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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

DISCLOSEABLE TRANSACTION LOAN AGREEMENT

The Board announces that on 22 November 2023 (after trading hours of the Stock Exchange), the Lender (an indirect wholly-owned subsidiary of the Company) entered into the Loan Agreement with ASRH and VRL as Borrowers (each an Independent Third Party) to provide the Loan Facility to the Borrowers up to an aggregate principal amount of HK\$400 million for the purposes of, inter alia, financing the Development and the general working capital for operating the Facility Building now known as Ventria Residence.

As one or more of the applicable percentage ratios for the transaction contemplated under the Loan Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction for the Company and is subject to the announcement requirements pursuant to Chapter 14 of the Listing Rules.

LOAN AGREEMENT

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Principal Terms

Principal terms of the Loan Agreement are as follows:–

Date: 22 November 2023

Parties: (i) Lender (as lender); and
(ii) ASRH and VRL (as Borrowers).

Loan Facility:	A loan facility up to an aggregate principal amount of HK\$400 million.
Purpose:	Each Borrower shall apply all amounts borrowed under the Loan Facility for the purposes of (i) financing the Development and refinancing existing indebtedness incurred for the Development; and (ii) financing the general working capital for operating the Facility Building.
Interest:	Interest shall accrue at the per annum rate of (i) 3% on top of the prime rate for HKD as quoted by Hang Seng Bank Limited on the first day of each calendar month or (ii) 10%, whichever is lower.
Default Interest:	If the Borrowers fail to repay any amount under the Loan Agreement on its due date, interest shall accrue on the unpaid amount from the due date at a rate of 2% per annum higher than the original interest rate, subject to a maximum amount of HK\$40 million.
Payment of Interest:	Interest shall be payable on the last day of each calendar month provided that if the Mandatory Partial Prepayment Amount is equal to or less than zero, interest may remain unpaid. No default interest shall accrue on such unpaid interest, but all unpaid interest shall be payable upon occurrence of the Mandatory Partial Prepayment Event.
Final Maturity Date:	The earlier of (i) the Consultancy Agreement Expiry Date; (ii) the date on which the Consultancy Agreement is terminated or the Consultant ceases to be the consultant for the Development or the operation and management of the Facility Building for any reason whatsoever; or (iii) such other date as may be agreed between the Lender and the Borrowers.
Mandatory Full Prepayment:	The Loan Facility shall be immediately cancelled and all Loans and other amounts outstanding under the Loan Agreement shall become immediately due and repayable upon occurrence of the Mandatory Full Prepayment Event.
Mandatory Partial Prepayment:	The Mandatory Partial Prepayment Amount shall be immediately paid upon occurrence of the Mandatory Partial Prepayment Event.
Voluntary Prepayment:	A Borrower may give the Lender not less than five business days' prior written notice to prepay the whole or any part of any Loan.

The Loan Facility is intended to be financed by internal resources of the Group and will not have any material effects on the Group's assets and liabilities.

INFORMATION OF THE DEVELOPMENT AND THE FACILITY BUILDING

The Development being carried out on the Land comprises demolition works of all buildings structures previously erected on the Land and the ongoing building works of the Facility Building and the Church Building now erected on the Land.

The Facility Building is a senior housing facility building now known as Ventria Residence, which comprises 168 units, a RCHE, recreational and shared social spaces. It is intended to be a premium senior living development offering an integrated retirement experience to its residents, integrating all-inclusive living, medical and nursing care, dining and social programs.

Pursuant to the Consultancy Agreement dated 7 October 2016, the Consultant (an indirect non wholly-owned subsidiary of the Company) is engaged by ASRH and VRL to, inter alia, provide certain consultancy services relating to the carrying out of the Development and the operation of the Facility Building after completion of the Development.

As of the date of this announcement, the Consultant is an indirect non wholly-owned subsidiary of the Company ultimately owned as to 60% by the Company and 40% by an Independent Third Party.

INFORMATION OF THE GROUP AND THE LENDER

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

The Lender is an indirect wholly-owned subsidiary of the Company. Save and except entering into the Loan Agreement, the Lender has no material business operations as of the date of this announcement.

INFORMATION ON THE BORROWERS

ASRH and VRL are companies incorporated in Hong Kong limited by guarantee and under the instructions of Seventh-day Church Hong Kong. As at the date of this announcement, ASRH and VRL are principally engaged in the development and operation of the Facility Building and ASRH is the registered owner of the Land. The Seventh-day Church Hong Kong is the Hong Kong branch church of the General Conference. The General Conference is a religious organisation.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrowers and their ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT

The Group has been involved in the Development since 2016 through the Consultant (an indirect non-wholly-owned subsidiary of the Company) and the Development has reached its final stages. In order to facilitate the final stages of the Development and the smooth operation of the Facility Building upon its opening, the Lender agreed to make available the Loan Facility. The terms and conditions of the Loan Agreement including the interest rate thereunder have been reached after arms-length discussions between the Lender and the Borrowers.

The Group has been engaged in the senior living business in the US since 2011. As at the date of this announcement, the Group owns 28 senior housing properties across six states in the US, providing over 2,500 units/beds covering a wide spectrum of services including independent living, assisted living, memory care and skilled nursing. It is anticipated that the demand for senior housing facility in Hong Kong will continue to increase and the Facility Building is uniquely positioned to capture such demand given its premium and unique market position. By providing the Loan Facility to the Borrowers, the Group will, on one hand, be able to charge interest on the outstanding Loans from time to time and, on the other, ensure the smooth operation of the Facility Building.

While the Loan Facility is unsecured, having due regard to the purposes toward which the Loans will be applied, the involvement and the discretion of the Consultant in the Development and the operation of the Facility Building under the Consultancy Agreement, the management of the Group is confident that the Borrowers will be able to fully repay the Loan Facility before the Final Maturity Date. As disclosed above, all outstanding Loans shall become immediately repayable upon occurrence of the Mandatory Full Prepayment Event or the expiry or early termination of the Consultancy Agreement.

Taking into account the above factors, while the Loan Agreement is not entered into in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) believe that the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the transaction contemplated under the Loan Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“ASRH”	Adventist Senior Residence Holding Limited (previously known as Hong Kong-Macao Conference Holding Limited), a company limited by guarantee and incorporated in Hong Kong
“Board”	the board of Directors
“Borrowers”	ASRH and VRL
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“Church Building”	a church building erected on the Land
“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)
“Consultancy Agreement”	an agreement dated 7 October 2016 entered into between the Consultant, ASRH and VRL as mentioned in the announcements of the Company dated 7 October 2016 and 25 October 2016
“Consultancy Agreement Expiry Date”	the date of expiry of the term of the Consultancy Agreement, being the date falling 35 years after (i) the date on which the occupation permit of the Facility Building is issued by the relevant authority; or (ii) the date on which the license under the RCHEO is issued by the relevant authority in respect of the RCHE forming part of the Facility Building, whichever is the later
“Consultant”	NC1 Sandhill Limited, a company incorporated in the British Virgin Islands and an indirect non wholly-owned subsidiary of the Company
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Development”	the development of the Land comprising demolition works of all buildings structures previously erected on the Land and the building works of the Facility Building and the Church Building on the Land
“Director(s)”	director(s) of the Company

“Facility Building”	a facility building erected on the Land now known as Ventria Residence
“Final Maturity Date”	the final maturity date of the Loan Facility as described in the section headed “Loan Agreement – Principal Terms – Final Maturity Date” of this announcement
“General Conference”	General Conference Corporation of Seventh-day Adventists, an organisation incorporated in the US and registered in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), and, as at the date of this announcement, the legal and beneficial owner of the Land
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) independent of the Company and its connected persons
“Land”	the land parcel described as The Remaining Portion of Inland Lot No.8280, located at Nos. 17A-17B Ventris Road, Hong Kong
“Lender”	Chance Up Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan(s)”	loan(s) made or to be made under the Loan Facility or the principal amount outstanding for the time being of such loan(s)
“Loan Agreement”	a loan agreement dated 22 November 2023 entered into between the Lender, ASRH and VRL, the principal terms of which are set out in the section headed “Loan Agreement – Principal Terms” of this announcement
“Loan Facility”	an unsecured loan facility made available by the Lender to the Borrowers upon the terms and conditions of the Loan Agreement up to an aggregate principal amount of HK\$400 million

“Mandatory Full Prepayment Event”	when the aggregate balance of certain bank accounts of the Borrowers is equal to or greater than the sum of (i) the aggregate amount of all Loans and other amounts then outstanding under the Loan Agreement; (ii) the amount required to be returned by any of the Borrowers to any intended debenture applicants of the RCHE Debentures by the end of the relevant calendar month (if any); and (iii) the higher of (1) 6 months’ Working Capital (excluding any amount that needs to be returned to the intended debenture applicants of the RCHE Debentures) and (2) HK\$30 million
“Mandatory Partial Prepayment Event”	when the aggregate balance of certain bank accounts of the Borrowers is greater than the sum of (i) the amount required to be returned by any of the Borrowers to any intended debenture applicants of the RCHE Debentures by the end of the relevant calendar month; and (ii) the higher of (1) 3 months’ Working Capital (excluding any amount that needs to be returned to the intended debenture applicants of the RCHE Debentures) and (2) HK\$30 million; and such excess being the “Mandatory Partial Prepayment Amount”
“RCHE”	residential care home for the elderly licensed under the RCHEO
“RCHE Debentures”	a debenture or other form of instrument to be issued by VRL for subscription entitling the holder thereof to enter into an agreement to occupy unit(s) of the Facility Building
“RCHEO”	Residential Care Homes (Elderly Persons) Ordinance (Chapter 459 of the Laws of Hong Kong)
“Seventh-day Church Hong Kong”	Hong Kong-Macao Conference of Seventh-day Adventists, a society exempt from registration under the Societies Ordinance (Chapter 151 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	The United States of America
“VRL”	Ventria Residence Limited (previously known as Hong Kong-Macao Conference Limited), a company limited by guarantee and incorporated in Hong Kong

“Working Capital” in respect of any month, the amount of working capital budgeted and mutually agreed by VRL, ASRH and the Consultant to operate the Facility Building, including the amount to be refunded to the intended debenture applicants of the RCHE Debentures at the end of that month

“%” per cent

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

Hong Kong, 22 November 2023

As at the date of this announcement, the Board of the Company comprises Messrs. Kuok Hoi Sang (Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Professor Poon Chung Kwong, Mr. Irons Sze, Mr. Sun Leland Li Hsun and Ms. Kwan Angelina Agnes as Independent Non-Executive Directors; Mr. Chow Vee Tsung, Oscar as Non-Executive Director.

* for identification purpose only