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

(Incorporated in Bermuda with limited liability)
(Stock code: 025)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2010

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 2010, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Note	**2010 HK$'000**	2009 HK$'000
Revenue	4	**3,933,579**	5,195,577
Cost of sales		**(3,086,200)**	(4,851,435)
Gross profit		**847,379**	344,142
Other income/(expenses), net	5	**26,740**	(218,778)
Other gains, net	6	**245,414**	428,386
Selling and distribution costs		**(490,331)**	(347,474)
Administrative expenses		**(125,418)**	(128,961)
Operating profit		**503,784**	77,315
Share of results of associates		**54,514**	7,482
Share of results of jointly controlled entities		**23,002**	(11,356)
		581,300	73,441
Finance income	7	**4,624**	16,996
Finance costs	7	**(36,891)**	(86,881)
Finance costs, net	7	**(32,267)**	(69,885)
Profit before taxation	8	**549,033**	3,556
Income tax (expense)/credit	9	**(93,733)**	4,144
Profit for the year		**455,300**	7,700
Attributable to:			
Equity holders of the Company		**377,547**	135,634
Minority interests		**77,753**	(127,934)
		455,300	7,700
Earnings per share			
– Basic (HK$ per share)	10	**1.36**	0.49
– Diluted (HK$ per share)	10	**1.36**	0.49
Dividends	11	**194,295**	126,292

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	HK$'000	HK$'000
Profit for the year	**455,300**	7,700
Other comprehensive income for the year		
Exchange difference on translation of operations of overseas subsidiaries, associates and jointly controlled entities	**88,875**	(51,359)
Change in fair value of available-for-sale investments, net	**114,360**	(64,354)
Impairment loss on available-for-sale investments transferred to income statement	**46,243**	–
Gain on disposal of available-for-sale investments transferred to income statement	**(94,533)**	–
Fair value surplus of properties upon transfer to investment properties, net of tax	**141,711**	–
Fair value adjustment upon step-up acquisition of interest in an associate	**–**	908
Other comprehensive income for the year, net of tax	**296,656**	(114,805)
Total comprehensive income for the year	**751,956**	(107,105)
Attributable to:		
Equity holders of the Company	**673,250**	16,595
Minority interests	**78,706**	(123,700)
	751,956	(107,105)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010

	Note	**2010**	2009
		HK$'000	HK$'000
Non-current assets			
Investment properties		**1,509,885**	1,004,810
Property, plant and equipment		**484,449**	558,381
Prepaid lease payments		**362,961**	435,197
Goodwill		**177,873**	202,591
Other intangible assets		**129,325**	151,679
Interests in associates		**369,469**	187,482
Interests in jointly controlled entities		**387,151**	383,508
Available-for-sale investments		**213,027**	243,728
Investments at fair value through profit or loss		**–**	27,704
Properties under development		**358,303**	236,424
Other non-current assets		**197,262**	187,644
Deferred tax assets		**6,928**	4,641
		4,196,633	3,623,789
Current assets			
Amounts due from associates		**156,474**	101,582
Amounts due from jointly controlled entities		**238,642**	424,837
Investments at fair value through profit or loss		**275,640**	164,600
Inventories		**179,844**	150,119
Properties for sale		**172,275**	197,431
Debtors, deposits and prepayments	12	**840,304**	1,196,915
Amounts due from customers for contract work		**56,040**	116,753
Derivative financial instruments		**1,827**	5,893
Prepaid tax		**8,464**	15,297
Bank balances and cash		**766,896**	1,731,606
		2,696,406	4,105,033
Assets of disposal groups classified as held for sale	16	**398,651**	385,642
		3,095,057	4,490,675
Current liabilities			
Amounts due to associates		**3,421**	89
Amounts due to customers for contract work		**546,189**	534,181
Derivative financial instruments		**40,570**	86,496
Creditors, bills payable, deposits and accruals	13	**846,433**	988,004
Unearned insurance premiums			
– due within one year		**34,296**	24,427
Outstanding insurance claims		**137,986**	167,158
Deferred income		**26,612**	25,509
Current income tax liabilities		**63,844**	60,174
Bank borrowings		**480,533**	826,637
Convertible bonds – liability component		**–**	410,798
Convertible bonds – derivative component		**–**	30,488
		2,179,884	3,153,961
Liabilities of disposal groups classified as held for sale		**–**	200,200
		2,179,884	3,354,161
Net current assets		**915,173**	1,136,514
Total assets less current liabilities		**5,111,806**	4,760,303

	Note	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital		**346,955**	346,955
Reserves		**3,389,905**	2,878,053
Equity attributable to equity holders of the Company		**3,736,860**	3,225,008
Minority interests		**376,187**	381,328
Total equity		**4,113,047**	3,606,336
Non-current liabilities			
Unearned insurance premiums – due over one year		**35,529**	10,468
Bank borrowings		**726,275**	967,301
Deferred tax liabilities		**236,955**	176,198
		998,759	1,153,967
Total equity and non-current liabilities		**5,111,806**	4,760,303

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 ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

2. Accounting policies

(i) New/revised standards, and amendments and interpretation to existing standards that are effective for the Group's financial year beginning on 1 April 2009

The Group has adopted the following new/revised standards, and amendments and interpretation to existing standards that are mandatory for the Group's financial year beginning on 1 April 2009 and relevant to the Group's operation. The impact on the Group's accounting policies upon adoption is set out below:

- HKAS 1 (Revised), "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income.

  As a result, the Group has presented in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts the presentation aspects, there is no impact on earnings per share.

- HKFRS 2 (Amendment), "Share-based Payment Vesting Conditions and Cancellations". The amendment clarifies the definition of "vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a counterparty to complete a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and "vesting conditions" that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The adoption of HKFRS 2 (Amendment) has had no material impact on the consolidated financial statements.

- HKFRS 7 (Amendment), "Financial Instruments: Disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurement. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and content of liquidity risk. The Group has included additional relevant disclosures in the consolidated financial statements.

- HKFRS 8, "Operating Segments". The new standard replaces HKAS 14, "Segment Reporting". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2009 in note 3 have been restated. However, such restatement in note disclosure does not have any impact on the consolidated income statement and statement of financial position.

- HK(IFRIC) – Int 13, "Customer Loyalty Programmes". The interpretation clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The adoption of this interpretation has no material impact on the consolidated financial statements.

(ii) New/revised standards, and amendments and interpretations to existing standards that are not effective and have not been adopted by the Group

The following new/revised standards, and amendments and interpretations to existing standards relevant to the Group have been issued, but are not effective for the financial year beginning on 1 April 2009 and the Group has not early adopted:

New/revised standards, amendments and interpretations		**Effective for accounting periods beginning on or after**
HKAS 27 (Revised)	"Consolidated and Separate Financial Statements"	1 July 2009
HKAS 32 (Amendment)	"Classification of Rights Issues"	1 July 2009
HKAS 39 (Amendment)	"Financial Instruments: Recognition and Measurement"	1 July 2009
HKFRS 3 (Revised)	"Business Combinations"	1 July 2009
HK(IFRIC) – Int 17	"Distributions of Non-cash Assets to Owners"	1 July 2009
HKAS 17 (Amendment)	"Leases"	1 January 2010
HKFRS 2 (Amendment)	"Group Cash-settled Share-based Payment Transactions"	1 January 2010
HK(IFRIC) – Int 14 (Amendment)	"Prepayments of a Minimum Funding Requirement"	1 January 2010
HK(IFRIC) – Int 19	"Extinguishing Financial Liabilities with Equity Instruments"	1 July 2010
HKAS 24 (Revised)	"Related Party Disclosures"	1 January 2011
HKFRS 9	"Financial Instruments"	1 January 2013
HKICPA's Improvements to HKFRS 2008 and 2009		

The Group has already commenced an assessment of the related impact to the Group but is not yet in a position to state whether there will be any substantial changes to the Group's significant accounting policies and presentation of financial information.

3. Segment information

Management has determined the operating segments based on the reports reviewed by the Directors of the Company that are used to make strategic decisions. The Directors consider the business from a product/services perspective. Principal activities of the segments are as follows:

Construction and engineering: Construction and engineering work for lifts and escalators, aluminum building materials and curtain walls, building construction, electrical and mechanical, pipe rehabilitation, environmental and civil contracts.

Insurance and investment: General insurance business except aircraft, aircraft liabilities and credit insurance, and investment in securities.

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

Food and beverages: Food and beverages trading and retailing.

Computer and information communication technology and others: Sale and servicing of information technology equipment and business machines, retailing, trading and servicing of motor vehicles, and grocery trading.

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 jointly controlled entities on a proportionate consolidated basis.

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 jointly controlled entities on a proportionate consolidated basis. Unallocated corporate expenses, finance income and costs, income tax expense and credit and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets primarily consist of investment properties, property, plant and equipment, prepaid lease payments, goodwill, other intangible assets, interests in associates and jointly controlled entities, available-for-sale investments, investments at fair value through profit or loss, properties under development, other non-current assets, amounts due from associates and jointly controlled entities, inventories, properties for sale, debtors, deposits and prepayments, amounts due from customers for contract work, derivative financial instruments, and bank balances and cash.

Segment liabilities primarily consist of amounts due to associates, amounts due to customers for contract work, derivative financial instruments, creditors, bills payable, deposits and accruals, unearned insurance premiums, outstanding insurance claims and deferred income.

Segment information of these businesses is presented below.

Revenue and results

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverages HK$'000	Computer and information communication technology and others HK$'000	Total HK$'000
For the year ended 31 March 2010						
REVENUE						
Total revenue	2,295,568	119,544	395,444	537,924	683,353	4,031,833
Inter-segment revenue	(273)	(18,544)	(61,828)	–	(17,609)	(98,254)
Group revenue	2,295,295	101,000	333,616	537,924	665,744	3,933,579
Proportionate Group revenue from jointly controlled entities eliminated	(58,038)	–	–	–	–	(58,038)
Share of revenue from external customers derived by associates and jointly controlled entities	962,666	–	133,210	3,797	477,302	1,576,975
Segment revenue	3,199,923	101,000	466,826	541,721	1,143,046	5,452,516
RESULTS						
Segment profit/(loss)	129,550	49,967	379,890	(12,297)	13,273	560,383
Included in segment profit/(loss) are:						
Share of results of associates	29,161	–	18,855	221	6,277	54,514
Share of results of jointly controlled entities	526	–	22,476	–	–	23,002
Depreciation and amortisation	(10,404)	(1,078)	(26,450)	(40,163)	(2,163)	(80,258)
Increase in fair value of investment properties	–	–	179,781	–	–	179,781
(Provision for)/write back of impairment loss on property, plant and equipment, net	(5,473)	–	–	333	–	(5,140)
Impairment loss on goodwill	–	–	–	(29,174)	–	(29,174)
Impairment loss on other intangible assets	(12,200)	–	–	–	–	(12,200)
Impairment loss on available-for-sale investments	–	(46,243)	–	–	–	(46,243)
Unrealised loss on investments at fair value through profit or loss, net	–	(42,993)	–	–	–	(42,993)
Write down of inventories to net realisable value	(8,852)	–	–	(331)	(6,153)	(15,336)
Write back of properties for sale to net realisable value	–	–	11,878	–	–	11,878
Unrealised gain on derivative financial instruments, net	–	41,767	–	–	–	41,767
Fair value gain on derivative component of convertible bonds	–	–	–	–	30,488	30,488

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverages HK$'000	Computer and information communication technology and others HK$'000	Total HK$'000
For the year ended 31 March 2009						
REVENUE						
Total revenue	3,698,050	76,798	386,879	311,106	810,740	5,283,573
Inter-segment revenue	(650)	(10,414)	(65,502)	–	(11,430)	(87,996)
Group revenue	3,697,400	66,384	321,377	311,106	799,310	5,195,577
Proportionate Group revenue from jointly controlled entities eliminated	(43,520)	–	–	–	–	(43,520)
Share of revenue from external customers derived by associates and jointly controlled entities	232,205	–	178,715	124,349	125,200	660,469
Segment revenue	3,886,085	66,384	500,092	435,455	924,510	5,812,526
RESULTS						
Segment loss	(279,791)	(235,996)	(31,643)	(127,760)	(15,609)	(690,799)
Included in segment loss are:						
Share of results of associates	(5,750)	–	1,934	11,229	69	7,482
Share of results of jointly controlled entities	685	–	(12,041)	–	–	(11,356)
Depreciation and amortisation	(37,302)	(68)	(17,633)	(22,096)	(4,815)	(81,914)
Decrease in fair value of investment properties	–	–	(99,637)	–	–	(99,637)
(Provision for)/write back of impairment loss on property, plant and equipment, net	3,193	–	(6,803)	(15,529)	–	(19,139)
Impairment loss on goodwill	(10,579)	–	–	(118,700)	–	(129,279)
Impairment loss on available-for-sale investments	–	(10,552)	–	–	–	(10,552)
Unrealised loss on investments at fair value through profit or loss, net	–	(1,800)	–	–	–	(1,800)
Write down of inventories to net realisable value	(5,193)	–	–	(856)	(3,148)	(9,197)
Write down of properties for sale to net realisable value	–	–	(26,717)	–	–	(26,717)
Unrealised loss on derivative financial instruments, net	–	(74,981)	–	–	–	(74,981)
Fair value loss on derivative component of convertible bonds	–	–	–	–	(27,733)	(27,733)

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

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

	2010 HK$'000	2009 HK$'000
Total segment revenue	**5,452,516**	5,812,526
Add: Proportionate Group revenue from jointly controlled entities eliminated	**58,038**	43,520
Less: Share of revenue from external customers derived by associates and jointly controlled entities		
Construction and installation contracts	**893,076**	227,830
Sale of information technology equipment, motor vehicles and others	**478,984**	129,574
Food and beverages	**3,797**	124,349
Provision of maintenance and property management	**68,023**	–
Leasing of properties	**4,408**	4,434
Hotel operations	**19,140**	3,754
Sale of properties	**109,547**	170,528
	1,576,975	660,469
Total revenue in the consolidated income statement	**3,933,579**	5,195,577

Reconciliation of segment profit/(loss) to profit before taxation is provided as follows:

	2010 HK$'000	2009 HK$'000
Segment profit/(loss)	**560,383**	(690,799)
Gain on disposal of interests in subsidiaries	**32,247**	777,922
Gain on step-up acquisition of interest in an associate	**3,269**	–
Unallocated corporate expenses	**(14,599)**	(13,682)
Finance income	**4,624**	16,996
Finance costs	**(36,891)**	(86,881)
Profit before taxation	**549,033**	3,556

Assets and liabilities

	Construction and engineering HK$'000	**Insurance and investment HK$'000**	**Property HK$'000**	**Food and beverages HK$'000**	**Computer and information communication technology and others HK$'000**	**Total HK$'000**
As at 31 March 2010						
ASSETS						
Segment assets	**1,039,239**	**844,810**	**4,328,827**	**424,408**	**502,253**	**7,139,537**
Included in segment assets are:						
Interests in associates	**255,007**	**–**	**68,619**	**932**	**44,911**	**369,469**
Interests in jointly controlled entities	**12,005**	**–**	**375,146**	**–**	**–**	**387,151**
Amounts due from associates	**39,161**	**–**	**24**	**142**	**117,147**	**156,474**
Amounts due from jointly controlled entities	**26,975**	**–**	**211,667**	**–**	**–**	**238,642**
Additions to non-current assets (note)	**6,528**	**330**	**139,128**	**30,482**	**5,298**	**181,766**
LIABILITIES						
Segment liabilities	**1,100,368**	**285,525**	**130,256**	**61,458**	**77,462**	**1,655,069**
Included in segment liabilities is:						
Amounts due to associates	**3,421**	**–**	**–**	**–**	**–**	**3,421**
As at 31 March 2009						
ASSETS						
Segment assets	1,720,984	771,964	4,055,597	470,317	396,815	7,415,677
Included in segment assets are:						
Interests in associates	98,416	–	49,763	1,079	38,224	187,482
Interests in jointly controlled entities	16,840	–	366,668	–	–	383,508
Amounts due from associates	82,016	–	5,903	311	13,352	101,582
Amounts due from jointly controlled entities	2,136	–	422,701	–	–	424,837
Additions to non-current assets (note)	44,313	5,892	169,236	192,783	10,747	422,971
LIABILITIES						
Segment liabilities	1,288,269	319,289	114,775	179,460	539,662	2,441,455
Included in segment liabilities is:						
Amounts due to associates	89	–	–	–	–	89

Note:

In this analysis, the non-current assets exclude financial instruments (including interests in associates and jointly controlled entities) and deferred tax assets.

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

	2010	2009
	HK$'000	HK$'000
Segment assets	**7,139,537**	7,415,677
Unallocated bank balances and cash	**133,367**	668,226
Other unallocated assets	**18,786**	30,561
Total assets	**7,291,690**	8,114,464

	2010	2009
	HK$'000	HK$'000
Segment liabilities	**1,655,069**	2,441,455
Bank borrowings	**1,206,808**	1,793,938
Deferred tax liabilities	**236,955**	176,198
Other unallocated liabilities	**79,811**	96,537
Total liabilities	**3,178,643**	4,508,128

Geographical information

The Group's operations in construction and engineering are located in Hong Kong, Macau, Singapore, Mainland China and Australia. Insurance and investment business is conducted in Hong Kong. Property operations are mainly carried out in Hong Kong, Canada and Mainland China. Food and beverages business is carried out in Hong Kong, Singapore and Mainland China. Computer and information communication technology operations are mainly carried out in Hong Kong, Mainland China and Thailand. Other operations are carried out in Canada and the USA.

	Group revenue by geographical market			
	2010		2009	
	HK$'000	**%**	HK$'000	%
Hong Kong	**2,507,848**	**63**	2,482,393	48
Macau	**514,909**	**13**	1,310,119	25
Singapore	**357,111**	**9**	366,258	7
Canada	**313,637**	**8**	355,771	7
USA	**107,383**	**2**	116,610	2
Mainland China	**82,095**	**2**	114,629	2
Thailand	**37,617**	**1**	47,322	1
Australia	**2,487**	**1**	184,832	3
Europe	**–**	**–**	206,336	4
Others	**10,492**	**1**	11,307	1
	3,933,579	**100**	5,195,577	100

The Group maintains healthy and balanced portfolio of customer basis. No customer accounted for 10% or more of the total revenue of the Group for the years ended 31 March 2010 and 2009.

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

	Non-current assets	
	2010	2009
	HK$'000	HK$'000
Hong Kong	**1,638,311**	1,498,084
Mainland China	**973,476**	776,330
Singapore	**210,527**	155,207
Canada	**178,894**	139,777
USA	**19,525**	19,738
Others	**25,520**	24,407
	3,046,253	2,613,543

4. Revenue

	2010 HK$'000	2009 HK$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	**1,770,245**	3,027,886
Sale of information technology equipment, motor vehicles and others	**724,830**	850,476
Food and beverages	**537,924**	311,106
Provision of maintenance and property management	**509,641**	660,049
Warehouse and logistics operations	**134,818**	122,288
Insurance premium	**81,189**	36,570
Leasing of properties	**52,168**	55,386
Hotel operations	**51,268**	57,580
Sale of properties	**50,094**	42,776
Dividend income from listed securities	**10,394**	4,259
Interest income from investments	**9,417**	25,555
Leasing of equipment	**1,591**	1,646
	3,933,579	5,195,577

5. Other income/(expenses), net

	2010 HK$'000	2009 HK$'000
Gain/(loss) on investments at fair value through profit or loss, net		
– Realised	**15,139**	(158,939)
– Unrealised	**(42,993)**	(1,800)
Gain/(loss) on derivative financial instruments, net		
– Realised	**(18,989)**	2,347
– Unrealised	**41,767**	(74,981)
Interest income on amounts due from associates	**2,598**	5,340
Interest income on amounts due from jointly controlled entities	**11,782**	1,418
Commission income	**2,719**	3,351
Management fee income	**5,330**	240
Sales and marketing services income from an associate	**4,900**	–
Others	**4,487**	4,246
	26,740	(218,778)

6. Other gains, net

	2010 HK$'000	2009 HK$'000
Gain on disposal of		
– 75% interest in CPT Group	**–**	156,296
– 2% (2009: 49%) interest in CHK Group (note)	**25,482**	621,626
– Other subsidiaries	**6,765**	–
Increase/(decrease) in fair value of investment properties	**179,781**	(99,637)
Gain/(loss) on disposal of property, plant and equipment and prepaid lease payments, net	**7,028**	(6,773)
Impairment loss on property, plant and equipment, net	**(5,140)**	(19,139)
Impairment loss on goodwill	**(29,174)**	(129,279)
Impairment loss on other intangible assets	**(12,200)**	–
Gain on step-up acquisition of interest in an associate	**3,269**	–
Impairment loss on available-for-sale investments	**(46,243)**	(10,552)
Gain on disposal of available-for-sale investments	**94,533**	–
Impairment loss on loans and receivables	**–**	(5,334)
Bad debts recovered/(written off)	**6,164**	(20,429)
Tax incentive	**–**	4,498
Fair value gain/(loss) on derivative component of convertible bonds	**30,488**	(27,733)
Loss on redemption of convertible bonds	**(31,101)**	–
Exchange gain/(loss), net	**14,158**	(36,525)
Government grant	**1,604**	1,367
	245,414	428,386

Note:

Pursuant to the sale and purchase agreement dated 28 November 2008, the Group disposed of its 49% interest in Chevalier (HK) Limited, its subsidiaries and associates engaged in lifts and elevators business (the "CHK Group") for a consideration of HK$668,360,000 on 31 March 2009. As at 31 March 2009, the assets and liabilities related to the CHK Group were presented as held for sale.

Pursuant to the same agreement, the Group has further disposed of its 2% interest in the CHK Group on 15 December 2009 for a consideration of HK$27,280,000. Upon the completion of the disposal of the 2% interest, the remaining 49% is accounted for as an associate by the Group.

7. Finance costs, net

	2010	2009
	HK$'000	HK$'000
Interest expenses on bank loans wholly repayable within five years and overdrafts	**27,961**	60,585
Interest expenses on convertible bonds wholly repayable within five years	**14,777**	38,165
Less: Amounts capitalised to properties under development	**(5,847)**	(11,869)
	36,891	86,881
Less: Interest from bank deposits	**(4,624)**	(16,996)
	32,267	69,885

8. Profit before taxation

	2010	2009
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging the following:		
Depreciation of property, plant and equipment	**59,879**	68,519
Less: Amount capitalised to contract work	**(1,815)**	(1,177)
	58,064	67,342
Auditors' remuneration	**7,044**	7,907
Staff costs	**732,243**	818,974
Less: Amount capitalised to contract work	**(94,073)**	(105,295)
	638,170	713,679
Operating lease payments in respect of leasing of		
– Premises (note)	**139,407**	106,815
– Equipment	**776**	1,442
	140,183	108,257
Amortisation of prepaid lease payments	**11,167**	11,798
Amortisation of other intangible assets	**9,212**	1,597
Write down of properties for sale to net realisable value	**–**	26,717
Write down of inventories to net realisable value	**15,336**	9,197
Share option granted by a listed subsidiary for consultancy services	**862**	–
and crediting the following:		
Gross rental income of HK$52,010,000 (2009: HK$55,386,000) from properties less direct operating expenses	**37,793**	43,235
Write back of properties for sale to net realisable value	**11,878**	–

Note:

Included in operating lease payments in respect of leasing of premises are contingent rentals of HK$9,437,000 (2009: HK$6,184,000).

9. Income tax expense/(credit)

	2010 HK$'000	2009 HK$'000
Current tax		
Hong Kong	**44,864**	18,542
Overseas	**10,589**	9,566
(Over)/under-provision in prior years	**(2,281)**	107
	53,172	28,215
Deferred tax		
Origination and reversal of temporary differences	**40,561**	(26,053)
Impact of change in profits tax rate	**–**	(6,306)
	93,733	(4,144)

Hong Kong profits tax is calculated at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits after offsetting tax losses brought forward of each individual company. Taxation on overseas profit has been calculated on the estimated assessable profit 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 equity holders of the Company of HK$377,547,000 (2009: HK$135,634,000) by the weighted average number of 277,564,090 (2009: 278,073,090) ordinary shares in issue during the year.

(b) Diluted

For the years ended 31 March 2010 and 2009, the convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share and the diluted earnings per share was equal to the basic earnings per share. As at 31 March 2010, the Company did not have any dilutive equity instruments.

11. Dividends

	2010 HK$'000	2009 HK$'000
Interim dividend of HK$0.150 (2009: HK$0.055) per share paid	**41,635**	15,266
Final dividend of HK$0.550 (2009: HK$0.200) per share proposed	**152,660**	55,513
No special dividend (2009: HK$0.200) per share proposed	**—**	55,513
	194,295	126,292

A final dividend of HK$0.550 per share, totalling HK$152,660,000, has been proposed by the Directors of the Company 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 2011.

12. Debtors, deposits and prepayments

	2010 HK$'000	2009 HK$'000
Trade debtors	**320,809**	512,124
Less: Provision for impairment	**(12,465)**	(23,937)
Trade debtors, net	**308,344**	488,187
Other debtors, deposits and prepayments	**325,256**	435,650
Retention receivables	**206,704**	229,853
Consideration receivables on disposal of interests in subsidiaries	**–**	191,947
	840,304	1,345,637
Reclassified as held for sale	**–**	(148,722)
	840,304	1,196,915

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted to trade debtors was 60 days.

The ageing analysis of the Group's trade debtors is as follows:

	2010 HK$'000	2009 HK$'000
0 – 60 days	**235,381**	401,268
61 – 90 days	**12,858**	21,313
Over 90 days	**60,105**	65,606
	308,344	488,187

13. Creditors, bills payable, deposits and accruals

	2010 HK$'000	2009 HK$'000
Trade creditors and bills payable	**146,823**	233,213
Accrued contract costs	**206,031**	130,556
Retention payables	**117,521**	131,743
Other creditors, deposits and accruals	**346,076**	415,186
Deposit received for disposal of interest in a subsidiary and its jointly controlled entity (note 16(a))	**29,982**	–
Consideration payable for		
– step up acquisition of interest in an associate	**–**	95,047
– acquisition of interest in an associate	**–**	86,000
	846,433	1,091,745
Reclassified as held for sale	**–**	(103,741)
	846,433	988,004

The ageing analysis of the Group's trade creditors and bills payable is as follows:

	2010 HK$'000	2009 HK$'000
0 – 60 days	**111,196**	189,881
61 – 90 days	**3,456**	4,450
Over 90 days	**32,171**	38,882
	146,823	233,213

14. Contingent liabilities

At 31 March 2010, the Group had contingent liabilities in respect of guarantees issued for utilised borrowings in relation to:

	2010 HK$'000	2009 HK$'000
Banking facilities granted to jointly controlled entities	**262,430**	435,050
Banking facilities granted to associates	**120,928**	194,443
	383,358	629,493

At 31 March 2010, the Group's share of contingent liabilities of the jointly controlled entities is as follows:

	2010 HK$'000	2009 HK$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the jointly controlled entities' properties	**123,086**	52,835

15. Commitment

	2010 HK$'000	2009 HK$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– acquisition of plant and equipment	**184**	613
– a property development project	**300,397**	32,419
– acquisition of an associate	**–**	35,000
	300,581	68,032
Authorised but not contracted for in respect of a property development project	**1,999,584**	2,344,260
	2,300,165	2,412,292

The Group's share of the capital commitment of its jointly controlled entities is as follows:

	2010 HK$'000	2009 HK$'000
Contracted but not provided for	**288,269**	67,402
Authorised but not contracted for	**292,698**	603,386
	580,967	670,788

16. Events after the reporting period

(a) *Disposal of the Group's entire interest in Citiway Group*

Pursuant to the agreements dated 22 March 2010, the Group disposed of the entire issued share capital of Citiway Engineering Limited and its jointly controlled entity engaged in a property development project in Shenzhen (the "Citiway Group") for a consideration of RMB160,100,000 (equivalent to HK$182,514,000) and the purchaser agreed to take up the repayment obligation of the loans from the Group to the Citiway Group of RMB102,900,000 (equivalent to HK$117,306,000). The completion took place on 9 April 2010, upon which assets and liabilities in relation to the Citiway Group was de-consolidated. Net gain on disposal of the Citiway Group is estimated to be HK$169,529,000 and will be recognised for the year ending 31 March 2011. As at 31 March 2010, deposit of HK$29,982,000 has been received by the Group (note 13).

(b) *Disposal of the Group's entire interest in Smartco Group*

Pursuant to the sale and purchase agreement dated 3 April 2010, the Group disposed of the entire issued share capital of Smartco Holdings Limited, its subsidiary and jointly controlled entity engaged in a property development project in Hefei (the "Smartco Group") for a consideration of HK$246,000,000 and the purchaser agreed to take up the repayment obligation of the loans from the Group to the Smartco Group of HK$286,052,000 and accrued interest thereon. The completion shall take place between 30 June 2010 and 10 July 2010, upon which assets and liabilities in relation to the Smartco Group will be de-consolidated. Net gain on disposal of the Smartco Group is estimated to be HK$218,270,000 and will be recognised for the year ending 31 March 2011.

As at 31 March 2010, the assets related to the Citiway Group and the Smartco Group have been presented as held for sale.

17. Comparative figures

Certain comparative figures have been reclassified in order to conform with the presentation of current year.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK$0.55 (2009: HK$0.20 and a special dividend of HK$0.20) per share payable to shareholders whose names appear on the Register of Members of the Company on Thursday, 9 September 2010. Together with the interim dividend of HK$0.15 (2009: HK$0.055) per share paid on 15 January 2010, the total dividends for the year amounted to HK$0.70 (2009: HK$0.455) per share, 54% more than last year and representing a dividend payout of 51% (2009: 93%). Subject to approval by the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 9 September 2010, the dividend warrants will be distributed and paid on or about Monday, 13 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 6 September 2010 to Thursday, 9 September 2010, both days inclusive, during which period no transfer of shares will be effected. To qualify for the proposed final dividend and the attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 3 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated revenue decreased by 24.3% during the year ended 31 March 2010, down from HK$5,196 million in 2008/09 to HK$3,934 million in the year under review; whereas the total segment revenue declined by 6.2%, from HK$5,813 million in 2008/09 to HK$5,453 million in this fiscal year. However, its profit increased significantly during the year, up from HK$7.7 million to HK$455 million. The profit attributable to equity holders of the Company also surged to HK$378 million, compared to HK$136 million in the previous fiscal year.

The reduction in the Group's consolidated revenue was mainly attributable to a fall in the revenue of its Construction and Engineering segment in Macau. Furthermore, the de-consolidation of the lifts and escalators business following the completion of the disposal by the Group of a further 2% interest in its 51% holding to Toshiba Elevator and Building Systems Corporation ("TELC") in December 2009, and of the pipe technologies business in Europe and Australia in July 2008, also led to a decrease in the Group's consolidated revenue, comparing with that in 2008/09.

Meanwhile, the stabilisation of the global financial markets led to a significant recovery in the market value of the Group's investment portfolio, and a significant improvement in its profit for the year. The Group recorded a revaluation gain on its investment properties of HK$180 million (2009: a revaluation loss of HK$99.6 million), as well as a net gain on its financial investments (excluding derivative financial instruments) of HK$20.4 million (2009: a net loss of HK$171 million) in the consolidated income statement for the year ended 31 March 2010. The Group's profit also reflects an improvement in the Construction and Engineering segment's results.

The Group operated five core business segments during the past year, namely: (1) Construction and Engineering, (2) Insurance and Investment, (3) Property, (4) Food and Beverages, and (5) Computer and Information Communication Technology and Others. Following the adoption of a new financial reporting standard, information concerning these segments is presented in the consolidated financial statements on the same basis that the Group uses for internal reporting purposes. The segment revenue includes the revenue of the Company and its subsidiaries, plus the Group's share of the revenue of its associates and jointly controlled entities on a proportionate consolidated basis. The segment results have also been revised to include the Group's share of the results of associates and jointly controlled entities.

Earnings per share rose from HK$0.49 in 2008/09 to HK$1.36 for the year ended 31 March 2010. In view of the Group's strong financial position and achieved an unprecedentedly high profit, the Board has decided to declare a final dividend of HK$0.55 per share.

Construction and Engineering

Although the revenue of the Group's Construction and Engineering segment declined by 17.7%, from HK$3,886 million in 2008/09 to HK$3,200 million in the year under review, it turned a loss of HK$280 million into a profit of HK$130 million during the year.

The revenue of both the building construction and electrical and mechanical divisions substantially decreased, due to a reduction in their business in Macau. However, the segment recorded a significant sharing of its revenue from the TELC lifts and escalators manufacturing plants in Shanghai and Shenyang, Mainland China, in which the Group has 20% interest.

The considerable improvement of the segment results was mainly due to the de-consolidation of the loss-making pipe rehabilitation and construction arm in Europe and Australia, and a substantial reduction in the provision for project losses in its building construction division.

In view of the slowdown in Macau's previously booming real estate, casino and hotel industries, the Group has been shifting its focus back to Hong Kong. Major projects with a total contract sum of more than HK$2,128 million were secured in Hong Kong and Singapore during the year under review. They included:

a. Construction of the Hong Kong Community College of City University Building at the City University of Hong Kong;

b. Construction of a development at the junction of Plover Cove Road and Po Wu Road, Tai Po;

c. Construction of a residential development at Tsing Fat Lane, Siu Lam, Tuen Mun, NT;

d. Replacement and rehabilitation of Water Mains Stage 3 — Mains in East Kowloon;

e. A pipe technology project at Central, Wan Chai Bypass — FEHD Whitfield Depot re-provisioning works;

f. Term contracts for upgrading more than 700 lifts and escalators with the Singapore Housing Development Board; and

g. Expansion of Tai Po Water Treatment Works and Ancillary Raw Water and Fresh Water Transfer Facilities.

Insurance and Investment

Following the recovery of the global financial markets during the second and third quarters of 2009, and the net gain on the Group's financial investments, its Insurance and Investment segment achieved a segment profit of HK$50.0 million during the year under review, compared with a loss of HK$236 million the previous year. In view of the current market volatility, the Group will maintain a cautious approach in its investment activities during the coming months.

Although this segment's total revenue increased from HK$66.4 million to HK$101 million, insurance underwriting has always been a fiercely competitive business, and Chevalier's insurance business has not been immune to the conditions that prevailed in this sector during the year. Even so, the Group will maintain the size of its entire insurance operation at a competitive level, in order to keep it in an efficient and effective position to take advantage of the opportunities that will arise when the Hong Kong economy improves further.

Property

The Property segment revenue declined slightly by 6.6%, from HK$500 million in 2008/09 to HK$467 million in the year ended 31 March 2010. However, its profitability increased from a loss of HK$31.6 million in 2008/09 to a profit of HK$380 million during the year. Lower revenue from properties developed by jointly controlled entities was recognised during the year under review than in the previous financial year. On the other hand, rising property values in Hong Kong and Mainland China resulted in the Group recording an upward adjustment of HK$192 million on its investment properties and properties for sale in the year under review, compared to a downward revaluation of HK$126 million during 2008/09. The property market's recovery also led to a rebound in the Group's share of the results of associates and jointly controlled entities, from a loss of HK$10.1 million in 2008/09 to a profit of HK$41.3 million in the year under review.

During the year, the Group focused primarily on property developments in Beijing, Chengdu, Changchun, Shenzhen and Hefei in Mainland China. Taking advantage of favourable opportunities, it arranged for the sale of its interests in projects located in Xiling, Shenzhen, and Hefei, Anhui Province. The disposal of the Xiling Project was completed on 9 April 2010, and that of the Hefei Huaqiao Plaza is expected to be completed during the first half of the 2010/11 financial year. The cash proceeds from the sale of these two projects will increase the Group's ability and flexibility to make other timely and desirable investments when suitable opportunities arise.

The Group's current projects in Beijing, Chengdu, and Changchun have a total site area of over 834,000 sq. m. Other than the Phase II of the Beijing project which is now in the pre-sale stage and expected to have contribution to the Group in the coming year, the remaining projects are in the development phase. Given the positive outlook for Mainland China's economy, the Group will continue to look for chances to acquire premium property development projects and add to its property portfolio there.

The performances of the Group's hotel management operations, cold storage and logistics, and property management divisions remained stable, and all of them made a steady profit.

Food and Beverages

Because of the full consolidation of Igor's performance, the Food and Beverages segment revenue increased by 24.6% to HK$542 million during the year under review, compared with HK$435 million in 2008/09. However, after absorbing an impairment of HK$29.2 million in goodwill for the purchase of the equity interest in Igor's, as well as a HK$7.2 million amortisation of the trademark of Pacific Coffee starting from the financial year 2009/10, the segment recorded a loss of HK$12.3 million. This compares with a loss of HK$128 million (after absorbing impairment of goodwill and fixed assets of HK$134 million) during the previous year.

As of 31 March 2010, Pacific Coffee operated 84 coffeehouses (2009: 81). Of these, 77 in Hong Kong (2009: 70), 4 in Singapore (2009: 6), and 3 in Mainland China (2009: 5). The Group's own teams operate and manage all of these outlets, which are located in core commercial districts, prime shopping and residential areas, tourist centres and transport hubs. Pacific Coffee also made progress in its franchise operations during the year, with franchise stores opening in Macau, Foshan (Mainland China) and Malaysia.

Igor's operated 35 outlets as of 31 March 2010 (2009: 30). They consisted of 10 restaurants, 15 restaurant-bars, 7 "Wildfire" chain stores, and 3 specialty kiosks (2009: 10, 12, 8, and nil respectively), and they were located in prime business locations in Hong Kong, as well as in leading shopping malls. Igor's also operated a central kitchen called "Blu Catering".

Pacific Coffee's international franchise activities grew steadily during the year under review, and it has received commitments from its franchise partners concerning the opening of more outlets in the coming years. Pacific Coffee is therefore set to continue developing its franchise business further, and it will increase awareness of its brand on the global scene.

Given the difficult environment in which the Food and Beverages segment operated during the year, the Group was cautious about selecting new locations for expanding its food and beverages business in Hong Kong. Looking ahead, it will strengthen the performance of its existing outlets by investing in marketing, operational efficiency, and improvements to the quality of its food and service. It will also continue to seize favourable opportunities to open new outlets.

Computer and Information Technology ("IT") and Others

The segment revenue grew by 23.6%, from HK$925 million in 2008/09 to HK$1,143 million during the year under review. The main reason for the increase was the strong performance of the car dealerships of the Group's associates in Chengdu (Mainland China).

The revenue and profit of the IT business decreased during the year, largely due to a reduction in purchases by corporate customers since the global economic downturn began. Individual consumers have likewise become more price-sensitive and cautious about spending their money. To satisfy customer demand, a number of low-cost netbook computers and new notebook models were introduced, which boosted its sales volume.

The revenues of the network solution and document solution businesses both fell, because corporate customers were focusing more on low-end products at competitive prices. Meanwhile, the trend for customers to reduce their expenses affected the performances of the Group's telephone maintenance businesses in Hong Kong and Thailand, resulting in a slight fall in their contributions during the year. However, the Group foresees that its sales to the corporate sector will pick up again in the near future, and it has a series of new models in the pipeline to take advantage of this recovery.

The car dealership business of the Group's associates in Sichuan Province made good progress. It currently operates four showrooms selling Dongfang Nissan, FAW Toyota and Zotye automobiles in Chengdu. Both their volume and turnover increased significantly compared to last year. The growing disposable incomes of Mainland citizens and their increasing demand for automobiles lead the Group to believe that this business unit has excellent growth potential in the coming years. The associates intend to open more showrooms in Chengdu, and actively seek out opportunities in other cities of Mainland China.

FINANCIAL REVIEW

As at 31 March 2010, the Group's net assets attributable to equity holders of the Company amounted to HK$3,737 million (2009: HK$3,225 million), an increase of HK$512 million or 15.9% when compared with 2009. At the end of the reporting period, the Group's bank and other borrowings (including liability component of convertible bonds) amounted to HK$1,207 million (2009: HK$2,205 million). Cash and bank deposits including fixed and structured deposits decreased to HK$767 million (2009: HK$1,777 million) as at 31 March 2010 due mainly to the repayment of bank borrowings and redemption of convertible bonds during the year.

EMPLOYEES AND REMUNERATION POLICIES

Following the de-consolidation of the lifts and escalators business, which employed approximately 1,200 staff, after December 2009, number of full-time staff globally employed by the Group as at 31 March 2010 was reduced to 3,100. Total staff costs amounted to HK$732 million for the year ended 31 March 2010. The remuneration policies 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, retirement schemes and employees' share option scheme.

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

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices 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 2010, with deviations from code provision A.4.1 which stated 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.

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 has complied with the Model Code throughout the year.

AUDIT COMMITTEE

During the year, the Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management systems of the Group and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2010.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement of the Company for the year ended 31 March 2010 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 2010 containing all applicable information required by the Listing Rules will be despatched to the shareholders and published on the above websites in due course.

APPRECIATION

In conclusion, I would like, on behalf of the Board, to thank the Company's management and staff for their hard work and professionalism during the year. Their superb contributions have helped us to surmount the many short-term difficulties we have faced, and they have also made it possible for us to create firm and enduring foundations that will allow us to realise our goals and strategies for long-term success.

By Order of the Board
Chevalier International Holdings Limited
CHOW Yei Ching
Chairman

Hong Kong, 23 June 2010

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

website: http://www.chevalier.com

* *For identification purpose only*