CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

INTERIM RESULTS

The Directors of Chevalier International Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2013, together with the comparative figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

		Unaudited Six months ended 30 September	
		2013	2012
	Note	**HK$'000**	HK$'000
Revenue	3	**2,061,661**	2,239,845
Cost of sales		**(1,514,002)**	(1,693,651)
Gross profit		**547,659**	546,194
Other income, net	4	**78,326**	42,427
Other gains, net	5	**2,349**	92,915
Selling and distribution costs		**(244,373)**	(255,089)
Administrative expenses		**(111,605)**	(85,230)
Operating profit		**272,356**	341,217
Share of results of associates		**53,939**	44,933
Share of results of joint ventures		**(3,096)**	(15,645)
		323,199	370,505
Finance income	6	**7,794**	6,546
Finance costs	6	**(58,965)**	(23,490)
Finance costs, net	6	**(51,171)**	(16,944)
Profit before taxation	7	**272,028**	353,561
Income tax expenses	8	**(44,782)**	(41,612)
Profit for the period		**227,246**	311,949

	Note	Unaudited Six months ended 30 September 2013 HK$'000	 2012 HK$'000
Attributable to:			
Equity holders of the Company		**209,368**	296,380
Non-controlling interests		**17,878**	15,569
		227,246	311,949
Earnings per share			
– basic (HK$ per share)	9	**0.74**	1.07
– diluted (HK$ per share)	9	**0.74**	1.07
Dividend	10	**58,038**	55,513

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Unaudited Six months ended 30 September 2013 HK$'000	2012 HK$'000
Profit for the period	**227,246**	311,949
Other comprehensive (expenses)/income for the period		
Items that may not be reclassified to profit or loss		
Released upon disposal of a property	**(123)**	–
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	**29,814**	(9,336)
Gain on disposal of available-for-sale investments transferred to profit or loss	**–**	(289)
Change in fair value of available-for-sale investments, net	**(16,331)**	(22,732)
Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap contracts	**1,952**	(848)
Other comprehensive income/(expenses) for the period, net of tax	**15,312**	(33,205)
Total comprehensive income for the period	**242,558**	278,744
Attributable to:		
Equity holders of the Company	**222,356**	264,706
Non-controlling interests	**20,202**	14,038
	242,558	278,744

Note: Items shown within other comprehensive income/(expenses) have no tax effect.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Note	**Unaudited 30 September 2013 HK$'000**	Audited 31 March 2013 HK$'000
Non-current assets			
Investment properties		**3,412,202**	3,407,266
Property, plant and equipment		**1,710,188**	1,678,889
Goodwill		**682,172**	681,743
Other intangible assets		**25,070**	28,023
Interests in associates		**979,581**	973,514
Interests in joint ventures		**1,279,791**	1,223,129
Available-for-sale investments		**393,000**	192,892
Properties under development		**747,104**	702,569
Deferred tax assets		**26,064**	26,323
Other non-current assets		**143,076**	106,137
		9,398,248	9,020,485
Current assets			
Amounts due from associates		**26,819**	33,830
Amounts due from joint ventures		**343,251**	378,065
Amount due from a non-controlling interest		**15,750**	–
Investments at fair value through profit or loss		**384,872**	405,694
Inventories		**144,498**	203,694
Properties for sale		**54,962**	57,248
Properties under development		**350,154**	211,974
Debtors, deposits and prepayments	11	**1,086,397**	942,101
Amounts due from customers for contract work		**169,379**	175,155
Derivative financial instruments		**11,639**	82,364
Prepaid tax		**7,115**	5,153
Bank balances and cash		**1,246,783**	1,280,016
		3,841,619	3,775,294

	Note	Unaudited 30 September 2013 HK$'000	Audited 31 March 2013 HK$'000
Current liabilities			
Amount due to an associate		**27,138**	–
Amount due to a non-controlling interest		**4,644**	4,644
Dividend payable to a non-controlling interest		**2,400**	2,400
Amounts due to customers for contract work		**565,142**	582,625
Derivative financial instruments		**28,562**	30,921
Dividend payable		**182,901**	–
Creditors, bills payable, deposits and accruals	12	**985,609**	912,430
Unearned insurance premiums and unexpired risk reserves		**120,867**	111,391
Outstanding insurance claims		**313,872**	276,931
Deferred income		**23,298**	23,628
Current income tax liabilities		**75,967**	55,990
Bank and other borrowings		**1,123,374**	944,285
		3,453,774	2,945,245
Net current assets		**387,845**	830,049
Total assets less current liabilities		**9,786,093**	9,850,534
Capital and reserves			
Share capital		**351,734**	351,734
Reserves		**5,508,540**	5,469,085
Shareholders' funds		**5,860,274**	5,820,819
Non-controlling interests		**407,238**	390,223
Total equity		**6,267,512**	6,211,042
Non-current liabilities			
Unearned insurance premiums		**70,410**	75,476
Bank and other borrowings		**3,263,032**	3,378,506
Deferred tax liabilities		**185,139**	185,510
		3,518,581	3,639,492
Total equity and non-current liabilities		**9,786,093**	9,850,534

NOTES

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim 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. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 March 2013, as described in those annual financial statements.

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

The following new or revised standards and amendments and improvements to existing standards, that are relevant to the Group's operation, are mandatory for the financial year of the Group beginning on 1 April 2013:

- HKAS 1 (amendment), "Presentation of items of other comprehensive income"
- HKAS 19 (2011), "Employee benefits"
- HKAS 27 (2011), "Separate financial statements"
- HKAS 28 (2011), "Investments in associates and joint ventures"
- HKFRS 7 (amendment), "Disclosures – Offsetting financial assets and financial liabilities"
- HKFRS 10, "Consolidated financial statements"
- HKFRS 10 (amendment), "Consolidated financial statements – Transition guidance"
- HKFRS 11, "Joint arrangements"
- HKFRS 11 (amendment), "Joint arrangements – Transition guidance"
- HKFRS 12, "Disclosure of interests in other entities"
- HKFRS 12 (amendment), "Disclosure of interests in other entities – Transition guidance"
- HKFRS 13, "Fair value measurement"
- Annual Improvements Project – Improvements to HKFRS published in June 2012

The amendment to HKAS 1 focuses on improving the presentation of components of other comprehensive income items. It requires items presented in other comprehensive income to be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently or not. The Group's presentation of other comprehensive income in these condensed consolidated financial statements has been modified accordingly.

HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. The application of this new standard has no impact on the consolidation of investments held by the Group.

Under HKFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The application of this new standard has no impact on the Group's results of operation or financial position while "jointly controlled entities" has been superseded by "joint ventures" following the adoption of HKFRS 11.

HKFRS 13 measurement and disclosure requirements are applicable for the year ending 31 March 2014.

The adoption of the other standards, amendments and improvements does not have significant impact on the Group's results of operation and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

The following new or revised standards and amendments to existing standards, that are relevant to the Group's operation, have been issued but not yet effective for the financial year of the Group beginning on 1 April 2013 and have not been early adopted:

- HKAS 32 (amendment), "Offsetting financial assets and financial liabilities"
- HKAS 36 (amendment), "Recoverable amount disclosures for non-financial assets"
- HKAS 39 (amendment), "Novation of derivatives and continuation of hedge accounting"
- HKFRS 9, "Financial instruments"
- HKFRS 9 and HKFRS 7 (amendments), "Mandatory effective date of HKFRS 9 and transition disclosures"
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendments), "Investment entities"

The Group is in the process of assessing the related impact of these new or revised standards and amendments to existing standards 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.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 March 2013.

3 SEGMENT INFORMATION

Revenue and results

For management purposes, the Group is organised on a worldwide basis into five divisions. These divisions are the basis on which the Group reports its segment information.

Reportable segment information is presented below:

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverage HK$'000	Others HK$'000	Total HK$'000
For the six months ended 30 September 2013						
REVENUE						
Total revenue	805,452	138,402	492,454	282,187	383,969	2,102,464
Inter-segment revenue	–	(10,277)	(23,728)	–	(6,798)	(40,803)
Group revenue	805,452	128,125	468,726	282,187	377,171	2,061,661
Share of revenue of associates and joint ventures	1,118,922	–	48,362	48,943	1,096,661	2,312,888
Proportionate revenue from a joint venture eliminated	(11,700)	–	–	–	–	(11,700)
Segment revenue	1,912,674	128,125	517,088	331,130	1,473,832	4,362,849
RESULTS						
Segment profit/(loss)	143,118	55,657	131,177	7,961	(1,322)	336,591
Included in segment profit/(loss) are:						
Share of results of associates	61,882	–	141	(5,245)	(2,839)	53,939
Share of results of joint ventures	411	–	(3,507)	–	–	(3,096)
Depreciation and amortisation, net of capitalisation	(3,100)	(779)	(29,435)	(13,874)	(2,754)	(49,942)
Impairment loss on amount due from an associate	–	–	–	(977)	–	(977)
Unrealised gain on investments at fair value through profit or loss	–	17,241	–	–	–	17,241
Write down of inventories to net realisable value, net	(39)	–	–	–	(1,091)	(1,130)
Impairment loss (recognised)/written back on trade debtors	(1,228)	(27)	(1,693)	–	161	(2,787)
Unrealised gain/(loss) on derivative financial instruments	–	7,338	–	5,685	(182)	12,841

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverage HK$'000	Others HK$'000	Total HK$'000
For the six months ended 30 September 2012						
REVENUE						
Total revenue	1,112,575	110,324	400,450	279,690	373,431	2,276,470
Inter-segment revenue	–	(10,827)	(22,810)	–	(2,988)	(36,625)
Group revenue	1,112,575	99,497	377,640	279,690	370,443	2,239,845
Share of revenue of associates and joint ventures	1,034,919	–	26,899	76,373	363,785	1,501,976
Proportionate revenue from a joint venture eliminated	(26,509)	–	–	–	–	(26,509)
Segment revenue	2,120,985	99,497	404,539	356,063	734,228	3,715,312
RESULTS						
Segment profit/(loss)	141,389	24,327	239,228	(11,547)	(6,724)	386,673
Included in segment profit/(loss) are:						
Share of results of associates	54,501	–	16,326	(14,612)	(11,282)	44,933
Share of results of joint ventures	306	–	(15,951)	–	–	(15,645)
Depreciation and amortisation, net of capitalisation	(2,581)	(799)	(22,562)	(14,527)	(908)	(41,377)
Increase in fair value of investment properties	–	–	94,000	–	–	94,000
Impairment loss on amount due from an associate	–	–	–	(2,325)	–	(2,325)
Unrealised gain on investments at fair value through profit or loss	–	3,043	–	–	–	3,043
Write back/(down) of inventories to net realisable value, net	7	–	–	–	(1,335)	(1,328)
Unrealised gain on derivative financial instruments	–	5,268	–	14,683	–	19,951

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

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

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
Segment profit	**336,591**	386,673
Unallocated corporate expenses	**(13,392)**	(16,168)
Finance income	**7,794**	6,546
Finance costs	**(58,965)**	(23,490)
Profit before taxation	**272,028**	353,561

Assets and liabilities

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverage HK$'000	Others HK$'000	Total HK$'000
As at 30 September 2013						
ASSETS						
SEGMENT ASSETS	**1,268,529**	**1,103,256**	**8,841,032**	**285,437**	**1,216,004**	**12,714,258**
Included in segment assets are:						
Interests in associates	**416,619**	**–**	**31,140**	**1,093**	**530,729**	**979,581**
Interests in joint ventures	**11,351**	**–**	**1,268,440**	**–**	**–**	**1,279,791**
Amounts due from associates	**10,369**	**–**	**60**	**15,974**	**416**	**26,819**
Amounts due from joint ventures	**68**	**–**	**343,183**	**–**	**–**	**343,251**
Additions to non-current assets (note)	**3,722**	**78**	**113,347**	**14,770**	**1,305**	**133,222**
LIABILITIES						
SEGMENT LIABILITIES	**1,046,308**	**538,848**	**338,015**	**105,530**	**82,309**	**2,111,010**
Included in segment liabilities are:						
Amount due to an associate	**–**	**–**	**27,138**	**–**	**–**	**27,138**
As at 31 March 2013						
ASSETS						
SEGMENT ASSETS	1,127,915	1,069,473	8,879,226	369,499	893,354	12,339,467
Included in segment assets are:						
Interests in associates	382,145	–	165,525	6,683	419,161	973,514
Interests in joint ventures	10,941	–	1,212,188	–	–	1,223,129
Amounts due from associates	12,271	–	32	18,748	2,779	33,830
Amounts due from joint ventures	78	–	377,987	–	–	378,065
Additions to non-current assets (note)	10,619	112	1,050,244	49,613	41,727	1,152,315
LIABILITIES						
SEGMENT LIABILITIES	1,070,565	509,319	231,745	99,945	77,228	1,988,802

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

Geographical information

The Group's operations in construction and engineering are mainly located in Hong Kong, Australia and Macau. Insurance and investment business is conducted in Hong Kong. Property operations are mainly carried out in Hong Kong, Mainland China, the United States of America ("US"), Canada and Singapore. Food and beverage business is carried out in Hong Kong, Australia and Macau. Other businesses are carried out in Hong Kong, US, Canada and Thailand.

The associates' and joint ventures' operations in construction and engineering are mainly located in Hong Kong, Mainland China, Macau and Singapore. Property operations are mainly carried out in Hong Kong and Mainland China. Food and beverage business is carried out in Hong Kong. Other businesses are carried out in Mainland China and Australia.

	Segment revenue by geographical market							
	Company and subsidiaries HK$'000	**Associates and joint ventures HK$'000**	**Six months ended 30 September 2013 Total HK$'000**	**%**	Company and subsidiaries HK$'000	Associates and joint ventures HK$'000	Six months ended 30 September 2012 Total HK$'000	%
Hong Kong	**1,124,722**	**245,128***	**1,369,850**	**32**	1,553,956	248,494*	1,802,450	48
Mainland China	**30,075**	**1,254,802**	**1,284,877**	**29**	23,842	1,110,220	1,134,062	31
Australia	**101,626**	**665,829**	**767,455**	**18**	85,085	–	85,085	2
US	**298,985**	**–**	**298,985**	**7**	145,407	–	145,407	4
Macau	**233,841**	**3,676**	**237,517**	**5**	185,522	5,520	191,042	5
Canada	**215,245**	**–**	**215,245**	**5**	201,457	–	201,457	5
Singapore	**6,383**	**131,480**	**137,863**	**3**	6,155	110,962	117,117	3
Thailand	**45,232**	**–**	**45,232**	**1**	31,099	–	31,099	1
Others	**5,552**	**273**	**5,825**	**–**	7,322	271	7,593	1
	2,061,661	**2,301,188**	**4,362,849**	**100**	2,239,845	1,475,467	3,715,312	100

* The proportionate revenue from a joint venture 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 six months ended 30 September 2013 and 2012.

4 OTHER INCOME, NET

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Included in other income, net are:		
Gain on investments at fair value through profit or loss		
– held-for-trading	**20,509**	1,395
– designated upon initial recognition	**546**	205
Gain on derivative financial instruments	**13,509**	10,014
Commission income	**5,161**	1,783
Management fee income from associates and joint ventures	**13,636**	13,831
Sales and marketing services income from an associate	**11,426**	11,067

5 OTHER GAINS, NET

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Included in other gains, net are:		
Loss on disposal of a subsidiary	**(1,223)**	–
Increase in fair value of investment properties	**–**	94,000
Gain on disposal of property, plant and equipment	**9,736**	239
Loss on disposal of investment properties	**–**	(300)
Gain on disposal of available-for-sale investments	**–**	289
Impairment loss on amount due from an associate	**(977)**	(2,325)
Impairment loss on trade debtors	**(2,787)**	–
Exchange loss	**(2,462)**	(435)

6 FINANCE COSTS, NET

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Interest expenses on bank overdrafts and bank and other borrowings wholly repayable within five years	**70,054**	34,104
Interest expenses on bank and other borrowings not wholly repayable within five years	**494**	–
Less: Amounts capitalised to properties under development (note)	**(11,583)**	(10,614)
	58,965	23,490
Less: Interest income from bank deposits	**(7,794)**	(6,546)
	51,171	16,944

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was between 5.9% and 7.0% per annum during the six months ended 30 September 2013 (2012: 6.3% and 7.8%).

7 PROFIT BEFORE TAXATION

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging the following:		
Cost of inventories recognised as expenses	**378,748**	258,056
Write down of inventories to net realisable value, net	**1,130**	1,328
Staff costs	**476,897**	392,960
Less: Amount capitalised to contract work	**(54,987)**	(55,154)
	421,910	337,806
Operating lease payments in respect of leasing of		
– premises	**43,924**	45,967
– premises under contingent rent	**1,324**	785
– equipment	**530**	472
	45,778	47,224
Depreciation of property, plant and equipment	**47,781**	39,268
Less: Amount capitalised to contract work	**(830)**	(931)
	46,951	38,337
Amortisation of prepaid lease payments	**–**	22
Amortisation of other intangible assets	**2,991**	3,018
Acquisition-related expenses	**7,291**	3,684

8 INCOME TAX EXPENSES

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Current tax		
Hong Kong	**29,722**	31,933
Overseas	**16,105**	8,740
Over-provision in prior years	**(602)**	–
	45,225	40,673
Deferred tax		
Origination and reversal of temporary differences	**(443)**	939
	44,782	41,612

Hong Kong profits tax is calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$209,368,000 (2012: HK$296,380,000) by the weighted average number of 281,386,811 (2012: 277,564,090) ordinary shares in issue during the period.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 September 2013, an associate of the Group has potential ordinary shares which are issuable upon exercise of share options granted. There was no potential dilutive effect from such share options during the period. For the six months ended 30 September 2012, the Group did not have any dilutive equity instruments.

10 DIVIDEND

	Six months ended 30 September	
	2013	2012
	HK$'000	HK$'000
Interim dividend of HK$0.20 (2012: HK$0.20) per share	**58,038**	55,513

On 28 November 2013, the Board of Directors declared an interim dividend of HK$0.20 per share, with an option to receive shares of the Company. The interim dividend is not reflected as a dividend payable in these condensed consolidated financial statements, but will be reflected as an appropriation of the retained profits for the year ending 31 March 2014.

The 2012/13 final dividend of HK$0.65 per share, totalling HK$182,901,000, were approved at the annual general meeting held on 6 September 2013 and paid on 12 November 2013. They have been reflected as an appropriation of the retained profits for the six months ended 30 September 2013.

11 DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 30 September 2013	As at 31 March 2013
	HK$'000	HK$'000
Trade debtors	**531,813**	410,237
Less: Provision for impairment	**(24,356)**	(18,450)
Trade debtors, net	**507,457**	391,787
Retention receivables	**193,420**	183,763
Less: Provision for impairment	**(33,591)**	(33,595)
Retention receivables, net	**159,829**	150,168
Other debtors, deposits and prepayments	**419,111**	400,146
	1,086,397	942,101

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, except for insurance business where credit term granted to certain debtors are over 60 days.

The ageing analysis of trade debtors is as follows:

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
0 – 60 days	**323,669**	248,933
61 – 90 days	**22,314**	41,437
Over 90 days	**161,474**	101,417
	507,457	391,787

12 CREDITORS, BILLS PAYABLE, DEPOSITS AND ACCRUALS

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
Trade creditors and bills payable	**165,592**	179,121
Accrued contract costs	**148,273**	175,423
Other creditors, deposits and accruals	**548,350**	438,585
Retention payables	**123,394**	119,301
	985,609	912,430

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

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
0 – 60 days	**141,432**	145,494
61 – 90 days	**4,745**	3,381
Over 90 days	**19,415**	30,246
	165,592	179,121

13 ACQUISITION AND DISPOSAL OF BUSINESSES

(a) Share subscriptions in CAAM Limited ("CAAM")

Pursuant to the shareholders' agreement dated 17 October 2012, the Group has subscribed 5,000,000 ordinary shares (representing approximately 38.46% of all the issued ordinary shares) and 29,471,104 preference shares (representing 100% of all the issued preference shares) of CAAM at aggregated cash considerations of AUD5,000,000 and AUD29,471,000 respectively (equivalent to approximately HK$40,450,000 and HK$238,421,000 respectively). The preference shares are convertible into ordinary shares of CAAM on a 1:1 basis. The subscriptions of ordinary shares and 28,143,000 preference shares were completed on 8 April 2013 and the subscription of 1,328,104 preference shares was completed on 10 April 2013.

CAAM also completed its acquisition of 70% equity interest in Moraitis Group Pty Limited (together with its subsidiaries, being a fruit and vegetable supplier aggregator in Australia) from independent third parties on 8 April 2013.

The ordinary shares in CAAM are accounted for as interests in associates and the convertible preference shares in CAAM are accounted for as available-for-sale investments which are neither classified as held-for-trading nor designated at fair value through profit or loss.

(b) **Acquisitions of senior housing business**

Pursuant to the agreements dated 4 June 2013 and 1 July 2013, the Group acquired two business operating senior housing communities separately in North Carolina, US from independent third parties at aggregated cash considerations of US$4,500,000 and US$4,150,000 respectively (equivalent to approximately HK$34,875,000 and HK$32,163,000 respectively). The acquisitions were completed on 12 June 2013 and 1 July 2013 respectively.

(c) **Disposal of 20% equity interest in Pacific Coffee (Holdings) Limited**

Pursuant to the shareholders' agreement dated 7 July 2010, the Group had a put option in relation to the disposal of its 20% equity interest in Pacific Coffee (Holdings) Limited and its subsidiaries at an exercise price of HK$81,660,000. The Group had exercised its put option and the transaction was completed on 11 June 2013.

14 CONTINGENT LIABILITIES

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

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
Financing facilities granted to associates	**161,903**	119,255
Financing facilities granted to a joint venture	**123,869**	112,975
Financing facilities granted to a joint venture partner	**168,300**	168,300
	454,072	400,530

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

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	**29,795**	24,466

15 COMMITMENT

The Group had commitment as follows:

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
Contracted but not provided for in the condensed consolidated financial statements in respect of		
– acquisition of plant and equipment	**1,452**	1,716
– a property development project	**394,841**	472,906
	396,293	474,622
Authorised but not contracted for in respect of a property development project	**1,926,936**	1,782,282
	2,323,229	2,256,904

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

	As at 30 September 2013 HK$'000	As at 31 March 2013 HK$'000
Contracted but not provided for	**215,445**	142,581
Authorised but not contracted for	**473,122**	653,705
	688,567	796,286

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK$0.20 (2012: HK$0.20) per share for the six months ended 30 September 2013 to shareholders whose names appear on the Register of Members of the Company on Friday, 20 December 2013. The interim dividend will be payable in cash, with an option granted to shareholders to receive new and fully paid shares of HK$1.25 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares under the scrip dividend scheme (the "Scrip Dividend Scheme"). The circular containing details of the Scrip Dividend Scheme and the relevant election form will be sent to shareholders on or about Wednesday, 15 January 2014. The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

Interim dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent to shareholders on or about Friday, 14 February 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 17 December 2013 to Friday, 20 December 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar 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, 16 December 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2013, the Group reported a revenue and profit attributable to the Company's equity holders of HK$2,062 million and HK$209 million respectively. Compared with the same period last year, excluding the gain in fair value of the Group's investment properties of HK$94 million reported last period, the Group recorded a moderate growth in profit for the period to HK$227 million, despite a decrease in revenue of 8.0%. Including the Group's share of revenue of associates and joint ventures, total segment revenue of the Group increased to HK$4,363 million (2012: HK$3,715 million). The Group's earnings per share was HK$0.74 (2012: HK$1.07) for the period.

Construction and Engineering

Net profit in the construction and engineering segment reported a healthy increase to HK$143 million from HK$141 million in the same period last year on a 9.8% reduction in revenue to HK$1,913 million from HK$2,121 million in the same period last year. The drop in the revenue was mainly due to completion of several major construction works in the last financial year and deferral of the projects covering environmental engineering, building construction projects and the pipe technology related projects. Nevertheless, the negative impact was partially offset by the increase in the project revenue secured by the aluminium windows and curtain wall work, electrical and mechanical ("E&M") engineering work in Macau and the share of revenue from associates in lifts and escalators during the period under review. The increase in the segment profit mainly attributable from the completion of aluminium windows and curtain wall, E&M projects and the increased contribution from the lifts and escalators associated companies during the period under review.

Total outstanding construction and engineering contracts as at the period end date of the Group's subsidiaries were valued at HK$1,905 million. Major contracts in hand include:

1. Construction of alteration and addition works at Sha Tin Racecourse;

2. Construction of the superstructure works for the Proposed Composite Building at No. 140-146 Camp Street, Sham Shui Po;

3. Construction of composite development at junction of Plover Cove Road and Po Wu Lane, Taipo;

4. E&M works for expansion of Tai Po Water Treatment Works Stream II and piping works at CLP Black Point Gas Supply project;

5. E&M works for Galaxy Phase 2, Macau;

6. Supply and installation of Mechanical Ventilation and Air-Conditioning for Kellett School New Campus at Kowloon Bay;

7. Supply of prestige 'Manhattan' kitchen cabinets for luxurious residential in Hing Hon Road, Mid-level West and Lee Tung Street, Wanchai;

8. Design, supply and installation of curtain walls for proposed residential development in Sha Tsui Road, Tsuen Wan and Wing Hong Street, Cheung Sha Wan;

9. Salt water supply for Northwest New Territories – Construction of Lok On Pai Salt Water Pumping Station and Associated Works.

With continuing shortage of labour and professional staff in the construction and engineering industry, and with increasing statutory safety requirements, upward cost pressure persists in the industry and the Group remains cautious in its tender prices to ensure there is sufficient margin in the contracts.

Insurance and Investment

During the period under review, the insurance and investment segment recorded a growth in revenue of 28.8% to HK$128 million as compared with the same period last year. The growth was mainly attributable by the increase in new employees' compensation insurance policies issued in the insurance portfolio. Segment results recorded a remarkable rise in profit to HK$55.7 million from HK$24.3 million in the same period last year substantially due to the increase in gains on investment securities from an improved investment market since the last financial year end.

Although there are large scale infrastructure and construction projects launched by the HKSAR government, keen competition still exists in the employees' compensation insurance business in Hong Kong. The insurance division will continue to adopt prudent underwriting approach in running the insurance business.

Under the back drop of the prolonged US government shutdown and major euro-zone economies seemingly climbing out of recession, the Group will continue to rebalance the portfolio on the back of the improvement in global growth and stronger corporate cash flows.

Property

The revenue of the property segment rose 27.7% to HK$517 million as compared with HK$405 million for the same period last year, mainly due to the increasing contribution from the US senior housing of the Group and the sales of the Beijing properties derived from joint venture offsetting by a notable decrease in proceeds from the disposal of properties for sale in Hong Kong. With the absence of HK$94 million positive changes in fair value of the Group's investment properties and the drop in contribution from properties for sale as recorded for the corresponding period last year, the segment profit decreased to HK$131 million, as compared to HK$239 million same period last year.

The Group started its assisted living and medical care senior housing operations at Oregon, US in mid-2011. Since then, the Group had further acquired 18 facilities located in North Carolina, US in 2012 and 2 additional facilities in North Carolina in June and July respectively this period. The Group currently has a total of 23 facilities with the capacity of 1,900 beds. The assisted living and medical care senior housing business generated satisfactory operating results during the period under review with gain in both occupancy and net operating income.

Other business units within the property segment including the leasing and management of properties together with cold storage and logistics business of the Group have continued to provide a steady income stream to the Group during the period under review.

The Group also recorded reasonable sales progress in the "My Villa" project in Beijing with over RMB54.7 million of transacted sales during the period in joint venture level and less than 260,000 sq. ft. of saleable inventory remaining. Phase I of "Chevalier City" in Changchun and "Chateau Ermitas" developed by the Group's joint venture in Chengdu begin sales in October and November 2013 respectively.

Food and Beverage

During the period under review, the performance of Cafe Deco Group, the core contributor of the food and beverage business, experienced turn around and recorded a contribution of HK$8.0 million. Such result was contributed by the management's effort in improving operational efficiency, closure of unprofitable outlets and disposal of warehouse. As at 30 September 2013, Cafe Deco Group has 38 outlets in Hong Kong, Macau and Sydney. After the divestment of Pacific Coffee Group in June 2013, total revenue for this segment decreased slightly from HK$356 million to HK$331 million, or 7.0% as compared to the same period last year.

Cafe Deco Group will continue to keep in pace with the highly competitive and ever-changing Hong Kong market and the high expectations of our target customers in terms of food quality and customer services with new dining concepts, such as Cafe Deco Pizzeria and Berliner. In addition to these scalable concepts, Cafe Deco Group will also consider taking up franchise concepts in Hong Kong that has potential in the market.

Other businesses

During the six months ended 30 September 2013, including the share of revenue from the associates in Chengdu car dealership and Australia fresh produce supply, segment revenue doubled from HK$734 million to HK$1,474 million and loss decreased from HK$6.7 million same period last year to HK$1.3 million during the period under review. The impact, net of the hedging gain in the Group, of the depreciation of Australian dollar and the acquisition-related expenses in both the Group and associates levels partially offset the improvement in Chengdu car dealership business.

Revenue and contribution from sales of notebook computers had dropped because of the slow demand from customers and keen market competition. Performance of the network solutions and document solutions units in Hong Kong and Thailand experienced slight improvement after securing new projects during the period under review.

Performance of the car dealership business in Canada was steady while increase in new car sales boosted the results of the Chengdu car dealership business. The appreciation of Renminbi during the period under review also helped improve the results of this business unit. With the increase in the awareness of the environmental protection for automobiles in Mainland China and the enhancement of the living standard, prospects for the car dealership business in Chengdu remain optimistic in the medium to long term. Given that there has been substantial appreciation in the market value of the land parcels on which some of our Chengdu car dealership business are sited, the Group is considering the possibility of relocating some of the business to alternative sites such that the value of the land parcels can be realised.

In April 2013, an associate of the Group, CAAM, completed the acquisition of 70% equity interest in Moraitis Group and one of the largest potato farms in Australia. Subsequently, integration of Moraitis business and the potato farm progressed smoothly and the management of Moraitis and the Group are working closely together to identify opportunities to expand the business of Moraitis to Mainland China and other parts of Asia.

FUTURE PROSPECTS

The Hong Kong economy continues to be buoyant mainly due to the steady economic growth in Mainland China. With the HKSAR government's intention to increase housing supply, the high level of activity in infrastructure investments and the continuing development of integrated resort in Macau, the Group is optimistic about the future of the construction and engineering industry in Hong Kong. Such increase in projects available in the market may also have positive impact on the Group's insurance business. While the economy remains steady, we expect the food and beverage retail business will continue to benefit from strong domestic consumption as well as from high numbers of visitors coming into Hong Kong.

Although strict tightening measures on Mainland China property market remain, with the GDP growth rate on track to achieve the target of 7.5% for 2013, we foresee demand for certain types of residential properties in certain cities to remain strong. Following the launch of "Chateau Ermitas" in Shuangliu County, Chengdu, in November 2013, there will be positive contribution to the Group in the second half of 2013/14 and in 2014/15. Subsequent to the period under review, sales of Phase I of "Chevalier City" has been very promising and we expect the trend to continue as we begin to sell the remainder of Phase I. Phase II of the project will also commence in mid-2014.

While unemployment in the US is improving, timing for the Fed tapering is data dependent and may not have significant impact on the need-driven US senior housing business of the Group. The management is positive about the long term prospects of senior housing business and will continue to expand this business through its organic growth and acquisition when the opportunities arise.

With increasing consumer awareness in food safety, and the fast rising consumer wealth in the region, there will be tremendous growth in demand for reliable top quality produce in the coming decades. As one of the leading fruit and vegetable supplier aggregators in Australia, which is a nation with a clean and green image, Moraitis Group will have the opportunity to play a part in the regional growth by exporting from Australia as well as by using its extensive experience in farm management and distribution to enter Mainland China market with the help of the Group's extensive network and experience in Mainland China.

FINANCIAL REVIEW

As at 30 September 2013, the Group's net assets attributable to equity holders of the Company amounted to HK$5,860 million (31 March 2013: HK$5,821 million), an increase of HK$39 million when compared with 31 March 2013. Such increase was mainly resulted from the profit attributable to equity shareholders of the Company of HK$209 million, exchange gain on translation of overseas operations of HK$27.5 million, offsetting by the 2012/13 final dividends of HK$183 million appropriated and decrease in fair value of available-for-sale investments of HK$16.3 million during the period. As at 30 September 2013, the Group's bank and other borrowings increased to HK$4,386 million (31 March 2013: HK$4,323 million) while the Group's cash and bank balances decreased to HK$1,247 million (31 March 2013: HK$1,280 million) as a result of the Group's payment for share subscriptions in CAAM.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,300 full-time staff under its subsidiaries globally as at 30 September 2013. Total staff costs amounted to HK$477 million for the period under review. The remuneration policies of the Group are reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes and retirement schemes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2013.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2013, except for the following deviations:

Code Provision A.4.1 stipulates that Non-Executive Directors should be appointed for a specific term and subject to re-election. As stated in the Company's Annual Report 2013, all the Non-Executive Directors of the Company are not appointed for a specific term but subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-Laws.

Code Provision A.6.7 stipulates that the Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr Sun Kai Dah, George, an Independent Non-Executive Director was unable to attend the annual general meeting of the Company held on 6 September 2013 due to other commitments.

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 six months ended 30 September 2013.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors of the Company, namely Mr Yang Chuen Liang, Charles as Committee Chairman, Dr Chow Ming Kuen, Joseph and Mr Sun Kai Dah, George.

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 2013.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement of the Company for the six months ended 30 September 2013 is published on the Stock Exchange's website at http://www.hkexnews.hk and the Company's website at http://www.chevalier.com. The interim report of the Company for the six months ended 30 September 2013 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 thank all our dedicated staff for their continued loyalty, diligence, professionalism and contributions to the Group throughout this period.

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

Hong Kong, 28 November 2013

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, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr Chow Ming Kuen, Joseph, Messrs Sun Kai Dah, George, Yang Chuen Liang, Charles and Professor Poon Chung Kwong as Independent Non-Executive Directors; and Dr Ko Chan Gock, William as Non-Executive Director.

* *For identification purpose only*