CHEVALIER PACIFIC HOLDINGS LIMITED
其士泛亞控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 508)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

INTERIM RESULTS

The directors (the "Directors") of Chevalier Pacific Holdings Limited (the "Company") hereby announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2011, together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2011

	Note	Unaudited six months ended 30 September **2011** **HK$'000**	2010 HK$'000
Continuing operations			
Revenue	3	**33,670**	29,515
Cost of sales		**(7,776)**	(6,498)
Gross profit		**25,894**	23,017
Other income, net	4	**385**	550
Other losses, net	5	**(530)**	(5,364)
Selling and distribution costs		**(27,700)**	(25,294)
Administrative expenses		**(9,832)**	(6,037)
Operating loss		**(11,783)**	(13,128)
Finance income	6	**3**	313
Loss before taxation	7	**(11,780)**	(12,815)
Income tax (expenses)/credit	8	**(878)**	663
Loss for the period from continuing operations		**(12,658)**	(12,152)
Discontinued operations			
Profit for the period from discontinued operations	11	**410**	174,452
(Loss)/profit for the period		**(12,248)**	162,300
Attributable to:			
Equity holders of the Company		**(15,438)**	162,300
Non-controlling interests		**3,190**	–
		(12,248)	162,300
(Loss)/earnings per share			
From continuing operations			
– Basic and diluted (HK cents per share)	9	**(0.49)**	(0.53)
From discontinued operations			
– Basic and diluted (HK cents per share)	9	**(0.16)**	7.53
Total basic and diluted (HK cents per share)		**(0.65)**	7.00
Dividends	10	**108,376**	323,013

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2011

	Unaudited six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
(Loss)/profit for the period	**(12,248)**	162,300
Other comprehensive income/(loss) for the period		
Exchange difference on translation of operations of overseas subsidiaries and associates	**(1,495)**	108
Exchange difference realized upon disposal of overseas subsidiaries	**(171)**	(1,658)
Gain on deemed disposal of subsidiaries	**4,003**	–
Other comprehensive income/(loss) for the period, net of tax	**2,337**	(1,550)
Total comprehensive (loss)/income for the period	**(9,911)**	160,750
Attributable to:		
Equity holders of the Company	**(11,143)**	160,750
Non-controlling interests	**1,232**	–
	(9,911)	160,750

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Note	Unaudited 30 September 2011 HK$'000	31 March 2011 HK$'000
Non-current assets			
Property, plant and equipment		**9,643**	85,275
Goodwill		**7,551**	62,428
Trademarks		**183**	22,080
Favourable leases		–	11,114
Interests in associates		–	57,056
Available-for-sale investments		–	5,405
Non-current deposits		**2,744**	15,821
Deferred tax assets		–	4,150
		20,121	263,329
Current assets			
Inventories		**1,310**	7,738
Debtors, deposits and prepayments	12	**1,851**	26,301
Amounts due from non-controlling interests		**826**	–
Amounts due from associates		–	556
Financial assets at fair value through profit or loss		**24,549**	26,482
Cash and cash equivalents		**153,301**	85,473
		181,837	146,550
Current liabilities			
Creditors, deposits and accruals	13	**37,457**	61,162
Amount due to ultimate holding company		–	351
Amount due to non-controlling interests		–	4,699
Deferred income		–	341
Current income tax liabilities		**42**	5,857
		37,499	72,410
Net current assets		**144,338**	74,140
Total assets less current liabilities		**164,459**	337,469
Capital and reserves			
Share capital	14	**23,751**	118,755
Reserves		**144,160**	164,092
Shareholders' funds		**167,911**	282,847
Non-controlling interests		**(3,482)**	39,821
Total equity		**164,429**	322,668
Non-current liabilities			
Deferred tax liabilities		**30**	5,876
Dividend payable to non-controlling interests		–	8,925
		30	14,801
Total equity and non-current liabilities		**164,459**	337,469

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 March 2011, as described in those annual financial statements.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standard adopted by the Group

The following amended standard is mandatory for the first time for the financial year beginning 1 April 2011:

- Amendment to HKAS 34 'Interim Financial Reporting' is effective for annual periods beginning on or after 1 April 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) The following new, revised or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 April 2011 but are not currently relevant to the Group:

- HKAS 24 (Revised) — Related Party Disclosures
- HKAS 32 (Amendment) — Classification of Rights Issues
- HK(IFRIC) – Int 14 (Amendment) — Prepayments of a Minimum Funding Requirement
- HK(IFRIC) – Int 19 — Extinguishing Financial Liabilities with Equity Instruments
- Third improvements to Hong Kong Financial Reporting Standards (2010) (except for HKAS 34 'Interim Financial Reporting' as disclosed in note2(a))

(c) The following new and amended standards have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted:

- HKAS 1 (Amendment) — Presentation of Financial Statements[3]
- HKAS 12 (Amendment) — Deferred Tax: Recovery of Underlying Assets[2]
- HKAS 19 (Amendment) — Employee Benefits[4]
- HKFRS 1 (Amendment) — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
- HKFRS 7 (Amendment) — Disclosures – Transfers of Financial Assets[1]
- HKFRS 9 — Financial Instruments[4]
- HKFRS 10 — Consolidated Financial Statements[4]
- HKFRS 11 — Joint Arrangements[4]
- HKFRS 12 — Disclosures of Interests in Other Entities[4]
- HKFRS 13 — Fair Value Measurement[4]

[1] Changes effective for annual periods beginning on or after 1 July 2011
[2] Changes effective for annual periods beginning on or after 1 January 2012
[3] Changes effective for annual periods beginning on or after 1 July 2012
[4] Changes effective for annual periods beginning on or after 1 January 2013

The Group is in the process of assessing the impact of these new or revised standards, amendments and interpretations on its results of operations and financial position.

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 one reportable segment – food and beverages – restaurants and bars business. 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 the prior period, the segment of food and beverages included the restaurants and bars businesses operated by Sharp Rise Limited ("Sharp Rise") and its subsidiaries (the "Sharp Rise Group"). Upon the completion of the disposal of entire equity interest in the Sharp Rise (Note 5a), these businesses are presented as discontinued operations.

The branded coffee shop business (included in segment of food and beverages) and the natural resources were presented as separate segments in reportable segments in the last period. Upon the completion of the disposal of 80% equity interest in the 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 in prior year, these businesses are discontinued. There is no separate segment presented in the current period.

Reportable segment information is presented below:

For the six months ended 30 September 2011

	Continuing operations	Discontinued operations	
	Food and beverages – restaurant and bar business HK$'000	Food and beverages – restaurant and bar business HK$'000	Total HK$'000
Revenue			
Group revenue	33,670	252,292	285,962
Share of revenue from external customers derived by associates	–	46,528	46,528
Segment revenue	33,670	298,820	332,490
Segment profit/(loss)	(2,714)	11,915	9,201
Included in segment profit/(loss) are:			
Share of results of associates	–	(2,744)	(2,744)
Depreciation of property, plant and equipment	(2,753)	(8,581)	(11,334)
Impairment loss of property, plant and equipment	(518)	–	(518)
Amortization of trademarks	(157)	(793)	(950)
Amortization of favourable lease	–	(1,482)	(1,482)
Impairment loss of available-for-sale investments	–	(2,129)	(2,129)
Gain on financial assets at fair value through profit or loss, net	–	5,103	5,103
Segment assets	58,805	–	58,805
Included in segment assets are:			
Additions to non-current assets (other than financial instruments and deferred tax assets)	733	19,794	20,527

The Group had no inter-segment sales for the periods ended 30 September 2011 and 2010.

For the six months ended 30 September 2010

	Continuing operations	Discontinued Operations				
	Food and beverages – restaurant and bar business HK$'000	Food and beverages – restaurant and bar business HK$'000	Food and beverages – branded coffee shops business HK$'000	Natural resources HK$'000	Sub-total HK$'000	Total HK$'000
Revenue						
Group revenue	29,515	91,043	76,000	–	167,043	196,558
Share of revenue from external customers derived by associates	–	18,556	–	–	18,556	18,556
Segment revenue	29,515	109,599	76,000	–	185,599	215,114
Segment profit/(loss)	(8,420)	(22,179)	1,026	(21,154)	(42,307)	(50,727)
Included in segment profit/(loss) are:						
Share of results of associates	–	934	–	–	934	934
Depreciation of property, plant and equipment	(3,251)	(4,582)	(3,685)	(2)	(8,269)	(11,520)
Amortization of trademarks	(157)	(188)	(1,800)	–	(1,988)	(2,145)
Impairment loss on goodwill	(5,364)	(24,854)	–	(5,117)	(29,971)	(35,335)
Gain on financial assets at fair value through profit or loss, net	–	6	–	–	6	6
Segment assets	32,355	213,401	–	75	213,476	245,831
Included in segment assets are:						
Interests in associates	–	55,018	–	–	55,018	55,018
Amounts due from associates	–	171	–	–	171	171
Additions to non-current assets (other than financial instruments and deferred tax assets)	752	1,737	1,721	–	3,458	4,210

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

	Six months ended 30 September 2011 HK$'000	2010 HK$'000
Segment profit/(loss)	**9,201**	(50,727)
(Loss)/gain on disposal of interests in subsidiaries	**(8,529)**	217,348
Unallocated corporate income	**67**	–
Unallocated corporate expenses	**(9,135)**	(5,605)
Finance income	**520**	456
Finance costs	**(169)**	(16)
(Loss)/profit before taxation	**(8,045)**	161,456

Geographical information

The Group's operation in food and beverages business are carried out in Hong Kong, Australia and Macau.

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:

	Segment revenue by geographical market							
			Six months ended 30 September 2011				Six months ended 30 September 2010	
	Company and subsidiaries HK$'000	**Associates HK$'000**	**Total HK$'000**	**%**	Company and subsidiaries HK$'000	Associates HK$'000	Total HK$'000	%
Hong Kong	**185,632**	**43,920**	**229,552**	**69**	192,809	17,808	210,617	98
Singapore	**–**	**1,366**	**1,366**	**19**	3,365	656	4,021	2
Mainland China	**–**	**1,242**	**1,242**	**12**	384	92	476	–
Australia	**62,592**	**–**	**62,592**	**–**	–	–	–	–
Macau	**37,738**	**–**	**37,738**	**–**	–	–	–	–
	285,962	**46,528**	**332,490**	**100**	196,558	18,556	215,114	100

4 OTHER INCOME, NET

	Continuing Operations		Discontinued Operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Management fee income from an associate	**–**	–	**626**	330	**626**	330
Gross rental income of HK$33,000 (2010: HK$42,000) from a property less direct operating expenses	**–**	–	**33**	42	**33**	42
Others	**385**	550	**1,555**	1,098	**1,940**	1,648
	385	550	**2,214**	1,470	**2,599**	2,020

5 OTHER (LOSSES)/GAINS, NET

	Continuing Operations		Discontinued Operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Gain on financial assets at fair value through profit or loss, net						
– Realized	**–**	–	**1**	2	**1**	2
– Unrealized	**–**	–	**5,102**	4	**5,102**	4
Exchange (loss)/gain, net	**(12)**	–	**(148)**	96	**(160)**	96
Impairment loss on available-for-sale investment	**–**	–	**(2,129)**	–	**(2,129)**	–
Impairment loss on property, plant and equipment	**(518)**	–	**–**	–	**(518)**	–
Impairment loss on goodwill	**–**	(5,364)	**–**	(29,971)	**–**	(35,335)
(Loss)/gain on disposal of interests in subsidiaries (a)	**–**	–	**(8,529)**	217,348	**(8,529)**	217,348
	(530)	(5,364)	**(5,703)**	187,479	**(6,233)**	182,115

(a) Disposal of interests in subsidiaries

On 17 June 2011, the Group entered into an agreement to dispose of its entire equity interest in the Sharp Rise Group to Chevalier International Holdings Limited ("CIHL"). The completion of the disposal took place on 28 September 2011, upon which the Sharp Rise Group ceased to be subsidiaries of the Group.

	HK$'000
Total consideration satisfied by:	
Cash received	241,996
Professional fees and expenses	(1,990)
	240,006
Net assets disposed of:	
Property, plant and equipment	82,973
Goodwill	54,877
Trademarks	17,909
Favourable leases	8,043
Interests in associates	53,754
Available-for-sale investments	3,276
Non-current deposits	16,686
Deferred tax assets	2,890
Inventories	7,171
Debtors, deposits and prepayments	33,101
Amounts due from fellow subsidiaries	26,876
Amounts due from associates	225
Amounts due from non-controlling interests	1,604
Financial assets at fair value through profit or loss	31,555
Cash and cash equivalents	52,644
Creditors, deposits and accruals	(64,877)
Amounts due to CIHL	(258)
Deferred income	(225)
Dividend payable to non-controlling interests	(9,094)
Financial liabilities at fair value through profit or loss	(24,549)
Deferred tax liabilities	(682)
Current income tax liabilities	(2,328)
Non-controlling interests	(42,865)
Net assets at the date of disposal	248,706
Exchange fluctuation reserve released upon disposal	(171)
	248,535
Loss on disposal of interests in subsidiaries	(8,529)

6 FINANCE INCOME/(COSTS), NET

	Continuing Operations		Discontinued Operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest income from bank deposits	**3**	313	**517**	143	**520**	456
Interest expenses on bank borrowings	**–**	–	**(169)**	(16)	**(169)**	(16)
	3	313	**348**	127	**351**	440

7 (LOSS)/PROFIT BEFORE TAXATION

	Continuing Operations		Discontinued Operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	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 the following:						
Cost of inventories recognised as expenses	**7,776**	6,498	**59,340**	33,688	**67,116**	40,186
Depreciation of property, plant and equipment	**2,753**	3,251	**8,581**	8,269	**11,334**	11,520
Impairment loss on property, plant and equipment	**518**	–	**–**	–	**518**	–
Amortization of trademarks	**157**	–	**793**	2,145	**950**	2,145
Amortization of favourable leases	**–**	–	**1,482**	–	**1,482**	–
Staff costs	**12,616**	11,208	**93,767**	53,381	**106,383**	64,589
Share option – consultancy service received	**5,558**	3,210	**–**	–	**5,558**	3,210
Operating lease payments in respect of leasing of						
– Premises						
– under minimum lease payments	**7,167**	6,780	**34,490**	38,873	**41,657**	45,653
– under contingent rent	**–**	–	**499**	2,590	**499**	2,590
– Equipment	**44**	–	**229**	177	**273**	177

8 INCOME TAX EXPENSES/(CREDIT)

	Continuing Operations		Discontinued Operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax						
Hong Kong	**(127)**	–	**1,624**	1,268	**1,497**	1,268
Overseas	**–**	–	**1,574**	–	**1,574**	–
	(127)	–	**3,198**	1,268	**3,071**	1,268
Deferred tax						
Origination and reversal of temporary differences	**1,005**	(663)	**127**	(1,449)	**1,132**	(2,112)
	878	(663)	**3,325**	(181)	**4,203**	(844)

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.

9 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company as set out below by the weighted average number of 2,375,095,170 ordinary shares (2010: 2,317,536,919 ordinary shares) in issue during the period.

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Continuing operations	**(11,548)**	(12,152)
Discontinued operations	**(3,890)**	174,452
	(15,438)	162,300

(b) Diluted (loss)/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/arrangement. There is no dilutive instrument for the six months ended 30 September 2011 as all the share options have been cancelled on 15 July 2011 following a deed of termination entered by the Company and counterparties.

For the period ended 30 September 2010, as the adjusted exercise price, including the fair value of consultancy services to be rendered, of the share options granted by the Company was higher than the relevant average market price of the Company's shares, those outstanding share options granted, which amounted to 150,000,000 shares as at 30 September 2010, have no dilutive effect on earnings/(loss) per share for the period ended 30 September 2010.

10 DIVIDENDS

	Six months ended 30 September	
	2011	2010
	HK$'000	HK$'000
Special dividend of HK4.563 cents (2010: HK13.6 cents) per share	**108,376**	323,013

The 2011/12 special dividend of HK4.563 cents per share, totalling HK$108,376,000 was approved at the special general meeting held on 19 September 2011 and paid on 30 September 2011.

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. The 2009/10 final dividend of HK0.5 cent per share, totalling HK$11,875,000, was approved at the annual general meeting held on 9 September 2010 and paid on 13 September 2010.

The board (the "Board") of Directors has resolved not to declare any interim dividend for the six months ended 30 September 2011 and 30 September 2010.

11 DISCONTINUED OPERATIONS

The disposal of entire equity interest in the Sharp Rise Group was completed on 28 September 2011. The operations of the food and beverage business carried out by the Sharp Rise Group up to the date of disposal were presented in the condensed consolidated financial statements of the Group as discontinued operations.

In the prior year the disposal of 80% of equity interest in the Pacific Coffee Companies was completed on 7 July 2010. The operations of the branded coffee shops business carried out by the Pacific Coffee Companies up to the date of disposal were presented in the condensed consolidated financial statements of the Group as discontinued operations.

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

		Six months ended 30 September	
		2011	2010
	Note	**HK$'000**	HK$'000
Revenue	3	**252,292**	167,043
Cost of sales		**(59,340)**	(34,172)
Gross profit		**192,952**	132,871
Other income, net	4	**2,214**	1,470
Other (loss)/gains, net	5	**(5,703)**	187,479
Selling and distribution costs		**(181,134)**	(146,627)
Administrative expenses		**(2,198)**	(1,983)
Operating profit		**6,131**	173,210
Share of results of associates		**(2,744)**	934
		3,387	174,144
Finance income	6	**517**	143
Finance costs	6	**(169)**	(16)
Finance income, net	6	**348**	127
Profit before taxation	7	**3,735**	174,271
Income tax (expense)/credit	8	**(3,325)**	181
Profit for the period from discontinued operations		**410**	174,452

12 DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 30 September 2011 HK$'000	As at 31 March 2011 HK$'000
Trade debtors	**289**	10,629
Other debtors, deposits and prepayments	**1,562**	15,672
	1,851	26,301

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

The ageing analysis of trade debtors is as follows:

	As at 30 September 2011 HK$'000	As at 31 March 2011 HK$'000
0 – 60 days	**289**	9,966
61 – 90 days	–	189
Over 90 days	–	474
	289	10,629

13 CREDITORS, DEPOSITS AND ACCRUALS

	As at 30 September 2011 HK$'000	As at 31 March 2011 HK$'000
Trade creditors	**1,754**	15,942
Other creditors, deposits and accruals	**35,703**	45,220
	37,457	61,162

The ageing analysis of trade creditors is as follows:

	As at 30 September 2011 HK$'000	As at 31 March 2011 HK$'000
0 – 60 days	**1,754**	15,731
61 – 90 days	–	86
Over 90 days	–	125
	1,754	15,942

14 SHARE CAPITAL

	Number of shares '000	HK$'000
Authorized ordinary shares:		
At 1 April 2010 of HK$0.05 per share	3,500,000	175,000
Cancellation	–	(140,000)
At 30 September 2011 of HK$0.01 per share	3,500,000	35,000
Issued and fully paid ordinary shares:		
At 1 April 2011 of HK$0.05 per share	2,375,095	118,755
Cancellation	–	(95,004)
At 30 September 2011 of HK$0.01 per share	2,375,095	23,751

During the period, the Company reduced the authorized and issued share capital through cancellation of the authorized and paid up capital to the extent of HK$0.04 each from HK$0.05 to HK$0.01 amounted to HK$140,000,000 and HK$95,004,000 respectively.

15 CONTINGENT LIABILITIES

As at 30 September 2011, the Group had no contingent liabilities (31 March 2011: HK$1,777,000 in respect of guarantees issued for banking facilities granted to its wholly-owned subsidiaries).

16 COMPARATIVE FIGURES

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

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2011 (2010: Nil).

On 12 July 2011, the Board resolved that a special dividend of HK$0.04563 per share (approximately HK$108 million in total) be distributed to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on 23 September 2011 to 26 September 2011, subject to and upon the Capital Reorganization (as defined below) becoming effective and completion of Asset Reorganization (as defined below). The payment of special dividend was approved by the Shareholders in a special general meeting held on 19 September 2011. The special dividend was paid on 30 September 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue from its continuing operations, the business of food and beverages, amounted to HK$34 million during the six months ended 30 September 2011. This represents an increase of 14.1% on the HK$30 million achieved in the same period last year. A profit of HK$0.4 million (2010: HK$174 million) was recorded from the discontinued operations following the completion of the Asset Reorganization (as defined below) on 28 September 2011. In the absence of a substantial profit arising from the Group's disposal of an 80% interest in Pacific Coffee Companies to China Resources Enterprise, Limited in the previous period, there was a loss attributable to equity holders of HK$15 million, compared with a profit of HK$162 million for the six months ended 30 September 2010.

Loss per share amounted to HK0.65 cents during the six months ended 30 September 2011, compared with earnings per share amounted to HK7.00 cents for the same period last year.

Food and Beverages

The continuing food and beverages segment achieved a revenue of HK$34 million during the period under review. This was 14.1% higher than the amount for the corresponding period last year. The segment reported a decrease of loss to HK$3 million (2010: HK$8 million) for the six months ended 30 September 2011. The restaurants and bars and kiosks of the Group are operated by 3 subsidiaries ("World Pointer Group"). As of 30 September 2011, World Pointer Group operated 9 restaurants and bars and 3 kiosks including but not limited to Watermark, The Boathouse, Pier 7 Café & Bar and Café de Paris (Soho) in Hong Kong.

Cafe Deco Holdings Limited, a former subsidiary of the Group, provides certain back-office support services to the restaurants and bars and kiosks under World Pointer Group such as maintaining books of account, maintenance of premises of restaurants, and bars, and repairs and decorations up to 15 February 2014 under a management agreement.

Group Reorganization

Capital Reorganization

On 12 July 2011, the Board proposed to implement the capital reorganization (the "Capital Reorganization") which will involve (i) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK$0.04 on each of the existing issued shares from HK$0.05 to HK$0.01; (ii) the reduction of the nominal value of all the shares comprising the authorized share capital of the Company; (iii) the cancellation of a sum of HK$30 million standing to the credit of the Company's share premium account; and (iv) the transfer of the credit arising from the cancellation of the paid-up capital and the share premium of the Company to the contributed surplus account of the Company. The Board was of the opinion that the Capital Reorganization would enable the Company to utilize the credit arising from it to declare distributions to the Shareholders at an earlier opportunity in the future and the Board believed that the Capital Reorganization was in the interests of the Company and the Shareholders as a whole. On 19 September 2011, the Board announced that the Capital Reorganization became effective after 4:30p.m. on the even date. Further details were disclosed in the Company's announcements dated 12 July and 19 September 2011 and the Company's circular dated 25 August 2011.

Share Sale

On 17 June 2011, CIHL, a company beneficially owned by Dr. Chow Yei Ching, the Company's then Director and substantial Shareholder, and Wincon Capital Investment Limited ("WCIL") signed a share sale agreement whereby CIHL agreed to sell and WCIL agreed to purchase 1,285,829,330 shares of the Company, representing approximately 54.14% of the issued share capital of the Company at the date of the Share Sale Agreement at a cash consideration of HK$243,622,000 (equivalent to approximately HK$0.18947 per share of the Company). The completion of the share sale conditional upon, among other things. The completion of the Asset Reorganization (as defined below).

The completion of the Share Sale had been taken place on 28 September 2011, WCIL and parties acting in concert with it interested in 1,285,829,330 shares of the Company, representing approximately 54.14% of the issued share capital of the Company as at 28 September 2011. Thereafter, WCIL made a mandatory unconditional general offers (the "Offers") in cash for all the issued shares of the Company not already owned or agreed to be acquired by WCIL and parties acting in concert with it and to cancel all the outstanding Consultant Options (as defined in the circular of the Company dated 6 October 2011) in accordance with Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Immediately after closing of the Offers on 27 October 2011, WCIL held a total of 1,662,882,530 shares of the Company (representing approximately 70.01% of the issued share capital of the Company). As a result of the Offers, the Group continues to engage in the business of food and beverages.

Asset Reorganization

On 17 June 2011, CIHL and the Company signed an asset reorganization agreement (the "Asset Reorganization Agreement") whereby CIHL agreed to purchase and the Company agreed to sell the entire issued share capital of Sharp Rise at a cash consideration of HK$246 million (the "Asset Reorganization"). The completion of the Asset Reorganization was conditional upon, among other things, simultaneous completion with the Share Sale Agreement. The Asset Reorganization constituted a very substantial disposal for the Company under the Listing Rules. By virtue of CIHL's controlling interest in the Company, the Asset Reorganization also constituted a connected transaction for the Company under the Listing Rules and a special deal for the Company under Rule 25 of the Takeovers Code. As a result of the Asset Reorganization, Sharp Rise Group is principally engaged in the business of food and beverages while the Company and its remaining subsidiaries carry on the operating of restaurants, bars and kiosks. The Board considered that the Asset Reorganization would facilitate the completion of share sale and the Special Distribution (as defined below) and, accordingly, WCIL to the Shareholders. The completion of the Asset Reorganization had been taken place on 28 September 2011. Following the completion of the Asset Reorganization, Sharp Rise ceased to be a subsidiary of the Company and became a wholly-owned subsidiary of CIHL. Further details were disclosed in the Company's announcements dated 12 July and 28 September 2011 and the Company's circular dated 25 August 2011.

Special Distribution

The Board also proposed to make a special distribution of HK$0.04563 per share of the Company (the "Special Distribution") to the Shareholders subject to the Capital Reorganization became effective and completion of the Asset Reorganization. The payment of the Special Distribution had been despatched to the Shareholders on 30 September 2011. Further details were disclosed in the Company's announcements dated 23 August, 19 and 28 September 2011 and the Company's circular dated 25 August 2011.

Cancellation of Options and Termination of Consultancy and Option Agreements

The Company and each of the consultants signed a deed of termination on 15 July 2011 whereby all parties thereto mutually agreed to cancel the Options granted (as defined as Consultant Options in the joint announcement dated 12 July 2011) and to terminate the consultancy and option agreements with immediate effect with no consideration. Further details were disclosed in the Company's announcements dated 10 February 2010 and 12 July 2011.

Strategy and Outlook

Apart from the existing business of food and beverages, the Company will continue to explore other potential investment opportunities and is from time to time in discussion with potential targets with reasonable returns that meet the Company's criteria. The Group is exploring a few investment opportunities at present and one of which is the marketable securities. This will not only strengthen core business but also contribute new revenue and increase shareholders' values.

FINANCIAL REVIEW

As at 30 September 2011, the Group's net assets attributable to equity holders of the Company amounted to HK$168 million (31 March 2011: HK$283 million), a decrease of 40.6%. Such decrease was mainly caused by the gain on deemed disposal of subsidiaries of HK$5 million, offsetting by loss attributable to equity holders of HK$15 million and the 2011/12 special dividends of HK$108 million appropriated during the period.

As at 30 September 2011, total debt to equity ratio and net debt to equity ratio were zero respectively (31 March 2011: zero respectively) which were expressed as a percentage of total borrowings and net borrowings respectively, over the total equity of HK$164 million (31 March 2011: HK$323 million).

As at 30 September 2011, the Group had no bank borrowings (31 March 2011: nil). Cash and deposits at bank amounted to HK$153 million (31 March 2011: HK$85 million).

EVENTS AFTER THE REPORTING PERIOD

Following the close of Offers on 27 October 2011, WCIL and parties acting in concert with it were interested in an aggregate of 1,662,882,530 shares of the Company, representing approximately 70.01% of the issued share capital of the Company as at the date of the close of the Offers. Further details were disclosed on the Company's announcement dated 27 October 2011.

On the same date, the composition of the Board had been changed entirely immediately after the close of the Offers. Further details were disclosed in the Company's announcement dated 27 October 2011.

EMPLOYEES AND REMUNERATION POLICIES

Following the deconsolidation of Sharp Rise Group, which employed approximately 770 staff, on 28 September 2011, number of full-time staff employed by the Group as at 30 September 2011 was reduced to approximately 109. Total staff costs amounted to HK$106 million for the period under review. The remuneration policies are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, retirement schemes and employees' share option scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2011.

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 Listing Rules throughout the six months ended 30 September 2011, with deviation from code provision A.4.1 which stated that non-executive Directors should be appointed for a specific term and subject to re-election. As stated in the Company's Annual Report 2011, all the independent 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 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 six months ended 30 September 2011.

AUDIT COMMITTEE

During the period, 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2011.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement of the Company for the six months ended 30 September 2011 is published on the Stock Exchange's website at http://www.hkexnews.hk and the Company's website at http://www.equitynet.com.hk/0508. The interim report of the Company for the six months ended 30 September 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 our sincere appreciation of the support from our customers, suppliers and shareholders. I would also like to thank the former board of Directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the period and welcome the current Directors on Board.

By Order of the Board
Chevalier Pacific Holdings Limited
Li Kwong Yuk
Chairman and Executive Director

Hong Kong, 28 November 2011

As at the date of this announcement, the Board comprises Mr. Li Kwong Yuk (Chairman), Mr. Su Xiaonong (Chief Executive Officer) and Mr. Cheung Sze Ming as executive Directors; and Mr. Cheng Xiusheng, Mr. Sun Dongsheng and Mr. Chow Shiu Ki as independent non-executive Directors.