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 2011

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 2011, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Note	**2011 HK$'000**	Restated 2010 HK$'000
Revenue	4	**3,491,181**	3,933,579
Cost of sales		**(2,858,169)**	(3,086,200)
Gross profit		**633,012**	847,379
Other income, net	5	**31,603**	26,740
Other gains, net	6	**337,889**	245,414
Selling and distribution costs		**(388,506)**	(490,331)
Administrative expenses		**(140,998)**	(125,418)
Operating profit		**473,000**	503,784
Share of results of associates		**106,027**	58,029
Share of results of jointly controlled entities		**(13,264)**	23,002
Gain on disposal of subsidiaries and their related jointly controlled entities	7	**377,701**	–
		943,464	584,815
Finance income	8	**14,225**	4,624
Finance costs	8	**(13,692)**	(36,891)
Finance income/(costs), net	8	**533**	(32,267)
Profit before taxation	9	**943,997**	552,548
Income tax expenses	10	**(58,292)**	(57,436)
Profit for the year		**885,705**	495,112

	Note	2011	Restated 2010
		HK$'000	HK$'000
Attributable to:			
Equity holders of the Company		**797,972**	417,359
Non-controlling interests		**87,733**	77,753
		885,705	495,112
Earnings per share			
– Basic (HK$ per share)	11	**2.87**	1.50
– Diluted (HK$ per share)	11	**2.87**	1.50
Dividends	12	**319,198**	194,295

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

	2011 HK$'000	Restated 2010 HK$'000
Profit for the year	**885,705**	495,112
Other comprehensive income for the year		
Exchange difference on translation of operations of overseas subsidiaries, associates and jointly controlled entities	**140,095**	88,895
Change in fair value of available-for-sale investments, net	**(948)**	114,360
Impairment loss on available-for-sale investments transferred to consolidated income statement	–	46,243
Gain on disposal of available-for-sale investments transferred to consolidated income statement	–	(94,533)
Fair value surplus of properties upon transfer to investment properties	–	158,972
Gain on share exchange transaction of a subsidiary	**2,437**	–
Other comprehensive income for the year, net of tax	**141,584**	313,937
Total comprehensive income for the year	**1,027,289**	809,049
Attributable to:		
Equity holders of the Company	**933,014**	730,343
Non-controlling interests	**94,275**	78,706
	1,027,289	809,049

Note: Items shown within other comprehensive income have no tax effect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	**31 March 2011 HK$'000**	Restated 31 March 2010 HK$'000	Restated 1 April 2009 HK$'000
Non-current assets				
Investment properties		**1,718,530**	1,509,885	1,004,810
Property, plant and equipment		**814,215**	838,308	969,796
Prepaid lease payments		**3,564**	9,102	23,782
Goodwill		**126,994**	177,873	202,591
Other intangible assets		**51,506**	129,325	151,679
Interests in associates		**624,002**	377,307	191,805
Interests in jointly controlled entities		**507,157**	387,151	383,508
Available-for-sale investments		**238,085**	213,027	243,728
Investments at fair value through profit or loss		**–**	–	27,704
Properties under development		**690,878**	358,303	236,424
Other non-current assets		**186,266**	197,262	187,644
Deferred tax assets		**12,378**	20,780	6,328
		4,973,575	4,218,323	3,629,799
Current assets				
Amounts due from associates		**137,836**	156,474	101,582
Amounts due from jointly controlled entities		**216,897**	238,642	424,837
Investments at fair value through profit or loss		**361,388**	275,640	164,600
Inventories		**176,656**	179,844	150,119
Properties for sale		**132,682**	172,275	197,431
Debtors, deposits and prepayments	13	**1,030,210**	840,304	1,196,915
Amounts due from customers for contract work		**56,055**	56,040	116,753
Derivative financial instruments		**29,087**	1,827	5,893
Prepaid tax		**4,583**	8,464	15,297
Bank balances and cash		**1,476,407**	766,896	1,731,606
		3,621,801	2,696,406	4,105,033
Assets of disposal groups classified as held for sale		**–**	398,651	385,642
		3,621,801	3,095,057	4,490,675

	Note	31 March 2011 HK$'000	Restated 31 March 2010 HK$'000	Restated 1 April 2009 HK$'000
Current liabilities				
Amounts due to associates		**293**	3,421	89
Amounts due to non-controlling interests		**4,699**	–	–
Amounts due to customers for contract work		**613,503**	546,189	534,181
Derivative financial instruments		**19,472**	40,570	86,496
Creditors, bills payable, deposits and accruals	14	**897,409**	846,433	988,004
Unearned insurance premiums		**61,438**	34,296	24,427
Outstanding insurance claims		**153,918**	137,986	167,158
Deferred income		**18,439**	26,612	25,509
Current income tax liabilities		**63,330**	63,844	60,174
Bank borrowings		**371,740**	480,533	848,753
Convertible bonds – liability component		**–**	–	410,798
Convertible bonds – derivative component		**–**	–	30,488
		2,204,241	2,179,884	3,176,077
Liabilities of disposal groups classified as held for sale		**–**	–	200,200
		2,204,241	2,179,884	3,376,277
Net current assets		**1,417,560**	915,173	1,114,398
Total assets less current liabilities		**6,391,135**	5,133,496	4,744,197
Capital and reserves				
Share capital		**346,955**	346,955	346,955
Reserves		**4,132,610**	3,501,474	2,932,529
Shareholders' funds		**4,479,565**	3,848,429	3,279,484
Non-controlling interests		**399,833**	376,187	381,328
Total equity		**4,879,398**	4,224,616	3,660,812
Non-current liabilities				
Dividend payable to non-controlling interests		**8,925**	–	–
Unearned insurance premiums		**52,189**	35,529	10,468
Bank borrowings		**1,298,725**	726,275	945,185
Deferred tax liabilities		**151,898**	147,076	127,732
		1,511,737	908,880	1,083,385
Total equity and non-current liabilities		**6,391,135**	5,133,496	4,744,197

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 instruments) at fair value through profit or loss.

2 Accounting policies

(i) New/revised standards, and amendments and interpretations to existing standards that are effective for the Group's financial year beginning on 1 April 2010

The following revised standards, and amendments and interpretations to standards, that are relevant to the Group's operations, are mandatory for the financial year of the Group beginning on 1 April 2010.

- HKAS 17 (Amendment), "Leases"
- HKAS 27 (Revised), "Consolidated and separate financial statements"
- HKAS 39 (Amendment), "Financial instruments: recognition and measurement – eligible hedged items"
- HKFRS 2 (Amendment), "Group cash settled share-based payment transaction"
- HKFRS 3 (Revised), "Business combinations"
- HK(IFRIC) – Int 17, "Distributions of non-cash assets to owners"
- HK – Int 5, "Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause"
- Improvements to HKFRSs (2008 and 2009)

The adoption of these revised standards, amendments and interpretations has introduced certain changes to the terminology in the Group's consolidated financial statements (where the terms "non-controlling interests" and "non-controlling shareholders" replace "minority interests" and "minority shareholders", respectively) and has also resulted in a change to the Group's accounting policies in respect of classification of land leases and bank borrowings, business combinations, and acquisitions and disposals of ownership interests in subsidiaries, associated companies and jointly controlled entities, that has affected the amounts reported in the current year.

Classification of leases of land

The amendment to HKAS 17 are effective for the Group from 1 April 2010. It requires that the classification of leases is based on the extent to which the risks and rewards incidental to ownership of an asset lie with the lessor or the lessee. In particular, the amendment deleted specific guidance in the standard which previously required that the land element in a lease is normally classified as an operating lease unless title to the land is expected to be passed to the lessee by the end of the lease term. Under the HKAS 17 (Amendment), a lease of land is classified as property, plant and equipment if the lease transfers substantially all the risks and rewards incidental to ownership of the leasehold land to the lessee. The amendment to HKAS 17 is required to be applied retrospectively. Comparative information has been restated to reflect this change in accounting policy. The effect of the adoption of this change in accounting policy is a reclassification of certain depreciation to amortisation in the consolidated income statement and certain prepaid lease payments to property, plant and equipment in the consolidated statement of financial position, as follows:

	For the year ended 31 March 2011 HK$'000	31 March 2010 HK$'000
Consolidated income statement		
Increase in depreciation	**9,640**	10,505
Decrease in amortisation	**(9,640)**	(10,505)

	As at 31 March 2011 HK$'000	As at 31 March 2010 HK$'000	As at 1 April 2009 HK$'000
Consolidated statement of financial position			
Decrease in prepaid lease payments	**(336,749)**	(353,859)	(411,415)
Increase in property, plant and equipment	**336,749**	353,859	411,415

Business combinations, and acquisitions and disposals of ownership interests in subsidiaries, associated companies and jointly controlled entities.

Consequential revisions to HKAS 27, "Consolidated and separate financial statements" and HKFRS 3 (Revised), "Business combinations" are effective for the Group prospectively from 1 April 2010.

HKAS 27 (Revised) requires that an increase or a decrease in ownership interest in a subsidiary that does not result in the Group losing control over the subsidiary is accounted for as a transaction with owners in their capacity as owners and is dealt with in reserves and attributed to the shareholders of the Company, with no impact to goodwill or statement of comprehensive income. Previously, such transactions impact goodwill and give rise to gains or losses. When control of a subsidiary is lost as a result of a transaction, event or other circumstances, HKAS 27 (Revised) requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when the control is lost, with the resulting fair value re-measurement gain or loss being recognised in the income statement. Previously, the retained interest in the former subsidiary is recognised at its carrying amount at the date when the control is lost and it does not give rise to fair value re-measurement gain or loss.

HKFRS 3 (Revised) introduces significant changes in the Group's accounting for business combinations. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration. These changes impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results. Furthermore, the revised standard changes the accounting for business combinations achieved in stages. Under HKFRS 3 (Revised), the Group's previously held interests in the acquired entities are re-measured to fair value at the date the Group attained control and the resulting gain or loss, if any, is recognised in the income statement, and any comprehensive income recognised in prior periods in relation to the previously held interests is also reclassified to the income statement, as if those interests were directly disposed of. Previously, the resulting gain or loss would have been dealt with as a movement in the capital reserve, and the amount recognised in other comprehensive income in prior periods in relation to the previously held interests is not reclassified to the income statement. The principle adopted under HKFRS 3 (Revised) in relation to business combinations achieved in stages is applicable to acquisition of associated and jointly controlled entities in stages.

As a result of the adoption of the revised standards, a gain on disposal of 40% interest in a subsidiary of HK$2,437,000 was recognised in equity, and the re-measurement gain of 20% interest in a former subsidiary retained by the Group of HK$13,617,000 was recognised in the consolidated income statement.

Classification by the borrower of a term loan that contains a repayment on demand clause

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 early adopted by the Group

HKAS 12 (Amendment), "Deferred tax: recovery of underlying assets"

In December 2010, the HKICPA amended HKAS 12 "Income taxes" to introduce an exception to the principle for the measurement of deferred tax assets and liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendments introduce a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale.

The Group has early adopted these amendments and has resulted in a change in accounting policy on the provision of deferred tax on revaluation of investment properties. Previously, provision for deferred tax was made at the income tax rates on the valuation of, and the tax bases of, investment properties held under operating leases on the basis that their values would be recovered through use rather than through sale. In accordance with the amendments, deferred tax is provided at the income tax rates on allowances claimed on these properties and at the capital gain tax rates on the valuation in excess of cost.

As the Group's investment properties located in Hong Kong and Singapore where sales proceeds in excess of cost are not taxable, deferred tax liabilities arising from fair value gain on investment properties located at these regions have been reversed. This change in accounting policy should be accounted for retrospectively.

The effect of the changes in accounting policies following the adoption of HKAS 12 (Amendment) on the consolidated income statement and the consolidated statement of financial position are as follows:

	For the year ended	
	31 March	31 March
	2011	2010
	HK$'000	HK$'000
Consolidated income statement		
Increase in share of results of associates	**4,527**	3,515
Decrease in income tax expenses	**28,183**	36,297
Increase in profit attributable to equity holders of the Company	**32,710**	39,812
Increase in basic and diluted earnings per share (HK$ per share)	**0.12**	0.14

	At 31 March	At 31 March	At 1 April
	2011	2010	2009
	HK$'000	HK$'000	HK$'000
Consolidated statement of financial position			
Increase in interests in associates	**12,365**	7,838	4,323
Increase in deferred tax assets	**21,212**	13,852	1,687
Decrease in deferred tax liabilities	**110,702**	89,879	48,466
Increase in net assets	**144,279**	111,569	54,476
Increase in retained profits	**123,642**	90,932	51,120
Increase in other assets revaluation reserve	**20,617**	20,617	3,356
Increase in exchange fluctuation reserve	**20**	20	–
Increase in shareholders' funds	**144,279**	111,569	54,476

(iii) 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 or revised standards, and amendments and interpretations to existing standards relevant to the Group's operation have been issued, but not yet effective for the financial year beginning 1 April 2010 and have not been early adopted:

- HKAS 24 (Revised), "Related party disclosures"
- HKAS 27 (2011), "Separate financial statements"
- HKAS 28 (2011), "Investment in associates and joint ventures"
- HKAS 32 (Amendment), "Classification of rights issues"
- HKFRS 7 (Amendment), "Disclosures – transfers of financial assets"
- HKFRS 9, "Financial instruments"
- HKFRS 10, "Consolidated financial statements"

- HKFRS 11, "Joint arrangements"
- HKFRS 12, "Disclosure of interests in other entities"
- HKFRS 13, "Fair value measurement"
- HK(IFRIC) – Int 14 (Amendment), "Prepayments of a minimum funding requirement"
- HK(IFRIC) – Int 19, "Extinguishing financial liabilities with equity instruments"
- Improvements to HKFRSs 2010

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, the chief operating decision-maker, that are used to make strategic decisions. The Directors consider the business from a product/service perspective. Principal activities of the segments are as follows:

Construction and engineering: Construction and engineering work for aluminium building materials and curtain walls, building construction, electrical and mechanical, lifts and escalators, 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: Restaurant and bar business, and branded coffee shop business.

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 expenses and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of non-current assets and current assets as disclosed in the Consolidated Statement of Financial Position except unallocated bank balances and cash, deferred tax assets and prepaid tax.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the Consolidated Statement of Financial Position except current income tax liabilities, bank borrowings and deferred tax liabilities

Segment information about 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 2011						
REVENUE						
Total revenue	**1,827,583**	**181,834**	**426,752**	**392,261**	**745,020**	**3,573,450**
Inter-segment revenue	–	**(11,554)**	**(48,168)**	–	**(22,547)**	**(82,269)**
Group revenue	**1,827,583**	**170,280**	**378,584**	**392,261**	**722,473**	**3,491,181**
Proportionate Group revenue from a jointly controlled entity eliminated	**(96,192)**	–	–	–	–	**(96,192)**
Share of revenue from external customers derived by associates and jointly controlled entities	**1,479,231**	–	**343,764**	**59,575**	**477,926**	**2,360,496**
Segment revenue	**3,210,622**	**170,280**	**722,348**	**451,836**	**1,200,399**	**5,755,485**
RESULTS						
Segment profit/(loss)	**114,372**	**(35,779)**	**348,173**	**(40,083)**	**(13,034)**	**373,649**
Included in segment profit/(loss) are:						
Share of results of associates	**74,436**	–	**32,055**	**2,000**	**(2,464)**	**106,027**
Share of results of jointly controlled entities	**399**	–	**(13,663)**	–	–	**(13,264)**
Depreciation and amortisation, net of capitalisation	**(6,714)**	**(1,057)**	**(24,445)**	**(25,318)**	**(2,059)**	**(59,593)**
Increase in fair value of investment properties	–	–	**163,174**	–	–	**163,174**
Impairment loss on property, plant and equipment	–	–	**(7,238)**	**(1,960)**	–	**(9,198)**
Impairment loss on prepaid lease payments	–	–	**(5,029)**	–	–	**(5,029)**
Impairment loss on goodwill	–	–	–	**(31,390)**	**(5,117)**	**(36,507)**
Unrealised loss on investments at fair value through profit or loss, net	–	**(593)**	–	–	–	**(593)**
Write back/(down) of inventories to net realisable value, net	**1,810**	–	–	–	**(7,727)**	**(5,917)**
Write back of properties for sale to net realisable value	–	–	**8,348**	–	–	**8,348**
Unrealised gain/(loss) on derivative financial instruments, net	–	**20,178**	–	**(9,954)**	–	**10,224**

	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, as restated						
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 a jointly controlled entity 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	383,405	(12,297)	13,273	563,898
Included in segment profit/(loss) are:						
Share of results of associates	29,161	–	22,370	221	6,277	58,029
Share of results of jointly controlled entities	526	–	22,476	–	–	23,002
Depreciation and amortisation, net of capitalisation	(8,589)	(1,078)	(26,450)	(40,163)	(2,163)	(78,443)
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

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

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

	2011	2010
	HK$'000	HK$'000
Total segment revenue	**5,755,485**	5,452,516
Add: Proportionate Group revenue from a jointly controlled entity eliminated	**96,192**	58,038
Less: Share of revenue from external customers derived by associates and jointly controlled entities		
Construction and installation contracts	**1,193,663**	893,076
Provision of maintenance and property management	**285,750**	68,023
Leasing of properties	**4,856**	4,408
Hotel operations	**21,150**	19,140
Sales of properties	**317,576**	109,547
Food and beverages	**59,575**	3,797
Sale of information technology equipment, motor vehicles and others	**477,926**	478,984
	2,360,496	1,576,975
Total revenue in the consolidated income statement	**3,491,181**	3,933,579

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

		Restated
	2011	2010
	HK$'000	HK$'000
Segment profit	**373,649**	563,898
Gain on disposal of interests in subsidiaries	**217,361**	32,247
Gain on disposal of subsidiaries and their related jointly controlled entities	**377,701**	–
Gain on step-up acquisition of interest in an associate	**–**	3,269
Unallocated corporate expenses	**(25,247)**	(14,599)
Finance income	**14,225**	4,624
Finance costs	**(13,692)**	(36,891)
Profit before taxation	**943,997**	552,548

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 2011						
ASSETS						
Segment assets	**1,071,943**	**959,792**	**4,867,662**	**375,397**	**608,419**	**7,883,213**
Included in segment assets are:						
Interests in associates	**292,290**	**–**	**108,530**	**57,056**	**166,126**	**624,002**
Interests in jointly controlled entities	**12,405**	**–**	**494,752**	**–**	**–**	**507,157**
Amounts due from associates	**19,276**	**–**	**–**	**556**	**118,004**	**137,836**
Amounts due from jointly controlled entities	**–**	**–**	**216,897**	**–**	**–**	**216,897**
Additions to non-current assets (note)	**7,272**	**69**	**444,228**	**107,026**	**989**	**559,584**
LIABILITIES						
Segment liabilities	**1,186,567**	**314,745**	**158,287**	**80,386**	**86,225**	**1,826,210**
Included in segment liabilities is:						
Amounts due to associates	**293**	**–**	**–**	**–**	**–**	**293**
As at 31 March 2010, as restated						
ASSETS						
Segment assets	1,039,239	844,810	4,336,665	424,408	502,253	7,147,375
Included in segment assets are:						
Interests in associates	255,007	–	76,457	932	44,911	377,307
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

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:

	2011	Restated 2010
	HK$'000	HK$'000
Segment assets	**7,883,213**	7,147,375
Unallocated bank balances and cash	**692,241**	133,367
Other unallocated assets	**19,922**	32,638
Total assets	**8,595,376**	7,313,380

	2011	Restated 2010
	HK$'000	HK$'000
Segment liabilities	**1,826,210**	1,655,069
Bank borrowings	**1,670,465**	1,206,808
Deferred tax liabilities	**151,898**	147,076
Other unallocated liabilities	**67,405**	79,811
Total liabilities	**3,715,978**	3,088,764

Geographical information

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

The associates' and jointly controlled entities' operations in construction and engineering are mainly located in Hong Kong, Mainland China, Singapore, USA, Europe and Australia. Property operations are mainly carried out in Hong Kong and Mainland China. Food and beverages business is carried out in Hong Kong, Singapore and Mainland China. Other operations are carried out in Mainland China.

Segment revenue by geographical market								
	Company and subsidiaries HK$'000	**Associates and jointly controlled entities HK$'000**	**2011 Total HK$'000**	**%**	Company and subsidiaries HK$'000	Associates and jointly controlled entities HK$'000	2010 Total HK$'000	%
Hong Kong	**2,309,690***	**527,441**	**2,837,131**	**49**	2,449,810*	203,080	2,652,890	49
Mainland China	**38,016**	**1,485,635**	**1,523,651**	**26**	82,095	1,152,047	1,234,142	22
Macau	**497,714**	**–**	**497,714**	**8**	514,909	16	514,925	9
Canada	**347,896**	**–**	**347,896**	**6**	313,637	–	313,637	6
Singapore	**13,409**	**149,696**	**163,105**	**3**	357,111	54,694	411,805	7
USA	**111,684**	**15,310**	**126,994**	**2**	107,383	5,585	112,968	2
Europe	**–**	**119,518**	**119,518**	**2**	–	106,662	106,662	2
Australia	**32,688**	**54,388**	**87,076**	**2**	2,487	52,771	55,258	1
Thailand	**33,281**	**–**	**33,281**	**1**	37,617	–	37,617	1
Others	**10,611**	**8,508**	**19,119**	**1**	10,492	2,120	12,612	1
	3,394,989	**2,360,496**	**5,755,485**	**100**	3,875,541	1,576,975	5,452,516	100

* The proportionate Group revenue from a jointly controlled entity is eliminated.

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 2011 and 2010.

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	
	2011 HK$'000	2010 HK$'000
Hong Kong	**1,628,456**	1,638,311
Mainland China	**1,343,574**	973,476
Singapore	**259,261**	210,527
Canada	**191,237**	178,894
Macau	**35,351**	1,879
Australia	**27,802**	2,085
USA	**19,428**	19,525
Others	**18,923**	21,556
	3,524,032	3,046,253

4 Revenue

	2011 HK$'000	2010 HK$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	**1,694,292**	1,770,245
Sale of information technology equipment, motor vehicles and others	**787,437**	724,830
Food and beverages	**392,261**	537,924
Warehouse and logistics operations	**150,966**	134,818
Insurance premium	**131,758**	81,189
Provision of maintenance and property management	**113,173**	509,641
Leasing of properties	**87,005**	52,168
Sales of properties	**51,396**	50,094
Hotel operations	**43,254**	51,268
Dividend income from listed securities	**27,650**	10,394
Interest income from investments	**10,872**	9,417
Leasing of equipment	**1,117**	1,591
Total revenue	**3,491,181**	3,933,579

5 Other income, net

	2011 HK$'000	2010 HK$'000
Gain/(loss) on investments at fair value through profit or loss, net		
– Held-for-trading	**1,384**	(33,910)
– Designated upon initial recognition	**2,581**	6,056
(Loss)/gain on derivative financial instruments, net	**(51,898)**	22,778
Interest income from associates	**5,341**	2,598
Interest income from jointly controlled entities	**8,194**	11,782
Commission income	**3,852**	2,719
Management fee income from associates and jointly controlled entities	**37,369**	5,330
Sales and marketing services income from an associate	**19,927**	4,900
Others	**4,853**	4,487
	31,603	26,740

6. Other gains, net

	2011 HK$'000	2010 HK$'000
Gain on disposal of		
– 80% interest in Pacific Coffee Group (note a)	**217,361**	–
– 2% interest in CHK Group (note b)	**–**	25,482
– Other subsidiaries (note c)	**–**	6,765
Increase in fair value of investment properties	**163,174**	179,781
Gain on disposal of investment properties	**799**	–
Gain on disposal of property, plant and equipment and prepaid lease payments, net	**247**	7,028
Impairment loss on property, plant and equipment, net	**(9,198)**	(5,140)
Impairment loss on prepaid lease payments	**(5,029)**	–
Impairment loss on goodwill	**(36,507)**	(29,174)
Impairment loss on other intangible assets	**–**	(12,200)
Gain on step-up acquisition of interest in an associate	**–**	3,269
Gain on disposal of available-for-sale investments	**–**	94,533
Impairment loss on available-for-sale investments	**–**	(46,243)
Bad debts recovered	**1,628**	6,164
Fair value gain on derivative component of convertible bonds	**–**	30,488
Loss on redemption of convertible bonds	**–**	(31,101)
Exchange gain, net	**5,414**	14,158
Government grant	**–**	1,604
	337,889	245,414

Notes:

(a) Disposal of the Group's 80% interest in the Pacific Coffee Group

On 28 June 2010, the Group entered into an agreement to dispose of its 80% equity interest in Pacific Coffee (Holdings) Limited and its subsidiaries (the "Pacific Coffee Group") to China Resources Enterprise, Limited ("CRE"), an independent third party. The completion of the disposal took place on 7 July 2010.

The gain on disposal of interest in the Pacific Coffee Group included the gains of HK$203,744,000 on the 80% equity interest sold (net of professional fees and expenses) and HK$13,617,000 on re-measurement of the 20% retained equity interest at the date of disposal.

(b) Disposal of the Group's 2% interest in the CHK Group

Pursuant to a 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.

(c) Disposal of the Group's other subsidiaries

On 17 June 2009, the Group disposed of its 90.1% interest in subsidiaries engaged in project management and consultancy services in Mainland China to an independent third party.

7 Gain on disposal of subsidiaries and their related jointly controlled entities

	2011	2010
	HK$'000	HK$'000
Gain on disposal of		
– Citiway Engineering Limited and its jointly controlled entity ("Citiway Group")	**169,431**	–
– Smartco Holdings Limited, its subsidiary and jointly controlled entity ("Smartco Group")	**208,270**	–
	377,701	–

8 Finance (income)/costs, net

	2011	2010
	HK$'000	HK$'000
Interest expenses on bank overdrafts and borrowings wholly repayable within five years	**22,127**	27,961
Interest expenses on convertible bonds wholly repayable within five years	**–**	14,777
Less: Amounts capitalised to properties under development (note)	**(8,435)**	(5,847)
	13,692	36,891
Less: Interest from bank deposits	**(14,225)**	(4,624)
	(533)	32,267

Note:

The capitalisation rate applied to funds borrowed and used for the development of properties was between 5.4% and 7.7% (2010: 4.4% and 7.6%) per annum during the year.

9 Profit before taxation

	2011 HK$'000	Restated 2010 HK$'000
Profit before taxation has been arrived at after charging the following:		
Depreciation of property, plant and equipment	**55,955**	70,384
Less: Amount capitalised to contract work	**(1,789)**	(1,815)
	54,166	68,569
Staff costs	**551,451**	732,243
Less: Amount capitalised to contract work	**(89,993)**	(94,073)
	461,458	638,170
Operating lease payments in respect of leasing of		
– Premises (note)	**91,412**	139,407
– Equipment	**1,136**	776
	92,548	140,183
Auditors' remuneration	**8,494**	7,044
Amortisation of prepaid lease payments	**390**	662
Amortisation of other intangible assets	**5,037**	9,212
Write down of inventories to net realisable value, net	**5,917**	15,336
Share option granted by a listed subsidiary for consultancy services	**6,420**	862
and crediting the following:		
Gross rental income of HK$62,551,000 (2010: HK$52,010,000) from properties less direct operating expenses	**45,089**	37,793
Write back of properties for sale to net realisable value	**8,348**	11,878

Note:

Included in operating lease payments in respect of leasing of premises are contingent rentals of HK$4,382,000 (2010: HK$9,437,000).

10 Income tax expenses

	2011 HK$'000	Restated 2010 HK$'000
Current tax		
Hong Kong	**25,995**	44,864
Overseas	**9,267**	10,589
Over-provision in prior years	**(406)**	(2,281)
	34,856	53,172
Deferred tax		
Origination and reversal of temporary differences	**23,436**	4,264
	58,292	57,436

Hong Kong profits tax is calculated at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits. 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.

11 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$797,972,000 (2010: restated as HK$417,359,000) by the weighted average number of 277,564,090 (2010: 277,564,090) ordinary shares in issue during the year.

(b) Diluted

For the years ended 31 March 2011 and 2010, as the adjusted exercise price of the share option granted by Chevalier Pacific Holdings Limited ("CPHL"), a subsidiary of the Company, was higher than the relevant average market price of CPHL's shares, thus the outstanding share option granted had no dilutive effect on earning per share.

For the year ended 31 March 2010, 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 2011 and 31 March 2010, the Company did not have any dilutive equity instruments.

12 Dividends

	2011 HK$'000	2010 HK$'000
Interim dividend of HK$0.20 (2010: HK$0.15) per share paid	**55,513**	41,635
Special dividend of HK$0.40 (2010: Nil) per share paid	**111,025**	–
Final dividend of HK$0.55 (2010: HK$0.55) per share proposed	**152,660**	152,660
	319,198	194,295

A final dividend of HK$0.55 per share, totaling 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 2012.

13 Debtors, deposits and prepayments

	2011	2010
	HK$'000	HK$'000
Trade debtors	**379,335**	320,809
Less: Provision for impairment	**(8,268)**	(12,465)
Trade debtors, net	**371,067**	308,344
Other debtors, deposits and prepayments	**392,145**	325,256
Retention receivables	**207,454**	206,704
Receivables on disposal of Smartco Group		
– consideration	**36,900**	–
– loan	**22,644**	–
	1,030,210	840,304

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:

	2011	2010
	HK$'000	HK$'000
0 – 60 days	**300,650**	235,381
61 – 90 days	**27,285**	12,858
Over 90 days	**43,132**	60,105
	371,067	308,344

14 Creditors, bills payable, deposits and accruals

	2011	2010
	HK$'000	HK$'000
Trade creditors and bills payable	**177,025**	146,823
Accrued contract costs	**198,204**	206,031
Retention payables	**125,499**	117,521
Other creditors, deposits and accruals	**396,681**	346,076
Deposits received for disposal of Citiway Group	**–**	29,982
	897,409	846,433

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

	2011 HK$'000	2010 HK$'000
0 – 60 days	**141,684**	111,196
61 – 90 days	**1,117**	3,456
Over 90 days	**34,224**	32,171
	177,025	146,823

15 Contingent liabilities

At 31 March 2011, the Group had contingent liabilities in respect of guarantees issued for utilised borrowings in relation to:

	2011 HK$'000	2010 HK$'000
Banking facilities granted to jointly controlled entities and a joint venture partner	**168,300**	262,430
Banking facilities granted to associates	**218,941**	120,928
	387,241	383,358

At 31 March 2011, the Group's share of contingent liabilities of the jointly controlled entities are as follows:

	2011 HK$'000	2010 HK$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the jointly controlled entities' properties	**151,626**	123,086

16 Commitment

	2011 HK$'000	2010 HK$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– acquisition of plant and equipment	**771**	184
– a property development project	**101,954**	300,397
– acquisition of a subsidiary (note 17(a))	**583,975**	–
	686,700	300,581
Authorised but not contracted for in respect of a property development project	**2,513,731**	1,999,584
	3,200,431	2,300,165

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

	2011	2010
	HK$'000	HK$'000
Contracted but not provided for	**288,756**	288,269
Authorised but not contracted for	**412,368**	292,698
	701,124	580,967

17 Events after the end of reporting period

(a) On 6 January 2011, the Group entered into an agreement with an independent third party to acquire the 100% equity interest in and a loan granted to Kwai Hei Investments No.1 Limited ("Kwai Hei"), a private limited liability company incorporated in Hong Kong engaged in property investment, at an aggregate consideration of HK$686,500,000 (subject to adjustments). The transaction was completed subsequent to the reporting period on 1 April 2011 and Kwai Hei has become a subsidiary of the Group. As at 31 March 2011, deposit of HK$102,525,000 has been paid by the Group.

(b) On 27 May 2011, the Group entered into an agreement with two independent third parties to acquire the 100% equity interest and a shareholder loan of a group of companies owning a property in Tsing Yi Island, at an aggregate consideration of HK$286,000,000 (subject to adjustments). The transaction was completed subsequent to the reporting period on 15 June 2011 and the group of companies has become subsidiaries of the Group.

(c) On 23 May 2011, the Company announced, among others, that it was in discussions with a potential purchaser regarding a possible disposal of its entire shareholding in CPHL ("Possible Disposal") which might involve certain asset reorganisation ("Asset Reorganisation"). As of the date of this results announcement, trading in the shares of the Company has been suspended pending an announcement to be made by the Company regarding details of the Possible Disposal and Asset Reorganisation.

(d) On 31 May 2011, the Group entered into three agreements with three independent third parties respectively to acquire three properties currently operated as seniors housing communities in Oregon, USA, at a total consideration of US$34,896,000 (equivalent to approximately HK$272,189,000). The transaction is expected to be completed on or before 30 June 2011.

18 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 (2010: HK$0.55) per share payable to shareholders whose names appear on the Register of Members of the Company on Monday, 19 September 2011. Subject to approval by the shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on Friday, 9 September 2011, the dividend warrants will be distributed and paid on or about Friday, 23 September 2011. Together with the interim dividend of HK$0.20 (2010: HK$0.15) per share and a special dividend of HK$0.40 (2010: nil) per share paid on 20 December 2010, the total dividends for the year amounted to HK$1.15 (2010: HK$0.70) per share, 64.3% more than last year and representing a dividend payout of 40.1% (2010: 46.7%).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Tuesday, 6 September 2011 to Friday, 9 September 2011, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 5 September 2011.

The record date for entitlement to the proposed final dividend is Monday, 19 September 2011. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Friday, 16 September 2011 to Monday, 19 September 2011, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated revenue decreased by 11.3%, from HK$3,934 million in 2009/10 to HK$3,491 million in the year ended 31 March 2011. Meanwhile, its total segment revenue increased during the same period by 5.5%, from HK$5,453 million to HK$5,755 million. Profit for the year rose significantly from HK$495 million to HK$886 million, mainly due to the realisation of gains from the disposal of property development projects in Mainland China and of an 80% equity interest in the Pacific Coffee Group. The profit attributable to the Company's equity holders amounted to HK$798 million, compared to HK$417 million during the previous fiscal year. Earnings per share increased from HK$1.50 for 2009/10 to HK$2.87 for the year ended 31 March 2011.

Construction and Engineering

The Construction and Engineering segment's revenue for the year ended 31 March 2011 remained relatively unchanged at HK$3,211 million (2009/10: HK$3,200 million). However, its profit declined by 12.3%, from HK$130 million in 2009/10 to HK$114 million. The main reason for this was a reduction in the contribution the Group received from the Lifts and Escalators business, in which the Group has reduced its interest to 49% since December 2009. However, the increased revenue of its construction and pipe rehabilitation businesses helped to maintain the segment revenue's stability.

As at 31 March 2011, the Construction and Engineering segment's outstanding contracts on hand had a total value of HK$2,893 million. The most important of these included:

1. Construction of Academics 2 for the City University of Hong Kong;

2. Construction of the residential development at 1 Broadcast Drive, Kowloon Tong;

3. Construction of the residential development at Tsing Fat Lane Area 58, Siu Lam, Tuen Mun;

4. Construction of the residential development at Plover Cove Road and Po Wu Lane, Tai Po;

5. Electrical Installation for the Indoor Velodrome-cum-Sports Centre, Tseung Kwan O;

6. Installation of lifts at Yau Oi (II) Estate;

7. The HDB 15th Term Contract for Upgrading Lifts and Escalators in Singapore;

8. Design, supply and installation of curtain walls for the junction of On Lai Street and On Ping Street, Shatin; and

9. Environmental engineering works at Tai Po Water Treatment Works.

Insurance and Investment

The Insurance and Investment segment's total revenue increased from HK$101 million to HK$170 million during the 2010/11 financial year, mainly due to the growth of its insurance revenue. In the same period, it also made a net loss of HK$35.8 million, compared to a segment profit of HK$50.0 million in the previous year, as a result of a portfolio restructuring exercise to minimise the Group's exposure to fluctuations in the fair values of derivative financial instruments.

Property

The Property segment's revenue increased by 54.6%, from HK$467 million in 2009/10 to HK$722 million in the year ended 31 March 2011. This was mainly due to recognition of revenue from the sale of properties at a project in Beijing by our jointly controlled entity. This project has a total gross floor area of 1,319,940 sq. ft., of which sales of 986,638 sq. ft. was recognised as at 31 March 2011.

The segment's profit declined slightly, from HK$383 million in 2009/10 to HK$348 million in 2010/11 after including an impairment of hotel property in Mainland China of HK$12.3 million. Rising property values in Hong Kong and on the Mainland led to the Group recording an upward adjustment of HK$172 million on its investment properties and properties for sale during the year under review, compared to a revaluation surplus of HK$192 million the previous year.

The Group recorded a total gain of HK$378 million on the disposal of two major projects in Xiling, Shenzhen, and Hefei, Anhui Province, in April and July 2010 respectively. After taking the settlement of advances made by the Group into account, this generated total cash proceeds of HK$742 million during the year under review. The remaining proceeds of HK$59.5 million was received in April 2011.

The performance of the Group's Cold Storage and Logistics operation remained constant, and they made steady contributions in terms of revenue and profit. Subsequent to the financial year-end, the Group increased its storage space portfolio by acquiring premises at Kwai Chung and Tsing Yi Island. These have a gross floor area of 379,989 sq. ft. and 253,470 sq. ft. respectively.

In June 2011, the Group entered into contracts to purchase three senior housing assets in Beaverton, Gresham and Portland City, all in Great Portland Area of Oregon State, United States, for an aggregate consideration of approximately HK$272 million. The assets include three parcels of land with a total site area of approximately 479,000 sq. ft. The growing aged population and steady rise in healthcare expenditure in the US are expected to boost demand for senior citizen housing. The Group is therefore optimistic that this operation will generate stable operating income and offer capital appreciation potential in the future.

Food and Beverages

The Food and Beverages segment's revenue declined from HK$542 million to HK$452 million during the financial year. While the disposal of an 80% interest in the Pacific Coffee Group yielded a gain of HK$217 million, the segment's net contribution amounted to HK$177 million after a goodwill impairment and the unrealised loss on the fair value of an option held are taken into account.

Cafe Deco Group

The segment's Food and Beverages business operated under the name of Cafe Deco Group, following the merger of Cafe Deco and Igor's in December 2010. The merger has positioned it well to take advantage of the region's fast-growing and lucrative lifestyle food and beverages market.

Before the merger, Cafe Deco's casual dining brands included Cafe Deco Bar & Grill, Cafe Sydney, Cafe Deco Macau, Peak Cafe Bar and Top Deck. Together with Igor's specialty bars and restaurants, the merged group offers customers a wide range of western and Asian lifestyle food and beverages experiences – from casual drinks to sophisticated dining. As of 31 March 2011, the Cafe Deco Group operated 40 outlets.

Pacific Coffee Group

CRE has become the Group's new strategic partner and Pacific Coffee Group's major shareholder. CRE's extensive network and experience in the retail market will give Pacific Coffee Group fresh opportunities to increase its competitiveness, build its brand, and expand its presence in Mainland China more efficiently. The Group has retained a 20% interest in Pacific Coffee Group in order to benefit from the growth of its business in the future. As of 31 March 2011, Pacific Coffee Group had expanded to include 96 stores in Hong Kong, 2 in Singapore and 2 in Mainland China.

Computer and Information Communications Technology and Others

Due to the better performance of the Group's information communications business in Hong Kong and car dealership in both Mainland China and Canada, the segment's revenue grew by 5.0%, from HK$1,143 million in 2009/10 to HK$1,200 million during the year under review.

On the other hand, the Group recorded a segment loss of HK$13.0 million, due to the termination of its interest in a mining project in the Philippines during November 2010. The expenses incurred by this project – including drilling, testing, legal, consultancy and advisory costs – were reflected in this segment's results.

To address the challenges that exist in the marketplace, the information communications division will focus in future on strengthening its revenue streams in three areas. These are: (1) keeping a close eye on new infotainment technology, such as 3-D notebook computers and Tablet PCs for the consumer sector; (2) maximising its synergy with the Telephone System division to bundle phone systems with high-end notebook computers for commercial users; and (3) providing various post-sales maintenance service packages.

The Group's car dealership joint venture business in Sichuan made good progress. It currently operates six 4S Shops selling well-known automobile brands in Sichuan. The joint venture intends to open more 4S Shops in Sichuan, and the Group will actively seek opportunities to expand its network to other Mainland China cities.

FINANCIAL REVIEW

At 31 March 2011, the Group's net assets attributable to equity holders of the Company amounted to HK$4,480 million (2010: HK$3,848 million), an increase of HK$632 million or 16.4 % when compared with 2010. At the end of the reporting year, the Group's bank borrowings increased to HK$1,670 million (2010: HK$1,207 million) due to the drawn down of a club loan at attractive interest rate during the year for financing future business opportunities. Together with the consideration received from disposal of two property development projects in Mainland China and the 80% interest in the Pacific Coffee Group during the year, cash and deposits at bank increased to HK$1,476 million (2010: HK$767 million).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 2,800 full-time staff under its subsidiaries globally as at 31 March 2011. Total staff costs amounted to HK$551 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 express my sincere gratitude to all those who contributed to the Group's ongoing success during the past financial year including our loyal customers, reliable suppliers and steadfast shareholders. I would also like to say a word of appreciation to our dedicated and hardworking employees, who have unfailingly grasped every challenge and turned it into a new opportunity, as well as to my colleagues on the Board of Directors for their strong leadership, firm support and wise counsel. We pledge ourselves to continue doing our utmost to justify your confidence in us in the future.

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

Hong Kong, 28 June 2011

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, Ho Chung Leung and Ma Chi Wing as executive directors; Dr Chow Ming Kuen, Joseph, Messrs Sun Kai Dah, George and Yang Chuen Liang, Charles as independent non-executive directors; and Dr Ko Chan Gock, William as non-executive director.

* *For identification purpose only*