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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution 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 and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
TALENT LUCK LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to Chevalier International Holdings Limited



Independent financial adviser

to the Independent Board Committee and the Independent Shareholders



A notice convening the SGM to be held at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Thursday, 12 October 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 words and expressions have the following meanings:

“Accounts”	the audited financial statements of the Target for the year ended 31 March 2017 and the unaudited management accounts of the Target as at 26 August 2017
“Agreement”	the agreement dated 30 August 2017 entered into among the Vendors and the Purchaser in relation to the sale and purchase of the Sale Shares
“Ballas Capital”	Ballas Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday) on which licensed banks generally are open for business in Hong Kong
“Company”	Chevalier International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 25)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Agreement
“Completion Accounts”	the unaudited management accounts of the Target as at the Completion Date prepared in accordance with Hong Kong Financial Reporting Standards
“Completion Date”	the date on which Completion takes place
“Consideration”	the consideration of HK\$610,000,000 for the Sale Shares (subject to adjustments required to be made based on the Completion Accounts as described in this circular)
“Deposit”	a deposit of HK\$30,500,000 paid by the Purchaser to the Vendors under the Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the proposed disposal of the Sale Shares by the Vendors pursuant to the terms of the Agreement
“Dr. Chow”	Dr. CHOW Yei Ching, the controlling shareholder of the Company holding 189,490,248 Shares (representing approximately 62.76% of the entire issued share capital of the Company) as at Latest Practicable Date
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board advising the Independent Shareholders in respect of the transactions contemplated under the Agreement, comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) other than Dr. Chow and his associates
“Latest Practicable Date”	18 September 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the residential property located at 9 Henderson Road, Jardine’s Lookout, Hong Kong held by the Target
“Purchaser”	Madam Miyakawa Michiko
“Sale Shares”	10,000 shares in the capital of the Target, representing the entire issued share capital of the Target as at Latest Practicable Date
“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 Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder

DEFINITIONS

“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Talent Luck Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company prior to Completion
“Vendors”	collectively, CIH (BVI) Limited and Lucky Fine Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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:

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

Mr TAM Kwok Wing (*Deputy Managing Director*)

Mr HO Chung Leung

Mr MA Chi Wing

Miss Lily CHOW

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Non-Executive Directors:

Dr KO Chan Gock, William

Mr CHOW Vee Tsung, Oscar

Head office and principal

place of business:

22nd Floor

Chevalier Commercial Centre

8 Wang Hoi Road

Kowloon Bay

Hong Kong

Independent Non-Executive Directors:

Dr CHOW Ming Kuen, Joseph

Mr YANG Chuen Liang, Charles

Professor POON Chung Kwong

Mr Irons SZE

20 September 2017

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
TALENT LUCK LIMITED**

INTRODUCTION

Reference is made to the announcement issued by the Company dated 30 August 2017.

On 30 August 2017, the Vendors and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares at a cash Consideration of HK\$610,000,000 (subject to adjustments required to be made based on the Completion Accounts as prescribed in the Agreement).

* *For identification purpose only*

LETTER FROM THE BOARD

The Disposal constitutes a discloseable transaction and a connected transaction for the Company subject to Independent Shareholders' approval under the Listing Rules. The SGM will be convened to seek Independent Shareholders' approval for the Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) information in relation to the Disposal; (ii) the recommendation from the Independent Board Committee; (iii) the letter of advice from Ballas Capital to the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Property; and (v) a notice of the SGM to be convened to consider and, if thought fit, to approve the resolution in relation to the Disposal.

THE AGREEMENT

Date

30 August 2017

Parties

- (i) CIH (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company, being one of the Vendors;
- (ii) Lucky Fine Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, being another Vendor; and
- (iii) Madam Miyakawa Michiko, being the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is the spouse of Dr. Chow who is the controlling shareholder of the Company holding 189,490,248 Shares (representing approximately 62.76% of the entire issued share capital of the Company) as at Latest Practicable Date. Accordingly, the Purchaser is an associate of a connected person of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be disposed of

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares. The Sale Shares, representing a 100% equity interest in the Target, will be sold free from all encumbrances and together with the right to receive all dividends and distributions declared, made or paid after the Completion Date. Details of the Target are set out in the section headed "Information of the Target" below.

LETTER FROM THE BOARD

Consideration and payment terms

The Consideration of HK\$610,000,000 (subject to adjustments as described below) for the Sale Shares is payable by the Purchaser to the Vendors according to the following schedule in cash:

- (i) HK\$1,000,000, being part of the Deposit, upon signing of the Agreement;
- (ii) HK\$29,500,000, being the remaining balance of the Deposit, within seven days from the date of the Agreement; and
- (iii) the remaining balance of the Consideration (calculated based on the Completion Accounts as described below), upon Completion.

The balance of the Consideration payable at Completion shall be HK\$579,500,000, plus the aggregate amount of the following tangible assets of the Target: (i) accounts receivables, if any; (ii) utility deposits, management fee deposits, rates, government rent and other expenses prepaid in relation to the Property; and (iii) cash and bank balance, if any, and deducting the aggregate amount of liabilities and payables of the Target, if any, as shown in the Completion Accounts to be delivered by the Vendors to the Purchaser before Completion.

Part of the Deposit was paid by the Purchaser on 30 August 2017 and the remaining balance of the Deposit was paid on 5 September 2017.

The Company is authorised by the Vendors to be their agent for the purposes of receiving all moneys payable to the Vendors pursuant to the Agreement including the Deposit and the remaining balance of the Consideration.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser with reference to the indicative valuation of the Property of HK\$608,000,000 as at 30 June 2017 conducted by Crowe Horwath (HK) Consulting & Valuation Limited, an independent professional property valuer, using direct comparison approach. The valuation report prepared by Crowe Horwath (HK) Consulting & Valuation Limited is set out in Appendix I to this circular.

Conditions

Completion is subject to the fulfillment or waiver of the following conditions:

- (i) the Vendors having shown and proved that the Target has a good title to the Property and the Target having given title to the Property;
- (ii) the Target is the sole legal and beneficial owner of the Property which is free from all encumbrances;
- (iii) there having been no outstanding notices, orders, complaints or requirements issued by any government body, authority or department in respect of the Property or requiring compliance with the terms of the government lease in respect of the Property;

LETTER FROM THE BOARD

- (iv) the Target having no liabilities or indebtedness (whether actual or contingent) at Completion other than (a) all deferred tax liabilities, if any; (b) rental deposit received, if any, prepayment received (including but not limited to rental received in advance) and accrued accounts payable; and (c) accrued expenses and other accounts payable in the ordinary course of business, if any;
- (v) there having been no material breach of the warranties given by the Vendors from the date of the Agreement up to and inclusive of the Completion Date;
- (vi) the Purchaser having reviewed the Accounts of the Target and the result thereof is reasonably satisfactory to the Purchaser;
- (vii) the Purchaser having conducted and completed legal due diligence on the Target and the result thereof is reasonably satisfactory to the Purchaser;
- (viii) the Company having complied with the Listing Rules and/or any other rules and regulations of the Stock Exchange or other government or authority(ies) with respect to the transactions contemplated under the Agreement;
- (ix) the warranties given by the Vendors are and shall remain true, correct and not misleading in all material aspects as at the Completion Date;
- (x) the Target does not have any existing mortgage(s) at the date of the Agreement and shall remain so up to and inclusive of the Completion Date; and
- (xi) the Target does not have any outstanding indebtedness or liabilities owing to the Vendors (and their respective associates) as at the Completion Date.

If any of the above conditions are not fulfilled, the Purchaser may at its absolute discretion at any time before Completion waive all the conditions (except condition (viii)) above or rescind this Agreement by notice in writing to the Vendors. Upon rescission of the Agreement, the Vendors shall refund the Deposit to the Purchaser without interest, costs or compensation within five (5) Business Days upon demand, and neither the Purchaser nor the Vendors shall have any further claims against each other, save for any antecedent breaches.

Completion

Completion shall take place within fourteen (14) days or such other date as agreed between the Vendors and the Purchaser in writing after fulfillment (or waiver) of the conditions set out in the Agreement. In the event the conditions above have been fulfilled or waived but Completion does not take place (i) due to the default of the Vendors, the Deposit shall be returned to the Purchaser and the Purchaser shall be entitled to recover from the Vendors a sum equivalent to the Deposit as liquidated damages; or (ii) due to the default of the Purchaser, the Deposit shall be absolutely forfeited by the Vendors as liquidated damages.

Upon Completion, the Group will cease to hold any interest in the Target and the Target will be deconsolidated from the consolidated financial statements of the Group effective from the Completion Date.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET

The Target is a wholly-owned subsidiary of the Vendors and is principally engaged in property holding. The principal asset of the Target is the Property which is a residential property with gross floor area of approximately 9,500 square feet located at 9 Henderson Road, Jardine's Lookout, Hong Kong.

Set out below are the unaudited financial information of the Target prepared under Hong Kong Financial Reporting Standards and extracted from the audited consolidated financial statements of the Group for each of the two years ended 31 March 2016 and 2017:

	Year ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Loss before and after taxation	3,944	7,643

As at 26 August 2017, the carrying value of the Group's investment in the Sale Shares amounted to HK\$514,000,000 which included the carrying value of the Property stated at fair value of HK\$606,000,000.

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 Property, which was acquired by the Group in 1993, had been provided to Dr. Chow as his residence as part of his remuneration package during his tenure as the chairman and co-chairman of the Company. Dr. Chow retired and did not offer himself for re-election as a Director at the annual general meeting of the Company held on 30 August 2017. The Company considered it appropriate to sell the Property to the Purchaser such that the Group would be able to realise the capital appreciation in its investment in the Property while Dr. Chow will continue to reside in the Property after his retirement.

Based on the carrying value of the Group's investment in the Sale Shares and the Consideration, it is expected that the Group would record a gain on the Disposal of approximately HK\$95,000,000 net of expenses directly attributable thereto. In addition, the accumulated fair value surplus of HK\$455,000,000 associated with the Property previously credited to the other assets revaluation reserve would be transferred to the retained profits of the Group in accordance with Hong Kong Financial Reporting Standards upon Completion.

The Disposal will generate cash inflow to the Group and enhance its liquidity and working capital position. The proceeds from the Disposal, net of expenses directly attributable thereto, is estimated to be approximately HK\$609,000,000 and are intended to be used for general working capital and/or future investment opportunities of the Group as and when appropriate.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. To the best of the knowledge of the Directors, the Purchaser is the spouse of Dr. Chow who is the controlling shareholder of the Company holding 189,490,248 Shares (representing approximately 62.76% of the entire issued share capital of the Company) as at Latest Practicable Date. Accordingly, the Purchaser is an associate of a connected person of the Company, and thus a connected person of the Company under Chapter 14A of the Listing Rules. By virtue of the Purchaser being an associate of Dr. Chow, the Disposal also constitutes a connected transaction for the Company which is subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Dr. Chow and his associates shall abstain from voting on the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder. Save as disclosed above, no other Shareholder has a material interest in the Disposal and accordingly, no other Shareholder is required to abstain from voting on the ordinary resolution to approve the Disposal at the SGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to give a recommendation to the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder. Ballas Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE SGM

The notice convening the SGM to be held at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong on Thursday, 12 October 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 (other than the independent non-executive Directors) consider that (i) the Disposal represents a good opportunity for the Company to realise the capital appreciation of its investment; (ii) the terms of the Agreement are fair, reasonable and on normal commercial terms; and (iii) the Disposal is in the interests of the Shareholders and the Company as a whole.

LETTER FROM THE BOARD

The Independent Board Committee, having considered the advice of Ballas Capital, is of the view that the Disposal is on normal commercial terms, fair and reasonable so far as the Group and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and recommends the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the other general information of the Company set out in Appendix II to this circular.

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



CHEVALIER INTERNATIONAL HOLDINGS LIMITED
其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

20 September 2017

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
TALENT LUCK LIMITED**

INTRODUCTION

We refer to the circular of the Company dated 20 September 2017 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to give you recommendation on the terms of the Agreement and the transactions contemplated thereunder. Ballas Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages SGM-1 to SGM-2 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

RECOMMENDATION

Having considered the terms of the Agreement, the transactions contemplated thereunder and taking into account the independent advice of Ballas Capital set out in its letter and the relevant information contained in the letter from the Board, we consider that the Agreement and the transactions contemplated thereunder are on normal commercial terms, are fair and reasonable so far as the Group and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that you vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Dr CHOW Ming Kuen, Joseph
Mr YANG Chuen Liang, Charles

Professor POON Chung Kwong
Mr Irons SZE

Independent Non-Executive Directors

* *For identification purpose only*

LETTER FROM BALLAS CAPITAL

The following is the text of the letter of advice from Ballas Capital setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for inclusion in this circular.

BALLAS
C A P I T A L

Unit 1802, 18/F
1 Duddell Street
Central
Hong Kong

20 September 2017

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
TALENT LUCK LIMITED**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 20 September 2017, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 30 August 2017, the Board announced that the Vendors and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target, at a cash Consideration of HK\$610,000,000 (subject to adjustments). The principal asset of the Target is the Property.

To the best of the knowledge of the Directors, the Purchaser is the spouse of Dr. Chow who is the controlling shareholder of the Company holding 189,490,248 Shares (representing approximately 62.76% of the entire issued share capital of the Company) as at Latest Practicable Date, and accordingly the Disposal constitutes a connected transaction for the Company which is subject to the reporting, announcement and independent shareholders’

LETTER FROM BALLAS CAPITAL

approval requirements pursuant to Chapter 14A of the Listing Rules. Dr. Chow and his associates are required to abstain from voting in respect of the resolution(s) that would be proposed to approve the Disposal at the SGM.

The Independent Board Committee comprising all the independent non-executive Directors, being Dr. Chow Ming Kuen, Joseph, Mr. Yang Chuen Liang, Charles, Professor Poon Chung Kwong and Mr. Irons Sze, has been established to advise the Independent Shareholders in relation to the Disposal.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

In relying on the valuation report as set out in Appendix I to the Circular (the “**Valuation Report**”), we have reviewed the fairness, reasonableness and completeness of any assumptions or projections made by Crowe Horwath (HK) Consulting & Valuation Limited (the “**Valuer**”) in the Valuation Report. In relation to the Valuer providing an opinion or valuation relevant to the Property, we (i) have interviewed the Valuer as to its expertise and any current or prior relationships with the Company, the Vendors, the Purchaser or any of their respective subsidiaries or associates; (ii) have reviewed the terms of engagement (in particular whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the level of assurance given by the Valuation Report); and (iii) have discussed with the Valuer in respect of its work done (for details, please refer to the sub-section headed “B) Major terms of the Agreement – (i) Consideration” in our letter below).

The Directors have declared in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the Target, the Vendors, the Purchaser or any of their respective subsidiaries or associates.

LETTER FROM BALLAS CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in relation to the Disposal, we have considered the following principal factors and reasons:

A) Background and reasons for entering into the Agreement

(i) Information on the Group

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.

As disclosed in the the Company's annual reports for the two years ended 31 March 2016 ("FY2016") and 2017 ("FY2017"), the Group's revenue decreased from HK\$5,538 million in FY2016 to HK\$4,759 million in FY2017. The decrease was mainly due to the absence of the previous year's revenue recognised from the aggregated sale and pre-sale of residential units in the property development in Changchun and the disposal of the Group's interest in the food and beverage business. Despite the decline in revenue, the profit attributable to shareholders of the Company significantly increased from HK\$315 million in FY2016 to HK\$540 million in FY2017, which is mainly due to the increase in fair value of investment properties.

(ii) Background and reasons of the Disposal

On 30 August 2017, the Vendors and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target, at a cash Consideration of HK\$610,000,000 (subject to adjustments). The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser with reference to the indicative valuation of the Property of HK\$608,000,000 as at 30 June 2017 conducted by the Valuer. Details of our analysis on the Consideration are set out in the sub-section headed "B) Major terms of the Agreement – (i) Consideration" in our letter below.

As referred to in the Letter from the Board, the Property was acquired by the Group in 1993 and had been provided to Dr. Chow as his residence as part of his remuneration package during his tenure as the chairman and co-chairman of the Company until 30 August 2017. The Company considered it appropriate to sell the Property to the Purchaser such that the Group would be able to realise the capital appreciation in its investment in the Property while Dr. Chow will continue to reside in the Property after his retirement.

(iii) Information on the Target and the Property

The Target

The Target is principally engaged in property holding and its principal asset is the Property. As at the Latest Practicable Date, the Target is an indirect wholly-owned subsidiary of the Company.

LETTER FROM BALLAS CAPITAL

As extracted from the Letter from the Board, set out below is the unaudited financial information of the Target prepared under Hong Kong Financial Reporting Standards and extracted from the audited consolidated financial statements of the Group for FY2016 and FY2017.

	FY2016	FY2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before and after taxation	7,643	3,944

Based on the information provided by the Company, we note that the Target's loss for FY2016 and FY2017 was mainly attributable to the depreciation of the Property and bank loan interest. The substantial decrease in loss from FY2016 to FY2017 was mainly attributable to the gain on revaluation of the investment properties. After FY2017, all investment properties held by the Target were disposed except for the Property.

As at 26 August 2017, the carrying value of the Group's investment in the Sale Shares amounted to HK\$514,000,000 which included the carrying value of the Property stated at fair value of HK\$606,000,000.

The Property

The Property is situated at 9 Henderson Road, Jardine's Lookout, Hong Kong. It is a residential property with gross floor area of approximately 9,500 square feet. It has been used by the Group as staff quarters and provided to Dr. Chow as his residence during his tenure as the chairman and co-chairman of the Company until 30 August 2017.

According to the Valuation Report as set out in Appendix I of the Circular, the Property comprises 3 storey detached house erected on a land with a site area of 10,632 square feet. The house was completed in 1988 and a major renovation was basically completed as at 30 June 2017. As stated in the Valuation Report, the market value of the Property as at 30 June 2017 (the "**Appraised Value**") is HK\$608,000,000.

Our view

Having taken into consideration the above, in particular, (i) the Disposal allows the Company to realise the capital appreciation in its investment in the Property; and (ii) the Consideration of HK\$610,000,000 (subject to adjustments) is slightly above the Appraised Value as assessed by the Valuer, we consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

LETTER FROM BALLAS CAPITAL

B) Major terms of the Agreement

The following is our analyses and views on the major terms of the Agreement:

(i) Consideration

The Agreement stipulates that the Consideration for the Disposal is HK\$610,000,000, which is subject to the adjustments as set out below:

- (a) there shall be added to the Consideration the aggregate amount (if any) of the following tangible assets of the Target: (i) accounts receivables, if any; (ii) utility deposits, management fee deposits, rates, government rent and other expenses prepaid in relation to the Property; and (iii) cash and bank balance as shown in the Completion Accounts; and
- (b) there shall be deducted from the Consideration aggregate amount (if any) of liabilities and payables of the Target as shown in the Completion Accounts.

We note from the financial information as shown at the unaudited management accounts of the Target as at 26 August 2017, the tangible assets and the liabilities in respect of the above adjustments are of immaterial amount.

The Consideration of HK\$610,000,000 (subject to adjustments) is slightly higher than the Appraised Value. In assessing the fairness and reasonableness of the Appraised Value, we have interviewed the Valuer and reviewed the Valuer's engagement letter and other information provided by the Valuer. In particular, we note that in performing the valuation of the Property, the Valuer has adopted the direct comparison approach by making reference to the comparable properties in the relevant locality. Comparable properties of similar size, character and location were analysed and carefully selected of each property in order to arrive at a fair comparison of capital values. Based on our discussion with the Valuer, we note that the Valuer has included all of the most suitable comparables which meets their selection criteria as identified by them based on their best information, knowledge and belief. We have also been advised by the Valuer that in light of the particulars of the Property, the above valuation methodology is the most appropriate and most commonly used methodology in arriving at the Appraised Value. Furthermore, we have discussed with the Valuer to understand the assumptions which they have taken into consideration when performing the valuation of the Property (details of the assumptions are set out in the Valuation Report). The Valuer also advised that the valuation of the Property was carried out in accordance with the HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Based on the above, we concur with the Valuer that the direct comparison approach adopted by the Valuer in performing the valuation of the Property and the assumptions taken into consideration by the Valuer are appropriate.

Having considered the above, we are of the view that the Consideration is fair and reasonable.

LETTER FROM BALLAS CAPITAL

(ii) Terms of payment

As stated in the Letter from the Board, the Consideration will be settled according to the following schedule in cash:

- (i) HK\$1,000,000, being part of the Deposit, upon signing of the Agreement;
- (ii) HK\$29,500,000, being the remaining balance of the Deposit, within 7 days from the date of the Agreement; and
- (iii) the remaining balance of the Consideration (calculated based on the Completion Accounts as described below), upon Completion.

As advised by the Company, the first part of the Deposit and the remaining balance of the Deposit had been settled on 30 August 2017 and 5 September 2017 respectively.

(iii) Conditions precedent

Please refer to the sub-section headed “Conditions” in the Letter from the Board for details of the conditions of the Disposal.

If any of the conditions is not fulfilled, the Purchaser may at its absolute discretion at any time before Completion waive all the conditions (except condition (viii)) or rescind the Agreement by notice in writing to the Vendors. Condition (viii) represents the Company’s compliance with, among others, the Listing Rules with respect to the transactions contemplated under the Agreement and cannot be waived.

Upon rescission of the Agreement, the Vendors shall refund the Deposit to the Purchaser without interest, costs or compensation within five Business Days upon demand.

(iv) Completion

Completion will take place within 14 days or such other date as agreed between the Vendors and the Purchaser in writing after fulfillment (or waiver) of the conditions set out in the Agreement.

Our view

Having considered the above, we are of the view that the terms of the Agreement are normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

LETTER FROM BALLAS CAPITAL

C) Possible financial effects of the Disposal

Upon Completion, the Group will cease to hold any interest in the Target and the Target will no longer be an indirect wholly-owned subsidiary of the Company. As such, the results of the Target will no longer be consolidated into the results of the Group.

As stated in the Letter from the Board, it is expected that the Group would record a gain on the Disposal of approximately HK\$95,000,000 net of expenses directly attributable thereto, being the difference between the estimated net proceeds from the Disposal of HK\$609,000,000 and the carrying value of the Group's investment in the Sale Shares amounted to HK\$514,000,000.

Furthermore, upon Completion, the accumulated fair value surplus of HK\$455,000,000 associated with the Property previously credited to the other assets revaluation reserve would be transferred to the retained profits of the Group in accordance with Hong Kong Financial Reporting Standards.

The proceeds from the Disposal, net of expenses directly attributable thereto, is estimated to be approximately HK\$609,000,000 and are intended to be used for general working capital and/or future investment opportunities of the Group as and when appropriate. The Disposal will generate cash inflow to the Group and enhance its liquidity and working capital position.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the Disposal is on normal commercial terms, although not in the ordinary and usual course of business of the Company, are fair and reasonable so far as the Group and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Ballas Capital Limited
Heidi Cheng **Cathy Leung**
Managing Director *Assistant Director*

The following is the text of the independent property valuation report received from Crowe Horwath (HK) Consulting & Valuation Limited, prepared for the purpose of inclusion in this circular, in connection with the valuation of the Property as at 30 June 2017.



國富浩華(香港)諮詢評估有限公司
Crowe Horwath (HK) Consulting & Valuation Limited
Member Crowe Horwath International
香港銅鑼灣 禮頓道77號 禮頓中心9樓
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Causeway Bay, Hong Kong
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www.crowehorwath.hk

Date : 20 September 2017

Chevalier International Holdings Limited

22/F, Chevalier Commercial Centre
8 Wang Hoi Road, Kowloon Bay
Kowloon, Hong Kong

Dear Sirs,

RE: Valuation of 9 Henderson Road, Jardine's Lookout, Hong Kong

In accordance with an instruction for us to value the captioned property held by a subsidiary of **Chevalier International Holdings Limited** (the "Company", hereinafter together known as the "Group") in Hong Kong, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at **30 June 2017** (the "Date of Valuation") for **public circular purpose of the Group**.

Valuation Basis

Our valuation is carried out on a Market Value basis, which is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."

This valuation is complied with The HKIS Valuation Standards published by the Hong Kong Institute of Surveyors ("HKIS") and the International Valuation Standards published by the International Valuation Standards Council. We have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the property on the open market on a vacant possession basis without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the property.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free of encumbrances, restrictions and outgoings of onerous nature which could affect its value.

Valuation Methodology

The valuation was conducted by Direct Comparison Approach, which consists of comparisons based on prices realized of comparable properties. Comparable properties of similar locality, size and character are selected and then analyzed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital value.

Source of Information

We have caused searches at the Land Registry in Hong Kong. And, we have relied to a considerable extent on information given by the Group, in particular, but not limited to, statutory notices, easements, occupancy, mortgage status, etc. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries.

Site inspection to the exterior of the property was carried by Mr Alex Leung (MHKIS) in June 2017. We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the approved building plans are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the property is free of rot, infestation or any other structural defects. We have not carried out investigations on the site to determine the suitability of the ground conditions, the services, etc. for the existing and any future development. We have not carried out any investigation into past or present uses, either of the property or of any neighboring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and have therefore assumed that none exists.

Limitation of Liabilities

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

The responsible valuer(s) is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation assignment. Our findings or conclusion of value of the property in this report are valid only for the stated purpose and at the Date(s) of Valuation, and for the sole use of the Company. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer(s) accepts no responsibility whatsoever to any other person.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Company contractual undertakings in respect of their services and shall be deemed to have paid to the Company such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding ten (10) times of the amount of our agreed fee for this engagement or HK\$500,000, whichever the lower. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Crowe Horwath (HK) Consulting & Valuation Limited
Alex P W Leung MHKIS, RPS(GP)
Director

Note: Mr. Alex Leung is a member of the Hong Kong Institute of Surveyors. He has over 20 years of experience in valuing properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Occupancy details	Market value as at 30 June 2017
<p>9 Henderson Road, Jardine's Lookout, Hong Kong</p> <p>The property is registered as Inland Lot No. 7351.</p>	<p>The property comprises a 3-storey detached house erected on a land with a site area of 10,632 sqft. The house was completed in 1988 and a major renovation was basically completed as at the Date of Valuation.</p> <p>The gross floor area of the house is about 9,501 sqft.</p> <p>The property is held for a term of 75 years commencing from 11 January 1950 and renewable for another 75 years. The annual government rent is HK\$244 per annum.</p>	<p>As informed, the property was occupied by the Group.</p>	<p>HK\$608,000,000 (HONG KONG DOLLARS SIX HUNDRED AND EIGHT MILLION)</p>

Notes:

- (a) The registered owner of the property is Talent Luck Limited as per an assignment registered by Memorial No. UB9200786 dated 31 March 2004.
- (b) The property falls within an area zoned as "Residential (Group C) 1" as per the approved Jardine's Lookout & Wong Nai Chung Gap Outline Zoning Plan No. S/H13/12. On land designed Residential (Group C) 1, no new development shall exceed maximum plot ratio of 0.6 and maximum building height of 3 storeys including carports, or the plot ratio and the height of the existing building, whichever is the greater.

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 where 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			Total	Approximate percentage of shareholding (%)
		Personal Interests	Family Interests			
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	

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 circumstances 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	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, is deemed to be interested in the same parcel of 189,490,248 Shares held by Dr. CHOW.

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 ASSETS, CONTRACTS OR ARRANGEMENTS 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 2017 (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 Agreement;
- (b) the sale and purchase agreement dated 10 August 2017 entered into between Star Properties Group (BVI) Limited as the vendor, Star Properties Group (Cayman Islands) Limited as the guarantor and Jumbo Gate Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser in relation to the acquisition of one ordinary share of Moon Colour Holdings Limited and the entire amount of the principal, interest and other sums and indebtedness due, owing or payable by Moon Colour Holdings Limited to Star Properties Group (BVI) Limited and its affiliate(s) at the consideration of HK\$360 million;
- (c) 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;
- (d) the framework agreement dated 1 June 2017 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 at the consideration of RMB746 million (equivalent to approximately HK\$843 million) (Chinaford, Dolce Field, CCPD and CSED, together as “Disposal Group”) and the net amounts of the sale loans due by the Disposal Group to the Company and Chevalier Chengdu at the consideration of RMB824 million (equivalent to approximately HK\$930 million);

- (e) 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 and all debts owing by it to the vendor at the consideration of HK\$228 million;
- (f) 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);
- (g) 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
- (h) 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. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2017, the date to which the latest published audited financial statements of the Group were made up.

8. QUALIFICATION AND CONSENTS OF EXPERTS

The followings are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Crowe Horwath (HK) Consulting & Valuation Limited	Independent professional property valuer
Ballas Capital	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Crowe Horwath (HK) Consulting & Valuation Limited and Ballas Capital have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their reports, letters and/or reference to their names or opinions in the form and context in which they respectively appear.

As at the Latest Practicable Date, Crowe Horwath (HK) Consulting & Valuation Limited and Ballas Capital were not beneficially interested in the share capital of any member of the Group nor did they 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, Crowe Horwath (HK) Consulting & Valuation Limited and Ballas Capital 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 financial statements 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 12 October 2017 (being the date of the SGM):

- (a) the memorandum of association and bye-laws of the Company;
- (b) the published annual reports of the Company for each of the two financial years ended 31 March 2016 and 2017;
- (c) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (d) the letter of advice from Ballas Capital, the text of which is set out in this circular;
- (e) the valuation report prepared by Crowe Horwath (HK) Consulting & Valuation Limited, the text of which is set out in Appendix I to this circular;
- (f) the written consents from the experts referred to in the paragraph headed “Qualification and consents of experts” in this appendix;
- (g) the material contracts referred to in the section headed “Material contracts” in this Appendix II; and
- (h) 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 Thursday, 12 October 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 agreement dated 30 August 2017 (the “Agreement”) entered into among CIH (BVI) Limited (“CIH”) and Lucky Fine Limited (“LFL”) (collectively as vendors) and Madam Miyakawa Michiko (as purchaser) for the sale and purchase of the entire issued share capital of Talent Luck Limited (the “Sale Shares”) at a consideration of HK\$610,000,000 (subject to adjustments required to be made based on the unaudited management accounts of Talent Luck Limited as at completion of the sale and purchase of the Sale Shares as prescribed in the Agreement) (a copy of the 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 approved, ratified and confirmed; and any one director of each of CIH and LFL be and is hereby authorized for and on behalf of CIH and LFL respectively to execute all such documents (under the respective common seals of CIH and LFL where appropriate) and to do all such acts or things as each such director may in his absolute discretion considers necessary, appropriate, desirable or expedient to give effect to or otherwise in connection with the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 20 September 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 SGM 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 SGM shall be entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy needs not be a shareholder of the Company but must attend the SGM 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 the SGM or any adjournment thereof (as the case may be) or upon the poll concerned.
- (5) In order to qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer office of the Company, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 6 October 2017.
- (6) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the SGM 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.
- (7) 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 person 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.