Inspection

We have inspected the properties. The site inspections were carried out on 18 May 2017 by our Ms. Charlotte Li of our Chengdu office. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation and any other structural defects, nor were any tests carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi (“RMB”), the official currency of the PRC.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Cushman & Wakefield Limited
K. B. Wong
MRICS, MHKIS, RPS(GP)
Executive Director
Valuation & Advisory Services, Hong Kong

Note: Mr. K.B. Wong is a Registered Professional Surveyor (General Practice) who has over 30 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 31 May 2017 (RMB)	Attributable interest to the Group (%)	Market value in existing state as at 31 May 2017 attributable to the Group (RMB)
Group I – Property held by the Group for sale in the PRC			
1. Unsold residential portions and car parking spaces of Phase 1, Chateau Ermitas, No. 381 Section 1 of Lushan Avenue, Shuangliu County, Chengdu, Sichuan Province, the PRC	638,000,000	100	638,000,000
Sub-total:	638,000,000		638,000,000
Group II – Property held by the Group for investment in the PRC			
2. Retail portions of Phase 1, Chateau Ermitas, No. 381 Section 1 of Lushan Avenue, Shuangliu County, Chengdu, Sichuan Province, the PRC	134,000,000	100	134,000,000
Sub-total:	134,000,000		134,000,000

Property	Market value in existing state as at 31 May 2017 (RMB)	Attributable interest to the Group (%)	Market value in existing state as at 31 May 2017 attributable to the Group (RMB)
Group III – Properties held by the Group for future development in the PRC			
3. The development site for the proposed development to be known as Phase 2 of Chateau Ermitas, Lushan Avenue, Shuangliu County, Chengdu, Sichuan Province, the PRC	400,000,000	100	400,000,000
4. A parcel of land situated in Erjiangsi Community, Huayang Street, Shuangliu County, Chengdu, Sichuan Province, the PRC	190,000,000	100	190,000,000
Sub-total:	<u>590,000,000</u>		<u>590,000,000</u>
Total:	<u><u>1,362,000,000</u></u>		<u><u>1,362,000,000</u></u>

VALUATION CERTIFICATE

Group I – Property held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2017
1) Unsold residential portions and car parking spaces of Phase 1, Chateau Ermitas, No. 381 Section 1 of Lushan Avenue, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>The property comprises unsold residential portions of the development with a total gross floor area of 39,326.49 sq m and 318 car parking spaces.</p> <p>The property was completed in 2013.</p> <p>The property is located in the sub urban area of Chengdu. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is for residential use.</p> <p>The land use rights of the property have been granted for terms due to expire on 30 August 2069 and 19 December 2077 respectively for residential use and due to expire on 30 August 2039 and 19 December 2047 respectively for commercial use.</p>	As at the date of valuation, the property was vacant.	RMB638,000,000

Notes:–

- 1) According to Building Ownership Certificate No. 0916772 issued by the Bureau of Housing Management of Shuangliu Municipal, the building ownership of the development with a gross floor area of 12,034.96 sq m is vested in Chengdu Chevalier Property Development Company Limited for residential use.

According to Building Ownership Certificates Nos. 0916775 to 0916777 issued by the Bureau of Housing Management of Shuangliu Municipal, the building ownership of the development with a total gross floor area of 46,004.18 sq m is vested in Chengdu Shenghua Real Estate Development Company Limited for residential use.

According to Building Ownership Certificate No. 0916778 issued by the Bureau of Housing Management of Shuangliu Municipal, the building ownership of the development with a gross floor area of 13,246.31 sq m is vested in Chengdu Shenghua Real Estate Development Company Limited for car park use.

As advised by the Group, the building ownership of the property comprising a total gross floor area of 39,326.46 sq m and 318 car parking spaces, is included in the above certificates.

- 2) According to Land Use Rights Certificate No. (2011)13626 issued by the Shuangliu Municipal Government, the land use rights of the property with a site area of 34,752.24 sq m are vested in Chengdu Chevalier Property Development Company Limited for terms due to expire on 30 August 2039 for commercial use and 30 August 2069 for residential use.

According to Land Use Rights Certificate No. (2008)250 issued by the Shuangliu Municipal Government, the land use rights of the property with a site area of 81,334.53 sq m are vested in Chengdu Shenghua Real Estate Development Company Limited for terms due to expire on 19 December 2077 for residential use and due to expire on 19 December 2047 for commercial use.

- 3) We have been provided with a legal opinion on the title to the property, which contains, inter-alia, the following information:-
- a) Chengdu Chevalier Property Development Company Limited and Chengdu Shenghua Real Estate Development Company Limited have obtained the land use rights and building ownership of their respective portions of the property;
 - b) the land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights; and
 - c) Chengdu Chevalier Property Development Company Limited and Chengdu Shenghua Real Estate Development Company Limited have the rights to freely occupy, uses, lease, transfer, mortgage and dispose of the land use rights and building ownership of their respective portions of the property.

VALUATION CERTIFICATE

Group II – Property held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2017
2 Retail portions of Phase 1, Chateau Ermitas, No. 381 Section 1 of Lushan Avenue, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>The property comprises the retail portions of the development with a total gross floor area of 15,728.90 sq m.</p> <p>The property was completed in 2013.</p> <p>The property is located in the sub urban area of Chengdu. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is for commercial use.</p> <p>The land use rights of the property have been granted for terms due to expire on 19 December 2077 for residential use and due to expire on 19 December 2047 for commercial use.</p>	<p>As at the date of valuation, portions of the property were subject to two lease agreements, one from 1 September 2013 to 31 August 2033 at an average monthly rent of RMB103,000 and the other from 1 July 2016 to 30 September 2021 at an average monthly rent of RMB54,000.</p> <p>The remaining portions of the property were vacant.</p>	RMB134,000,000

Notes:–

- 1) According to Building Ownership Certificate No. 0916773 issued by the Bureau of Housing Management of Shuangliu Municipal, the building ownership of the property with a total gross floor area of 15,728.90 sq m is vested in Chengdu Shenghua Real Estate Development Company Limited for commercial use.
- 2) According to Land Use Rights Certificate No. (2008)250 issued by the Shuangliu Municipal Government, the land use rights of the property with a site area of 81,334.53 sq m are vested in Chengdu Shenghua Real Estate Development Company Limited for terms due to expire on 19 December 2077 for residential use and due to expire on 19 December 2047 for commercial use.
- 3) We have been provided with a legal opinion on the title to the property, which contains, inter-alia, the following information:–
 - a) Chengdu Shenghua Real Estate Development Company Limited has obtained the land use rights and building ownership of the property;
 - b) the land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights; and
 - c) Chengdu Shenghua Real Estate Development Company Limited has the rights to freely occupy, uses, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

VALUATION CERTIFICATE

Group III – Properties held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2017
3 The development site for the proposed development to be known as Phase 2 of Chateau Ermitas, Lushan Avenue, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>The property is planned to be developed as phases and erected upon 2 parcels of land with a total site area of 116,086.77 sq m.</p> <p>Upon completion, the property will be developed into a residential development with a total planned gross floor area of 107,722.25 sq m.</p> <p>The property is located in the sub urban area of Chengdu. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is for residential use.</p> <p>The land use rights of the property have been granted for terms due to expire on 30 August 2069 and 19 December 2077 respectively for residential use and due to expire on 30 August 2039 for commercial use.</p>	As at the date of valuation, the property was a vacant site.	RMB400,000,000

Notes:–

- 1) According to Land Use Rights Certificate No. (2011)13626 issued by the Shuangliu Municipal Government, the land use rights of portions of an enlarged site including the property with a site area of 34,752.24 sq m are vested in Chengdu Chevalier Property Development Company Limited for terms due to expire on 30 August 2039 for commercial use and 30 August 2069 for residential use.

According to Land Use Rights Certificate No. (2008)250 issued by the Shuangliu Municipal Government, the land use rights of portions of an enlarged site including the property are vested in Chengdu Shenghua Real Estate Development Company Limited with a site area of 81,334.53 sq m for a term due to expire on 19 December 2077 for residential use.

- 2) We have been provided with a legal opinion on the title to the property, which contains, inter-alia, the following information:–
- a) Chengdu Chevalier Property Development Company Limited and Chengdu Shenghua Real Estate Development Company Limited have obtained the land use rights and building ownership of their respective portion of the property;
 - b) the land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights; and

- c) Chengdu Chevalier Property Development Company Limited and Chengdu Shenghua Real Estate Development Company Limited have the rights to freely occupy, uses, lease, transfer, mortgage and dispose of the land use rights of their respective portions of the property.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2017
4 A parcel of land situated in Erjiangsi Community, Huayang Street, Shuangliu County, Chengdu, Sichuan Province, the PRC	<p>The property comprises a parcel of land with a site area of 26,845.70 sq m.</p> <p>Upon completion, the property will be developed into a residential development with a total planned gross floor area of 48,322.26 sq m.</p> <p>The property is located in the sub urban area of Chengdu. Developments nearby are mainly residential in nature. According to the information provided by the Group, the property is for residential use.</p> <p>The land use rights of the property have been granted for terms due to expire on 25 August 2074 for residential use and due to expire on 25 August 2044 for commercial use.</p>	As at the date of valuation, the property was a vacant site.	RMB190,000,000

Notes:–

- 1) According to Land Use Rights Certificate No. (2010)14314 issued by the Shuangliu Municipal Government, the land use rights of the property are vested in Chengdu Chevalier Property Development Company Limited for terms due to expire on 25 August 2074 for residential use and due to expire on 25 August 2044 for commercial use.
- 2) We have been provided with a legal opinion on the title to the property, which contains, inter-alia, the following information:–
 - a) Chengdu Chevalier Property Development Company Limited has obtained the land use rights of the property;
 - b) the land use rights of the property are free from seizing, mortgage, limitation of any other rights and third party rights; and
 - c) Chengdu Chevalier Property Development Company Limited has the rights to freely occupy, uses, lease, transfer, mortgage and dispose of the land use rights of the property.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or were deemed to have taken under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules:

Name of Director	Capacity	Number of shares			Approximate percentage of shareholding (%)
		Personal Interests	Family Interests	Total	
Dr. CHOW Yei Ching	Beneficial owner	189,490,248*	–	189,490,248	62.76
Mr. KUOK Hoi Sang	Beneficial owner	153,460	–	153,460	0.05
Mr. TAM Kwok Wing	Beneficial owner	209,583	40,265	249,848	0.08
Mr. HO Chung Leung	Beneficial owner	40,000	–	40,000	0.01

* Dr. CHOW Yei Ching beneficially owned 189,490,248 shares, representing approximately 62.76% of the entire issued share capital of the Company. These shares were the same as those shares disclosed in the subsection (b) below.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to

have taken under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be recorded in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and other person's interests and short position in the shares, underlying shares and securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other member of the Group (if any) or had any options in respect of such capital:

Substantial Shareholders	Capacity	Number of shares held	Approximate percentage of shareholding (%)
Dr. CHOW Yei Ching	Beneficial owner	189,490,248	62.76
Ms. MIYAKAWA Michiko	Beneficial owner	189,490,248**	62.76

** Under Part XV of the SFO, Ms. MIYAKAWA Michiko, the spouse of Dr. CHOW Yei Ching, is deemed to be interested in the same parcel of 189,490,248 shares held by Dr. CHOW Yei Ching.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, no other person had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

3. INTERESTS IN GROUP'S ASSETS, CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective close associates (within the meaning of the Listing Rules) had any interests in any business which competed or might compete with the business of the Group as at the Latest Practicable Date.

6. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular:

- (a) the letter of acceptance dated 13 June 2017 from Urban Renewal Authority of the Hong Kong Special Administration Region confirming the acceptance of the tender submitted by Chevalier Pacific Limited, a wholly-owned subsidiary of the Company, for the development of Project DL-6:YTM located at Fuk Chak Street/Li Tak Street, Tai Kok Tsui, Kowloon at the consideration of HK\$680 million;
- (b) the Framework Agreement;
- (c) the provisional agreement for sale and purchase of shares dated 18 May 2017 entered into between Jumbo Rainbow Limited, an indirect wholly-owned subsidiary of the Company as purchaser, and Ocean Target Group Limited as the vendor, in relation to the sale and purchase of the entire issued share capital of Silver Prosper Holdings Limited (the "Target") and all debts owing by the Target to the vendor at the consideration of HK\$228 million;
- (d) the purchase and sale agreement dated 3 April 2017 entered into between MI4 Ashford, LLC and MI4 Sterling, LLC, the indirect wholly-owned subsidiaries of the Company as purchasers, and NIC 11 Ashford Court Owner LLC, NIC 11 Ashford Court Management LLC, SNR 22 Southfield Owner LLC and SNR 22 Southfield Management LLC as the vendors, in relation to the sale and purchase of the two senior housing properties located in Michigan, the U.S., namely Ashford Court and Sterling Place, at an aggregate consideration of US\$33 million (equivalent to approximately HK\$257.4 million);

- (e) the agreement dated 7 October 2016 entered into between NC1 Sandhill Limited (the “Consultant”), a wholly-owned subsidiary of the Company, Hong Kong-Macao Conference Limited (“HKMC”) and Hong Kong-Macao Conference Holding Limited (“HKMC Holding”), pursuant to which the Consultant agreed to grant a loan to HKMC or HKMC Holding, in consideration of which HKMC and HKMC Holding agreed to appoint the Consultant to provide consultancy services to and participate in the project to redevelop the land in Causeway Bay which comprises the development of a facility building and a church into a senior housing facility and a residential care home for the elderly licensed under the Residential Care Homes (Elderly Persons) Ordinance (Chapter 459 of the Laws of Hong Kong); and
- (f) the subscription agreement dated 11 December 2015 entered into between Cafe Deco Holdings Limited as issuer and Food Group HK Limited as subscriber in relation to the subscription of 1,373 new shares of Cafe Deco Holdings Limited by the subscriber at the aggregate subscription price of HK\$111 million.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
DTZ Cushman & Wakefield Limited	Independent professional valuer

DTZ Cushman & Wakefield Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report, letter and/or reference to its name or opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, DTZ Cushman & Wakefield Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, DTZ Cushman & Wakefield Limited did not, directly or indirectly, have any interest in any assets which had since 31 March 2017 (being the date to which the latest published audited consolidated results of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The secretary of the Company is Mr. MUI Chin Leung. He is an associate member of both the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.
- (c) The head office and principal place of business of the Company is situated at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 12:30 p.m. and from 2:00 p.m. to 5:00 p.m. at the head office and principal place of business of the Company in Hong Kong from the date of this circular up to and including 28 July 2017 (being the date of the SGM):

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the two years ended 31 March 2015 and 2016, the interim report of the Company for the six months ended 30 September 2016 and annual results announcement of the Company for the year ended 31 March 2017;
- (c) the valuation report prepared by DTZ Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular;
- (d) the written consent from the expert referred to in the section headed "Qualification and consent of expert" in this Appendix III;
- (e) the material contracts referred to in the section headed "Material contracts" in this Appendix III; and
- (f) this circular.

NOTICE OF SPECIAL GENERAL MEETING



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Chevalier International Holdings Limited (the “Company”) will be held at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Friday, 28 July 2017 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

the framework agreement dated 1 June 2017 (the “Framework Agreement”) entered into among Richsky International Limited, the Company, Chinaford Investment Limited (“Chinaford”), Dolce Field Limited (“Dolce Field”), 成都其士房地產發展有限公司 (“CCPD”), 成都聖華房地產開發有限公司 (“CSED”), 其士(成都)投資管理有限公司 (“Chevalier Chengdu”), Yango International Investment Group Limited and 陽光城集團股份有限公司 for the sale and purchase of the entire issued share capital of each of Chinaford and Dolce Field (the “Sale Shares”) at a consideration of RMB746 million (equivalent to approximately HK\$843 million) (subject to downward adjustment required to be made based on the financial statements of Chinaford, Dolce Field, CCPD and CSED (together as “Disposal Group”) as at completion of the sale and purchase of the Sale Shares and the net amounts due by the Disposal Group to the Company and Chevalier Chengdu (the “Sale Loans”) as prescribed in the Framework Agreement) and the Sale Loans at a consideration of RMB824 million (equivalent to approximately HK\$930 million) (a copy of the Framework Agreement is marked “A” and produced to the SGM and signed by the chairman of the SGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved; and any one or more of the directors of the Company be and is/are hereby generally and unconditionally authorized to do all such acts and things, to sign and execute all such documents for and on behalf of the Company by hand, or in the case of execution of documents under seal, to do so jointly with any one of a second director, a duly authorized representative of the director or the secretary of the Company, and to take such steps as he may in his absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or in connection with the Framework Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 5 July 2017

* *For identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*
22nd Floor
Chevalier Commercial Centre
8 Wang Hoi Road
Kowloon Bay
Hong Kong

Notes:

- (1) A form of proxy for use at the meeting is enclosed herewith.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of any officer, attorney or other person authorised to sign the same.
- (3) Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company but must attend the meeting in person to represent him.
- (4) In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority must be returned to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof (as the case may be) or upon the poll concerned.
- (5) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting (as the case may be) or upon the poll concerned if the shareholder so wishes. In such event, the form of proxy will be deemed to be revoked.
- (6) Where there are joint registered holders of any share of the Company, any one of such joint registered holders may vote at the meeting either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint registered holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.