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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 2020

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 2020, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	5	6,381,262	6,892,714
Cost of sales		(5,537,293)	(6,005,433)
Gross profit		843,969	887,281
Other income, net	6	45,867	68,327
Other (losses)/gains, net	7	(47,985)	182,400
Gain on disposals of subsidiaries	7	279,678	231
Selling and distribution costs		(148,226)	(157,438)
Administrative expenses		(428,789)	(357,347)
Operating profit		544,514	623,454
Share of results of associates		150,965	125,003
Share of results of joint ventures		840	171,448
		696,319	919,905
Finance income	8	60,167	43,216
Finance costs	8	(113,345)	(123,239)
Finance costs, net	8	(53,178)	(80,023)

	Note	2020 HK\$'000	2019 HK\$'000
Profit before taxation	9	643,141	839,882
Taxation	10	(75,701)	(140,480)
Profit for the year		567,440	699,402
Attributable to:			
Shareholders of the Company		533,081	654,561
Non-controlling interests		34,359	44,841
		567,440	699,402
Earnings per share			
– basic and diluted (HK\$ per share)	11	1.77	2.17

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 HK\$'000	2019 HK\$'000
Profit for the year	567,440	699,402
Other comprehensive (expenses)/income for the year		
Items that will not be reclassified to profit or loss		
Exchange difference attributable to non-controlling interests on translation of operations of overseas subsidiaries	(18,132)	–
Change in fair value of investments at fair value through other comprehensive income	(13,705)	(16,154)
Fair value gain of properties for own use	143	1,447
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	(302,106)	(251,026)
Fair value adjustments on the derivative financial instruments designated as cash flow hedge	(777)	162
Other comprehensive expenses for the year, net of tax	(334,577)	(265,571)
Total comprehensive income for the year	232,863	433,831
Attributable to:		
Shareholders of the Company	216,636	406,960
Non-controlling interests	16,227	26,871
	232,863	433,831

Note:

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Investment properties		3,431,894	3,769,835
Property, plant and equipment		3,034,454	3,161,325
Goodwill		643,979	684,138
Other intangible assets		36,286	63,521
Interests in associates		497,752	474,452
Interests in joint ventures		1,033,798	1,258,318
Investments at fair value through other comprehensive income		34,317	47,404
Investments at fair value through profit or loss		465,907	331,013
Investments at amortised cost		23,003	30,851
Properties under development		404,528	434,051
Deferred tax assets		45,102	29,916
Other non-current assets		138,354	107,615
		<u>9,789,374</u>	<u>10,392,439</u>
Current assets			
Amounts due from associates		20,971	18,371
Amounts due from joint ventures		46,694	56
Amounts due from non-controlling interests		41,250	41,382
Investments at fair value through profit or loss		287,406	415,261
Investments at amortised cost		7,778	3,970
Inventories		275,037	326,865
Properties for sale		267,131	366,619
Properties under development		1,919,611	1,779,646
Debtors, contract assets, deposits and prepayments	13	1,352,348	1,375,643
Derivative financial instruments		242	397
Prepaid tax		31,221	23,069
Bank balances and cash		2,824,666	1,833,084
		<u>7,074,355</u>	<u>6,184,363</u>
Assets held-for-sale	18	175,489	516,549
		<u>7,249,844</u>	<u>6,700,912</u>

	Note	2020 HK\$'000	2019 HK\$'000
Current liabilities			
Amounts due to joint ventures		6,050	6,490
Amount due to a non-controlling interest		257,900	259,713
Derivative financial instruments		399	66
Creditors, bills payable, deposits, contract liabilities and accruals	14	2,530,774	2,523,047
Unearned insurance premiums and unexpired risk reserves		98,158	47,028
Outstanding insurance claims		209,444	237,913
Current income tax liabilities		54,980	66,276
Bank and other borrowings		885,078	1,109,840
Lease liabilities		17,159	–
		<u>4,059,942</u>	<u>4,250,373</u>
Liabilities directly associated with assets held-for-sale	18	128,350	34
		<u>4,188,292</u>	<u>4,250,407</u>
Net current assets		<u>3,061,552</u>	<u>2,450,505</u>
Total assets less current liabilities		<u>12,850,926</u>	<u>12,842,944</u>
Capital and reserves			
Share capital		377,411	377,411
Reserves		8,694,648	8,644,073
		<u>9,072,059</u>	<u>9,021,484</u>
Shareholders' funds		9,072,059	9,021,484
Non-controlling interests		611,012	620,589
		<u>9,683,071</u>	<u>9,642,073</u>
Total equity		<u>9,683,071</u>	<u>9,642,073</u>
Non-current liabilities			
Amount due to a non-controlling interest		169,880	118,137
Unearned insurance premiums		128,437	89,500
Bank and other borrowings		2,482,989	2,630,370
Lease liabilities		45,664	–
Deferred tax liabilities		340,885	362,864
		<u>3,167,855</u>	<u>3,200,871</u>
Total equity and non-current liabilities		<u>12,850,926</u>	<u>12,842,944</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, staff quarters, investments at fair value through other comprehensive income (“FVOCI”) and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVPL”).

The outbreak of the Novel Coronavirus (“COVID-19”) since January 2020, followed by declaration by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, to a certain extent, brought challenges to the Group’s business performance during the year and ahead. The Group’s businesses are diversified which enabled the Group to have a strong resilience to the impact of economic downturns. The Directors have considered the existing and potential impact arising from the outbreak of COVID-19 in the preparation of the consolidated financial statements. The Directors will remain cautious on the ongoing development of COVID-19 that may cause further volatility and uncertainty in the global financial market and economy, and will take necessary measures to address the impact arising therefrom.

2 Accounting policies

(a) New standard, amendments, interpretation and improvements to existing standards that are effective for the Group’s financial year beginning on 1 April 2019

The HKICPA has issued the following new standard which is effective for accounting period beginning on 1 April 2019:

- HKFRS 16, “Leases” (“HKFRS 16”)

The impact of the adoption of this standard and the new accounting policies are disclosed in note 3 below.

The following amendments, interpretation and improvements to existing standards, that are relevant to the Group’s operation, are also mandatory for the financial year of the Group beginning on 1 April 2019:

- HKAS 19 (amendment), “Plan Amendment, Curtailment or Settlement”
- HKAS 28 (amendment), “Long-term Interests in Associates and Joint Ventures”
- HKFRS 9 (amendment), “Prepayment Features with Negative Compensation”
- HK(IFRIC)-Int 23, “Uncertainty over Income Tax Treatments”
- Annual Improvements Project – Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of these amendments, interpretation and improvements to existing standards neither 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 standard and amendments to existing standards that have been issued but not yet effective and have not been early adopted by the Group

The following new standard 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 2019 and have not been early adopted:

- HKAS 1 and HKAS 8 (amendment), "Definition of Material"¹
- HKFRS 3 (amendment), "Definition of a Business"¹
- HKFRS 9, HKAS 39 and HKFRS 7 (amendments), "Interest Rate Benchmark Reform"¹
- HKFRS 10 and HKAS 28 (amendment), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"³
- HKFRS 16 (amendment), "Leases, Related Rent Concessions"¹
- HKFRS 17, "Insurance Contracts"²
- Conceptual Framework for Financial Reporting 2018 – "Revised Conceptual Framework for Financial Reporting"¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after a date to be determined

HKFRS 17, "Insurance Contracts" ("HKFRS 17")

HKFRS 17 will replace the current HKFRS 4, "Insurance Contracts". HKFRS 17 includes some fundamental differences to current accounting in both insurance contract measurement and profit recognition. The general model is based on a discounted cash flow model with a risk adjustment and deferral of unearned profits. A separate approach applies to insurance contracts that are linked to returns on underlying items and meet certain requirements. Additionally, HKFRS 17 requires more granular information and a new presentation format for the consolidated statement of comprehensive income as well as extensive disclosures. The Group is yet to undertake a detailed assessment of the new standard. The standard is mandatorily effective for financial periods beginning on or after 1 January 2021.

Other than the above, the Group anticipates that the application of amendments 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 Changes in significant accounting policies

The impacts of the adoption of HKFRS 16 on the Group's consolidated financial statements are detailed below and it also discloses the new accounting policies that have been applied from 1 April 2019, where they are different to those applied in prior periods.

(a) Impact on the consolidated financial statements

As explained in note 3(b) below, the Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparative information for the prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2019, but are recognised in the opening consolidated statement of financial position as at 1 April 2019.

(b) HKFRS 16 – Impact of adoption

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases” (“HKAS 17”). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 April 2019 was 4.10%. While for right-of-use assets, the Group has elected to measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

	HK\$'000
Operating lease commitments at 31 March 2019	89,381
Add: Finance lease liabilities at 31 March 2019	277
Less:	
Short-term leases to be recognised on a straightline basis as expense	(1,222)
Discounted using the lessee's incremental borrowing rates at the date of initial application	(12,470)
	<hr/>
Total lease liabilities at 1 April 2019	75,966
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Of which are:	
Current lease liabilities	13,401
Non-current lease liabilities	62,565
	<hr/>
	75,966
	<hr/> <hr/>

The change in accounting policies affected the following items in the consolidated statement of financial position as at 1 April 2019:

- Property, plant and equipment (including right-of-use assets) – increase by HK\$76,388,216
- Debtors, contract assets, deposits and prepayments – decrease by HK\$698,582
- Bank and other borrowings – decrease by HK\$276,831
- Lease liabilities – increase by HK\$75,966,465

There were no impact on retained profits on 1 April 2019.

(c) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative to performing an impairment review;

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

4 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.

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 2020							
REVENUE							
Total revenue	2,431,222	142,463	587,136	844,970	1,833,846	621,591	6,461,228
Inter-segment revenue	–	–	(44,545)	–	–	(35,421)	(79,966)
Group revenue	2,431,222	142,463	542,591	844,970	1,833,846	586,170	6,381,262
Share of revenue of associates and joint ventures	1,758,262	–	156,545	119,360	469,090	107,246	2,610,503
Proportionate revenue from a joint venture eliminated	(84,791)	–	–	–	–	–	(84,791)
Segment revenue	4,104,693	142,463	699,136	964,330	2,302,936	693,416	8,906,974

Revenue from contracts with customers:							
– recognised at a point in time	20,802	–	211,451	–	1,816,448	368,543	2,417,244
– recognised over time	2,410,385	–	326,994	844,970	–	36,198	3,618,547
Revenue from other sources	35	142,463	4,146	–	17,398	181,429	345,471
Group revenue	2,431,222	142,463	542,591	844,970	1,833,846	586,170	6,381,262

RESULTS

Segment profit/(loss)	317,997	219,806	314,826	(104,599)	3,431	(4,871)	746,590
Included in segment profit/(loss) are:							
Share of results of associates	169,732	–	(15)	–	–	(18,752)	150,965
Share of results of joint ventures	949	–	(2,997)	(4,069)	6,957	–	840
Decrease in fair value of investment properties	–	(24,937)	–	–	–	–	(24,937)
Depreciation and amortisation, net of capitalisation	(10,860)	(564)	(57,907)	(83,692)	(26,607)	(11,111)	(190,741)
Impairment loss on properties for sale	–	–	(10,304)	–	–	–	(10,304)
Impairment loss on goodwill	–	–	–	(4,381)	–	–	(4,381)
Unrealised gain on derivative financial instruments	–	–	–	–	–	242	242
Unrealised loss on investments at fair value through profit or loss	–	–	–	–	(4,220)	(24,936)	(29,156)
Provision (recognised)/written back for inventories to net realisable value, net	(4)	–	–	–	1,106	(3,744)	(2,642)
Provision recognised on trade and other debtors, net	(311)	(40)	(87)	(5,832)	–	(2,885)	(9,155)

	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 2019							
REVENUE							
Total revenue	2,678,957	140,579	719,428	743,018	2,127,864	556,724	6,966,570
Inter-segment revenue	–	–	(44,765)	–	–	(29,091)	(73,856)
Group revenue	2,678,957	140,579	674,663	743,018	2,127,864	527,633	6,892,714
Share of revenue of associates and joint ventures	1,657,039	–	346,529	122,669	467,672	151,053	2,744,962
Proportionate revenue from a joint venture eliminated	(74,387)	–	–	–	–	–	(74,387)
Segment revenue	<u>4,261,609</u>	<u>140,579</u>	<u>1,021,192</u>	<u>865,687</u>	<u>2,595,536</u>	<u>678,686</u>	<u>9,563,289</u>

Revenue from contracts with customers:							
– recognised at a point in time	34,335	–	366,104	–	2,113,721	349,072	2,863,232
– recognised over time	2,644,587	–	301,535	743,018	–	28,966	3,718,106
Revenue from other sources	35	140,579	7,024	–	14,143	149,595	311,376
Group revenue	<u>2,678,957</u>	<u>140,579</u>	<u>674,663</u>	<u>743,018</u>	<u>2,127,864</u>	<u>527,633</u>	<u>6,892,714</u>

RESULTS							
Segment profit/(loss)	<u>293,763</u>	<u>269,219</u>	<u>217,798</u>	<u>144,109</u>	<u>(9,610)</u>	<u>46,817</u>	<u>962,096</u>
Included in segment profit/(loss) are:							
Share of results of associates	127,452	–	873	–	–	(3,322)	125,003
Share of results of joint ventures	428	–	17,361	150,487	3,172	–	171,448
Increase in fair value of investment properties	–	166,406	–	–	–	–	166,406
Depreciation and amortisation, net of capitalisation	(8,254)	(457)	(55,555)	(66,491)	(20,921)	(2,595)	(154,273)
Unrealised loss on derivative financial instruments	(129)	–	–	–	–	–	(129)
Unrealised loss on investments at fair value through profit or loss	–	–	–	–	–	(12)	(12)
Provision written back/(recognised) for inventories to net realisable value, net	28	–	–	–	(1,182)	(71)	(1,225)
Provision written back/(recognised) on trade and other debtors, net	<u>1,497</u>	<u>–</u>	<u>–</u>	<u>(6,187)</u>	<u>–</u>	<u>(309)</u>	<u>(4,999)</u>

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:

	2020	2019
	HK\$'000	HK\$'000
Total segment revenue	8,906,974	9,563,289
Add: Proportionate revenue from a joint venture eliminated	84,791	74,387
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	1,149,497	1,086,836
Sales of motor vehicles and others	469,090	467,672
Maintenance and other services	608,765	570,573
Food and beverage	107,246	151,053
Hotel operations	28,273	36,518
Sales and leasing of properties	247,632	432,310
	2,610,503	2,744,962
Total revenue in the consolidated income statement (note 5)	6,381,262	6,892,714

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

	2020	2019
	HK\$'000	HK\$'000
Segment profit	746,590	962,096
Unallocated corporate expenses	(50,271)	(42,191)
Finance income	60,167	43,216
Finance costs	(113,345)	(123,239)
Profit before taxation	643,141	839,882

(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 2020							
ASSETS							
Segment assets	<u>1,570,790</u>	<u>3,758,183</u>	<u>4,952,662</u>	<u>2,687,648</u>	<u>987,132</u>	<u>1,554,749</u>	<u>15,511,164</u>
Included in segment assets are:							
Interests in associates	475,744	–	–	–	–	22,008	497,752
Interests in joint ventures	13,455	–	334,801	608,849	76,693	–	1,033,798
Amounts due from associates	19,584	–	–	–	–	1,387	20,971
Amount due from a joint venture	–	–	46,694	–	–	–	46,694
Additions to non-current assets (note)	<u>4,939</u>	<u>769</u>	<u>47,564</u>	<u>43,681</u>	<u>128,759</u>	<u>2,851</u>	<u>228,563</u>
LIABILITIES							
Segment liabilities	<u>1,714,398</u>	<u>37,594</u>	<u>420,305</u>	<u>405,145</u>	<u>419,563</u>	<u>545,206</u>	<u>3,542,211</u>
Included in segment liabilities are:							
Amounts due to joint ventures	<u>–</u>	<u>–</u>	<u>5,869</u>	<u>–</u>	<u>181</u>	<u>–</u>	<u>6,050</u>
At 31 March 2019							
ASSETS							
Segment assets	<u>1,584,159</u>	<u>4,295,194</u>	<u>5,521,114</u>	<u>2,806,904</u>	<u>1,015,704</u>	<u>1,456,845</u>	<u>16,679,920</u>
Included in segment assets are:							
Interests in associates	431,656	–	1,381	–	–	41,415	474,452
Interests in joint ventures	12,506	–	516,578	651,060	78,174	–	1,258,318
Amounts due from associates	17,684	–	–	–	–	687	18,371
Amounts due from joint ventures	50	–	6	–	–	–	56
Additions to non-current assets (note)	<u>13,885</u>	<u>1,077</u>	<u>522,450</u>	<u>551,615</u>	<u>21,475</u>	<u>9,929</u>	<u>1,120,431</u>
LIABILITIES							
Segment liabilities	<u>1,615,001</u>	<u>68,067</u>	<u>462,093</u>	<u>223,650</u>	<u>403,534</u>	<u>460,688</u>	<u>3,233,033</u>
Included in segment liabilities are:							
Amounts due to joint ventures	<u>–</u>	<u>–</u>	<u>6,299</u>	<u>–</u>	<u>191</u>	<u>–</u>	<u>6,490</u>

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:

	2020	2019
	HK\$'000	HK\$'000
Segment assets	15,511,164	16,679,920
Prepaid tax	31,221	23,069
Unallocated bank balances and cash	1,442,401	351,116
Deferred tax assets	45,102	29,916
Other unallocated assets	9,330	9,330
	<hr/>	<hr/>
Total assets	17,039,218	17,093,351
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	3,542,211	3,233,033
Current income tax liabilities	54,980	66,276
Bank and other borrowings	3,368,067	3,740,210
Deferred tax liabilities	340,885	362,864
Other unallocated liabilities	50,004	48,895
	<hr/>	<hr/>
Total liabilities	7,356,147	7,451,278
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(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 ("the 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 businesses are carried out in the US. Car dealership businesses are carried out in Mainland China. Other businesses are mainly carried out in Hong Kong, Macau and Australia.

	Segment revenue by geographical areas							
	2020				2019			
	Company and subsidiaries	Associates and joint ventures	Total	%	Company and subsidiaries	Associates and joint ventures	Total	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Hong Kong	2,370,541	673,503 ¹	3,044,044	34	2,809,371	905,084 ¹	3,714,455	39
Mainland China	1,678,613	1,330,830	3,009,443	34	2,115,216	1,284,521	3,399,737	36
The US	1,089,123	119,360	1,208,483	14	981,846	122,669	1,104,515	11
Macau	746,771	13,628	760,399	8	418,897	34,261	453,158	5
Canada	386,442	–	386,442	4	390,443	–	390,443	4
Singapore	12,370	342,341	354,711	4	12,101	295,666	307,767	3
Australia	40,111	25,914	66,025	1	110,968	27,938	138,906	1
Thailand	57,291	–	57,291	1	53,872	–	53,872	1
Others	–	20,136	20,136	–	–	436	436	–
	6,381,262	2,525,712	8,906,974	100	6,892,714	2,670,575	9,563,289	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 years ended 31 March 2020 and 2019.

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	
	2020 HK\$'000	2019 HK\$'000
Hong Kong	3,191,789	3,462,181
Mainland China	2,065,937	1,988,859
The US	1,743,642	2,021,488
Singapore	424,834	475,082
Canada	207,085	215,542
Macau	48,067	48,814
Thailand	8,019	8,171
Others	122	348
	7,689,495	8,220,485

5 Revenue

	2020 HK\$'000	2019 HK\$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	2,258,602	2,505,795
Sale of information technology equipment, motor vehicles and others	1,970,771	2,233,628
Senior housing operations	844,970	743,018
Sales and leasing of properties	284,748	437,519
Warehouse and logistics services	377,819	372,176
Maintenance and property management services	401,017	392,207
Hotel operations	50,485	50,146
Insurance premium	159,535	133,413
Interest income from investments	16,633	13,040
Dividend income from investments	4,720	2,555
Leasing of vehicles and equipment	11,962	9,217
	<hr/>	<hr/>
Total revenue (note 4)	6,381,262	6,892,714

6 Other income, net

	2020 HK\$'000	2019 HK\$'000
(Loss)/gain on investments at fair value through profit or loss	(32,357)	887
Gain/(loss) on derivative financial instruments	224	(590)
Sales and marketing services income from an associate	33,922	31,901
Management fee income from an associate and a joint venture	21,308	22,936
Other investment gain	–	2,263
Others	22,770	10,930
	<hr/>	<hr/>
	45,867	68,327

7 Other (losses)/gains, net

	2020	2019
	HK\$'000	HK\$'000
(Decrease)/increase in fair value of investment properties	(24,937)	166,406
Remeasurement gain on transfer from properties for sale to investment properties	–	25,838
(Loss)/gain on disposal of property, plant and equipment	(6,654)	105
Loss on disposal of investment property	(320)	–
Provision recognised on trade and other debtors	(9,155)	(4,999)
Loss on disposal of an associate	(1,119)	–
Impairment loss on properties for sale	(10,304)	–
Impairment loss on goodwill	(4,381)	–
Exchange gain/(loss)	8,885	(4,950)
	<u>(47,985)</u>	<u>182,400</u>

Gain on disposals of subsidiaries

	2020	2019
	HK\$'000	HK\$'000
Gain on disposals of		
– Moon Colour Group (note 15(b))	166,747	–
– New Rise (note 15(c))	38,680	–
– Jumbo Rainbow Group (note 15(d))	74,251	–
– other subsidiaries	–	231
	<u>279,678</u>	<u>231</u>

8 Finance costs, net

	2020	2019
	HK\$'000	HK\$'000
Interest expenses on lease liabilities, bank overdrafts and bank and other borrowings	153,900	142,500
Less: Amounts capitalised to properties under development (note)	(40,555)	(19,261)
	<u>113,345</u>	<u>123,239</u>
Less: Interest income from bank deposits and a joint venture	(60,167)	(43,216)
	<u>53,178</u>	<u>80,023</u>

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was between 2.58% and 3.72% per annum (2019: between 1.6% and 3.0% per annum).

9 Profit before taxation

	2020 HK\$'000	2019 HK\$'000
Profit before taxation has been arrived at after charging/(crediting) the following:		
Depreciation of property, plant and equipment	166,869	137,290
Less: Amounts capitalised to contract work	(3,026)	(2,002)
	163,843	135,288
Staff costs	1,258,343	1,148,752
Less: Amounts capitalised to contract work	(206,070)	(186,154)
	1,052,273	962,598
Short term lease payments in respect of leasing of		
– premises	7,010	15,108
– equipment	2,354	2,832
	9,364	17,940
Auditors' remuneration		
– audit services	15,384	14,115
– non-audit services	2,617	4,314
– under-provision in prior years	728	470
	18,729	18,899
Amortisation of other intangible assets	26,898	18,985
Provision for inventories to net realisable value, net	2,642	1,225
Provision recognised on trade and other debtors, net	9,155	4,999
Gross rental income of HK\$155,448,000 (2019: HK\$156,322,000) from properties less direct operating expenses	(130,854)	(134,479)

10 Taxation

	2020 HK\$'000	2019 HK\$'000
Current tax		
Hong Kong	49,885	52,552
Mainland China	25,205	20,046
Overseas	23,342	25,926
Over provision in prior years	(1,129)	(8,366)
	<u>97,303</u>	<u>90,158</u>
Deferred tax		
Origination and reversal of temporary differences	(21,602)	50,322
	<u>75,701</u>	<u>140,480</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2019: 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.

11 Earnings per share

The earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 March 2020.

	2020 HK\$'000	2019 HK\$'000
Profit attributable to shareholders of the Company	<u>533,081</u>	<u>654,561</u>
	2020	2019
Weighted average number of ordinary shares in issue ('000 shares)	<u>301,928</u>	<u>301,928</u>
Basic and diluted earnings per share (HK\$)	<u>1.77</u>	<u>2.17</u>

There were no potential diluted ordinary shares in existence for the years ended 31 March 2020 and 2019.

12 Dividends

	2020 HK\$'000	2019 HK\$'000
Interim dividend of HK\$0.20 (2019: HK\$0.15) per share paid	60,386	45,289
Final dividend of HK\$0.32 (2019: HK\$0.35) per share proposed	96,617	105,675
	<u>157,003</u>	<u>150,964</u>

Final dividend of HK\$0.32 per share totaling HK\$96,617,000 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 2021.

13 Debtors, contract assets, deposits and prepayments

	2020 HK\$'000	2019 HK\$'000
Trade debtors	611,303	553,658
Less: Provision for impairment	(28,962)	(30,865)
Trade debtors, net	<u>582,341</u>	<u>522,793</u>
Retention receivables	221,142	297,254
Less: Provision for impairment	(9,186)	(9,186)
Retention receivables, net	<u>211,956</u>	<u>288,068</u>
Contract assets	79,635	61,702
Other debtors, deposits and prepayments	478,416	503,080
	<u>1,352,348</u>	<u>1,375,643</u>

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 of impairment provision, is presented based on the invoice date as follows:

	2020 HK\$'000	2019 HK\$'000
0-60 days	485,432	360,692
61-90 days	40,774	74,611
Over 90 days	56,135	87,490
	<u>582,341</u>	<u>522,793</u>

14 Creditors, bills payable, deposits, contract liabilities and accruals

	2020 HK\$'000	2019 HK\$'000
Trade creditors and bills payable	292,561	287,318
Retention payables	166,542	208,431
Deposits received	44,216	177,441
Contract liabilities	233,394	97,431
Accrued contract costs	1,309,658	1,246,367
Other creditors and accruals	484,403	506,059
	<u>2,530,774</u>	<u>2,523,047</u>

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

	2020 HK\$'000	2019 HK\$'000
0-60 days	257,043	265,795
61-90 days	7,877	6,261
Over 90 days	27,641	15,262
	<u>292,561</u>	<u>287,318</u>

15 Acquisitions and disposals

(a) Acquisitions of senior housing properties

On 25 May 2018, the Group announced the acquisition of ten senior housing properties in the US at the consideration of US\$65,000,000 (equivalent to approximately HK\$509,600,000). The transaction completed in January 2019.

	2019 HK\$'000
Purchase consideration satisfied by:	
Cash paid	509,600
	<u>509,600</u>
Fair value of net assets acquired:	
Property, plant and equipment	458,640
Intangible assets	50,960
	<u>509,600</u>
Acquisition related expenses (included in administrative expenses)	11,342
	<u>11,342</u>
Net cash outflow arising from the acquisition:	
Cash consideration paid	(509,600)
	<u>(509,600)</u>

The acquired business contributed revenue of HK\$122,617,000, earnings before interest, tax, depreciation and amortisation (before deducting the acquisition related expenses of HK\$11,342,000) of HK\$4,454,000 and net loss of HK\$35,684,000 to the Group for the period from 1 July 2018 to 31 March 2019.

If the acquisition had occurred on 1 April 2018, pro-forma revenue and net loss for the year ended 31 March 2019 of the acquired business would have been HK\$214,352,000 and HK\$48,488,000 respectively, resulting in consolidated pro-forma revenue and profit for the year ended 31 March 2019 of the Group to be HK\$6,984,449,000 and HK\$686,598,000 respectively. The information is for illustrative purpose only and does not represent actual results for the year.

(b) Disposal of Moon Colour Holdings Limited and its subsidiaries (“Moon Colour Group”)

On 28 March 2019, the Group entered into an agreement to dispose of entire interest in Moon Colour Group at a consideration of approximately HK\$540,000,000. The transaction completed on 1 April 2019.

	2020
	HK\$'000
Cash consideration	540,244
Less: professional fees and other expenses	<u>(2,969)</u>
	537,275

Net assets disposed	<u>(370,528)</u>

Gain on disposal, net (note 7)	<u><u>166,747</u></u>
Net cash inflow arising from the disposal:	
Cash consideration received	540,244
Professional fees and other expenses	<u>(2,969)</u>
	537,275
	<u><u>537,275</u></u>

(c) Disposal of New Rise Properties Limited (“New Rise”)

In March 2019, the Group entered into an option agreement with an independent third party. Under the option agreement, the counterparty has right to acquire New Rise. In June 2019, the counterparty exercised the option to acquire New Rise at a consideration of HK\$187,000,000. The transaction completed in the same month.

	2020
	HK\$’000
Cash consideration	187,000
Less: professional fees and other expenses	(2,301)
	<u>184,699</u>
Net assets disposed	<u>(146,019)</u>
Gain on disposal, net (note 7)	<u>38,680</u>
Net cash inflow arising from the disposal:	
Cash consideration received	187,000
Professional fees and other expenses	(2,301)
	<u>184,699</u>

(d) Disposal of Jumbo Rainbow Limited and its subsidiary (“Jumbo Rainbow Group”)

In June 2019, the Group entered into an agreement to dispose of entire interest in Jumbo Rainbow Group at a consideration of approximately HK\$279,000,000. The transaction completed in October 2019.

	2020
	HK\$’000
Cash consideration	279,108
Less: professional fees and other expenses	(2,502)
	<u>276,606</u>
Net assets disposed	<u>(202,355)</u>
Gain on disposal, net (note 7)	<u>74,251</u>
Net cash inflow arising from the disposal:	
Cash consideration received	279,108
Professional fees and other expenses	(2,502)
	<u>276,606</u>

16 Contingent liabilities

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

	2020 HK\$'000	2019 HK\$'000
Banking facilities granted to associates	1,368	1,398
Guarantees given to banks and housing retirement fund management centres for mortgage facilities granted to certain buyers of properties	548,760	521,960
	<u>550,128</u>	<u>523,358</u>

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

	2020 HK\$'000	2019 HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	268	287
	<u>268</u>	<u>287</u>

In respect of a completed engineering contract, the Group has contingent liabilities arising from the claims lodged by a subcontractor for an unprovided amount of approximately HK\$27 million. The ultimate outflow, if any, to settle this possible obligation is subject to the final outcome of the legal proceedings and is uncertain.

17 Commitment

The Group had commitment as follows:

	2020 HK\$'000	2019 HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	474,492	342,284
– acquisition of property, plant and equipment	3,018	1,083
– acquisition of a senior housing property (note 19)	151,125	–
	<u>628,635</u>	<u>343,367</u>

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

	2020	2019
	HK\$'000	HK\$'000
Contracted but not provided for	8,215	8,699

18 Assets held-for-sale/liabilities directly associated with assets held-for-sale

Balance as at 31 March 2019

In December 2018, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire interest in Moon Colour and its wholly owned subsidiaries (together, "Moon Colour Group", the group engaged in the property development project located at Tai Yip Street, Kwun Tong), at a consideration of approximately HK\$540 million (note 15(b)).

In March 2019, the Group entered into an option agreement with an independent third party. Under the option agreement, the counterparty has a right to acquire New Rise Properties Limited ("New Rise", a wholly owned subsidiary of the Group which holds the interest in the property situated at the Ground Floor of Block A and the Ground Floor of Block B, East Sun Industrial Centre together with Car Park Space Nos. 23 and 24, Ground Floor, East Sun Industrial Centre, Kwun Tong), at a consideration of HK\$187 million (note 15(c)).

As a result of these transactions, the assets and liabilities of Moon Colour Group and New Rise were reclassified as assets and liabilities held-for-sale respectively as at 31 March 2019.

Balance as at 31 March 2020

In January 2020, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group's entire interest in eight companies (the "Disposal Group", which owned seven senior housing properties and related assets and liabilities located in North Carolina, the US) at a consideration of approximately US\$42 million (equivalent to approximately HK\$328 million) (on mortgage-free basis). The assets and liabilities of the Disposal Group as at 31 March 2020 were classified as assets held-for-sale and liabilities directly associated with assets held-for-sale respectively. The assets held-for-sale have been stated at the lower of carrying amount and fair value less costs to sell. The transaction is pending for completion as at the date of this results announcement. Upon completion, the gain on disposal before tax is estimated to be approximately US\$21 million (equivalent to approximately HK\$161 million).

	2020 HK\$'000	2019 HK\$'000
Assets		
Investment properties	–	146,000
Property, plant and equipment	123,992	–
Goodwill	29,439	–
Properties under development	–	367,498
Other non-current assets	4,198	–
Inventories	82	–
Deferred tax assets	4,603	3,028
Debtors, deposits and prepayments	12,640	23
Bank balances and cash	535	–
	<hr/>	<hr/>
Assets of subsidiaries reclassified as held-for-sale	175,489	516,549
	<hr/> <hr/>	<hr/> <hr/>
Liabilities of subsidiaries reclassified as held-for-sale		
Creditors, borrowings, amount due to a non-controlling interest, deposits and accruals	128,350	34
	<hr/> <hr/>	<hr/> <hr/>

19 Events after the end of the reporting period

Acquisition of a senior housing property

In January 2020, OR4 Medford, LLC (a subsidiary of the Group) entered into a sale and purchase agreement with an independent third party to purchase a senior housing property in the US at a consideration of US\$19.5 million (equivalent to approximately HK\$151 million). The transaction completed in May 2020.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK\$0.32 (2019: HK\$0.35) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Friday, 11 September 2020. Together with an interim dividend of HK\$0.20 (2019: HK\$0.15) per share paid on Friday, 20 December 2019, the total dividends for the year amounted to HK\$0.52 (2019: HK\$0.50) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 28 August 2020 (the “AGM”), the proposed final dividend will be payable in cash to shareholders on or about Friday, 18 September 2020.

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 Friday, 21 August 2020 to Friday, 28 August 2020, 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 and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 20 August 2020.

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 Monday, 7 September 2020 to Friday, 11 September 2020, 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 and transfer office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated revenue was HK\$6,381 million (2019: HK\$6,893 million), representing a decrease of 7% 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\$8,907 million (2019: HK\$9,563 million), representing a decrease of 7%. Profit for the year ended 31 March 2020 reported a decrease of 19% to HK\$567 million after taking into account contributions from one-off disposal gains deriving from the sale of (i) the office and commercial property development project at Tai Yip Street, Kwun Tong amounting to HK\$167 million, (ii) the industrial property located at East Sun Industrial Centre at Kwun Tong amounting to HK\$39 million and (iii) the residential and commercial property project located at Davis Street, Kennedy Town, Hong Kong amounting to HK\$74 million. Profit attributable to the Company's shareholders for the year ended 31 March 2020 decreased to HK\$533 million (2019: HK\$655 million), and earnings per share was HK\$1.77 (2019: HK\$2.17).

CONSTRUCTION AND ENGINEERING

The Construction and Engineering segment's revenue for the year ended 31 March 2020 recorded a slight decrease of 4% to HK\$4,105 million (2019: HK\$4,262 million) while segment profit increased by 8% from HK\$294 million to HK\$318 million. The increase in profit was mainly due to the increase in the contribution from the Group's associates.

Our building construction division continued to serve clients in both the private and public sectors. The overall performance of this segment maintained steady growth. During the year under review, the Group invested sizable resources and manpower in the latest prefabricated construction technology, that is, the Modular Integrated Construction (MiC) and the advanced virtual visualisation technology of Building Information Modelling (BIM), so as to enhance the productivity of the Group, improve site safety and also to resolve the labour shortage problem in the market.

The performance of the electrical and mechanical engineering division also maintained steady growth as this division continued to work on projects of Galaxy Resort & Casino at Cotai City, Macau for the provision of mechanical, electrical and plumbing works during the year under review.

The contribution of the aluminium windows and curtain walls division and the building supply division experienced a decrease in both revenue and profit due to the slowdown of building and construction projects in the market during the year. With the passing of budget bills of government projects and the easing of COVID-19 subsequent to the financial year, both divisions will take proactive actions with caution in seeking business opportunities in the coming year.

The environmental engineering division reported a positive contribution as a result of the recognition of profit after the completion of projects during the year. The division will continue to partner with seasoned experts in this field to form joint ventures and carry out sewage treatment and water treatment works projects from the Drainage Services Department and Water Supplies Department respectively.

As a result of the turnaround in the performance of its associates in Mainland China, the lift and escalator division recorded an encouraging result during the year. With an increase in the awareness of lift safety and the advocacy for rehabilitation of lifts in ageing buildings in Hong Kong, it is anticipated that the demand for the supply and installation of lifts and related equipment to replace aged lifts under the Government Lift Modernisation Subsidy Scheme will increase. Leveraging on the Group's expertise and good track record in the lift and escalator industry, the Group believes that we are in a competitive position and will capture any future market opportunities in the coming year.

As at 31 March 2020, the total value of all outstanding construction and engineering contracts of the Group's subsidiaries amounted to HK\$4,455 million. Major contracts include:

1. Construction of the extension of the operating theatre block for Tuen Mun Hospital, New Territories;
2. Construction of commercial development at A.I.L. 462 Yip Kan Street & Wong Chuk Hang Road, Hong Kong;
3. Construction of heated swimming pool at Morse Park, Kowloon;
4. Upgrade of Kwun Tong Preliminary Treatment Works;
5. Mechanical and electrical works for Galaxy Resort & Casino Phase 3C Multi-Functional Hall Convention Complex and Hotel at Cotai City, Macau;

6. Supply of kitchen cabinets for residential units at Lohas Park 6, Tseung Kwan O, New Territories; and
7. Design, supply and installation of curtain walls, windows, metal claddings, acoustic panels and glass balustrades for proposed residential development at No. 547 Castle Peak Road, Tuen Mun, New Territories.

PROPERTY INVESTMENT

The property rental business of this segment covered Hong Kong, Singapore and Mainland China during the year under review. This segment experienced a slight increase in revenue from HK\$140 million to HK\$142 million, representing an increase of 1%. The increase in revenue was mainly attributable from the stable income arising from the letting of the properties. The segment profit decreased by 18% from HK\$269 million to HK\$220 million, mainly due to decrease in re-valuation as compared to last year despite positive contribution from the one-off disposal gain from the industrial property located at East Sun Industrial Centre at Kwun Tong and the residential and commercial property project located at Davis Street, Kennedy Town, Hong Kong.

During the year, the Group disposed a residential and commercial property with gross floor area of about 9,100 square feet located at 1B and 1C Davis Street, Hong Kong. The property was acquired in 2017 at a consideration of HK\$228 million. The completion of the sale took place on 31 October 2019.

PROPERTY DEVELOPMENT AND OPERATIONS

During the year under review, the Property Development and Operations segment recorded a decrease of 32% in revenue from HK\$1,021 million to HK\$699 million while its segment profit increased by 44% from HK\$218 million to HK\$315 million. The attributable profit mainly arose from the one-off disposal gain from the office and commercial property development project at Tai Yip Street, Kwun Tong.

With its optimal location and proximity to the new To Kwa Wan MTR station which is expected to open in 2021, the Group will focus on marketing the remaining residential units and commercial area of City Hub, the Urban Renewal Authority (“URA”) re-development project in which the Group owns 50% interest located in To Kwa Wan, Kowloon in the coming year.

The Group's latest 100% owned URA re-development project at 8 Fuk Chak Street, Tai Kok Tsui was officially named "Sablier" in May 2020. Upon completion, it will provide 144 small to medium size residential units with residential gross floor area of about 55,000 square feet and commercial area of 7,000 square feet. The project is scheduled for completion by 2021.

Foundation works of the redevelopment project at 292A-D Prince Edward Road West, Homantin, Kowloon commenced in April 2019 and is scheduled for completion in the third quarter of 2020. Given the site is situated in a well sought after location in Kowloon, the Group intends to redevelop it into a luxurious residential block with a gross floor area of approximately 39,000 square feet.

Demolition works for the redevelopment project at 5 Hang Lok Lane, Shatin completed in April 2019 and the Group plans to redevelop this project into luxurious residential units consisting houses or low-rise apartment blocks. The project is currently in the planning stage.

Phase III of "Chevalier City" in Changchun comprises of 10 residential blocks and provides about 1,100 units with a gross floor area of approximately 100,000 square meters. The size of the residential units range from 36 - 125 square meters. "Chevalier City" is located in a developed community close to the Changchunxi Railway Station. Two residential blocks of Phase III of "Chevalier City" were launched for pre-sale in the market in mid-October last year after obtaining the pre-sale consent and over 85% have been sold since their launch. Construction works of Phase III is expected to be completed in the third quarter of 2021.

The cold storage and logistics business in the fiscal year ended 31 March 2020 remained stable with slight growth in revenue and profit. The performance of the cold storage business was satisfactory with a lower turnover rate as compared to last year whilst maintaining stable occupancy. During the year, the Group's cold storage and logistics operations worked closely with key account clients by providing additional quality in-store service and all-in-one total logistics reefer service solution to support key account clients in the challenging market. Nevertheless, the prolonged Sino-US trade dispute and the outbreak of COVID-19 had negative impact on the sea and air frozen food supply chain coming into Hong Kong and may impact the performance of this business in 2020/2021.

HEALTHCARE INVESTMENT

This segment's revenue experienced an increase in revenue by 11% from HK\$866 million to HK\$964 million after accounting for the contribution of those newly acquired projects during the year. Segment results reported a loss of HK\$105 million this year after taking into consideration the operational expenses, impairment loss, finance costs and the recognition of incentive fee expenses.

During the year under review, the Group disposed certain unused portion of a senior housing facility at Roswell, New Mexico, the US and entered into a contract to dispose equity interest in seven senior housing properties at North Carolina, the US. The target completion of the North Carolina transaction will be in 2020/2021. Apart from the disposal, the Group also entered into a contract to acquire a senior housing property located at Medford, Oregon, the US and the transaction completed in May 2020.

As at 31 March 2020, the Group owned 35 senior housing facilities (including those classified as assets held-for-sale) across 7 states in the United States providing over 3,000 beds or units covering a wide spectrum of independent living, assisted living and memory care and skilled nursing services. The Group also owns 3 medical office buildings located in New York, Pennsylvania and Rhode Island comprising a gross floor area of approximately 428,000 square feet. As the trend of the life expectancy of the general population increases and with the increase in cost of healthcare, the Group believes that demand for senior housing facilities and medical office buildings will continue to grow in the United States.

With our extensive experience in the healthcare business in the United States, the Group has engaged in the development of a senior housing project in Happy Valley, Hong Kong. Foundation works are underway and the target opening date of the residence is in 2022/2023.

CAR DEALERSHIP

During the year, the overall performance of this segment covering the car dealership in Canada and Mainland China was affected by the Sino-US trade dispute, slowing macroeconomic growth, lack of tax incentive in Mainland China and the COVID-19 incident. The revenue of this segment decreased by 11% from HK\$2,595 million to HK\$2,303 million which was mainly due to the decrease in the sales volume of imported cars in Mainland China with a slight decrease in the sale of the number of vehicles in Canada. There was a turnaround in operating results owing to the improvement in our Mainland China car dealerships' performance since the market re-opened after the COVID-19 lockdown. In order to relieve the adverse impact, the Chinese government has launched a series of measures to entice potential buyers to purchase new cars including tax incentives, subsidies and rebates. The government has also relaxed controls over the issuance of new licences for traditional-fuel cars and increased the number of new car licenses in major cities. The Group is cautiously optimistic that all these measures would help in regaining the momentum in the sales of the car industry. In Canada, the Canadian Government has implemented measures to relieve pressure on the automobiles industry arising from COVID-19. Our Canada team will actively launch more promotional incentives to potential customers after obtaining the support from various car manufacturers.

OTHERS

During the year, segment revenue recorded a slight growth of 2% from HK\$679 million to HK\$693 million. Notwithstanding an increase in the profit of our insurance business, segment profit declined significantly from a profit of HK\$47 million to a loss of HK\$5 million as a result of the translation loss of approximately HK\$6 million and unrealised loss of approximately HK\$25 million in security investment and also due to the unsatisfactory performance of our food and beverage investment as a result of the social unrest and COVID-19.

During the period under review, the insurance business recorded a steady income from premium written, supported, in particular, by the rising employees' compensation premium. Our strength remains in the employee compensation area in light of the numerous large and small scale construction projects in place in Hong Kong. In addition, the property insurance sector also managed to maintain its underwriting performance and net profitability in light of the limited exposure to major losses during the year. The segment will continue to adopt a prudent underwriting approach, keep its operation at a competitive level whilst providing reliable services to its customers.

For the information and technology business, with the slowdown in the economy of Hong Kong since the second half of 2019, many small-medium enterprises have taken a wait-and-see approach in incurring investments thereby leading to a slowdown in business. Although our revenue of this business in Thailand improved during the year, it was off-set by provisions made in accordance with accounting adjustments under Thai law.

FINANCIAL REVIEW

As at 31 March 2020, the Group's net assets attributable to shareholders of the Company amounted to HK\$9,072 million, an increase of HK\$51 million when compared with 31 March 2019 of HK\$9,021 million. Such increase was mainly resulted from the profit attributable to shareholders of the Company of HK\$533 million offset by exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$302 million and dividend payment of HK\$166 million.

As at 31 March 2020, bank balances and cash increased to HK\$2,825 million (2019: HK\$1,833 million). Bank and other borrowings decreased to HK\$3,368 million as at 31 March 2020 (2019: HK\$3,740 million) as a result of repayment of bank loan during the year. 63.2% and 33.3% of the balance as at 31 March 2020 (2019: 57.8% and 38.3%) were denominated in Hong Kong dollar and US dollar respectively.

The portion of the Group's borrowings due within one year decreased from 29.7% as at 31 March 2019 to 26.3% as at 31 March 2020.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 4,000 full-time staff under its subsidiaries globally as at 31 March 2020. Total staff costs amounted to HK\$1,258 million for the year ended 31 March 2020. 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 2020, 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 Board while the Managing Director is responsible for managing the Group's businesses. Mr. Kuok Hoi Sang serves as both the Chairman and 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 are instead subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-Laws.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Following a specific enquiry, each of the Directors confirmed that he/she has complied with the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises of four Independent Non-Executive Directors of the Company, namely Mr. Yang Chuen Liang, Charles as Committee Chairman, Professor Poon Chung Kwong, Mr. Irons Sze and Mr. Sun Leland Li Hsun.

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 2020. 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 2020 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 2020 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 extend my heartfelt gratitude to our shareholders and business partners for their continuing support, our colleagues for their dedication and hard work over the years.

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

Hong Kong, 26 June 2020

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; Mr. Yang Chuen Liang, Charles, Professor Poon Chung Kwong, Mr. Irons Sze and Mr. Sun Leland Li Hsun as Independent Non-Executive Directors; Dr. Ko Chan Gock, William and Mr. Chow Vee Tsung, Oscar as Non-Executive Directors.

** For identification purpose only*