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

(Incorporated in Bermuda with limited liability)

(Stock Code: 25)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	4	**6,980,400**	4,759,376
Cost of sales		**(6,105,507)**	(4,015,070)
Gross profit		**874,893**	744,306
Other income, net	5	**73,878**	106,219
Other gains, net	6	**154,484**	206,370
Gain/(loss) on disposal of subsidiaries	6	**715,075**	(3,707)
Selling and distribution costs		**(146,941)**	(101,223)
Administrative expenses		**(330,318)**	(217,853)
Operating profit		**1,341,071**	734,112
Share of results of associates		**57,918**	87,922
Share of results of joint ventures		**(60,490)**	(4,672)
		1,338,499	817,362
Finance income	7	**21,636**	19,333
Finance costs	7	**(92,309)**	(93,538)
Finance costs, net	7	**(70,673)**	(74,205)
Profit before taxation	8	**1,267,826**	743,157
Taxation	9	**(296,344)**	(132,025)
Profit for the year		**971,482**	611,132

	Note	2018 HK$'000	2017 HK$'000
Attributable to:			
Shareholders of the Company		**907,929**	540,263
Non-controlling interests		**63,553**	70,869
		971,482	611,132
Earnings per share			
– basic *(HK$ per share)*	10	**3.01**	1.79
– diluted *(HK$ per share)*	10	**3.01**	1.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**971,482**	611,132
Other comprehensive (expenses)/income for the year		
Item that may not be reclassified to profit or loss		
Fair value (loss)/surplus of properties for own use	**(22,447)**	94,395
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	**393,900**	(237,786)
Change in fair value of available-for-sale investments	**1,248**	9,506
Impairment loss on available-for-sale investments transferred to consolidated income statement	**3,377**	5,676
Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap and foreign currency forward contracts	**2,443**	4,985
Other comprehensive income/(expenses) for the year, net of tax	**378,521**	(123,224)
Total comprehensive income for the year	**1,350,003**	487,908
Attributable to:		
Shareholders of the Company	**1,259,846**	429,878
Non-controlling interests	**90,157**	58,030
	1,350,003	487,908

Note: Items shown within other comprehensive (expenses)/income are disclosed net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Non-current assets			
Investment properties		**3,791,245**	3,832,583
Property, plant and equipment		**2,784,738**	2,330,127
Goodwill		**681,839**	629,741
Other intangible assets		**31,352**	9,386
Interests in associates		**468,411**	518,705
Interests in joint ventures		**1,112,486**	591,623
Available-for-sale investments		**265,766**	124,154
Properties under development		**642,713**	565,828
Deferred tax assets		**42,171**	26,815
Other non-current assets		**89,536**	82,837
		9,910,257	8,711,799
Current assets			
Amounts due from associates		**18,575**	14,985
Amounts due from joint ventures		**9,085**	7,828
Amounts due from non-controlling interests		**39,025**	71,862
Investments at fair value through profit or loss		**430,805**	554,771
Inventories		**344,577**	298,999
Properties for sale		**578,665**	377,635
Properties under development		**1,485,581**	511,116
Debtors, deposits and prepayments	12	**1,466,445**	1,392,534
Amounts due from customers for contract work		**88,563**	114,795
Derivative financial instruments		**373**	97
Prepaid tax		**9,138**	11,782
Bank balances and cash		**1,723,452**	1,761,632
		6,194,284	5,118,036
Assets held-for-sale	17	**–**	1,233,787
		6,194,284	6,351,823

	Note	2018 HK$'000	2017 HK$'000
Current liabilities			
Amounts due to joint ventures		**7,524**	1,581
Amounts due to non-controlling interests		**325,166**	260,964
Amounts due to customers for contract work		**639,791**	555,512
Derivative financial instruments		**233**	2,974
Creditors, bills payable, deposits and accruals	13	**1,642,245**	1,921,861
Unearned insurance premiums and unexpired risk reserves		**59,536**	60,279
Outstanding insurance claims		**255,438**	305,272
Deferred income		**22,403**	21,158
Current income tax liabilities		**69,028**	74,798
Bank and other borrowings		**767,670**	520,247
		3,789,034	3,724,646
Liabilities directly associated with assets held-for-sale	17	**–**	148,268
		3,789,034	3,872,914
Net current assets		**2,405,250**	2,478,909
Total assets less current liabilities		**12,315,507**	11,190,708
Capital and reserves			
Share capital		**377,411**	377,411
Reserves		**8,355,324**	7,592,045
Shareholders' funds		**8,732,735**	7,969,456
Non-controlling interests		**603,005**	533,863
Total equity		**9,335,740**	8,503,319
Non-current liabilities			
Unearned insurance premiums		**30,606**	44,705
Bank and other borrowings		**2,608,832**	2,270,192
Deferred tax liabilities		**340,329**	372,492
		2,979,767	2,687,389
Total equity and non-current liabilities		**12,315,507**	11,190,708

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

2 ACCOUNTING POLICES

(a) Amendments and improvements to existing standards that are effective for the Group's financial year beginning on 1 April 2017

The following 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 2017:

- HKAS 7 (amendment), "Disclosure initiative"
- HKAS 12 (amendment), "Recognition of deferred tax assets for unrealised losses"
- Annual Improvements Project – Improvements to HKFRS 2014–2016 Cycle

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

(b) New standards, amendments and improvements to existing standards that have been issued but not yet effective and have not been early adopted by the Group

The following new standards, amendments and improvements 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 2017 and have not been early adopted:

- HKAS 19 (amendment), "Employee benefits"[2]
- HKAS 28 (amendment), "Long term interests in an associate and joint venture"[2]
- HKFRS 4 (amendment), "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"[1]
- HKFRS 9 (2014), "Financial instruments"[1]
- HKFRS 9 (amendment), "Prepayment features with negative compensation"[2]
- HKFRS 10 and HKAS 28 (amendment), "Sale or contribution of assets between an investor and its associate or joint venture"[3]
- HKFRS 15, "Revenue from contracts with customers"[1]
- HKFRS 15 (amendment), "Clarification of HKFRS 15 Revenue from contracts with customers"[1]
- HKFRS 16, "Leases"[2]

- HKFRS 17, "Insurance Contracts"[4]

- HK(IFRIC) – Int 22, "Foreign currency transactions and advance considersaion"[1]

- HK(IFRIC) – Int 23, "Uncertainty over income tax treatments"[2]

- Annual Improvements Project – Improvements to HKFRS 2014–2016 Cycle[5]

- Annual Improvements Project – Improvements to HKFRS 2015–2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021 or when apply HKFRS 15 and HKFRS 9
[5] The amendments to HKFRS 1 and HKAS 28 are effective for annual periods beginning on or after 1 January 2018

HKFRS 9 "Financial Instruments"

Nature of changes

HKFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness but contemporaneous documentation is still required.

Potential impact

The Group's equity investments currently classified as available-for-sale financial assets will be reclassified to financial assets at fair value through profit or loss ("FVTPL") or other comprehensive income ("FVOCI"). There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

In addition, the new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. Based on the assessments undertaken to date, the Group does not expect material change of the loss allowance for the Group's trade receivables. The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. Based on the assessments undertaken to date, it is expected that the Group's current hedge relationships will likely be qualified as continuing hedges upon the adoption of HKFRS 9. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 "Revenue from Contracts with Customers"

Nature of changes

HKFRS 15 replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (i) identify the contract(s) with a customer; (ii) identify separate performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations; and (v) recognise revenue when a performance obligation is satisfied. The core principle is that a company should recognise revenue when control of a good or service transfers to a customer. Under HKFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified.

Potential impact

Based on the assessment undertaken to date, the Group does not expect the adoption of HKFRS 15 would have a material impact over revenue from construction and installation contracts, sales of information technology equipment, motor vehicles and others, senior housing operations and maintenance and property mangement services. In relation to sales of properties, revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties transfer, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model. The Group is continuing the assessment in relation to other revenue streams.

HKFRS 16 "Leases"

Nature of changes

HKFRS 16 will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Potential impact

The standard will affect primarily the accounting for the Group's operating leases. Based on the preliminary assessment undertaken to date, it is estimated that the adoption of HKFRS 16 would result in recognition of right-of-use assets and financial liabilities in the consolidated statement of financial position primarily arising from leases of land and buildings. The interest expenses on the lease liabilities and the depreciation expenses on the right-of-use assets under HKFRS 16 will replace the rental charge under HKAS 17 in the consolidated income statement. The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group is in the process of assessing the impact of HKFRS 17 "Insurance Contracts" and HKFRS 4 (amendment) "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts" and is not yet in a position to state the effect and its significance.

Other than the above, the Group anticipates that the application of the other new standards, amendments and improvements to existing standards that have been issued but are not yet effective may have no material impact on the results of operations and financial position.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Directors, 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 window and curtain walls, building construction, building supplies, electrical and mechanical and environmental engineering, lift and escalator and pipe technology.

Property Investment: Properties rental business.

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

Healthcare Investment: Senior housing business and medical office building investment.

Car Dealership: Retailing, trading and servicing of motor vehicles.

Others: Sale and servicing of information technology equipment and business machines, food trading, general insurance business (except aircraft, aircraft liabilities and credit insurance), investment in securities and restaurant and bar.

During the year ended 31 March 2018, Senior Housing segment was renamed as Healthcare Investment segment to better reflect the nature of its income streams and growth strategies.

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 joint ventures on a proportionate consolidated basis. The sales from associates and joint ventures to the Group and sales between individual associates and joint ventures are not eliminated.

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 joint ventures on a proportionate consolidated basis. Unallocated corporate expenses, finance income and costs, taxation and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except prepaid tax, unallocated bank balances and cash, deferred tax assets and other unallocated assets.

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 and other borrowings, deferred tax liabilities and other unallocated liabilities.

(a) Revenue and results

	Construction and engineering HK$'000	Property investment HK$'000	Property development and operations HK$'000	Healthcare investment HK$'000	Car dealership HK$'000	Others HK$'000	Total HK$'000
For the year ended 31 March 2018							
REVENUE							
Total revenue	2,582,734	136,430	1,097,095	582,769	2,276,770	394,826	7,070,624
Inter-segment revenue	–	–	(41,662)	–	–	(48,562)	(90,224)
Group revenue	2,582,734	136,430	1,055,433	582,769	2,276,770	346,264	6,980,400
Share of revenue of associates and joint ventures	1,607,212	–	49,222	15,515	477,488	186,762	2,336,199
Proportionate revenue from a joint venture eliminated	(15,456)	–	–	–	–	–	(15,456)
Segment revenue	4,174,490	136,430	1,104,655	598,284	2,754,258	533,026	9,301,143
RESULTS							
Segment profit	172,173	278,834	859,516	3,098	4,832	72,588	1,391,041
Included in segment profit/(loss) are:							
Share of results of associates	56,789	–	99	–	–	1,030	57,918
Share of results of joint ventures	235	–	(29,730)	(32,849)	1,854	–	(60,490)
Increase in fair value of investment properties	–	190,683	–	–	–	–	190,683
Depreciation and amortisation, net of capitalisation	(5,512)	(404)	(40,089)	(48,456)	(21,447)	(1,659)	(117,567)
Impairment loss on property, plant and equipment	(1,572)	–	–	–	–	–	(1,572)
Impairment loss on available-for-sale investment	–	–	–	–	–	(3,377)	(3,377)
Unrealised loss on derivative financial instruments	–	–	–	–	–	(932)	(932)
Unrealised gain on investments at fair value through profit or loss	–	–	–	–	–	13,161	13,161
Write back/(down) of inventories to net realisable value, net	33	–	–	–	(3,342)	(761)	(4,070)
Write down of properties for sales to net realisable value	–	–	(22,015)	–	–	–	(22,015)
Provision written back/(recognised) on trade and other debtors	8,993	(2,500)	–	(4,382)	–	(106)	2,005
Impairment loss on retention receivables	(8,597)	–	–	–	–	–	(8,597)

	Construction and engineering *HK$'000*	Property investment *HK$'000*	Property development and operations *HK$'000*	Healthcare investment *HK$'000*	Car dealership *HK$'000*	Others *HK$'000*	Total *HK$'000*
For the year ended 31 March 2017							
REVENUE							
Total revenue	2,942,565	144,276	558,867	524,303	328,821	338,614	4,837,446
Inter-segment revenue	–	–	(39,290)	–	–	(38,780)	(78,070)
Group revenue	2,942,565	144,276	519,577	524,303	328,821	299,834	4,759,376
Share of revenue of associates and joint ventures	1,836,231	–	69,553	–	988,015	255,392	3,149,191
Proportionate revenue from a joint venture eliminated	(19,499)	–	–	–	–	–	(19,499)
Segment revenue	4,759,297	144,276	589,130	524,303	1,316,836	555,226	7,889,068
RESULTS							
Segment profit/(loss)	343,880	321,693	87,931	28,913	(1,907)	57,776	838,286
Included in segment profit/(loss) are:							
Share of results of associates	96,746	–	264	–	(11,335)	2,247	87,922
Share of results of joint ventures	195	–	(4,867)	–	–	–	(4,672)
Increase in fair value of investment properties	–	226,033	–	–	–	–	226,033
Depreciation and amortisation, net of capitalisation	(7,813)	(4,273)	(29,506)	(35,931)	(1,847)	(2,674)	(82,044)
Impairment loss on available-for-sale investments	–	–	–	–	–	(5,676)	(5,676)
Unrealised gain on derivative financial instruments	–	–	–	–	–	691	691
Unrealised gain on investments at fair value through profit or loss	–	–	–	–	–	7,206	7,206
Write (down)/back of inventories to net realisable value, net	(23)	–	–	–	(1,006)	264	(765)
Provision (recognised)/written back on trade and other debtors	(5,283)	–	–	(15,165)	–	74	(20,374)
Gain on deemed acquisition of Qi Yang Group	–	–	–	–	7,060	–	7,060

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:

	2018	2017
	HK$'000	*HK$'000*
Total segment revenue	**9,301,143**	7,889,068
Add: Proportionate revenue from a joint venture eliminated	**15,456**	19,499
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	**1,102,179**	1,384,204
Sales of motor vehicles and others	**477,488**	988,015
Maintenance and other services	**527,362**	479,917
Food and beverage	**164,709**	204,687
Hotel operations	**37,525**	34,838
Sales and leasing of properties	**26,936**	34,439
Fresh produce supply	**–**	23,091
	2,336,199	3,149,191
Total revenue in the consolidated income statement	**6,980,400**	4,759,376

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

	2018	2017
	HK$'000	*HK$'000*
Segment profit	**1,391,041**	838,286
Unallocated corporate expenses	**(52,542)**	(20,924)
Finance income	**21,636**	19,333
Finance costs	**(92,309)**	(93,538)
Profit before taxation	**1,267,826**	743,157

(b) Assets and liabilities

	Construction and engineering *HK$'000*	Property investment *HK$'000*	Property development and operations *HK$'000*	Healthcare investment *HK$'000*	Car dealership *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 31 March 2018							
ASSETS							
Segment assets	**1,528,440**	**4,399,842**	**5,041,482**	**2,319,674**	**1,126,680**	**1,096,737**	**15,512,855**
Included in segment assets are:							
Interests in associates	**425,719**	**–**	**626**	**–**	**–**	**42,066**	**468,411**
Interests in joint ventures	**12,076**	**–**	**500,494**	**516,452**	**83,464**	**–**	**1,112,486**
Amounts due from associates	**18,575**	**–**	**–**	**–**	**–**	**–**	**18,575**
Amounts due from joint ventures	**9,068**	**–**	**17**	**–**	**–**	**–**	**9,085**
Additions to non-current assets *(note)*	**51,519**	**344,334**	**164,058**	**300,239**	**19,448**	**8,491**	**888,089**
LIABILITIES							
Segment liabilities	**1,508,957**	**37,619**	**413,708**	**138,743**	**409,177**	**440,138**	**2,948,342**
Included in segment liabilities are:							
Amounts due to joint ventures	**–**	**–**	**6,730**	**–**	**794**	**–**	**7,524**
At 31 March 2017							
ASSETS							
Segment assets	1,667,310	4,333,824	4,651,523	1,500,024	797,414	1,537,983	14,488,078
Included in segment assets are:							
Interests in associates	463,261	–	1,588	–	–	53,856	518,705
Interests in joint ventures	11,950	–	500,060	–	79,613	–	591,623
Amounts due from associates	14,985	–	–	–	–	–	14,985
Amounts due from joint ventures	44	–	7,784	–	–	–	7,828
Additions to non-current assets *(note)*	10,030	10,689	37,858	26,727	360,211	8,584	454,099
LIABILITIES							
Segment liabilities	1,584,312	47,201	662,486	64,824	448,974	490,484	3,298,281
Included in segment liabilities are:							
Amounts due to joint ventures	–	–	1,175	–	406	–	1,581

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

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

	2018	2017
	HK$'000	*HK$'000*
Segment assets	**15,512,855**	14,488,078
Prepaid tax	**9,138**	11,782
Unallocated bank balances and cash	**524,647**	521,217
Deferred tax assets	**42,171**	26,815
Other unallocated assets	**15,730**	15,730
Total assets	**16,104,541**	15,063,622
Segment liabilities	**2,948,342**	3,298,281
Current income tax liabilities	**69,028**	74,798
Bank and other borrowings	**3,376,502**	2,790,439
Deferred tax liabilities	**340,329**	372,492
Other unallocated liabilities	**34,600**	24,293
Total liabilities	**6,768,801**	6,560,303

(c) Geographical information

The Group's operations in construction and engineering businesses are mainly carried out in Hong Kong, Mainland China, Macau and Australia. Property investment businesses are mainly carried out in Hong Kong, Mainland China, Canada and Singapore. Property development and operations businesses are mainly carried out in Hong Kong, Mainland China and Canada. Healthcare investment businesses are carried out in Hong Kong and the United States of America ("US"). Car dealership businesses are carried out in Mainland China and Canada. Other businesses are mainly carried out in Hong Kong, the US and Thailand.

The associates' and joint ventures' operations in construction and engineering business are mainly carried out in Hong Kong, Mainland China, Singapore and Macau. Property development and operations businesses are mainly carried out in Hong Kong and Mainland China. Healthcare investment business are carried out in the US. Car dealership businesses are carried out in Mainland China. Other businesses are carried out in Hong Kong, Macau and Australia.

Segment revenue by geographical areas

	Company and subsidiaries	**Associates and joint ventures**	**2018 Total**		Company and subsidiaries	Associates and joint ventures	2017 Total	
	HK$'000	***HK$'000***	***HK$'000***	*%*	*HK$'000*	*HK$'000*	*HK$'000*	*%*
Hong Kong	**2,960,677**	**625,298**[1]	**3,585,975**	**39**	3,287,455	619,769[1]	3,907,224	49
Mainland China	**2,666,279**	**1,353,363**	**4,019,642**	**43**	88,896	2,112,207	2,201,103	28
US	**690,687**	**15,515**	**706,202**	**8**	632,261	–	632,261	8
Canada	**400,740**	**–**	**400,740**	**4**	371,753	–	371,753	5
Singapore	**11,949**	**270,509**	**282,458**	**3**	12,101	315,534	327,635	4
Macau	**85,968**	**27,102**	**113,070**	**1**	226,809	31,269	258,078	3
Australia	**107,724**	**28,536**	**136,260**	**1**	85,742	50,508	136,250	2
Thailand	**56,376**	**–**	**56,376**	**1**	40,112	–	40,112	1
Others	**–**	**420**	**420**	**–**	14,247	405	14,652	–
	6,980,400	**2,320,743**	**9,301,143**	**100**	4,759,376	3,129,692	7,889,068	100

[1] The proportionate revenue from a joint venture is eliminated.

The Group maintains a healthy and balanced portfolio of customers. No customer is accounted for 10% or more of the total revenue of the Group for the year ended 31 March 2018. (For the year ended 31 March 2017, HK$800,422,000 was derived from a single external customer in construction and engineering segment and accounted for more than 10% of the total revenue of the Group).

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

	Non-current assets	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**3,555,346**	3,644,385
Mainland China	**2,168,161**	1,855,008
US	**1,511,024**	1,248,677
Singapore	**469,146**	434,809
Canada	**207,764**	204,122
Macau	**45,189**	1,230
Thailand	**8,502**	7,960
Others	**431**	1,916
	7,965,563	7,398,107

4 REVENUE

	2018	2017
	HK$'000	*HK$'000*
Revenue represents amounts received and receivable from:		
Construction and installation contracts	**2,399,483**	2,779,578
Sale of information technology equipment, motor vehicles and others	**2,462,214**	696,837
Senior housing operations	**582,769**	524,303
Sales and leasing of properties	**843,978**	298,404
Warehouse and logistics services	**214,570**	227,819
Maintenance and property management services	**355,012**	122,825
Hotel operations	**47,953**	43,472
Insurance premium	**33,601**	32,869
Interest income from investments	**14,747**	18,940
Dividend income from investments	**18,974**	10,538
Leasing of vehicles and equipment	**7,099**	3,791
Total revenue	**6,980,400**	4,759,376

5 OTHER INCOME, NET

	2018	2017
	HK$'000	*HK$'000*
Gain on investments at fair value through profit or loss	**11,912**	14,294
(Loss)/gain on derivative financial instruments	**(993)**	1,385
Other investment (loss)/income	**(1,893)**	22,185
Sales and marketing services income from an associate	**29,906**	27,930
Management fee income from associates and joint ventures	**22,664**	24,091
Others	**12,282**	16,334
	73,878	106,219

6 OTHER GAINS, NET

	2018	2017
	HK$'000	*HK$'000*
Increase in fair value of investment properties	**190,683**	226,033
Gain on disposal of an investment property	**–**	276
(Loss)/gain on disposals of property, plant and equipment	**(3,721)**	498
Gain/(loss) on disposals of associates	**4,848**	(3)
Loss on step-up acquisition of an associate	**(3,004)**	–
Remeasurement of goodwill	**4,686**	–
Impairment loss on available-for-sale investments	**(3,377)**	(5,676)
Provision written back/(recognised) on trade and other debtors	**2,005**	(20,374)
Impairment loss on retention receivables	**(8,597)**	–
Impairment loss on interest in an associate	**(18,101)**	–
Impairment loss on property, plant and equipment	**(1,572)**	–
Provision for impairment loss on properties for sales	**(22,015)**	–
Gain on deemed acquisition of Qi Yang Group *(note 14(i))*	**–**	7,060
Exchange gain/(loss)	**12,649**	(1,444)
	154,484	206,370

GAIN/(LOSS) ON DISPOSALS OF SUBSIDIARIES

	2018	2017
	HK$'000	*HK$'000*
Gain/(loss) on disposals of		
– Chinaford and Dolce Field *(note 14(f))*	**619,941**	–
– Talent Luck *(note 14(h))*	**92,927**	–
– Wonder *(note 14(j))*	**–**	(3,972)
– other subsidiaries	**2,207**	265
	715,075	(3,707)

7 FINANCE COSTS, NET

	2018 *HK$'000*	2017 *HK$'000*
Interest expenses on bank overdrafts and bank and other borrowings	**100,323**	105,627
Less: Amounts capitalised to properties under development *(note)*	**(8,014)**	(12,089)
	92,309	93,538
Less: Interest income from bank deposits	**(21,636)**	(19,333)
	70,673	74,205

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was between 5.5% and 5.8% per annum (2017: 4.8% per annum).

8 PROFIT BEFORE TAXATION

	2018 *HK$'000*	2017 *HK$'000*
Profit before taxation has been arrived at after charging the following:		
Depreciation of property, plant and equipment	**111,880**	84,150
Less: Amount capitalised to contract work	**(2,085)**	(2,591)
	109,795	81,559
Staff costs	**1,034,119**	935,441
Less: Amount capitalised to contract work	**(206,121)**	(213,787)
	827,998	721,654
Operating lease payments in respect of leasing of		
– premises	**54,168**	45,159
– equipment	**2,290**	2,551
	56,458	47,710
Auditors' remuneration		
– audit services	**14,741**	11,023
– non-audit services	**3,194**	1,988
– under-provision in prior years	**1,098**	110
	19,033	13,121
Amortisation of other intangible assets	**7,772**	485
Write down of inventories to net realisable value	**4,070**	765
Write down of properties for sales to net realisable value	**22,015**	–
and crediting the followings:		
Gross rental income of HK$148,236,000 (2017: HK$145,672,000) from properties less direct operating expenses	**124,252**	123,471

9 TAXATION

	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**48,390**	52,156
Mainland China and overseas	**219,269**	22,960
Under provision in prior years	**3,421**	13,759
	271,080	88,875
Deferred tax		
Origination and reversal of temporary differences	**25,264**	43,150
	296,344	132,025

Hong Kong profits tax is calculated at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits. Taxation on Mainland China and overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company of HK$907,929,000 (2017: HK$540,263,000) by the weighted average number of 301,928,000 (2017: 301,928,000) ordinary shares in issue during the year ended 31 March 2018.

(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. As at 31 March 2018 and 2017, the Group had potential ordinary shares in an associate, which were issuable upon exercise of share option being granted. There was no potential dilutive effect from such share option held during the year. As at 31 March 2018 and 2017, associates of the Group had potential ordinary shares which were issuable upon exercise of share options granted. There was no potential dilutive effect from such share options during both years.

11 DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Special interim dividend of HK$1.40 (2017: nil) per share paid	**422,700**	–
Interim dividend of HK$0.10 (2017: HK$0.20) per share paid	**30,193**	60,386
Final dividend of HK$0.25 (2017: HK$0.40) per share proposed	**75,482**	120,771
	528,375	181,157

Final dividend of HK$0.25 per share totaling HK$75,482,000 has been proposed by the Directors 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 2019.

12 DEBTORS, DEPOSITS AND PREPAYMENTS

	2018 *HK$'000*	2017 *HK$'000*
Trade debtors	**548,035**	590,569
Less: Provision for impairment	**(33,644)**	(45,948)
Trade debtors, net	**514,391**	544,621
Retention receivables	**288,760**	328,933
Less: Provision for impairment	**(9,186)**	(33,570)
Retention receivables, net	**279,574**	295,363
Other debtors, deposits and prepayments	**672,480**	552,550
	1,466,445	1,392,534

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted to trade debtors is 60 days, except for insurance business where credit period granted to certain debtors is over 60 days.

The ageing analysis of trade debtors, net is as follows:

	2018 *HK$'000*	2017 *HK$'000*
0–60 days	**466,160**	491,522
61–90 days	**12,719**	20,536
Over 90 days	**35,512**	32,563
	514,391	544,621

13 CREDITORS, BILLS PAYABLE, DEPOSITS AND ACCRUALS

	2018 *HK$'000*	2017 *HK$'000*
Trade creditors and bills payable	**282,234**	281,994
Retention payables	**202,491**	170,435
Deposits received	**96,399**	38,428
Accrued contract costs	**578,798**	744,749
Other creditors and accruals	**482,323**	686,255
	1,642,245	1,921,861

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

	2018	2017
	HK$'000	*HK$'000*
0–60 days	**257,587**	265,123
61–90 days	**6,628**	1,174
Over 90 days	**18,019**	15,697
	282,234	281,994

14 ACQUISITIONS AND DISPOSALS

(a) Acquisition of two senior housing properties located in Michigan, the US

On 3 April 2017, the Group entered into an agreement to acquire 100% interest in two senior housing properties located in Michigan, the US, at the consideration of US$33,000,000 (equivalent to approximately HK$257,400,000). The transaction completed in June 2017.

	HK$'000
Purchase consideration satisfied by:	
Cash paid	257,785
Fair value of net assets acquired (as shown below)	(221,346)
	36,439
Fair value of net assets acquired:	
Property, plant and equipment	191,896
Intangible assets	29,396
Debtors, deposits and prepayments	54
	221,346
Acquisition related expenses (included in administrative expenses)	2,293

(b) Acquisition of 100% equity interest in Silver Prosper Holdings Limited ("Silver Prosper")

On 18 May 2017, the Group entered into a provisional agreement to acquire 100% equity interest in Silver Prosper where the principal asset is the property located at Davis Street, Hong Kong, which is for residential and commercial use at a consideration of approximately HK$228,000,000. The transaction completed in August 2017.

	HK$'000
Purchase consideration satisfied by:	
Cash paid	225,212
Fair value of net assets acquired:	
Investment property	228,000
Debtors, deposits and prepayments	59
Creditors, deposits and accruals	(2,768)
Current income tax liabilities	(79)
	225,212
Acquisition related expenses (included in administrative expenses)	2,630

(c) Acquisition of development right for the land

On 13 June 2017, Urban Renewal Authority ("URA") notified the Group that URA has accepted the offer submitted by and awarded the development right in respect of the development site at Fuk Chak Street and Li Tak Street at Tai Kok Tsui, Kowloon at a consideration of HK$680,000,000.

(d) Acquisition of 100% equity interest in Moon Colour Holdings Limited ("Moon Colour")

On 10 August 2017, the Group entered into an agreement to acquire 100% equity interest in Moon Colour where the principal asset is the property located at Tai Yip Street, Kowloon which is an industrial building at a consideration of approximately HK$360,000,000. The transaction completed in August 2017.

	HK$'000
Purchase consideration satisfied by:	
Cash paid	360,272
Fair value of net assets acquired:	
Property under development	357,084
Deferred tax assets	2,916
Debtors, deposits and prepayments	272
	360,272

(e) Acquisition of residential properties at Nos. 292A-D Prince Edward Road West

On 3 November 2017, the Group submitted the offer to acquire the residential properties at Nos. 292A-D Prince Edward Road West, Homantin, Kowloon at a consideration of HK$333,800,000 through public tender process. The transaction completed in November 2017.

(f) Disposal of Chinaford Investment Limited ("Chinaford") and Dolce Field Limited ("Dolce Field")

On 1 June 2017, the Group entered into a framework agreement to dispose the entire issued share capital in Chinaford and Dolce Field (investment holding companies which hold the entire interest in 成都其士房地產發展有限公司("CCPD")) and assignment of debt at an aggregate cash consideration of RMB1,570,000,000 (equivalent to approximately HK$1,815,000,000). The transaction completed in August 2017.

	HK$'000
Cash consideration	1,815,109
Less: professional fees and other expenses	(44,616)
	1,770,493
Less: Net assets disposed of:	
Assets held-for-sale *(note 17)*	1,233,787
Liabilities directly associated with assets held-for-sale *(note 17)*	(148,268)
Exchange fluctuation reserve released upon disposal	65,033
	1,150,552
Gain on disposal *(note 6)*	619,941
Taxation	(160,196)
Gain on disposal, net	459,745

(g) Disposal of 40% interest in NC1 Sandhill Limited ("NC1 Sandhill") without loss of control

On 25 September 2017, the Group disposed of 40% interest in NC1 Sandhill at a consideration of HK$12,000,000. The effect of change in the ownership interest of NC1 Sandhill on the equity attributable to shareholders of the Company during the year is summarised as follows:

	HK$'000
Carrying amount of 40% interest disposed of	64
Consideration received from non-controlling interests	12,000
Gain on disposal recognised within equity	12,064

The transaction completed in September 2017 and the Group continues to possess the control over NC1 Sandhill.

(h) Disposal of Talent Luck Limited ("Talent Luck")

On 30 August 2017, the Group entered into a framework agreement to dispose the entire issued share capital in Talent Luck Limited at a cash consideration of HK$610,000,000. The transaction completed in October 2017.

	HK$'000
Cash consideration	610,022
Less: professional fees and other expenses	(1,517)
	608,505
Less: Net assets disposed of:	
Property, plant and equipment	605,360
Debtors, deposits and prepayments	97
Bank balances and cash	6
Creditors, deposits and accruals	(81)
Deferred tax liabilities	(89,804)
	515,578
Gain on disposal *(note 6)*	92,927

(i) Deemed acquisition of Qi Yang Chevalier Investment Company Limited ("Qi Yang") and its subsidiaries (collectively "Qi Yang Group")

Qi Yang Group is engaged in car dealership business in Mainland China. The Group owns 40% equity interest in Qi Yang, an associate of the Group. The remaining 60% equity interest is held by Qi Yang Holdings Limited, the PRC business partner.

During the year ended 31 March 2017, in order to step up the Group's participation in the operations and strengthen the corporate governance of Qi Yang Group, the Group's management agreed with the PRC business partner to implement certain changes to (i) the board composition of Qi Yang and its wholly-owned subsidiary, Qi Yang (Chengdu) Investment Management Limited and (ii) the control of the key operating and financial activities of Qi Yang Group's businesses. Pursuant to the announcement made by the Group on 30 March 2017, Qi Yang became a non-wholly owned subsidiary of the Group as at 31 March 2017.

	HK$'000
Total consideration satisfied by:	
Interest originally held by the Group	63,536
Amount due from Qi Yang Group	291,551
	355,087
Less: Fair value of identified assets acquired, liabilities assumed and the non-controlling interest at the deemed acquisition date:	
Property, plant and equipment	356,042
Interests in joint ventures	79,613
Inventories	171,302
Debtors, deposits and prepayments	93,926
Amounts due from non-controlling interests	46,437
Bank balances and cash	120,309
Amounts due to non-controlling interests	(260,964)
Amounts due to joint ventures	(406)
Creditors, deposits and accruals	(110,746)
Bank and other borrowings	(88,117)
Deferred tax liabilities	(23,944)
Non-controlling interests	(21,305)
	362,147
Gain on deemed acquisition *(note 6)*	7,060

The above table also served as the disclosure of summarised financial information (after inter-company elimination) of Qi Yang Group that has non-controlling interests which are material to the Group.

The non-controlling interest of Qi Yang Group, an unlisted group, was determined based on proportionate share of net assets of Qi Yang Group.

(j) Disposal of Wonder (HK) Holdings Limited ("Wonder")

In August 2016, the Group entered into an agreement with an independent third party to dispose of the Group's interest in Wonder. The transaction completed in October 2016.

	HK\$'000
Total consideration satisfied by:	
Cash received	30,448
Less: professional fees and other expenses	(164)
	30,284
Less: Net assets disposed of:	
Interest in an associate	53,410
Amount due from non-controlling interests	988
Non-controlling interests	(21,651)
Exchange fluctuation reserve released upon disposal	1,509
	34,256
Loss on disposal *(note 6)*	(3,972)

15 CONTINGENT LIABILITIES

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

	2018	2017
	HK\$'000	*HK\$'000*
Banking facilities granted to associates	**3,008**	3,442
Banking facilities granted to a joint venture	**318,645**	295,254
Guarantees given to banks and housing retirement fund management centers for mortgage facilities granted to certain buyers of properties	**545,738**	492,299
	867,391	790,995

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

	2018	2017
	HK\$'000	*HK\$'000*
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	**2,739**	3,212

16 COMMITMENT

The Group had commitment as follows:

	2018	2017
	HK$'000	*HK$'000*
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	**733,446**	500,114
– acquisition of property, plant and equipment	**5,773**	14,211
	739,219	514,325

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

	2018	2017
	HK$'000	*HK$'000*
Contracted but not provided for	**12,381**	47,275

17 ASSETS HELD-FOR-SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD-FOR-SALE

On 1 June 2017, the Company announced it has entered into an agreement in respect of the disposal of Chinaford and Dolce Field (investment holding companies which hold the entire interest in CCPD) and the assignment of debt at an aggregate cash consideration of RMB1,570,000,000 (the "Disposal Transaction") and the transaction completed in August 2017 as detailed in note 14(f). Assets and liabilities of CCPD were reclassified as held-for-sale as at 31 March 2017.

	HK$'000
Assets	
Property, plant and equipment	1,676
Properties under development	533,464
Properties for sales	580,488
Debtors, deposits and prepayments	8,155
Bank balances and cash	110,004
Assets of subsidiaries reclassified as held-for-sale *(note 14(f))*	1,233,787
Liabilities	
Amount due to a joint venture	(25,893)
Creditors, deposits and accruals	(122,375)
Liabilities of subsidiaries reclassified as held-for-sale *(note 14(f))*	(148,268)

18 EVENT AFTER THE END OF THE REPORTING PERIOD

Acquisition of senior housing properties

On 25 May 2018, the Group announced it has entered into an agreement to acquire ten senior housing properties in the US at the consideration of US$65,750,000 (equivalent to approximately HK$516,000,000). These ten senior housing properties provide an aggregate of 1,060 units with a total rentable area of over 450,000 square feet.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK$0.25 (2017: HK$0.40) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Wednesday, 12 September 2018. Together with a special interim dividend of HK$1.40 (2017: nil) per share and an interim dividend of HK$0.10 (2017: HK$0.20) per share paid on Wednesday, 27 September 2017 and Thursday, 21 December 2017 respectively, the total dividends for the year amounted to HK$1.75 (2017: HK$0.60) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 29 August 2018 (the "AGM"), the proposed final dividend will be payable in cash to shareholders on or about Tuesday, 18 September 2018.

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 Wednesday, 22 August 2018 to Wednesday, 29 August 2018, 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 registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 August 2018.

For determining entitlement to the proposed final dividend (subject to the passing of an ordinary resolution by the shareholders of the Company at the AGM), the Register of Members of the Company will be closed from Thursday, 6 September 2018 to Wednesday, 12 September 2018, 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 registrar in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated revenue was HK$6,980 million (2017: HK$4,759 million), representing an increase of 47% when compared with the last financial year. Taking into account its share of revenue in its associates and joint ventures, total segment revenue was HK$9,301 million (2017: HK$7,889 million), representing an increase of 18%. With contributions from one-off gains resulting from (i) the disposal of an interest in the Chengdu project, (ii) the disposal of an interest in a wholly-owned subsidiary in Hong Kong, (iii) the recognition of the pre-sales of residential properties in Changchun, and (iv) the fair value increase from the revaluation of the Group's investment properties, profit for the year ended 31 March 2018 boosted substantially by 59% to HK$971 million, when compared to

HK$611 million from last year. Profit attributable to the Company's shareholders for the year ended 31 March 2018 increased substantially to HK$908 million (2017: HK$540 million), and earnings per share was HK$3.01 (2017: HK$1.79).

CONSTRUCTION AND ENGINEERING

The Construction and Engineering segment's revenue for the year ended 31 March 2018 recorded a decrease of 12% to HK$4,174 million (2017: HK$4,759 million). Reflecting the decrease in revenue, profit of this segment decreased by 50% from HK$344 million to HK$172 million. The drop in both revenue and profit was mainly due to the rise in construction and labour costs.

The building construction division focused on private and public sectors projects and implemented effective cost control measures such as Building Information Modelling to enhance operation efficiency so as to cope with stringent competition in the construction market.

Contribution from the electrical and mechanical engineering division remained stable in Hong Kong and Macau. The division secured contracts from a casino and hotel in Macau for the provision of mechanical, electrical and plumbing works during the year under review.

The aluminium windows and curtain walls division recorded a decrease in profit during the year due to continuous increase in labour cost resulting from the severe shortage of manpower in the market. It is anticipated that the performance of this division will be encouraging in the coming year with several contracts secured in both Hong Kong and Australia.

The building supply division recorded a positive contribution to this segment with the increase in secured contracts for the installation of kitchen cabinet in light of more residential buildings being completed during the year. This division will continue to cooperate with potential partners and explore business opportunities.

The environmental engineering division business experienced some set-back during the year under review and provisions were made. However, with the increase in Government expenditure on public works, namely the desalination plant and sewage and water treatment works upgrading projects, the division was awarded several tenders for environmental related projects in the sewage and water segment. The Group is optimistic about the performance of this division in the coming year with the new contracts on hand.

The associates of the lift and escalator division recorded a decrease in turnover and contribution as a result of setback from the sales of equipment and installation in the PRC market during the year. With the recent occurrence of several high-profile lift incidents, the general public in Hong Kong is very much concerned with the safety of lift and escalators in general, which may in turn lead to an increase in demand for lift modernisation and replacement for buildings with equipment that is over 30 years old. The Group is optimistic about the sales and installation of lifts and escalators business for this division.

As at 31 March 2018, the total value of all outstanding construction and engineering contracts of the Group's subsidiaries amounted to HK$4,777 million. Major contracts include:

1. Construction of a Government Complex at Tuen Mun, New Territories;

2. Construction of the expansion of the Blood Transfusion Service Headquarters of the Red Cross at Homantin, Kowloon;

3. Construction of the extension of the Operating Theatre Block for Tuen Mun Hospital, New Territories;

4. Upgrade of sewage treatment capacity of the Kwun Tong Preliminary Treatment Works;

5. Mechanical, electrical and plumbing works for a casino in Macau;

6. Design, supply and installation of curtain wall and aluminium cladding for 450-456G Queen's Road West, Hong Kong;

7. Design, supply and installation of curtain wall and aluminium cladding for 15 Middle Road, Tsim Sha Tsui, Kowloon; and

8. Design, supply and installation of kitchen cabinets for residential units at Lohas Park 6, Tseung Kwan O, New Territories.

PROPERTY INVESTMENT

During the year under review, the Property Investment segment primarily comprised of the properties rental businesses in Hong Kong and PRC. With the repossession of properties owned at Kowloon Bay from tenants for self-use by the Group as headquarters during the year, segment revenue recorded a decrease of 6% to HK$136 million and segment profit also decreased by HK$43 million to HK$279 million.

During the year, the Group acquired a property at 1B and 1C Davis Street, Hong Kong at the consideration of HK$228 million. The property comprises of residential and commercial units and has a total gross floor area of about 9,100 square feet. The property provides stable rental income and also offers potential capital appreciation to the Group.

PROPERTY DEVELOPMENT AND OPERATIONS

During the year under review, the Property Development and Operations segment's revenue increased by 88% from HK$589 million to HK$1,105 million. After taking into consideration (i) the disposal of an interest in the Chengdu project, (ii) the disposal of an interest in a wholly-owned subsidiary in Hong Kong, and (iii) the recognition of the pre-sales of residential properties in Changchun, segment profit rose sharply by 877% from HK$88 million to HK$860 million.

City Hub, a 50-50 joint venture Urban Renewal Authority ("URA") redevelopment project at Chi Kiang Street/Ha Heung Road, To Kwa Wan, received the Certificate of Compliance from the Government in January 2018 and sales commenced in February 2018. The market responded positively with approximately 90 units were sold as at 31 March 2018.

During the year, the Group secured another URA redevelopment project at Fuk Chak Street and Li Tak Street at Tai Kok Tsui, Kowloon. Leased site area of this project is approximately 8,200 square feet and the plan is to develop small to medium sized residential units with a total residential gross floor area of about 55,000 square feet and 7,000 square feet of commercial area. The project is scheduled for completion by 2020/2021.

The Group acquired Darton Tower located at 4 Tai Yip Street, Kowloon, Hong Kong during the year at a consideration of HK$360 million. The plan is to redevelop the property into a multi-storey retail and office building with a total gross floor area of approximately 72,000 square feet. It is anticipated to complete by 2021/2022.

The Group also acquired the residential properties at Nos. 292A-D Prince Edward Road West, Homantin, Kowloon with site area of approximately 7,800 square feet. Total consideration was HK$334 million. Since the properties are situated in an upmarket area in Kowloon, the Group plans to redevelop the properties into a luxurious residential block with a total gross floor area of approximately 39,000 square feet. Completion of the project is expected to be in 2021/2022.

In March 2018, the Group acquired properties at No. 5 Hang Lok Lane, Shatin for redevelopment at the consideration of HK$403 million. Site area is approximately 48,000 square feet. The Group believes that, in view of demands in the Hong Kong property market, together with the Group's past experience in real estate projects, the acquisition represents an opportunity for the Group to further expand its property development business.

Whilst units of "My Villa" in Beijing remain for sale in the market during the year, the pre-sale of residential units in Phase II of "Chevalier City" in Changchun received good response due to a strong demand for affordable housing. Over 70% of the residential units were pre-sold and recognised in 2017/2018. Planning of Phase III of "Chevalier City", covering approximately 100,000 square metres and providing about 1,100 residential units, will commence upon receipt of approvals from the relevant government authorities. It is expected to complete by 2020/2021.

The cold storage and logistics business remained steady although there was a slight decrease in turnover due to unfavourable market changes. The Group's strategic plan is to expand its cold chain logistics business into international freight forwarding, and it has been working in line with key account clients by providing additional quality in-store service and all-in-one total logistics reefer service solution to support its key account clients in facing the changes in the ever competitive and demanding market.

HEALTHCARE INVESTMENT

Segment revenue recorded an increase of 14% from HK$524 million to HK$598 million. However, after taking into consideration the transaction costs of the acquisition of various new investments, contribution of this segment dropped by 90% to HK$3 million.

During the year, the Group acquired two senior housing facilities in Michigan, the US, which together provide an aggregate of 299 units covering independent living, assisted living and memory care services with a total rentable area of over 170,000 square feet. Total consideration was US$33 million (equivalent to approximately HK$257 million).

During the year, the Group also acquired, through capital contribution in a joint venture, three medical office buildings in New York, Pennsylvania and Rhode Island, the US, at approximately US$70 million (equivalent to approximately HK$546 million) in cash. Aggregate total gross floor area is approximately 428,200 square feet. The Group believes that the acquisition of the medical office buildings offers an opportunity to expand the Group's investment portfolio in the US from elderly housing to a wider range of healthcare related properties. In order to reflect the scope of business of this segment after the investment in these three medical office buildings, the name of this segment was changed to "Healthcare Investment".

Subsequent to the financial year, the Group further acquired ten senior housing properties at the consideration of US$66 million (equivalent to approximately HK$516 million). The properties together provide an aggregate of approximately 1,060 units covering independent living, assisted living and memory care services with a total rentable area of over 450,000 square feet.

As at 31 March 2018, the Group owned 25 senior housing facilities providing 1,017 assisted living beds, 759 memory care beds, 119 skilled nursing beds and 299 independent living beds to serve different needs of the aged population in the US.

CAR DEALERSHIP

Following the consolidation of the PRC car dealership business into the Group in the last financial year and benefiting from the steady growth of household disposable income and the introduction of new models from automobile manufacturers in the PRC, revenue of the Car Dealership segment boosted to HK$2,754 million. However, due to thin sales margin and intense competition in people-oriented repair and maintenance services within the automobile industry, profit of this segment amounted to HK$5 million.

In Chengdu, a group of companies representing over 85% revenue of this segment and providing 6 import and domestic car brands operates a total of 14 4S shops. Over 14,000 units of cars were sold during the year putting us in a leading position in Chengdu's domestic car market.

In Canada, the overall performance of our two automobile dealerships, namely Action Honda and Aurora Chrysler was satisfactory for the year under review. Our Canada team is confident that both dealerships will continue to excel and meet performance in the coming year.

OTHERS

During the year, segment revenue recorded a slight drop from HK$555 million to HK$533 million, however, segment profit recorded an increase of 26% from HK$58 million to HK$73 million. Notwithstanding the drop in segment revenue, segment profit increased as a result of positive contribution from the investment portfolio of the insurance and investment business.

During the year under review, the Total Gross Premium Written of the insurance and investment business increased. The Employees' Compensation Premium continues to contribute significantly to this segment's revenue and profit. Property Insurance attracted good quality business and maintained a positive underwriting performance. To diversify the risks and to protect against extreme events, the Group always reviews and ensures its reinsurance programs are sufficient in meeting with current and future situations. In the volatile and competitive market in Hong Kong, the business will continue to adopt a prudential underwriting approach and focus on building its capability to ensure sustainable growth.

FINANCIAL REVIEW

As at 31 March 2018, the Group's net assets attributable to shareholders of the Company amounted to HK$8,733 million, an increase of HK$764 million when compared with 31 March 2017 of HK$7,969 million. Such increase was mainly resulted from the profit attributable to shareholders of the Company of HK$908 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK$367 million, offset by dividend payment of HK$574 million.

As at 31 March 2018, the Group's bank and other borrowings increased to HK$3,377 million (31 March 2017: HK$2,790 million) while bank balances and cash decreased to HK$1,723 million (31 March 2017: HK$1,762 million) as a result of payments for acquiring new properties and projects during the year. 95.8% and 3.9% (2017: 88.2% and 10.8%) of bank and other borrowings were denominated in Hong Kong and US dollar, and Renminbi respectively.

The Group's within one year bank and other borrowings portion was increased from 18.6% as at 31 March 2017 to 22.7% as at 31 March 2018.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 4,000 full-time staff under its subsidiaries globally as at 31 March 2018. Total staff costs amounted to HK$1,034 million for the year ended 31 March 2018. 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 year.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code 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 2018, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Chairman is responsible for overseeing the functioning of the Board while the Managing Director is responsible for managing the Group's businesses. Following the retirement of Dr. Chow Yei Ching as the Co-Chairman of the Company, Mr. Kuok Hoi Sang became the Chairman on 30 August 2017 in addition to his position of Managing Director of the Company. The Board believes that with Mr. Kuok's comprehensive knowledge in the history and various business segments, and his extensive experience in the operation of the Group, vesting the roles of both Chairman and Managing Director in Mr. Kuok provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interest of the Company.

Code Provision A.4.1 stipulates 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.

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 of the Company. Mr. Chow Vee Tsung, Oscar, Dr. Chow Ming Kuen, Joseph, Mr. Yang Chuen Liang, Charles and Professor Poon Chung Kwong were unable to attend the special general meeting of the Company held on 28 July 2017; and Mr. Irons Sze was unable to attend the annual general meeting of the Company held on 30 August 2017; and Mr. Yang, Professor Poon and Mr. Sze were unable to attend the special general meeting of the Company held on 12 October 2017 due to other commitment.

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

The Audit Committee comprises of three Independent Non-Executive Directors of the Company, namely Mr. Yang Chuen Liang, Charles as Committee Chairman, Dr. Chow Ming Kuen, Joseph and Professor Poon Chung Kwong.

During the year, the Audit Committee reviewed with the management the accounting policies and practices adopted by the Group and discussed auditing, risk management, internal controls systems of the Group and financial reporting matters including the audited consolidated financial statements of the Group for the year ended 31 March 2018. They also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement of the Company for the year ended 31 March 2018 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 2018 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

On behalf of the Board, I would like to express my heartfelt gratitude and appreciation to my fellow directors, business partners and shareholders for their support and to all staff for their dedication, hard work and contribution.

By order of the Board
Chevalier International Holdings Limited
KUOK Hoi Sang
Chairman and Managing Director

Hong Kong, 28 June 2018

As at the date of this announcement, the Board of Directors of the Company comprises Messrs Kuok Hoi Sang (Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr. Chow Ming Kuen, Joseph, Mr. Yang Chuen Liang, Charles, Professor Poon Chung Kwong and Mr. Irons Sze as Independent Non-Executive Directors; Dr. Ko Chan Gock, William and Mr. Chow Vee Tsung, Oscar as Non-Executive Directors.

* *For identification purposes only*