CHEVALIER PACIFIC HOLDINGS LIMITED

其士泛亞控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

RESULTS

The Directors of Chevalier Pacific Holdings Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011, together with the comparative figures, summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	**2011 HK$'000**	2010 HK$'000
Continuing operations			
Revenue	4	**316,266**	238,114
Cost of sales		**(69,164)**	(37,457)
Gross profit		**247,102**	200,657
Other income, net	5	**6,069**	5,826
Other losses, net	6	**(41,974)**	(28,734)
Selling and distribution costs		**(249,742)**	(200,654)
Administrative expenses		**(14,463)**	(3,227)
Operating loss		**(53,008)**	(26,132)
Share of results of associates		**2,000**	221
		(51,008)	(25,911)
Finance income	7	**860**	73
Finance costs	7	**(16)**	(219)
Finance income/(costs), net	7	**844**	(146)
Loss before taxation	8	**(50,164)**	(26,057)
Income tax expenses	9	**(2,396)**	(364)
Loss for the year from continuing operations		**(52,560)**	(26,421)

	Note	**2011**	2010
		HK$'000	HK$'000
Discontinued operations			
Profit for the year from discontinued operations	10	**199,400**	4,329
Profit/(loss) for the year		**146,840**	(22,092)
Attributable to:			
Equity holders of the Company		**147,534**	(22,092)
Non-controlling interests		**(694)**	–
		146,840	(22,092)
Dividends	11	**323,013**	13,432
Earnings/(loss) per share			
From continuing operations			
– Basic and diluted (HK cents per share)	12	**(2.21)**	(1.22)
From discontinued operations			
– Basic and diluted (HK cents per share)	12	**8.50**	0.20
		6.29	(1.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	2011 HK$'000	2010 HK$'000
Profit/(loss) for the year	**146,840**	(22,092)
Other comprehensive (loss)/income for the year, net of tax		
Exchange difference on translation of operations of overseas subsidiaries	**687**	315
Exchange difference released upon disposal of operations of overseas subsidiaries	**(3,722)**	–
Gain on share exchange	**2,437**	–
Change in fair value of available-for-sale investment	**–**	(1,573)
Impairment loss on available-for-sale investment transferred to consolidated income statement	**–**	2,345
Other comprehensive (loss)/income for the year, net of tax	**(598)**	1,087
Total comprehensive income/(loss) for the year	**146,242**	(21,005)
Attributable to:		
Equity holders of the Company	**146,734**	(21,005)
Non-controlling interests	**(492)**	–
	146,242	(21,005)

note: Items shown within other comprehensive (loss)/income for the year have no tax effect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	**As at 31 March 2011 HK$'000**	As at 31 March 2010 HK$'000 (restated) (note 2(i))	As at 1 April 2009 HK$'000 (restated) (note 2(i))
Non-current assets				
Property, plant and equipment		**85,275**	87,979	90,176
Intangible assets		**95,622**	222,583	255,190
Interests in associates		**57,056**	932	1,079
Available-for-sale investment		**5,405**	5,405	7,193
Non-current deposits	13	**15,821**	23,457	24,461
Deferred tax assets		**4,150**	1,476	–
		263,329	341,832	378,099
Current assets				
Inventories		**7,738**	13,635	11,733
Debtors, deposits and prepayments	13	**26,301**	35,162	39,404
Amounts due from associates		**556**	142	311
Investments at fair value through profit or loss		**26,482**	327	22,824
Current income tax recoverable		**–**	372	–
Cash and bank balances		**85,473**	111,636	173,600
		146,550	161,274	247,872
Current liabilities				
Creditors, deposits and accruals	14	**61,162**	52,451	162,398
Amount due to ultimate holding company		**351**	595	230
Amounts due to non-controlling interests		**4,699**	–	–
Deferred income		**341**	9,129	5,796
Current income tax liabilities		**5,857**	1,527	2,661
Bank borrowings		**–**	16,500	28,323
		72,410	80,202	199,408
Net current assets		**74,140**	81,072	48,464
Total assets less current liabilities		**337,469**	422,904	426,563
Capital and reserves				
Share capital	15	**118,755**	112,770	107,770
Reserves		**164,092**	290,577	297,692
Shareholders' funds		**282,847**	403,347	405,462
Non-controlling interests		**39,821**	–	–
Total equity		**322,668**	403,347	405,462
Non-current liabilities				
Deferred tax liabilities		**5,876**	19,557	21,101
Dividend payable to non-controlling interests		**8,925**	–	–
		14,801	19,557	21,101
Total equity and non-current liabilities		**337,469**	422,904	426,563

NOTES

1 Basis of preparation

These 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 available-for-sale investment and investments at fair value through profit or loss.

2 Changes in accounting policies

(i) Revised standards, and interpretation and amendments to existing standards effective for the annual period beginning on 1 April 2010

The Group has adopted the following revised standards, and interpretation and amendments to existing standards which are mandatory for the first time for the Group's financial year beginning on 1 April 2010 and are relevant to the Group's operations. The impact on the Group's consolidated financial statements upon adoption is set out below:

HKFRS 2 (Amendment), 'Group Cash-settled Share-based Payment Transactions'. In addition to incorporating HK(IFRIC#) – Interpretation 8, 'Scope of HKFRS 2', and HK(IFRIC) – Interpretation 11, 'HKFRS 2 – Group and Treasury Share Transactions', the amendment expands on the guidance in HK(IFRIC) – Interpretation 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance has no impact on the consolidated financial statements.

IFRIC: International Financial Reporting Interpretations Committee

HKFRS 3 (Revised), 'Business Combinations', and consequential amendments to HKAS 27, 'Consolidated and Separate Financial Statements' and HKAS 28, 'Investments in Associates'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes in relation to contingent payments, measurement of non-controlling interests in the acquiree and acquisition-related costs. HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in consolidated income statement. The Group has applied these standards in the consolidated financial statements.

HKFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The amendment has no impact on the consolidated financial statements.

HKAS 17 (Amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating leases using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, any land interest where title was not expected to pass to the Group by the end of the lease term was classified as an operating lease accounted for within "Prepaid lease payments", and amortised over the lease term. The Group has reassessed the classification of unexpired leasehold land interests as at 1 April 2010 on the basis of information existing at the inception of those leases, and has recognised its leasehold land interests in Hong Kong as finance leases retrospectively. As a result of the reassessment, the Group has reclassified those leasehold land interests from operating leases to finance leases. These property interests are held for own use and are accounted for as property, plant and equipment and depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and lease term.

The effect of changes in accounting polices following the adoption of HKAS 17 (Amendment) on the consolidated statement of financial position is as follows:

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000	As at 1 April 2009 HK$'000
Decrease in prepaid lease payments	**(1,592)**	(6,632)	(6,790)
Increase in property, plant and equipment	**1,592**	6,632	6,790

There is no impact on the consolidated income statement and the consolidated statement of changes in equity.

HKAS 36 (Amendment), 'Impairment of Assets'. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating Segments' (that is, before the aggregation of segments with similar economic characteristics). The amendment has no impact on the consolidated financial statements.

HK Interpretation 5, 'Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause', specifies that amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current liabilities in its statement of financial position.

The effect of changes in accounting polices following the adoption of HK Interpretation 5 on the consolidated statement of financial position is as follows:

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000	As at 1 April 2009 HK$'000
Increase in bank borrowings included under current liabilities	–	–	22,116
Decrease in bank borrowings included under non-current liabilities	–	–	(22,116)

There is no impact on the consolidated income statement and the consolidated statement of changes in equity.

(ii) Amendment to existing standard that is not effective but has been early adopted by the Group

HKAS 12 (Amendment), 'Deferred Tax: Recovery of Underlying Assets' introduces a presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. Prior to the amendment, deferred taxation on investment properties at fair value is measured to reflect the tax consequences of recovering the carrying amounts of investment properties through use. The amendment has no impact on the consolidated financial statements.

(iii) New and revised standards that are not effective and have not been early adopted by the Group

The following new and revised standards relevant to the Group have been issued, but are not effective for the financial year beginning on 1 April 2010 and the Group has not early adopted them:

HKFRS 9, 'Financial Instruments' (effective for annual period starting from 1 April 2013). HKFRS 9 improves the classification and measurement of financial assets and financial liabilities compared with the requirements of HKAS 39. Under HKFRS 9, all financial assets are to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Most of the requirements in HKAS 39 for classification and measurement of financial liabilities were carried forward unchanged to HKFRS 9. The Group will apply HKFRS 9 from 1 April 2013.

HKAS 24 (Revised), 'Related Party Disclosures' (effective for annual period starting from 1 April 2011). HKAS 24 (Revised) simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The Group will apply HKAS 24 (Revised) from 1 April 2011.

In addition, HKICPA has published a number of amendments for the existing standards under its annual improvements project.

These amendments are expected to have no material impact to the consolidated financial statements of the Group.

3 REPORTABLE SEGMENTS

Reportable segments are identified and reported in the manner consistent with internal reports to the Group that are regularly reviewed by the chief operating decision-marker (the Executive Directors collectively) in order to assess performance and allocate resources. The chief operating decision-maker accesses the performance of the reportable segments based on the revenue and profit/loss presented.

The Group has two reportable segments (i) food and beverages including restaurants and bars business, and branded coffee shops business; and (ii) natural resources business including crude oil trading and mining exploration. 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 on a proportionate consolidated basis. In view of the changes in presentation of reportable segments and segment revenue for the year ended 31 March 2011, comparatives for 2010 have been restated.

In prior year, the branded coffee shops business (included in segment of food and beverages) and the natural resources were presented as separate segments in reportable segments. Upon the completion of the disposal of 80% equity interest in Pacific Coffee (Holdings) Limited and its subsidiaries (together the "Pacific Coffee Companies") and the closure of exploration in natural resources business in view of the current market environment, these businesses are presented as discontinued operations. Segments of continuing operations are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

Reportable segment information is presented below.

Year ended 31 March 2011

	Continuing operations	Discontinued operations			
	Food and beverages-restaurants and bars business HK$'000	Food and beverages-branded coffee shops business HK$'000	Natural resources HK$'000	Sub-total HK$'000	Total HK$'000
Revenue					
Group revenue	316,266	76,000	–	76,000	392,266
Share of revenue from external customers derived by associates	59,575	–	–	–	59,575
	375,841	76,000	–	76,000	451,841
Segment (loss)/profit	(40,442)	1,026	(21,707)	(20,681)	(61,123)
Included in segment (loss)/profit are:					
Share of results of associates	2,000	–	–	–	2,000
Depreciation of property, plant and equipment	(17,884)	(3,686)	–	(3,686)	(21,570)
Impairment loss on property, plant and equipment	(1,960)	–	–	–	(1,960)
Impairment loss on goodwill	(30,218)	–	(5,117)	(5,117)	(35,335)
Amortisation of trademarks	(1,207)	(1,800)	–	(1,800)	(3,007)
Amortisation of favourable leases	(741)	–	–	–	(741)
Unrealised loss on investments at fair value through profit or loss	(9,954)	–	–	–	(9,954)
Segment assets	375,397	–	–	–	375,397
Included in segment assets are:					
Interests in associates	57,056	–	–	–	57,056
Amounts due from associates	556	–	–	–	556
Additions to non-current assets (other than financial instruments, including interests in associates, and deferred tax assets)	104,776	2,250	–	2,250	107,026
Segment liabilities	80,386	–	–	–	80,386

Year ended 31 March 2010

	Continuing operations	Discontinued operations			
	Food and beverages-restaurants and bars business HK$'000	Food and beverages-branded coffee shops business HK$'000	Natural resources HK$'000	Sub-total HK$'000	Total HK$'000
Revenue					
Group revenue	238,114	299,909	–	299,909	538,023
Share of revenue from external customers derived by an associate	3,797	–	–	–	3,797
	241,911	299,909	–	299,909	541,820
Segment (loss)/profit	(21,214)	7,611	(3,578)	4,033	(17,181)
Included in segment (loss)/profit are:					
Share of result of an associate	221	–	–	–	221
Depreciation of property, plant and equipment	(16,756)	(15,518)	(2)	(15,520)	(32,276)
(Impairment loss)/reversal of impairment loss on property, plant and equipment	(416)	749	–	749	333
Impairment loss on goodwill	(29,174)	–	–	–	(29,174)
Amortisation of trademarks	(689)	(7,200)	–	(7,200)	(7,889)
Unrealised gain on investments at fair value through profit or loss	26	–	–	–	26
Impairment loss on available-for-sale investment	(2,345)	–	–	–	(2,345)
Segment assets	177,008	253,135	5,180	258,315	435,323
Included in segment assets are:					
Interest in an associate	932	–	–	–	932
Amount due from an associate	142	–	–	–	142
Additions to non-current assets (other than financial instruments, including interest in an associate, and deferred tax assets)	18,443	12,039	5,140	17,179	35,622
Segment liabilities	43,914	17,554	310	17,864	61,778

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

	Continuing operations		**Discontinued operations**		**Total**	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Segment (loss)/profit	**(40,442)**	(21,214)	**(20,681)**	4,033	**(61,123)**	(17,181)
Finance income	**860**	73	**2**	8	**862**	81
Finance costs	**(16)**	(219)	**–**	–	**(16)**	(219)
Unallocated corporate income	**518**	380	**–**	–	**518**	380
Unallocated corporate expenses	**(11,084)**	(5,077)	**–**	–	**(11,084)**	(5,077)
Gain on disposal of interests in subsidiaries	**–**	–	**217,361**	–	**217,361**	–
Gain on disposal of a subsidiary	**–**	–	**1,895**	–	**1,895**	–
Profit/(loss) before taxation	**(50,164)**	(26,057)	**198,577**	4,041	**148,413**	(22,016)

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	2011 HK$'000	2010 HK$'000
Segment assets	**375,397**	435,323
Cash and bank balances	**30,000**	65,883
Deferred tax assets	**4,150**	1,476
Other unallocated assets	**332**	424
Total assets	**409,879**	503,106

	2011 HK$'000	2010 HK$'000
Segment liabilities	**80,386**	61,778
Deferred tax liabilities	**5,876**	19,557
Bank borrowings	**–**	16,500
Other unallocated liabilities	**949**	1,924
Total liabilities	**87,211**	99,759

Geographical information

The Group's operation in food and beverages business is carried out in Hong Kong, Australia, Macau, Singapore and Mainland China. The natural resources business is carried out in Mainland China.

The associates' operations in food and beverages business are carried out in Hong Kong, Singapore and Mainland China.

Segment revenue by geographical market (including the Group's share of revenue of associates) are shown in below:

	Continuing operations			**Discontinued operations**			**Total**		
Year ended 31 March 2011	**Company and subsidiaries HK$'000**	**Associates HK$'000**	**Total HK$'000**	**Company and subsidiaries HK$'000**	**Associates HK$'000**	**Total HK$'000**	**Company and subsidiaries HK$'000**	**Associates HK$'000**	**Total HK$'000**
Hong Kong	**269,724**	**57,385**	**327,109**	**72,251**	**–**	**72,251**	**341,975**	**57,385**	**399,360**
Australia	**31,257**	**–**	**31,257**	**–**	**–**	**–**	**31,257**	**–**	**31,257**
Macau	**15,285**	**–**	**15,285**	**–**	**–**	**–**	**15,285**	**–**	**15,285**
Singapore	**–**	**1,779**	**1,779**	**3,365**	**–**	**3,365**	**3,365**	**1,779**	**5,144**
Mainland China	**–**	**411**	**411**	**384**	**–**	**384**	**384**	**411**	**795**
	316,266	**59,575**	**375,841**	**76,000**	**–**	**76,000**	**392,266**	**59,575**	**451,841**

	Continuing operations			Discontinued operations			Total		
Year ended 31 March 2010	Company and subsidiaries HK$'000	Associates HK$'000	Total HK$'000	Company and subsidiaries HK$'000	Associates HK$'000	Total HK$'000	Company and subsidiaries HK$'000	Associates HK$'000	Total HK$'000
Hong Kong	238,114	3,797	241,911	284,799	–	284,799	522,913	3,797	526,710
Singapore	–	–	–	12,860	–	12,860	12,860	–	12,860
Mainland China	–	–	–	2,250	–	2,250	2,250	–	2,250
	238,114	3,797	241,911	299,909	–	299,909	538,023	3,797	541,820

The Group had no inter-segment sales for the years ended 31 March 2011 and 2010.

No customer accounted for 10% or more of the total revenue for the years ended 31 March 2011 and 2010.

The following is an analysis of the Group's carrying amounts of non-current assets other than financial instruments (including interests in associates) and deferred tax assets by geographical location:

	2011 HK$'000	2010 HK$'000
Hong Kong	**137,650**	309,494
Macau	**29,047**	–
Australia	**14,194**	–
Mainland China	**6**	47
Singapore	**–**	1,021
	180,897	310,562

4 REVENUE

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue represents amounts received and receivable from:						
Sales of food and beverages	**292,899**	218,861	**70,660**	281,947	**363,559**	500,808
Sales of coffee machines	**–**	–	**1,233**	4,173	**1,233**	4,173
Service income	**22,985**	19,136	**3,103**	10,709	**26,088**	29,845
Franchise income	**377**	18	**789**	2,251	**1,166**	2,269
Leasing of coffee machines	**–**	–	**215**	829	**215**	829
Interest income from investments at fair value through profit or loss	**5**	99	**–**	–	**5**	99
	316,266	238,114	**76,000**	299,909	**392,266**	538,023

5 OTHER INCOME, NET

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Management fee income from an associate	**808**	710	**–**	–	**808**	710
Sponsorship income from suppliers	**1,293**	2,486	**–**	–	**1,293**	2,486
Interest income from deposits and prepayments	**–**	219	**–**	–	**–**	219
Others	**3,968**	2,411	**38**	319	**4,006**	2,730
	6,069	5,826	**38**	319	**6,107**	6,145

6 OTHER (LOSSES)/GAINS, NET

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Gain/(loss) on investments at fair value through profit or loss, net						
– Realised	**–**	3,018	**–**	–	**–**	3,018
– Unrealised	**(9,954)**	26	**–**	–	**(9,954)**	26
Impairment loss on available-for-sale investment	**–**	(2,345)	**–**	–	**–**	(2,345)
(Impairment loss)/reversal of impairment loss on property, plant and equipment	**(1,960)**	(416)	**–**	749	**(1,960)**	333
Impairment loss on goodwill	**(30,218)**	(29,174)	**(5,117)**	–	**(35,335)**	(29,174)
Exchange gains, net	**158**	157	**34**	181	**192**	338
Gain on disposal of interests in subsidiaries	**–**	–	**217,361**	–	**217,361**	–
Gain on disposal of a subsidiary	**–**	–	**1,895**	–	**1,895**	–
	(41,974)	(28,734)	**214,173**	930	**172,199**	(27,804)

7 FINANCE INCOME/(COSTS), NET

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest income from bank deposits	**860**	73	**2**	8	**862**	81
Interest expenses on bank borrowings	**(16)**	(219)	**–**	–	**(16)**	(219)
	844	(146)	**2**	8	**846**	(138)

8 LOSS BEFORE TAXATION

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Loss before taxation has been arrived at after charging/(crediting) the following:						
Auditors' remuneration	**1,661**	803	**391**	409	**2,052**	1,212
Depreciation of property, plant and equipment	**17,884**	16,756	**3,686**	15,520	**21,570**	32,276
Amortisation of trademarks	**1,207**	689	**1,800**	7,200	**3,007**	7,889
Amortisation of favourable leases	**741**	–	**–**	–	**741**	–
Net loss/(gain) on disposal of property, plant and equipment	**213**	453	**22**	(131)	**235**	322
Operating lease payments in respect of leasing of premises under						
– minimum lease payments	**57,871**	47,123	**20,688**	80,061	**78,559**	127,184
– contingent rent	**3,066**	2,820	**1,316**	6,617	**4,382**	9,437
Staff costs	**118,608**	96,108	**18,879**	65,919	**137,487**	162,027
Share option – consultancy services received	**6,420**	862	**–**	–	**6,420**	862
Management fee	**800**	800	**–**	–	**800**	800
Provision for inventories to net realisable value	**–**	–	**–**	331	**–**	331

9 INCOME TAX EXPENSES/(CREDIT)

	Continuing operations		Discontinued operations		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax						
Hong Kong	**2,800**	2,011	**–**	1,011	**2,800**	3,022
Overseas	**1,601**	–	**–**	–	**1,601**	–
(Over)/under-provision in prior years	**244**	(165)	**(526)**	239	**(282)**	74
	4,645	1,846	**(526)**	1,250	**4,119**	3,096
Deferred tax						
Origination and reversal of temporary differences	**(2,249)**	(1,482)	**(297)**	(1,538)	**(2,546)**	(3,020)
Income tax expenses/(credit)	**2,396**	364	**(823)**	(288)	**1,573**	76

Hong Kong profits tax is calculated at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits after offsetting losses brought forward of each individual company.

Overseas taxation including Australia, Macau, Singapore and Mainland China taxation is calculated based on the rates applicable in the relevant jurisdiction on the estimated assessable profits.

10 DISCONTINUED OPERATIONS

(a) On 29 June 2010, the Group entered into an agreement to dispose 80% of its equity interest in Pacific Coffee Companies to China Resources Enterprise, Limited. The disposal of 80% of equity interest in the Pacific Coffee Companies was completed on 7 July 2010. The operation of the branded coffee shops business carried out by the Pacific Coffee Companies up to the date of disposal is presented in the consolidated financial statements of the Group as discontinued operations.

(b) In view of the current market environment, the Group has no plan to explore further opportunities in the natural resources industry and decided to discontinue this business during the year. The operation of natural resources business which incurred other losses of HK$5,143,000 (2010: nil), selling and distribution costs of HK$15,058,000 (2010: HK$3,526,000) and administrative expenses of HK$1,506,000 (2010: HK$52,000) is presented in the consolidated financial statements of the Group as discontinued operations.

The results of the discontinued operations included in the consolidated income statement are set out below.

	2011 HK$'000	2010 HK$'000
Revenue	**76,000**	299,909
Cost of sales	**(18,831)**	(76,957)
Gross profit	**57,169**	222,952
Other income, net	**38**	319
Other gains, net	**214,173**	930
Selling and distribution costs	**(71,132)**	(218,302)
Administrative expenses	**(1,673)**	(1,866)
Operating profit	**198,575**	4,033
Finance income	**2**	8
Profit before taxation	**198,577**	4,041
Income tax credit	**823**	288
Profit for the year from discontinued operations	**199,400**	4,329

11 DIVIDENDS

	2011 HK$'000	2010 HK$'000
Special dividend of HK13.6 cents (2010: nil) per share, paid	**323,013**	–
Interim dividend of nil (2010: HK0.1 cent) per share, paid	–	2,155
Final dividend of nil (2010: HK0.5 cent) per share, proposed	–	11,277
	323,013	13,432

The 2010/11 special dividend of HK13.6 cents per share, totalling HK$323,013,000, was approved at the Board Meeting held on 13 July 2010 and paid on 30 July 2010.

No final dividend has been proposed by the Directors of the Company for the year ended 31 March 2011.

12 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company as set out below by the weighted average number of ordinary shares in issue during the year.

	2011 HK$'000	2010 HK$'000
Loss attributable to equity holders of the Company from continuing operations	**(51,866)**	(26,421)
Profit attributable to equity holders of the Company from discontinued operations	**199,400**	4,329
	147,534	(22,092)
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue	**2,346,237**	2,165,811
Basic earnings/(loss) per share (HK cents)		
– Continuing operations	**(2.21)**	(1.22)
– Discontinued operations	**8.50**	0.20

(b) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme. As the adjusted exercise price of the share options granted by the Company was higher than the relevant average market price of the Company's shares for the years ended 31 March 2011 and 2010, those outstanding share options granted, which amounted to 150,000,000 shares as at 31 March 2011 and 2010, had no dilutive effect on earnings per share for the years ended 31 March 2011 and 2010.

13 DEBTORS, DEPOSITS AND PREPAYMENTS

	2011 HK$'000	2010 HK$'000
Trade debtors	**10,629**	6,219
Other debtors, deposits and prepayments	**31,493**	52,400
	42,122	58,619
Analysed for reporting purposes:		
Non-current assets	**15,821**	23,457
Current assets	**26,301**	35,162
	42,122	58,619

The Group has established different credit policies for customers in each of its core businesses. The credit periods granted to customers ranges from 30 to 45 days except for sales of food and beverages at restaurants and bars, and coffee shops, which are mainly on cash basis.

The ageing analysis of trade debtors is as follows:

	2011 HK$'000	2010 HK$'000
0-60 days	**9,966**	5,344
61-90 days	**189**	374
Over 90 days	**474**	501
	10,629	6,219

14 CREDITORS, DEPOSITS AND ACCRUALS

	2011 HK$'000	2010 HK$'000
Trade creditors	**15,942**	12,526
Other creditors, deposits and accruals	**45,220**	39,925
	61,162	52,451

The ageing analysis of trade creditors is as follows:

	2011 HK$'000	2010 HK$'000
0-60 days	**15,731**	12,391
61-90 days	**86**	–
Over 90 days	**125**	135
	15,942	12,526

15 SHARE CAPITAL

	Number of shares '000	HK$'000
Authorised ordinary shares:		
At 31 March 2010 and 31 March 2011 of HK$0.05 per share	3,500,000	175,000
Issued and fully paid ordinary shares:		
At 1 April 2009 of HK$0.50 per share	215,540	107,770
Issue of shares (note i)	10,000	5,000
Share sub-division	2,029,860	–
At 31 March 2010 and 1 April 2010 of HK$0.05 per share	2,255,400	112,770
Issue of shares (note ii)	119,695	5,985
At 31 March 2011 of HK$0.05 per share	2,375,095	118,755

notes:

(i) For the year ended 31 March 2010, the Company issued 10,000,000 new shares to an independent third party on 22 February 2010. The proceeds of the issue of shares before expenses amounted to HK$23,000,000. The net proceeds of the issue of shares amounted to HK$22,339,000 after deducting the expenses of the issue.

(ii) For the year ended 31 March 2011, the Company issued 119,695,000 new shares to an independent third party on 28 June 2010. The proceeds of the issue of shares before expenses amounted to HK$63,439,000. The net proceeds of the issue of shares amounted to HK$61,234,000 after deducting the expenses of the issue.

16 CONTINGENT LIABILITIES

As at 31 March 2011, the Company had no contingent liabilities. As at 31 March 2010, the Company had contingent liabilities in respect of guarantees issued for banking facilities of amounts up to HK$19,686,000 granted to its wholly-owned subsidiaries.

17 CAPITAL COMMITMENTS

As at 31 March 2011 and 2010, the Group and the Company had no capital commitments.

DIVIDEND

The Board of Directors does not recommend the payment of any final dividend for the year (2010: HK0.5 cent). Except the special dividend of HK13.6 cents per share paid on 30 July 2010, no interim dividend was paid during the year (2010: HK0.1 cent). The total dividend for the year amounted to HK13.6 cents (2010: HK0.6 cent) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

The revenue from the Group's ongoing operations during the year under review amounted to HK$316 million, which was 33% or HK$78.2 million more than what it achieved during the previous year. The HK$147 million profit for the year included a loss of HK$52.6 million on ongoing operations and a significant profit of HK$199 million from discontinued operations, mainly due to a gain on the disposal of 80% equity interest in Pacific Coffee Companies. The profit attributable to the Company's equity holders was HK$148 million, compared with a loss of HK$22.1 million last year. The basic loss per share on ongoing operations was HK2.21 cents, compared with loss of HK1.22 cents last year, while the overall earnings per share for the year was HK6.29 cents (2010: loss of HK1.02 cents).

Casual Dining

The Group strengthened its food and beverages business with the merger of Cafe Deco and Igor's in December 2010. This will position it better to take advantage of the region's fast-growing and lucrative lifestyle food and beverages market.

Cafe Deco was founded in 1989. Before the merger, its portfolio of casual dining brands included Cafe Deco Bar & Grill, Cafe Sydney, Cafe Deco Macao, Sakesan, Peak Cafe Bar and Top Deck. Together with Igor's specialty bars and restaurants, the merged group offers customers a wide range of western lifestyle food and beverages experiences – from casual drinks to sophisticated dining. Since the merger, the Directors have agreed that the new entity would in future operate under the name of the Cafe Deco Group.

As of 31 March 2011, the Cafe Deco Group operated 40 outlets, whereas Igor's had 34 outlets prior to the merger. Because of the opening of Berliner and Wildfire in Soho East, the total number of Igor's outlets was unchanged by the closure of the Wildfire airport and the expiry of the Cavern lease during the financial year. After the merger, Cafe Deco Group opened one new outlet.

At the end of the financial year, the Cafe Deco Group's outlets consisted of 30 restaurants and bars, 7 Wildfire chain stores and 3 specialty kiosks. As a result of the merger and new projects, the Group has extended the reach of its food and beverages business into new localities, such as the Peak, Aberdeen and Soho East. It also consolidated its presence in prime locations in Soho. Furthermore, the Group has extended its leach to the Australian market with Cafe Sydney – a restaurant with an unparalleled vantage point overlooking Sydney Harbour that has established itself as one of the city's top dining and entertainment venues for locals and tourists alike. The Cafe Deco Group's largest venue and one of the Asia's largest restaurants, Cafe Deco Macao is located at the crossroads between the Venetian, one of Macau's largest casinos, the world-renowned Cirque Du Soleil Theatre and the entrance to the COTAI convention and exhibition centre and entertainment arena. The Cafe Deco Group also plans to gain a foothold in Mainland China in the future.

The Group made vigorous efforts to increase its revenue and raise awareness of its brand by partnering with a number of new media and platforms such as Groupon, a deal-of-the-day website that has amassed 35 million registered users worldwide. In addition, merging the databases of the enlarged group's loyalty programme has boosted its operational effectiveness. Riding on the economy's recovery and the Group's continued emphasis on branding, product quality and services, same-store sales of Igor's grew by 4.51% during the year under review. After the integration, the Group will further enhance its standardised back-office processes and human resources allocation systems, with the view to creating greater efficiency and synergy in its operations in the coming financial year.

Although the general economic outlook remains positive, and the Australian dollar looks set to remain strong, the Group's management is keenly aware that food ingredient costs and Hong Kong retail property rents are likely to continue rising in the coming months. These factors could exert considerable downward pressure on its profitability.

Pacific Coffee

China Resources Enterprise, Limited ("CRE") has become the Group's new strategic partner and Pacific Coffee Companies' major shareholder. CRE's presence will give Pacific Coffee Companies fresh opportunities to increase its competitiveness, build up its brand, and expand its presence in Mainland China more efficiently, due to CRE's extensive network and experience in the retail market there. The Group has retained 20% equity interest in Pacific Coffee Companies, so it will continue to benefit from the growth of its business in the coming year. The Group has also retained a seat on the board of Pacific Coffee (Holdings) Limited in order to continue providing strategic support.

FINANCIAL REVIEW

At 31 March 2011, the Group's net assets attributable to equity holders of the Company amounted to HK$283 million (2010: HK$403 million), a decrease of HK$120 million or 30% when compared with 2010. Such decrease was mainly caused by the profit attributable to equity holders of HK$148 million, net proceeds of the issue of shares of HK$61.2 million, offsetting by the 2010/11 special and 2009/10 final dividends of HK$335 million appropriated during the year. At the end of the reporting year, the Group had no bank borrowings (2010: HK$16.5 million). Cash and bank balances amounted to HK$85.5 million (2010: HK$112 million).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed 850 full-time staff under its subsidiaries globally as at 31 March 2011. Total staff costs amounted to HK$137 million for the year ended 31 March 2011. 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, 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 2011, 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/she 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 financial statements of the Group for the year ended 31 March 2011.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement of the Company for the year ended 31 March 2011 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 2011 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

I would like to take this opportunity to express my gratitude to all those who have contributed to this year's favourable results. They include our loyal shareholders, my fellow directors, our valued business partners and associates, our steadfast customers, and – of course – our hardworking and dedicated staff.

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

Hong Kong, 31 May 2011

As at the date of this announcement, the Board of the Company comprises Dr Chow Yei Ching (Chairman), Mr Chow Vee Tsung, Oscar (Managing Director), Mr Kuok Hoi Sang, Miss Lily Chow and Mr Chang Wan Lung, Robert, as executive directors and Mr Wu King Cheong, Mr Leung Kwong Kin and Mr Lau Kai Shu, Frank as independent non-executive directors.

* *For identification purpose only*