CHEVALIER

CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其 士 國 際 集 團 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2017

RESULTS

The Directors of Chevalier International Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2017, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Revenue	4	**4,759,376**	5,537,763
Cost of sales		**(4,015,070)**	(4,325,855)
Gross profit		**744,306**	1,211,908
Other income, net	5	**106,219**	63,410
Other gains/(losses), net	6	**202,663**	(130,842)
Selling and distribution costs		**(101,223)**	(451,869)
Administrative expenses		**(217,853)**	(239,510)
Operating profit		**734,112**	453,097
Share of results of associates		**87,922**	116,932
Share of results of joint ventures		**(4,672)**	(25,407)
		817,362	544,622
Finance income	7	**19,333**	23,646
Finance costs	7	**(93,538)**	(105,156)
Finance costs, net	7	**(74,205)**	(81,510)
Profit before taxation	8	**743,157**	463,112
Taxation	9	**(132,025)**	(102,966)
Profit for the year		**611,132**	360,146

	Note	**2017** **HK$'000**	2016 HK$'000
Attributable to:			
Shareholders of the Company		**540,263**	315,056
Non-controlling interests		**70,869**	45,090
		611,132	360,146
Earnings per share			
– basic (HK$ per share)	10	**1.79**	1.05
– diluted (HK$ per share)	10	**1.79**	1.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017 **HK$'000**	2016 HK$'000
Profit for the year	**611,132**	360,146
Other comprehensive income/(expenses) for the year		
Item that may not be reclassified to profit or loss		
Fair value surplus of properties for own use	**94,395**	55,564
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	**(237,786)**	(147,073)
Share of other comprehensive expense of an associate	**–**	(3,865)
Change in fair value of available-for-sale investments	**9,506**	(48,538)
Impairment loss on available-for-sale investments transferred to consolidated income statement	**5,676**	17,160
Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap and foreign currency forward contracts	**4,985**	(6,857)
Other comprehensive expenses for the year, net of tax	**(123,224)**	(133,609)
Total comprehensive income for the year	**487,908**	226,537
Attributable to:		
Shareholders of the Company	**429,878**	191,272
Non-controlling interests	**58,030**	35,265
	487,908	226,537

Note: Items shown within other comprehensive income/(expenses) are disclosed net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	**2017**	2016
		HK$'000	HK$'000
Non-current assets			
Investment properties		**3,832,583**	3,663,625
Property, plant and equipment		**2,330,127**	1,899,365
Goodwill		**629,741**	629,014
Other intangible assets		**9,386**	3,135
Interests in associates		**518,705**	921,070
Interests in joint ventures		**591,623**	520,705
Available-for-sale investments		**124,154**	129,428
Properties under development		**565,828**	1,128,747
Deferred tax assets		**26,815**	18,547
Other non-current assets		**82,837**	121,123
		8,711,799	9,034,759
Current assets			
Amounts due from associates		**14,985**	18,074
Amounts due from joint ventures		**7,828**	59
Amounts due from non-controlling interests		**71,862**	25,039
Investments at fair value through profit or loss		**554,771**	505,848
Inventories		**298,999**	136,317
Properties for sale		**377,635**	1,233,028
Properties under development		**511,116**	342,077
Debtors, deposits and prepayments	12	**1,392,534**	1,087,487
Amounts due from customers for contract work		**114,795**	119,283
Derivative financial instruments		**97**	1,606
Prepaid tax		**11,782**	6,834
Bank balances and cash		**1,761,632**	2,009,282
		5,118,036	5,484,934
Assets held-for-sale	15	**1,233,787**	–
		6,351,823	5,484,934

	Note	2017 HK$'000	2016 HK$'000
Current liabilities			
Amount due to an associate		**–**	240
Amounts due to joint ventures		**1,581**	53,230
Amounts due to non-controlling interests		**260,964**	–
Amounts due to customers for contract work		**555,512**	934,670
Derivative financial instruments		**2,974**	9,557
Creditors, bills payable, deposits and accruals	13	**1,921,861**	1,297,737
Unearned insurance premiums and unexpired risk reserves		**60,279**	80,976
Outstanding insurance claims		**305,272**	352,519
Deferred income		**21,158**	17,227
Current income tax liabilities		**74,798**	62,964
Bank and other borrowings		**520,247**	960,852
		3,724,646	3,769,972
Liabilities directly associated with assets held-for-sale	15	**148,268**	–
		3,872,914	3,769,972
Net current assets		**2,478,909**	1,714,962
Total assets less current liabilities		**11,190,708**	10,749,721
Capital and reserves			
Share capital		**377,411**	377,411
Reserves		**7,592,045**	7,372,273
Shareholders' funds		**7,969,456**	7,749,684
Non-controlling interests		**533,863**	488,571
Total equity		**8,503,319**	8,238,255
Non-current liabilities			
Unearned insurance premiums		**44,705**	80,560
Bank and other borrowings		**2,270,192**	2,151,684
Deferred tax liabilities		**372,492**	279,222
		2,687,389	2,511,466
Total equity and non-current liabilities		**11,190,708**	10,749,721

NOTES

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, staff quarters, available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

2 Accounting polices

(a) New standard, amendments and improvement to existing standards that are effective for the Group's financial year beginning on 1 April 2016

The following new standard, amendments and improvement to existing standards, that are relevant to the Group's operation, are mandatory for the financial year of the Group beginning on 1 April 2016:

- HKAS 1 (amendment), "Disclosure initiative"
- HKAS 16 and HKAS 38 (amendment), "Clarification of acceptable methods of depreciation and amortisation"
- HKAS 27 (2011) (amendment), "Equity method in separate financial statements"
- HKFRS 10, HKFRS 12 and HKAS 28 (amendment), "Investment entities – Applying the consolidation exception"
- HKFRS 11 (amendment), "Accounting for acquisition of interests in joint operation"
- HKFRS 14, "Regulatory deferral accounts"
- Annual Improvements Project – Improvements to HKFRS 2012-2014 Cycle

The adoption of the new standard, amendments and improvement to existing standards does not have significant impact on the Group's consolidated results and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

(b) New standards, amendments and improvements to existing standards that have been issued but not yet effective and have not been early adopted by the Group

The following new standards, amendments and improvements to existing standards, that are relevant to the Group's operation, have been issued but not yet effective for the financial year of the Group beginning on 1 April 2016 and have not been early adopted:

- HKAS 7 (amendment), "Disclosure initiative"[1]
- HKAS 12 (amendment), "Recognition of deferred tax assets for unrealised losses"[1]
- HKFRS 4 (amendment), "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"[2]
- HKFRS 9 (2014), "Financial instruments"[2]
- HKFRS 10 and HKAS 28 (amendment), "Sale or contribution of assets between an investor and its associate or joint venture"[4]
- HKFRS 15, "Revenue from contracts with customers"[2]
- HKFRS 15 (amendment), "Clarification of HKFRS 15 Revenue from contracts with customers"[2]
- HKFRS 16, "Leases"[3]
- Annual Improvements Project – Improvements to HKFRS 2014- 2016 Cycle [5]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] Effective for annual periods beginning on or after a date to be determined
[5] The amendments to HKFRS 1 and HKAS 28 are effective for annual periods beginning on or after 1 January 2018; whereas the amendments to HKFRS 12 are effective for annual periods beginning on or after 1 January 2017

The Group will adopt the above new standards, amendments and improvements to existing standards as and when they become effective. The Group is currently assessing the potential impact of these new standards, amendments and improvements to existing standards but expects their adoption will not have significant effect on the Group's consolidated financial statements except as set out below.

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39, which is based on the change in credit quality of financial assets since initial recognition.

As at the reporting date, the Group is not yet in a position to estimate the impact of HKFRS 9 on the Group's consolidated financial statements. The Group will continue to make more detailed assessments of the impact.

HKFRS 15 "Revenue from contracts with customers" replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identity the contract(s) with customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. The core principal is that a company should recognise revenue when control of a good or service transfers to a customer.

As at the reporting date, the Group is not yet in a position to estimate the impact of HKFRS 15 on the Group's consolidated financial statements. The Group will continue to make more detailed assessments of the impact.

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on the consolidated statements of financial position for lessees. The Group is a lessee of certain office which are currently classified as operating leases. HKFRS 16 provides a new provision for the accounting treatment of leases when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). The new standard will therefore result in an increase in assets and financial liabilities in the consolidated statements of financial position. As for the financial performance impact in the consolidated statements of comprehensive income, straight-line depreciation expense on the right-of-use asset and the interest expenses on the lease liability are recognised and no rental expenses will be recognised. Based on the Group's undiscounted operating lease commitment as at 31 March 2017, the management expects HKFRS 16 will not have significant impact on the Group's consolidated financial statements.

3 Segment information

Management has determined the operating segments based on the reports reviewed by the Directors, the chief operating decision-maker, that are used to make strategic decisions. The Directors consider the business from a product/service perspective. The Board reviewed the Group's internal reports to assess the Group's performance and to re-allocate resources. During the year ended 31 March 2017, the Group's segmentation was reclassified into Construction and Engineering, Property Investment, Property Development and Operations, Senior Housing, Car Dealership and Others. The previous Property segment was split into Property Investment segment, Property Development and Operations segment and Senior Housing segment, meanwhile the Insurance and Investment segment and Food and Beverage segment were merged into Others segment. Car Dealership segment was separated from Others segment as a new and standalone segment for the year.

Principal activities of the segments are as follows:

Construction and Engineering: Construction and engineering work for aluminium window and curtain walls, building construction, building supplies, electrical and mechanical and environmental engineering, lift and escalator and pipe technology.

Property Investment: Properties rental business.

Property Development and Operations: Property development and management, cold storage and logistics and hotel operations.

Senior Housing: Senior housing business.

Car Dealership: Retailing, trading and servicing of motor vehicles.

Others: Sale and servicing of information technology equipment and business machines, food trading, general insurance business except aircraft, aircraft liabilities and credit insurance, investment in securities and restaurant and bar.

Segment revenue is measured in a manner consistent with that in the consolidated income statement, except that it also includes the Group's share of revenue of associates and joint ventures on a proportionate consolidated basis. The sales from associates and joint ventures to the Group and sales between individual associates and joint ventures are not eliminated.

The Directors assess the performance of the operating segments based on a measure of segment results. This measurement includes the Group's share of results of associates and joint ventures on a proportionate consolidated basis. Unallocated corporate expenses, finance income and costs, taxation and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except prepaid tax, unallocated bank balances and cash, deferred tax assets and other unallocated assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except current income tax liabilities, bank and other borrowings, deferred tax liabilities and other unallocated liabilities.

(a) Revenue and results

	Construction and engineering HK$'000	Property investment HK$'000	Property development and operations HK$'000	Senior housing HK$'000	Car dealership HK$'000	Others HK$'000	Total HK$'000
For the year ended 31 March 2017							
REVENUE							
Total revenue	**2,942,565**	**144,276**	**558,867**	**524,303**	**328,821**	**338,614**	**4,837,446**
Inter-segment revenue	**–**	**–**	**(39,290)**	**–**	**–**	**(38,780)**	**(78,070)**
Group revenue	**2,942,565**	**144,276**	**519,577**	**524,303**	**328,821**	**299,834**	**4,759,376**
Share of revenue of associates and joint ventures	**1,836,231**	**–**	**69,553**	**–**	**988,015**	**255,392**	**3,149,191**
Proportionate revenue from a joint venture eliminated	**(19,499)**	**–**	**–**	**–**	**–**	**–**	**(19,499)**
Segment revenue	**4,759,297**	**144,276**	**589,130**	**524,303**	**1,316,836**	**555,226**	**7,889,068**
RESULTS							
Segment profit/(loss)	**343,880**	**321,693**	**87,931**	**28,913**	**(1,907)**	**57,776**	**838,286**
Included in segment profit/(loss) are:							
Share of results of associates	96,746	–	264	–	(11,335)	2,247	87,922
Share of results of joint ventures	195	–	(4,867)	–	–	–	(4,672)
Increase in fair value of investment properties	–	226,033	–	–	–	–	226,033
Depreciation and amortisation, net of capitalisation	(7,813)	(4,273)	(29,506)	(35,931)	(1,847)	(2,674)	(82,044)
Impairment loss on available-for-sale investments	–	–	–	–	–	(5,676)	(5,676)
Unrealised gain on derivative financial instruments	–	–	–	–	–	691	691
Unrealised gain on investments at fair value through profit or loss	–	–	–	–	–	7,206	7,206
Write (down)/back of inventories to net realisable value, net	(23)	–	–	–	(1,006)	264	(765)
Impairment (loss)/gain on trade and other debtors	(5,283)	–	–	(15,165)	–	74	(20,374)
Gain on deemed acquisition of Qi Yang Group	–	–	–	–	7,060	–	7,060

	Construction and engineering HK$'000	Property investment HK$'000	Property development and operations HK$'000	Senior housing HK$'000	Car dealership HK$'000	Others HK$'000	Total HK$'000
For the year ended 31 March 2016							
REVENUE							
Total revenue	2,709,256	167,905	1,048,707	528,152	320,631	857,814	5,632,465
Inter-segment revenue	–	–	(45,495)	–	–	(49,207)	(94,702)
Group revenue	2,709,256	167,905	1,003,212	528,152	320,631	808,607	5,537,763
Share of revenue of associates and joint ventures	1,958,585	–	41,991	–	1,133,865	667,104	3,801,545
Proportionate revenue from a joint venture eliminated	(10,050)	–	–	–	–	–	(10,050)
Segment revenue	4,657,791	167,905	1,045,203	528,152	1,454,496	1,475,711	9,329,258
RESULTS							
Segment profit/(loss)	290,273	162,971	203,344	36,322	(5,544)	(123,921)	563,445
Included in segment profit/(loss) are:							
Share of results of associates	115,191	–	143	–	(8,925)	10,523	116,932
Share of results of joint ventures	59	–	(25,466)	–	–	–	(25,407)
Increase in fair value of investment properties	–	31,997	–	–	–	–	31,997
Depreciation and amortisation, net of capitalisation	(7,663)	(4,422)	(29,194)	(38,561)	(1,935)	(25,039)	(106,814)
Impairment loss on amount due from an associate	–	–	–	–	–	(118,832)	(118,832)
Impairment loss on goodwill	–	–	–	(4,656)	–	–	(4,656)
Impairment loss on available-for-sale investments	–	–	–	–	–	(17,160)	(17,160)
Unrealised gain on derivative financial instruments	79	–	–	–	–	3,690	3,769
Unrealised loss on investments at fair value through profit or loss	–	–	–	–	–	(26,550)	(26,550)
Write (down)/back of inventories to net realisable value, net	(175)	–	–	–	(729)	2,743	1,839
Impairment loss on trade and other debtors	(2,473)	–	–	(6,130)	–	(41)	(8,644)

Inter-segment revenue is charged at prices determined by management with reference to market prices.

Total segment revenue are reconciled to the Group's revenue in the consolidated income statement as follows:

	2017	2016
	HK$'000	HK$'000
Total segment revenue	**7,889,068**	9,329,258
Add: Proportionate revenue from a joint venture eliminated	**19,499**	10,050
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	**1,384,204**	1,538,034
Sales of motor vehicles and others	**988,015**	1,133,865
Maintenance and other services	**479,917**	442,098
Food and beverage	**204,687**	139,011
Hotel operations	**34,838**	37,391
Sales and leasing of properties	**34,439**	4,447
Fresh produce supply	**23,091**	506,699
	3,149,191	3,801,545
Total revenue in the consolidated income statement	**4,759,376**	5,537,763

Reconciliation of segment profit to profit before taxation is provided as follows:

	2017	2016
	HK$'000	HK$'000
Segment profit	**838,286**	563,445
Unallocated corporate expenses	**(20,924)**	(18,823)
Finance income	**19,333**	23,646
Finance costs	**(93,538)**	(105,156)
Profit before taxation	**743,157**	463,112

(b) Assets and liabilities

	Construction and engineering HK$'000	Property investment HK$'000	Property development and operations HK$'000	Senior housing HK$'000	Car dealership HK$'000	Others HK$'000	Total HK$'000
At 31 March 2017							
ASSETS							
Segment assets	**1,667,310**	**4,333,824**	**4,651,523**	**1,500,024**	**797,414**	**1,537,983**	**14,488,078**
Included in segment assets are:							
Interests in associates	**463,261**	**–**	**1,588**	**–**	**–**	**53,856**	**518,705**
Interests in joint ventures	**11,950**	**–**	**500,060**	**–**	**79,613**	**–**	**591,623**
Amounts due from associates	**14,985**	**–**	**–**	**–**	**–**	**–**	**14,985**
Amounts due from joint ventures	**44**	**–**	**7,784**	**–**	**–**	**–**	**7,828**
Additions to non–current assets (note)	**10,030**	**10,689**	**37,858**	**26,727**	**360,211**	**8,584**	**454,099**
LIABILITIES							
Segment liabilities	**1,584,312**	**47,201**	**662,486**	**64,824**	**448,974**	**490,484**	**3,298,281**
Included in segment liabilities are:							
Amounts due to joint ventures	**–**	**–**	**1,175**	**–**	**406**	**–**	**1,581**
At 31 March 2016							
ASSETS							
Segment assets	1,852,348	5,186,060	3,283,510	1,314,825	386,552	1,623,178	13,646,473
Included in segment assets are:							
Interests in associates	469,955	–	2,294	–	340,213	108,608	921,070
Interests in joint ventures	11,755	–	508,950	–	–	–	520,705
Amounts due from associates	18,072	–	–	–	2	–	18,074
Amount due from a joint venture	59	–	–	–	–	–	59
Additions to non–current assets (note)	15,442	8,203	913,397	14,488	2,366	31,145	985,041
LIABILITIES							
Segment liabilities	1,611,548	86,195	444,437	53,916	9,356	601,611	2,807,063
Included in segment liabilities are:							
Amount due to an associate	–	–	240	–	–	–	240
Amount to a joint venture	–	–	53,230	–	–	–	53,230

Note: In this analysis, the non-current assets exclude financial instruments (including interests in associates and joint ventures) and deferred tax assets.

Reconciliation of segment assets and liabilities to total assets and liabilities is provided as follows:

	2017 HK$'000	2016 HK$'000
Segment assets	**14,488,078**	13,646,473
Prepaid tax	**11,782**	6,834
Unallocated bank balances and cash	**521,217**	838,810
Deferred tax assets	**26,815**	18,547
Other unallocated assets	**15,730**	9,029
Total assets	**15,063,622**	14,519,693
Segment liabilities	**3,298,281**	2,807,063
Current income tax liabilities	**74,798**	62,964
Bank and other borrowings	**2,790,439**	3,112,536
Deferred tax liabilities	**372,492**	279,222
Other unallocated liabilities	**24,293**	19,653
Total liabilities	**6,560,303**	6,281,438

(c) Geographical information

The Group's operations in construction and engineering businesses are mainly carried out in Hong Kong, Mainland China, Macau and Australia. Property investment businesses are mainly carried out in Hong Kong, Mainland China, Canada and Singapore. Property development and operations businesses are mainly carried out in Hong Kong, Mainland China and Canada. Senior housing businesses are carried out in Hong Kong and the United States of America ("US"). Car dealership businesses are carried out in Mainland China and Canada. Other businesses are mainly carried out in Hong Kong, US and Thailand.

The associates' and joint ventures' operations in construction and engineering business are mainly carried in Hong Kong, Mainland China, Singapore and Macau. Property development and operations businesses are mainly carried out in Hong Kong and Mainland China. Car dealership businesses are carried out in Mainland China. Other businesses are carried out in Hong Kong, Macau and Australia.

Segment revenue by geographical areas

	Company and subsidiaries HK$'000	Associates and joint ventures HK$'000	2017 Total HK$'000	%	Company and subsidiaries HK$'000	Associates and joint ventures HK$'000	2016 Total HK$'000	%
Hong Kong	**3,287,455**	**619,769**[1]	**3,907,224**	**49**	2,947,593	551,792[1]	3,499,385	38
Mainland China	**88,896**	**2,112,207**	**2,201,103**	**28**	663,680	2,415,707	3,079,387	33
US	**632,261**	**–**	**632,261**	**8**	633,077	–	633,077	7
Canada	**371,753**	**–**	**371,753**	**5**	359,731	–	359,731	4
Singapore	**12,101**	**315,534**	**327,635**	**4**	12,594	267,403	279,997	3
Macau	**226,809**	**31,269**	**258,078**	**3**	680,185	49,407	729,592	8
Australia	**85,742**	**50,508**	**136,250**	**2**	195,751	506,699	702,450	7
Thailand	**40,112**	**–**	**40,112**	**1**	34,553	–	34,553	–
Others	**14,247**	**405**	**14,652**	**–**	10,599	487	11,086	–
	4,759,376	**3,129,692**	**7,889,068**	**100**	5,537,763	3,791,495	9,329,258	100

1 The proportionate revenue from a joint venture is eliminated.

The Group maintains a healthy and balanced portfolio of customers. For the year ended 31 March 2017, HK$800,422,000 (2016: HK$665,729,000) was derived from a single external customer in construction and engineering segment and accounted for more than 10% of the total revenue of the Group.

The following is an analysis of the carrying amounts of non-current assets other than financial instruments (including interests in associates and joint ventures) and deferred tax assets analysed by geographical areas:

	Non-current assets	
	2017	2016
	HK$'000	HK$'000
Hong Kong	**3,644,385**	3,533,080
Mainland China	**1,855,008**	1,940,771
US	**1,248,677**	1,252,701
Singapore	**434,809**	472,632
Canada	**204,122**	169,062
Thailand	**7,960**	9,512
Macau	**1,230**	2,238
Others	**1,916**	7,994
	7,398,107	7,387,990

4 Revenue

	2017	2016
	HK$'000	HK$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	**2,779,578**	2,517,064
Sale of information technology equipment, motor vehicles and others	**696,837**	709,889
Senior housing operations	**524,303**	528,152
Sales and leasing of properties	**298,404**	812,704
Warehouse and logistics services	**227,819**	199,251
Maintenance and property management services	**122,825**	174,334
Hotel operations	**43,472**	40,794
Insurance premium	**32,869**	51,904
Interest income from investments	**18,940**	15,933
Dividend income from investments	**10,538**	22,687
Leasing of vehicles and equipment	**3,791**	6,103
Food and beverage	**–**	458,948
Total revenue	**4,759,376**	5,537,763

5 Other income, net

	2017	2016
	HK$'000	HK$'000
Gain/(loss) on investments at fair value through profit or loss	**14,294**	(23,258)
Gain/(loss) on derivative financial instruments	**1,385**	(1,569)
Other investment income	**22,185**	11,359
Commission income	**6,927**	8,404
Marketing and promotion income	**–**	4,830
Sales and marketing services income from an associate	**27,930**	26,037
Management fee income from associates and joint ventures	**24,091**	24,478
Others	**9,407**	13,129
	106,219	63,410

6 Other gains/(losses), net

	2017 **HK$'000**	2016 HK$'000
Increase in fair value of investment properties	**226,033**	31,997
Gain on disposal of an investment property	**276**	52
Gain/(loss) on disposals of property, plant and equipment	**498**	(188)
(Loss)/gain on disposals of		
– Wonder (note 14(b))	**(3,972)**	–
– other subsidiaries	**265**	(97)
Loss of disposals of associates	**(3)**	(147)
Gain on disposal of available-for-sale investments	**–**	12
Impairment loss on amount due from an associate	**–**	(118,832)
Impairment loss on goodwill	**–**	(4,656)
Impairment loss on available-for-sale investments	**(5,676)**	(17,160)
Impairment loss on trade and other debtors	**(20,374)**	(8,644)
Gain on deemed acquisition of Qi Yang Group (note 14(a))	**7,060**	–
Exchange loss	**(1,444)**	(13,179)
	202,663	(130,842)

7 Finance costs, net

	2017 **HK$'000**	2016 HK$'000
Interest expenses on bank overdrafts and bank and other borrowings	**105,627**	114,252
Less: Amounts capitalised to properties under development (note)	**(12,089)**	(9,096)
	93,538	105,156
Less: Interest income from bank deposits	**(19,333)**	(23,646)
	74,205	81,510

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was 4.8% per annum (2016: between 4.6% and 5.9%).

8 Profit before taxation

	2017 HK$'000	2016 HK$'000
Profit before taxation has been arrived at after charging the following:		
Depreciation of property, plant and equipment	**84,150**	106,361
Less: Amount capitalised to contract work	**(2,591)**	(2,166)
	81,559	104,195
Staff costs	**935,441**	1,079,220
Less: Amount capitalised to contract work	**(213,787)**	(201,715)
	721,654	877,505
Operating lease payments in respect of leasing of		
– premises		
– under minimum lease payments	**45,159**	105,407
– under contingent rent	**–**	5,439
– equipment	**2,551**	3,789
	47,710	114,635
Auditors' remuneration		
– audit services	**11,023**	11,239
– non-audit services	**1,988**	2,144
– under-provision in prior years	**110**	154
	13,121	13,537
Amortisation of other intangible assets	**485**	2,619
Write down of inventories to net realisable value	**765**	–
and crediting the followings:		
Write back of inventories to net realisable value	**–**	1,839
Gross rental income of HK$145,672,000 (2016: HK$147,291,000) from properties less direct operating expenses	**123,471**	132,501

9 Taxation

	2017 HK$'000	2016 HK$'000
Current tax		
Hong Kong	**52,156**	55,394
Mainland China and overseas	**22,960**	28,188
Under/(over)-provision in prior years	**13,759**	(770)
	88,875	82,812
Deferred tax		
Origination and reversal of temporary differences	**43,150**	20,154
	132,025	102,966

Hong Kong profits tax is calculated at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits. Taxation on Mainland China and overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company of HK$540,263,000 (2016: HK$315,056,000) by the weighted average number of 301,928,000 (2016: 300,801,000) ordinary shares in issue during the year ended 31 March 2017.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. As at 31 March 2017 and 2016, the Group had potential ordinary shares in an associate, which were issuable upon exercise of share option being granted. There was no potential dilutive effect from such share option held during the year. As at 31 March 2017 and 2016, associates of the Group had potential ordinary shares which were issuable upon exercise of share options granted. There was no potential dilutive effect from such share options during both years.

11 Dividends

	2017	2016
	HK$'000	HK$'000
Interim dividend of HK$0.20 (2016: HK$0.20) per share paid	**60,386**	60,386
Final dividend of HK$0.40 (2016: HK$0.50) per share proposed	**120,771**	150,964
	181,157	211,350

In respect of the dividends paid during the year ended 31 March 2016, HK$26,390,000 were paid in form of shares under the Company's scrip dividend schemes in respect of the special and final dividends for the year ended 31 March 2015.

Final dividend of HK$0.40 per share totaling HK$120,771,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting. The amount will be reflected as an appropriation of retained profits for the year ending 31 March 2018.

12 Debtors, deposits and prepayments

	2017 HK$'000	2016 HK$'000
Trade debtors	**590,569**	641,104
Less: Provision for impairment	**(45,948)**	(27,099)
Trade debtors, net	**544,621**	614,005
Retention receivables	**328,933**	309,785
Less: Provision for impairment	**(33,570)**	(33,570)
Retention receivables, net	**295,363**	276,215
Other debtors, deposits and prepayments	**552,550**	197,267
	1,392,534	1,087,487

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted to trade debtors is 60 days, except for insurance business where credit period granted to certain debtors is over 60 days.

The ageing analysis of trade debtors, net is as follows:

	2017 HK$'000	2016 HK$'000
0 – 60 days	**491,522**	535,860
61 – 90 days	**20,536**	22,395
Over 90 days	**32,563**	55,750
	544,621	614,005

13 Creditors, bills payable, deposits and accruals

	2017 HK$'000	2016 HK$'000
Trade creditors and bills payable	**281,994**	211,982
Retention payables	**170,435**	151,978
Deposits received	**38,428**	55,357
Accrued contract costs	**744,749**	422,302
Other creditors and accruals	**686,255**	456,118
	1,921,861	1,297,737

The ageing analysis of trade creditors and bills payable is as follows:

	2017 HK$'000	2016 HK$'000
0 – 60 days	**265,123**	175,503
61 – 90 days	**1,174**	17,192
Over 90 days	**15,697**	19,287
	281,994	211,982

14 Acquisition and disposal of businesses

(a) Deemed acquisition of Qi Yang Chevalier Investment Company Limited ("Qi Yang")

Qi Yang and its subsidiaries (collectively "Qi Yang Group") is engaged in car dealership business in Mainland China. The Group has owned 40% equity interest in Qi Yang, an associate of the Group. The remaining 60% equity interest is held by Qi Yang Holdings Limited, the PRC business partner.

During the year, in order to step up the Group's participation in the operations and strengthen the corporate governance of Qi Yang Group, the Group's management had agreed with the PRC business partner to implement certain changes to (i) the board compositions of Qi Yang and its wholly-owned subsidiary, Qi Yang (Chengdu) Investment Management Limited and (ii) the control of the key operating and financial activities of Qi Yang Group's businesses. Pursuant to the announcement made by the Group on 30 March 2017, Qi Yang became a non-wholly owned subsidiary of the Group since then.

	HK$'000
Total consideration satisfied by:	
Interest originally held by the Group	63,536
Amount due from Qi Yang Group	291,551
	355,087
Less: Fair value of identified assets acquired, liabilities assumed and the non-controlling interest at the deemed acquisition date:	
Property, plant and equipment	356,042
Interests in joint ventures	79,613
Inventories	171,302
Debtors, deposits and prepayments	93,926
Amounts due from non-controlling interests	46,437
Bank balances and cash	120,309
Amounts due to non-controlling interests	(260,964)
Amounts due to joint ventures	(406)
Creditors, deposits and accruals	(110,746)
Bank and other borrowings	(88,117)
Deferred tax liabilities	(23,944)
Non-controlling interests	(21,305)
	362,147
Gain on deemed acquisition (note 6)	7,060
Net cash inflow arising from the deemed acquisition:	
Bank balances and cash	120,309

The above table also served as the disclosure of summarised financial information (after inter-company elimination) of Qi Yang Group that has non-controlling interests which are material to the Group.

Had Qi Yang Group been consolidated from 1 April 2016, the Group's consolidated income statement would show pro-forma revenue of HK$6,444 million and no material change in profit for the year.

The non-controlling interest of Qi Yang Group, an unlisted group, was determined based on proportionate share of net assets of Qi Yang Group.

(b) Disposal of Wonder (HK) Holdings Limited ("Wonder")

In August 2016, the Group entered into an agreement with an independent third party to dispose of the Group's interest in Wonder. The transaction was completed in October 2016.

	HK$'000
Total consideration satisfied by:	
Cash received	30,448
Less: Professional fees and other expenses	(164)
	30,284
Less: net assets disposed of:	
Interest in an associate	53,410
Amount due from non-controlling interests	988
Non-controlling interests	(21,651)
Exchange fluctuation reserve released upon disposal	1,509
	34,256
Loss on disposal (note 6)	(3,972)
Net cash inflow arising from the disposal:	
Cash consideration received	30,448
Professional fees and other expenses	(164)
	30,284

(c) Deemed disposal of interest in Cafe Deco Holdings Limited ("Cafe Deco")

Pursuant to the subscription agreement dated 11 December 2015, Cafe Deco had agreed to allot and issue the shares to the third parties. Upon completion, the equity interest of Cafe Deco held by the Group was diluted from 60% to 25.28% and no longer be an indirect non wholly-owned subsidiary and become an associate of the Group.

	HK$'000
Fair value of 25.28% equity interest of Cafe Deco	48,495
Less: net assets disposed of:	
Property, plant and equipment	83,655
Goodwill	57,247
Other intangible assets	11,619
Interest in an associate	55
Other non-current assets	14,802
Amount due from an associate	1,160
Inventories	11,738
Debtors, deposits and prepayments	49,793
Bank balances and cash	24,563
Creditors, deposits and accruals	(80,351)
Deferred income	(3,908)
Bank borrowings	(80,857)
Current income tax liabilities	(1,541)
Deferred tax liabilities	(453)
Non-controlling interests	(42,270)
Capital reserve released upon disposal	1,703
Other assets revaluation reserve released upon disposal	(322)
Exchange fluctuation reserve released upon disposal	1,862
	48,495
Gain on disposal	–
Net cash outflow arising from the disposal:	
Bank balances and cash	(24,563)

(d) Acquisition of 100% equity interest in Dolce Field Limited ("Dolce Field")

Pursuant the agreements dated 20 March 2015, the Group agreed to purchase 100% equity interest in Dolce Field, the immediate holding company of 51% equity interest in 成都其士房地產發展有限公司 ("CCPD"), at a consideration of approximately HK$346,563,000, which represents the cost of share capital and amount due to the Group. CCPD was a company established in Mainland China and owned as 49% joint venture by the Group as of 31 March 2015. The transaction was completed in April 2015 and Dolce Field became a wholly-owned subsidiary of the Company since then.

The following table summarised the consideration paid and the amounts of the assets acquired and liabilities assumed recognised as at the acquisition date:

	HK$'000
Total consideration satisfied by:	
Amount due from a joint venture	346,563
Interest originally held by the Group	174,213
Fair values of net assets acquired (as shown below)	520,776

	HK$'000
Assets acquired and liabilities assumed as follows:	
Property, plant and equipment	4,432
Properties under development	546,750
Other non-current assets	2,750
Inventories	637
Properties for sale	869,325
Debtors, deposits and prepayments	15,166
Bank balances and cash	2,304
Amount due to a joint venture	(166,701)
Creditors, deposits and accruals	(612,010)
Bank borrowings	(141,877)
Total identifiable net assets	520,776
Net cash inflow arising from the acquisition:	
Bank balances and cash	2,304

(e) Acquisition of 11% equity interest in Mass Harvest Limited ("Mass Harvest")

Pursuant to the agreements dated 20 March 2015, the Group agreed to purchase 11% equity interest in Mass Harvest, the immediate holding company of 成都世代錦江國際酒店有限公司 at a consideration of approximately HK$26,696,000, which represents the cost of share capital and amount due to the Group. Mass Harvest was a company established in the British Virgin Islands and owned as 49% joint venture by the Group as at 31 March 2016. The transaction was completed in April 2015 and Mass Harvest remained as a joint venture of the Group.

15 Assets held-for-sale/Liabilities directly associated with assets held-for-sale

On 1 June 2017, the Company announced it has entered into an agreement in respect of the disposal of Chinaford Investment Limited ("Chinaford") and Dolce Field (investment holding companies which hold the entire interest in CCPD) and the assignment of debt at an aggregate cash consideration of approximately HK$1,773 million (the "Disposal Transaction") as detailed in note 18(c). Assets and liabilities of CCPD were reclassified as held-for-sale as at 31 March 2017.

	HK$'000
Assets	
Property, plant and equipment	1,676
Properties under development	533,464
Properties for sales	580,488
Debtors, deposits and prepayments	8,155
Bank balances and cash	110,004
Assets of subsidiaries reclassified as held-for-sale	1,233,787
Liabilities	
Amount due to a joint venture	(25,893)
Creditors, deposits and accruals	(122,375)
Liabilities of subsidiaries reclassified as held-for-sale	(148,268)

16 Contingent liabilities

The Group had contingent liabilities in respect of guarantees issued for utilised borrowings in relation to:

	2017 **HK$'000**	2016 HK$'000
Banking facilities granted to associates	**3,442**	14,081
Banking facilities granted to a joint venture	**295,254**	184,232
Guarantees given to banks and housing retirement fund management centers for mortgage facilities granted to certain buyers of properties	**492,299**	348,964
	790,995	547,277

The Group's share of contingent liabilities of its joint ventures was as follows:

	2017 **HK$'000**	2016 HK$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	**3,212**	4,208

17 Commitment

The Group had commitment as follows:

	2017 HK$'000	2016 HK$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– a property development project	**500,114**	637,158
– acquisition of plant and equipment	**14,211**	1,311
– acquisition of an investment property	**–**	5,970
	514,325	644,439

The Group's share of commitment of its joint ventures was as follows:

	2017 HK$'000	2016 HK$'000
Contracted but not provided for	**47,275**	307,619

18 Events after the end of the reporting period

(a) Acquisition of senior housing properties

On 3 April 2017, the Group announced it has entered into an agreement to acquire two additional senior housing properties located in Michigan, the US, at the consideration of US$33 million (equivalent to approximately HK$257 million). These two senior housing properties provide an aggregate of 299 units with a total rentable area of over 170,000 square feet.

(b) Acquisition of 100% equity interest in Silver Prosper Holdings Limited ("Silver Prosper")

On 18 May 2017, the Group announced it has entered into an provisional agreement to acquire 100% equity interest in Silver Prosper where the principal asset is the property located at Davis Street, Hong Kong, which is for residential and commercial use at the consideration of HK$228 million.

(c) Disposal of entire issue share capital in Chinaford and Dolce Field

On 1 June 2017, the Group announced it has entered into an framework agreement to dispose the entire issue share capital in Chinaford and Dolce Field to Yango International Investment Group Limited and Yango City Group Co., Ltd at a net consideration of RMB1,570 million (equivalent to approximately HK$1,773 million). Chinaford and Dolce Field are the investment holding companies of CCPD which is principally engaged in a property development project in Chengdu of Mainland China, namely Chateau Ermitas, and is the holders of three parcels of land.

(d) Acquisition of development right for the land

On 13 June 2017, Urban Renewal Authority ("URA") notified Chevalier Pacific Limited ("Chevalier Pacific"), a wholly-owned subsidiary of the Group that URA has accepted the tender offer submitted by and awarded the right to develop the land ("Land"), which is located at Fuk Chak Street/Li Tak Street in Tai Kok Tsui, Kowloon, Hong Kong to be known as Kowloon Inland Lot No. 11259, to Chevalier Pacific. The consideration payable by Chevalier Pacific for the right to develop the Land is HK$680 million.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK$0.40 (2016: HK$0.50) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Friday, 8 September 2017. Together with the interim dividend of HK$0.20 (2016: HK$0.20) per share paid on Wednesday, 21 December 2016, the total dividends for the year amounted to HK$0.60 (2016: HK$0.70) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 30 August 2017 (the "AGM"), the proposed final dividend will be payable in cash to shareholders on or about Friday, 15 September 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Friday, 25 August 2017 to Wednesday, 30 August 2017, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 August 2017.

For determining entitlement to the proposed final dividend (subject to the passing of an ordinary resolution by the shareholders of the Company at the AGM), the Register of Members of the Company will be closed from Wednesday, 6 September 2017 to Friday, 8 September 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Having assessed the Group's internal performance reports, the Board reclassified the Group's segments into Construction and Engineering, Property Investment, Property Development and Operations, Senior Housing, Car Dealership and Others in order to re-allocate resources effectively within the Group. The Property Investment, Property Development and Operations and Senior Housing segments all split from the Property segment and formed independent segments whilst the Insurance and Investment and the Food and Beverage segments merged together and formed the Others segment. Car Dealership was detached from Others segment after acquisition of the control in Qi Yang, stands as a new segment for the year.

The Group's consolidated revenue was HK$4,759 million (2016: HK$5,538 million), representing a decrease of 14% when compared with the last financial year. Taking into account its share of revenue in its associates and joint ventures, total segment revenue was HK$7,889 million (2016: HK$9,329 million), representing a decrease of 15%. Although the construction and engineering segment recorded an increase in revenue, the Group's consolidated revenue decreased mainly due to the absence of the revenue in last year recognised from the aggregated sale and pre-sale of residential units in property development in Changchun and the disposal of the Group's interest in the food & beverage business. Notwithstanding the foregoing, profit for the year ended 31 March 2017 boosted substantially by 70% to HK$611 million, when compared to HK$360 million in 2016 mainly due to fair value increase arising from the revaluation of the Group's investment properties. Profit attributable to the Company's shareholders for the year ended 31 March 2017 increased substantially to HK$540 million (2016: HK$315 million), and earnings per share to HK$1.79 (2016: HK$1.05).

CONSTRUCTION AND ENGINEERING

The construction and engineering segment's revenue for the year ended 31 March 2017 recorded an increase to HK$4,759 million from HK$4,658 million in last year. The profit of this segment increased by 18% from HK$290 million in last year to HK$344 million in current year. The growth in profit mainly derived from the building construction and electrical and mechanical engineering divisions.

The building construction division focused on private and public sectors projects and implemented effective cost control measures so as to enhance operation efficiency in coping with the stringent competition in the construction market.

The electrical and mechanical engineering division offer a full building service package for various types of buildings in Hong Kong, Macau and China and it maintained steady growth and contribution. With the completion of sizable contracts in Macau, the division shifted its focus back to Hong Kong during the year under review.

The aluminium windows and curtain walls division recorded a decrease in profit during the year due to the increase in cost resulted by the shortage of skillful labour available in the market. Given our competitive edge and good relationship with property developers, professional consultants and contractors, this division is still optimistic about the performance in the coming year.

The building supply division supplies a wide range of quality kitchen cabinets and installs glass reinforced plastic water tanks for the public and private sectors. It recorded a slight decrease in profit during the year due to the keen market competition.

The environmental engineering division had a turbulent year as a result of a decrease in public works projects during the financial year. The division is actively looking for environmental projects from both the private and public sectors and other environmental related projects in the sewage and water segment.

The lift and escalator division experienced a decrease in turnover and contribution due to the setback from the sales of the equipment and installation in the Mainland China market. In Hong Kong, due to the problem of aging buildings, the Group is optimistic that the revitalisation process will provide opportunities in sales and installation of lifts and escalators business for this division.

As at 31 March 2017, the total value of all outstanding construction and engineering contracts of the Group's subsidiaries amounted to HK$4,105 million. Major contracts include:

1. Construction of a government complex at Tuen Mun, New Territories;

2. Construction of the expansion of the blood transfusion service headquarters of the Red Cross at Homantin, Kowloon;

3. Construction of a residential development at Shatin Town Lot No. 587, New Territories;

4. Expansion of the Tai Po Water Treatment Works Stream II, Tai Po, New Territories;

5. HVAC installation works for a hotel development at Lot 1950, D.D. 221, Wai Man Road, Sai Kung, New Territories; and

6. Design, supply and installation of curtain wall and aluminium window for Australia Technology Park in Sydney, Australia.

PROPERTY INVESTMENT

During the year under review, the Property Investment segment primarily comprised of properties rental business. Although segment revenue was decreased by 14% to HK$144 million, segment profit increased by 97% to HK$322 million due to fair value increase in revaluation of investment properties. Given the size of the Group's rental portfolio of approximately 660,000 square feet and 163,000 square feet in Hong Kong and the Mainland China remained unchanged during the year under review, it is anticipated that performance of this segment will be reduced as certain areas of Chevalier Commercial Centre would be occupied and self-used by the Group in the coming financial year.

Subsequent to the financial year end, the Group entered into the provisional agreement to acquire a property at 1B and 1C Davis Street, Hong Kong at the consideration of HK$228 million. The property is for residential and commercial use and has a total gross floor area of about 9,100 square feet. After completion of the acquisition, the property will provide stable rental income and will also offer potential capital appreciation to the Group.

PROPERTY DEVELOPMENT AND OPERATIONS

During the year under review, the Property Development and Operations segment's revenue decreased by 44% from HK$1,045 million to HK$589 million. Segment profit recorded a significant drop by 57% from HK$203 million to HK$88 million. The decrease was mainly due to the absence of the revenue in last year recognised from the aggregated sale and pre-sale of residential units in the property development in Changchun.

The occupancy of the cold storage and logistics business was maintained at over 90 percent. During the year under review, the division also focused on potential SME clients and provided extra services to foster their growth. The management is confident that its performance will continue to be stable and will expand the business carefully when the time is appropriate.

The property management division provided comprehensive and high quality property management services to a wide range of customers with a portfolio of over 30 million square feet comprising of commercial, industrial and residential buildings, shopping arcades, car parks and other communal facilities.

Construction of URA project at Chi Kiang Street and Ha Heung Road, City Hub (a 50-50 joint venture of the Group), which comprises 175 residential flats and commercial portion, is due to complete in the fourth quarter of 2017 and it is expected the pre-sale will be launched in the third quarter of 2017.

Subsequent to the financial year end, the Group entered into an agreement to dispose the entire issue share capital in Chinaford and Dolce Field to Yango International Investment Group Limited and Yango City Group Co., Ltd at a net consideration of RMB1,570 million (equivalent to approximately HK$1,773 million). Chinaford and Dolce Field are the investment holding companies of CCPD which is principally engaged in the Group's property development projects in Chengdu.

Subsequent to the financial year end, the Group was awarded the development right by URA in respect of the development of a site located at Fuk Chak Street and Li Tak Street at Tai Kok Tsui, Kowloon at the consideration of HK$680 million. The project, covers a site area of approximately 8,200 square feet, is planned to be developed into small to medium sized residential units with a total residential gross floor area of about 55,000 square feet and 7,000 square feet of commercial gross floor area. Development of the project is expected to be completed by 2020/2021.

SENIOR HOUSING

In view of its significant in revenue and its contribution to the Group, the senior housing business was detached from the Property segment and formed a new Senior Housing segment. This segment's revenue decreased slightly by less than 1% to HK$524 million and profit dropped by 20% to HK$29 million. Such soft result was primarily due to changes in the reimbursement process in North Carolina which resulted in lower average reimbursement and an increase in bad debt provision. Measures have been taken to further control costs and negotiation with the operator in securing a minimum net operating income. It is conservatively expected that the performance will return to normal in the coming year and we are still optimistic about the prospect of the business. The Group owned 23 senior housing facilities as at 31 March 2017 providing 1,017 assisted living beds, 733 memory care beds and 119 skilled nursing beds to serve different needs of the aged population in the US.

During the year, the Group agreed to grant a loan in the amount of not exceeding HK$800 million and an estimated working capital of HK$50 million to Hong Kong-Macao Conference Limited and Hong Kong-Macao Conference Holding Limited for its participation in the redevelopment of a piece of land into a church and facility building. The project is located at Ventris Road, Happy Valley, Hong Kong. Upon completion, it will be used as the senior housing facility and residential care home for the elderly. The development is expected to be completed in 2020.

Subsequent to the financial year end, the Group had acquired two additional senior housing properties located in Michigan, US, at an aggregate consideration of US$33 million. The properties provided an aggregate of 299 units with a total rentable area of over 170,000 square feet.

CAR DEALERSHIP

After acquisition of the control in Qi Yang, car dealership segment was detached from Others segment as a new segment for the year. The segment turnover decreased by HK$138 million to HK$1,317 million while the segment result increased by HK$4 million as compared with last year.

In Chengdu, a group of companies providing 8 import and domestic car brands operated a total of 13 4S shops. Over 16,000 units of car were sold during the year putting us in a leading position in Chengdu domestic car market.

In Canada, the performance of our two automobile dealerships, Action Honda and Aurora Chrysler was satisfactory for the year under review. Our Canada team is confident in both dealerships which will continue to excel and meet performance in the coming year.

OTHERS

During the year under review, as a result of the realignment of the Group's income resources with growth strategies, the Group merged the insurance and investment business and food and beverage business into this segment while car dealership segment was detached from it. Segment revenue dropped by HK$920 million to HK$555 million mainly due to the share of lesser revenue from food and beverage business after Cafe Deco was diluted from 60% to 25.28% in December 2015. Notwithstanding the drop in segment revenue, with the positive contribution from the investment portfolio of the insurance and investment business, the segment result rebounded by 147% from segment loss HK$124 million to segment profit HK$58 million.

Revenue for the insurance division dropped in 2016/2017 primarily due to intense competition in the Employees' Compensation business. Despite a decline in gross premium, the insurance division managed to achieve a satisfactory combined ratio in its underwriting business. Both the insurance and the investment divisions recorded an increase in profit as a result of a decrease in claim incurred and gain in fair values of financial instruments and in mutual/hedge funds, respectively. The division will continue to adopt a prudent underwriting approach to strengthen its competitiveness whilst maintaining sustainable growth.

FINANCIAL REVIEW

As at 31 March 2017, the Group's net assets attributable to shareholders of the Company amounted to HK$7,969 million, an increase of HK$219 million when compared with 31 March 2016 of HK$7,750 million. Such increase was mainly resulted from the profit attributable to shareholders of the Company of HK$540 million, revaluation surplus of properties for own use under revaluation model of HK$94 million, offsetting by dividend payment of HK$211 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK$225 million.

As at 31 March 2017, the Group's bank and other borrowings decreased to HK$2,790 million (31 March 2016: HK$3,113 million) due to settlement made during the year as our Group maintains a strong cash position of HK$1,762 million as at 31 March 2017 (31 March 2016: HK$2,009 million) and the management has been satisfactorily managed on saving in finance costs. 88.2% and 10.8% (2016: 90.8% and 8.3%) of bank and other borrowings were denominated in Hong Kong and US dollar, and Renminbi respectively.

The Group's within one year bank and other borrowings portion was largely decreased from 30.9% as at 31 March 2016 to 18.6% as at 31 March 2017 due to the refinancing of the existing term loan facility in September 2016.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,200 full-time staff under its subsidiaries globally as at 31 March 2017. Total staff costs amounted to HK$935 million for the year ended 31 March 2017. The remuneration policies of the Group are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes and retirement schemes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 March 2017, except for the following deviations:–

Code Provision A.4.1 stipulates that Non-Executive Directors should be appointed for a specific term and subject to re-election. All the Non-Executive Directors of the Company are not appointed for a specific term but subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-Laws.

Code Provision A.6.7 stipulates that the Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr Sun Kai Dah, George, an Independent Non-Executive Director was unable to attend the annual general meeting of the Company held on 2 September 2016 due to an oversea commitment.

Code Provision A.5.1 stipulates that the nomination committee should be chaired by the chairman of the Board or an independent non-executive director of the Company. Following the retirement of Mr Sun Kai Dah, George, the chairman of the Nomination Committee had been vacant. Following the appointment of Mr Kuok Hoi Sang as the chairman of the Nomination Committee, the Company is now in compliance with Code Provision A.5.1.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Following a specific enquiry, each of the Directors confirmed that he/she has complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises of three Independent Non-Executive Directors of the Company, namely Mr Yang Chuen Liang, Charles as Committee Chairman, Dr Chow Ming Kuen, Joseph and Professor Poon Chung Kwong.

During the year, the Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed auditing, risk management, internal controls systems of the Group and financial reporting matters including the audited consolidated financial statements of the Group for the year ended 31 March 2017. They also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement of the Company for the year ended 31 March 2017 is published on the Stock Exchange's website at http://www.hkexnews.hk and the Company's website at http://www.chevalier.com. The annual report of the Company for the year ended 31 March 2017 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank our management and staff for their efforts and dedication during the year. I would also like to thank our shareholders and business partners for their invaluable support and trust.

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

Hong Kong, 26 June 2017

As at the date of this announcement, the Board of the Company comprises Dr. Chow Yei Ching (Co-Chairman), Messrs Kuok Hoi Sang (Co-Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr. Chow Ming Kuen, Joseph, Mr. Yang Chuen Liang, Charles, Professor Poon Chung Kwong and Mr. Irons Sze as Independent Non-Executive Directors; Dr. Ko Chan Gock, William and Mr. Chow Vee Tsung, Oscar as Non-Executive Directors.

* *For identification purpose only*