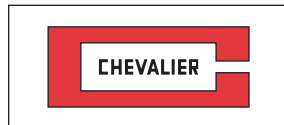


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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

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 2021

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 2021, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	4	7,352,855	6,381,262
Cost of sales		<u>(6,468,516)</u>	<u>(5,537,293)</u>
Gross profit		884,339	843,969
Other income, net	5	195,400	45,867
Other losses, net	6	(25,436)	(47,985)
Gain on disposals of subsidiaries	6	–	279,678
Selling and distribution costs		(169,064)	(148,226)
Administrative expenses		<u>(381,344)</u>	<u>(428,789)</u>
Operating profit		503,895	544,514
Share of results of associates		240,064	150,965
Share of results of joint ventures		99,464	840
		<u>843,423</u>	<u>696,319</u>
Finance income	7	34,422	60,167
Finance costs	7	<u>(87,035)</u>	<u>(113,345)</u>
Finance costs, net	7	<u>(52,613)</u>	<u>(53,178)</u>

	Note	2021 HK\$'000	2020 HK\$'000
Profit before taxation	8	790,810	643,141
Taxation	9	<u>(105,906)</u>	<u>(75,701)</u>
Profit for the year		<u>684,904</u>	<u>567,440</u>
Attributable to:			
Shareholders of the Company		640,552	533,081
Non-controlling interests		<u>44,352</u>	<u>34,359</u>
		<u>684,904</u>	<u>567,440</u>
Earnings per share			
– basic and diluted (HK\$ per share)	10	<u>2.12</u>	<u>1.77</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 HK\$'000	2020 HK\$'000
Profit for the year	684,904	567,440
Other comprehensive income/(expenses) 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	23,216	(18,132)
Change in fair value of investments at fair value through other comprehensive income	11,265	(13,705)
Fair value surplus of right-of-use assets upon transfer to investment properties	1,746	–
Fair value gain of properties for own use	509	143
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	344,092	(302,106)
Fair value adjustments on the derivative financial instruments designated as cash flow hedge	348	(777)
Other comprehensive income/(expenses) for the year, net of tax	381,176	(334,577)
Total comprehensive income for the year	1,066,080	232,863
Attributable to:		
Shareholders of the Company	1,002,387	216,636
Non-controlling interests	63,693	16,227
	1,066,080	232,863

Note:

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021**

	Note	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties		3,661,401	3,431,894
Property, plant and equipment		3,254,284	3,034,454
Goodwill		629,796	643,979
Other intangible assets		37,919	36,286
Interests in associates		643,475	497,752
Interests in joint ventures		1,131,401	1,033,798
Investments at fair value through other comprehensive income		46,097	34,317
Investments at fair value through profit or loss		607,122	465,907
Investments at amortised cost		50,534	23,003
Properties under development		441,289	404,528
Deferred tax assets		49,184	45,102
Other non-current assets		89,442	138,354
		<u>10,641,944</u>	<u>9,789,374</u>
Current assets			
Amounts due from associates		29,219	20,971
Amounts due from joint ventures		118,867	46,694
Amounts due from non-controlling interests		46,835	41,250
Investments at fair value through profit or loss		387,100	287,406
Investments at amortised cost		15,554	7,778
Inventories		306,324	275,037
Properties for sale		258,097	267,131
Properties under development		2,200,966	1,919,611
Debtors, contract assets, deposits and prepayments	12	1,660,013	1,352,348
Derivative financial instruments		–	242
Prepaid tax		28,402	31,221
Bank balances and cash		2,782,183	2,824,666
		<u>7,833,560</u>	<u>7,074,355</u>
Assets held-for-sale	17	<u>137,485</u>	<u>175,489</u>
		<u>7,971,045</u>	<u>7,249,844</u>

	Note	2021 HK\$'000	2020 HK\$'000
Current liabilities			
Amounts due to joint ventures		6,581	6,050
Amounts due to non-controlling interests		258,585	257,900
Derivative financial instruments		106	399
Creditors, bills payable, deposits, contract liabilities and accruals	13	2,852,819	2,530,774
Unearned insurance premiums and unexpired risk reserves		174,944	98,158
Outstanding insurance claims		267,099	209,444
Current income tax liabilities		46,743	54,980
Bank and other borrowings		1,567,701	885,078
Lease liabilities		19,251	17,159
		<u>5,193,829</u>	<u>4,059,942</u>
Liabilities directly associated with assets held-for-sale	17	40,201	128,350
		<u>5,234,030</u>	<u>4,188,292</u>
Net current assets		<u>2,737,015</u>	<u>3,061,552</u>
Total assets less current liabilities		<u>13,378,959</u>	<u>12,850,926</u>
Capital and reserves			
Share capital		377,411	377,411
Reserves		9,552,109	8,694,648
		<u>9,929,520</u>	<u>9,072,059</u>
Shareholders' funds		9,929,520	9,072,059
Non-controlling interests		639,705	611,012
		<u>10,569,225</u>	<u>9,683,071</u>
Total equity		<u>10,569,225</u>	<u>9,683,071</u>
Non-current liabilities			
Amount due to non-controlling interests		206,751	169,880
Unearned insurance premiums		224,362	128,437
Bank and other borrowings		1,931,123	2,482,989
Lease liabilities		61,241	45,664
Deferred tax liabilities		386,257	340,885
		<u>2,809,734</u>	<u>3,167,855</u>
Total equity and non-current liabilities		<u>13,378,959</u>	<u>12,850,926</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 (and related right-of-use assets), 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) Amendments to existing standards that are effective for the Group’s financial year beginning on 1 April 2020

The HKICPA has issued the following amendments to existing standards, that are relevant to the Group’s operation, are also mandatory or early adopted for the financial year of the Group beginning on 1 April 2020:

- HKAS 1 and HKAS 8 (amendments), “Definition of Material”
- HKFRS 3 (amendments), “Definition of a Business”
- HKFRS 9, HKAS 39 and HKFRS 7 (amendments), “Interest Rate Benchmark Reform – Phase 1”
- HKFRS 16 (2020 amendment), “Covid-19-Related Rent Concessions”
- Conceptual Framework for Financial Reporting 2018 – “Revised Conceptual Framework for Financial Reporting”

The adoption of these amendments and interpretation 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, amendments and interpretation to existing standards that have been issued but not yet effective and have not been early adopted by the Group

The following new standard, amendments and interpretation 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 2020 and have not been early adopted:

- HKAS 1 (amendments), "Classification of Liabilities as Current or Non-current"⁴
- HKAS 1 (amendments), "Disclosure of Accounting Policies"⁴
- HKAS 8 (amendments), "Definition of Accounting Estimates"⁴
- HKAS 12 (amendments), "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"⁴
- HKFRS 3, HKAS 16 and HKAS 37 (amendments), "Narrow-scope amendments"³
- HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (amendments), "Interest Rate Benchmark Reform – Phase 2"¹
- HKFRS 10 and HKAS 28 (amendments), "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"⁵
- HKFRS 16 (2021 amendment), "Covid-19-Related Rent Concessions beyond 30 June 2021"²
- HKFRS 17, "Insurance Contracts"⁴
- HK Int 5 (2020), "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"⁴
- Annual Improvements Project (amendments) – "Annual Improvements to HKFRSs 2018–2020"³

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

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

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ 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.

Other than the above, the Group anticipates that the application of new standard, amendments and interpretation 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.

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current period.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Lease modifications (the Group as a lessee)

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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.

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, unallocated finance income and costs and taxation 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 2021							
REVENUE							
Total revenue	3,019,669	141,608	463,376	964,785	2,125,422	883,442	7,598,302
Inter-segment revenue	(138,036)	(2,332)	(44,239)	–	–	(60,840)	(245,447)
Group revenue	2,881,633	139,276	419,137	964,785	2,125,422	822,602	7,352,855
Share of revenue of associates and joint ventures	1,753,256	–	52,927	117,695	526,982	65,716	2,516,576
Proportionate revenue from a joint venture eliminated	(18,960)	–	–	–	–	–	(18,960)
Segment revenue	4,615,929	139,276	472,064	1,082,480	2,652,404	888,318	9,850,471

Revenue from contracts with customers:							
– recognised at a point in time	23,998	–	243,675	–	2,107,277	401,806	2,776,756
– recognised over time	2,857,635	–	172,470	964,785	6,883	55,242	4,057,015
Revenue from other sources	–	139,276	2,992	–	11,262	365,554	519,084
Group revenue	2,881,633	139,276	419,137	964,785	2,125,422	822,602	7,352,855

RESULTS

Segment profit before finance cost, net	468,065	110,573	39,697	158,145	12,931	98,582	887,993
Finance income	1,362	411	7,056	49	853	3,747	13,478
Finance costs	(440)	(617)	(412)	(62,882)	(4,867)	(756)	(69,974)
Segment profit after finance cost, net	468,987	110,367	46,341	95,312	8,917	101,573	831,497
Included in segment profit are:							
Share of results of associates	242,817	–	(4)	–	–	(2,749)	240,064
Share of results of joint ventures	375	–	(5,020)	95,322	8,787	–	99,464
Depreciation and amortisation, net of amounts allocated to contract work	(7,690)	(583)	(63,256)	(84,595)	(32,261)	(13,444)	(201,829)
Impairment loss on properties for sales	–	–	(2,185)	–	–	–	(2,185)
Impairment loss on property, plant and equipment	–	–	(1,550)	–	–	–	(1,550)
Impairment loss on goodwill	–	–	–	(1,738)	–	–	(1,738)
Increase in fair value of investment properties	–	11,424	–	–	–	–	11,424
Unrealised gain on investments at fair value through profit or loss	–	–	–	–	1,767	3,985	5,752
Provision written back/(recognised) for inventories to net realisable value, net	19	–	–	–	(2,562)	2,177	(366)
Provision written back/(recognised) on trade and other debtors, net	181	–	6	(10,066)	–	2,039	(7,840)
Provision recognised for properties under development to net realisable value	–	–	(30,000)	–	–	–	(30,000)

	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) before finance cost, net	317,997	219,806	314,826	(104,599)	3,431	(4,871)	746,590
Finance income	2,462	735	12,334	57	2,467	4,713	22,768
Finance costs	(1,945)	(1,504)	(1,088)	(76,112)	(4,905)	(885)	(86,439)
Segment profit/(loss) after finance cost, net	<u>318,514</u>	<u>219,037</u>	<u>326,072</u>	<u>(180,654)</u>	<u>993</u>	<u>(1,043)</u>	<u>682,919</u>

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 amounts allocated to contract work	(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)

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:

	2021	2020
	HK\$'000	HK\$'000
Total segment revenue	<u>9,850,471</u>	<u>8,906,974</u>
Add: Proportionate revenue from a joint venture eliminated	<u>18,960</u>	<u>84,791</u>
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	1,098,858	1,149,497
Sales of motor vehicles and others	526,982	469,090
Maintenance and other services	654,398	608,765
Food and beverage	65,716	107,246
Hotel operations	23,721	28,273
Sales and leasing of properties	146,901	247,632
	<u>2,516,576</u>	<u>2,610,503</u>
Total revenue in the consolidated income statement (note 4)	<u>7,352,855</u>	<u>6,381,262</u>

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

	2021	2020
	HK\$'000	HK\$'000
Segment profit	831,497	682,919
Unallocated corporate expenses	(44,570)	(50,271)
Unallocated finance income	20,944	37,399
Unallocated finance costs	(17,061)	(26,906)
Profit before taxation	<u>790,810</u>	<u>643,141</u>

(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 2021							
ASSETS							
Segment assets	<u>1,755,370</u>	<u>4,019,187</u>	<u>5,387,486</u>	<u>2,930,281</u>	<u>1,167,264</u>	<u>2,085,114</u>	<u>17,344,702</u>
Included in segment assets are:							
Interests in associates	626,301	–	–	–	–	17,174	643,475
Interests in joint ventures	13,830	–	349,290	681,776	86,505	–	1,131,401
Amounts due from associates	24,091	–	–	–	–	5,128	29,219
Amounts due from joint ventures	299	–	118,568	–	–	–	118,867
Additions to non-current assets (note)	<u>4,189</u>	<u>19,874</u>	<u>298,679</u>	<u>176,986</u>	<u>203,275</u>	<u>21,273</u>	<u>724,276</u>
LIABILITIES							
Segment liabilities	<u>1,763,353</u>	<u>42,980</u>	<u>701,422</u>	<u>372,410</u>	<u>425,578</u>	<u>806,197</u>	<u>4,111,940</u>
Included in segment liabilities are:							
Amounts due to joint ventures	–	–	6,407	–	174	–	6,581
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	–	–	5,869	–	181	–	6,050

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:

	2021	2020
	HK\$'000	HK\$'000
Segment assets	17,344,702	15,511,164
Prepaid tax	28,402	31,221
Unallocated bank balances and cash	1,176,731	1,442,401
Deferred tax assets	49,184	45,102
Other unallocated assets	13,970	9,330
	<u>18,612,989</u>	<u>17,039,218</u>
Segment liabilities	4,111,940	3,542,211
Current income tax liabilities	46,743	54,980
Bank and other borrowings	3,498,824	3,368,067
Deferred tax liabilities	386,257	340,885
Other unallocated liabilities	–	50,004
	<u>8,043,764</u>	<u>7,356,147</u>

(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 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 and Australia.

	Segment revenue by geographical areas							
	Company and subsidiaries	Associates and joint ventures	2021		Company and subsidiaries	Associates and joint ventures	2020	
	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000	%
Hong Kong	2,952,933	640,104 ¹	3,593,037	36	2,370,541	673,503 ¹	3,044,044	34
Mainland China	1,942,341	1,460,742	3,403,083	35	1,678,613	1,330,830	3,009,443	34
The US	1,237,803	117,695	1,355,498	14	1,089,123	119,360	1,208,483	14
Macau and others	707,745	26,834	734,579	7	746,771	33,764	780,535	8
Canada	317,744	–	317,744	3	386,442	–	386,442	4
Singapore	12,563	234,243	246,806	3	12,370	342,341	354,711	4
Australia	123,963	17,998	141,961	1	40,111	25,914	66,025	1
Thailand	57,763	–	57,763	1	57,291	–	57,291	1
	7,352,855	2,497,616	9,850,471	100	6,381,262	2,525,712	8,906,974	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 2021 and 2020.

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	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	3,205,304	3,191,789
Mainland China	2,296,534	2,065,937
The US	1,880,230	1,743,642
Singapore	449,402	424,834
Canada	228,865	207,085
Macau	45,816	48,067
Thailand	7,854	8,019
Others	126	122
	8,114,131	7,689,495

4 Revenue

	2021	2020
	HK\$'000	HK\$'000

Revenue represents amounts received and receivable from:

Construction and installation contracts	2,729,316	2,258,602
Sale of information technology equipment, motor vehicles and others	2,243,907	1,970,771
Senior housing operations	964,785	844,970
Sales and leasing of properties	196,346	284,748
Warehouse and logistics services	391,420	377,819
Maintenance and property management services	444,539	401,017
Hotel operations	4,708	50,485
Insurance premium	347,062	159,535
Interest income from investments	11,577	16,633
Dividend income from investments	6,303	4,720
Leasing of vehicles and equipment	12,892	11,962
	<u>7,352,855</u>	<u>6,381,262</u>
Total revenue (note 3)	<u>7,352,855</u>	<u>6,381,262</u>

5 Other income, net

	2021	2020
	HK\$'000	HK\$'000

Gain/(loss) on investments at fair value through profit or loss	16,490	(32,357)
(Loss)/gain on derivative financial instruments	(242)	224
Sales and marketing services income from an associate	35,177	33,922
Management fee income from an associate and joint ventures	22,455	21,308
Service fee income from associates	460	–
Government grants	119,578	–
Others	1,482	22,770
	<u>195,400</u>	<u>45,867</u>

6 Other losses, net

	2021 HK\$'000	2020 HK\$'000
Increase/(decrease) in fair value of investment properties	11,424	(24,937)
Gain/(loss) on disposal of property, plant and equipment	3,204	(6,654)
Loss on disposal of investment property	–	(320)
Provision recognised on trade and other debtors, net	(7,840)	(9,155)
Loss on disposal of an associate	–	(1,119)
Impairment loss on property, plant and equipment	(1,550)	–
Impairment loss on properties for sale	(2,185)	(10,304)
Provision recognised for properties under development to net realisable value	(30,000)	–
Impairment loss on goodwill	(1,738)	(4,381)
Exchange gain	3,249	8,885
	<u>(25,436)</u>	<u>(47,985)</u>

Gain on disposals of subsidiaries

	2021 HK\$'000	2020 HK\$'000
Gain on disposals of		
– Moon Colour Group (note 14(b))	–	166,747
– New Rise (note 14(c))	–	38,680
– Jumbo Rainbow Group (note 14(d))	–	74,251
	<u>–</u>	<u>279,678</u>

7 Finance costs, net

	2021 HK\$'000	2020 HK\$'000
Interest expenses on lease liabilities, bank overdrafts and bank and other borrowings	102,481	153,900
Less: Amounts capitalised to properties under development (note)	<u>(15,446)</u>	<u>(40,555)</u>
	87,035	113,345
Less: Interest income from bank deposits and a joint venture	<u>(34,422)</u>	<u>(60,167)</u>
	<u>52,613</u>	<u>53,178</u>

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was between 1.05% and 2.79% per annum (2020: between 2.58% and 3.72% per annum).

8 Profit before taxation

2021
HK\$'000

2020
HK\$'000

Profit before taxation has been arrived at after charging/(crediting) the following:

Depreciation of property, plant and equipment	178,207	166,869
Less: Amounts allocated to contract work	(2,565)	(3,026)
	175,642	163,843
Staff costs	1,326,044	1,258,343
Less: Amounts allocated to contract work	(207,512)	(206,070)
	1,118,532	1,052,273
Short term lease payments in respect of leasing of		
– premises	7,821	7,010
– equipment	2,753	2,354
	10,574	9,364
Auditors' remuneration		
– audit services	15,540	15,384
– non-audit services	2,514	2,617
– under-provision in prior years	400	728
	18,454	18,729
Amortisation of other intangible assets	26,187	26,898
Provision recognised for inventories to net realisable value, net	366	2,642
Provision recognised on trade and other debtors, net	7,840	9,155
Provision recognised for properties under development to net realisable value	30,000	—
Gross rental income of HK\$151,393,000 (2020: HK\$155,448,000) from properties less direct operating expenses	(116,037)	(130,854)

9 Taxation

	2021 HK\$'000	2020 HK\$'000
Current tax		
Hong Kong	48,595	49,885
Mainland China	13,675	25,205
Overseas	17,423	23,342
Under/(over) provision in prior years	2,355	(1,129)
	<u>82,048</u>	<u>97,303</u>
Deferred tax		
Origination and reversal of temporary differences	23,858	(21,602)
	<u>105,906</u>	<u>75,701</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2020: 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

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 2021.

	2021 HK\$'000	2020 HK\$'000
Profit attributable to shareholders of the Company	<u>640,552</u>	<u>533,081</u>
	2021	2020
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>2.12</u>	<u>1.77</u>

There were no potential diluted ordinary shares in existence for the years ended 31 March 2021 and 2020.

11 Dividends

	2021 HK\$'000	2020 HK\$'000
Interim dividend of HK\$0.16 (2020: HK\$0.20) per share paid	48,309	60,386
Final dividend of HK\$0.39 (2020: HK\$0.32) per share proposed	117,752	96,617
	<u>166,061</u>	<u>157,003</u>

Final dividend of HK\$0.39 per share totaling HK\$117,752,000 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 2022.

12 Debtors, contract assets, deposits and prepayments

	2021 HK\$'000	2020 HK\$'000
Trade debtors	764,507	611,303
Less: Provision for impairment	<u>(35,421)</u>	<u>(28,962)</u>
Trade debtors, net	729,086	582,341
Retention receivables	231,029	221,142
Less: Provision for impairment	<u>(8,597)</u>	<u>(9,186)</u>
Retention receivables, net	222,432	211,956
Contract assets	156,047	79,635
Other debtors, deposits and prepayments	<u>552,448</u>	<u>478,416</u>
	<u>1,660,013</u>	<u>1,352,348</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:

	2021	2020
	HK\$'000	HK\$'000
0–60 days	556,048	485,432
61–90 days	49,810	40,774
Over 90 days	123,228	56,135
	<u>729,086</u>	<u>582,341</u>

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

	2021	2020
	HK\$'000	HK\$'000
Trade creditors and bills payable	287,718	292,561
Retention payables	191,464	166,542
Deposits received	49,839	44,216
Contract liabilities	465,530	233,394
Accrued contract costs	1,245,984	1,309,658
Other creditors and accruals	612,284	484,403
	<u>2,852,819</u>	<u>2,530,774</u>

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

	2021	2020
	HK\$'000	HK\$'000
0–60 days	221,551	257,043
61–90 days	2,488	7,878
Over 90 days	63,679	27,640
	<u>287,718</u>	<u>292,561</u>

14 Acquisitions and disposals

(a) Acquisitions of a senior housing property

On 1 May 2020, the Group acquired a senior housing property in the US at the consideration of US\$19,500,000 (equivalent to approximately HK\$151,125,000). The transaction was completed on 1 May 2020.

	2021 HK\$'000
Purchase consideration satisfied by:	
Cash paid	<u>151,125</u>
Fair value of net assets acquired:	
Property, plant and equipment	128,774
Intangible assets	<u>22,351</u>
	<u>151,125</u>
Acquisition related expenses (included in administrative expenses)	<u>863</u>
Net cash outflow arising from the acquisition:	
Cash consideration paid	<u>(151,125)</u>

(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 its entire interest in Moon Colour Group at a consideration of approximately HK\$540,000,000. The transaction was 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 6)	<u>166,747</u>
Net cash inflow arising from the disposal:	
Cash consideration received	540,244
Professional fees and other expenses	<u>(2,969)</u>
	----- 537,275

(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 was completed in the same month.

	2020 HK\$'000
Cash consideration	187,000
Less: professional fees and other expenses	<u>(2,301)</u>
	----- 184,699
Net assets disposed	<u>(146,019)</u>
Gain on disposal, net (note 6)	<u>38,680</u>
Net cash inflow arising from the disposal:	
Cash consideration received	187,000
Professional fees and other expenses	<u>(2,301)</u>
	----- <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 its entire interest in Jumbo Rainbow Group at a consideration of approximately HK\$279,000,000. The transaction was completed in October 2019.

	2020 HK\$'000
Cash consideration	279,108
Less: professional fees and other expenses	<u>(2,502)</u>
	----- 276,606
Net assets disposed	<u>(202,355)</u>
Gain on disposal, net (note 6)	<u>74,251</u>
Net cash inflow arising from the disposal:	
Cash consideration received	279,108
Professional fees and other expenses	<u>(2,502)</u>
	----- <u>276,606</u>

15 Contingent liabilities

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

	2021 HK\$'000	2020 HK\$'000
Banking facilities granted to associates	1,462	1,368
Guarantees given to banks and housing retirement fund management centres for mortgage facilities granted to certain buyers of properties	<u>191,138</u>	<u>548,760</u>
	<u>192,600</u>	<u>550,128</u>

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

	2021 HK\$'000	2020 HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	<u>292</u>	<u>268</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.

16 Commitment

The Group had commitment as follows:

	2021 HK\$'000	2020 HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	450,993	474,492
– acquisition of property, plant and equipment	33,838	3,018
– acquisition of a senior housing property (note 14)	<u>–</u>	<u>151,125</u>
	<u>484,831</u>	<u>628,635</u>

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

	2021 HK\$'000	2020 HK\$'000
Contracted but not provided for	<u>8,745</u>	<u>8,215</u>

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

In January 2020, the Group entered into a sale and purchase agreement (the “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). The assets and liabilities of the Disposal Group as at 31 March 2020 was classified as assets held-for-sale and liabilities directly associated with assets held-for-sale respectively. Subsequent to the Agreement, there were further negotiations between the Group and the purchaser to extend the completion of the Disposal due to changes in market environment caused by the enduring impact of COVID-19 pandemic.

On 31 May 2021, the Group and the purchaser, after further considering the adverse impacts of COVID-19 pandemic on the US economy, entered into an amendment agreement to further amend the terms of the Agreement. The major amendment include (i) the number of target companies subject to disposal reduced from eight to six (the “Revised Disposal Group”), with the corresponding reduction in the number of senior housing properties from seven to five; (ii) the consideration for the disposal being US\$22.5 million (equivalent to approximately HK\$175.5 million), subject to (a) downward adjustment for an amount equal to outstanding loan balance and accrued interest which shall remain with a target company (which is expected to be around US\$5.1 million (equivalent to approximately HK\$39.78 million)); and (b) upward adjustment reflecting the capital expenditures which may be incurred on the five properties between the date of the agreement and the revised completion date. The transaction is expected to complete in the financial year 2021/22. The assets and liabilities of the Revised Disposal Group as at 31 March 2021 was classified as assets held-for-sale and liabilities directly associated with assets held-for-sale respectively.

	2021 HK\$'000	2020 HK\$'000
Assets		
Property, plant and equipment	93,881	123,992
Goodwill	43,604	29,439
Other non-current assets	–	4,198
Inventories	–	82
Deferred tax assets	–	4,603
Debtors, deposits and prepayments	–	12,640
Bank balances and cash	–	535
	<hr/>	<hr/>
Assets of subsidiaries reclassified as held-for-sale	137,485	175,489
	<hr/> <hr/>	<hr/> <hr/>
Liabilities of subsidiaries reclassified as held-for-sale		
Creditors, borrowings, amount due to a non-controlling interest, deposits and accruals	40,201	128,350
	<hr/> <hr/>	<hr/> <hr/>

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK\$0.39 (2020: HK\$0.32) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Friday, 10 September 2021. Together with an interim dividend of HK\$0.16 (2020: HK\$0.20) per share paid on Tuesday, 22 December 2020, the total dividends for the year amounted to HK\$0.55 (2020: HK\$0.52) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 23 August 2021 (the “AGM”), the proposed final dividend will be payable in cash to shareholders on or about Friday, 17 September 2021.

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 Monday, 16 August 2021 to Monday, 23 August 2021, 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 Friday, 13 August 2021.

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, 6 September 2021 to Friday, 10 September 2021, 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, 3 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group’s consolidated revenue was HK\$7,353 million (2020: HK\$6,381 million), representing an increase of 15% compared to the last financial year. Taking into account its share of revenue in the Group’s associates and joint ventures, total segment revenue was HK\$9,850 million (2020: HK\$8,907 million), representing a year-on-year growth of 11%. The Group’s profit for the year ended 31 March 2021 reported an increase of 21% from HK\$567 million to HK\$685 million. The increase in the Group profit was mainly contributed by the improvement of results in Construction and Engineering segment, pandemic relief and subsidies from governments and the Group’s share in fair value increase from the revaluation of investment properties in the United States of America (the “US”). Profit attributable to the Company’s shareholders for the year ended 31 March 2021 boosted to HK\$641 million (2020: HK\$533 million) and earnings per share to HK\$2.12 (2020: HK\$1.77).

CONSTRUCTION AND ENGINEERING

The Construction and Engineering segment's revenue for the year ended 31 March 2021 recorded an increase of 12% to HK\$4,616 million (2020: HK\$4,105 million). The segment profit before finance cost, net, reported a significant increase of 47% from HK\$318 million to HK\$468 million. The increase in profit was mainly due to the increase in the contribution from the Group's associates and the improvements in the results of major divisions including the building construction division, aluminium windows and curtain walls division, and the civil engineering division.

Our building construction division, covering both the public and private sectors, reported encouraging results during the year under review. We have partnered with Beijing Urban Construction Group Co., Ltd. 北京城建集團有限責任公司 for the construction of the Third Runway Concourse and Apron Works at the Hong Kong International Airport (the "Third Runway Project"). This project is due for completion in the fourth quarter of 2024.

Furthermore, to keep abreast with market demands and the challenges faced by the construction industry, our building construction division has devoted resources in the research and development in the Design for Manufacturing and Assembly (DfMA) to improve construction efficiency. Modular Integrated Construction (MiC) construction method and the development of Hybrid-MiC (a combination of steel and concrete) are the technologies that support the DfMA concept. The MiC system has received "in-principle acceptance" from the Buildings Department and has been applied to certain building development projects in Hong Kong. We have also integrated such technologies in the projects including the Development of Purpose-Built Elderly Flats with MiC for Jat Min Chuen, Shatin, the first MiC project of the Hong Kong Housing Society, and used the Hybrid Modular Construction Method in the Prince Edward Road West residential development project of the Group. Building Information Modelling (BIM) is also used in the Third Runway Project and various commercial and residential projects. The application of these technologies will help to improve workplace safety and increase productivities and efficiencies of our construction projects.

During the year under review, the electrical and mechanical engineering division experienced a drop in both revenue and profit. The COVID-19 precautionary measures implemented in Macau such as travel restriction, quarantine arrangement and the lockdown of the casinos have adversely affected the gaming, entertainment and hospitality industries which have been the major client sectors of the division in the last 10 years.

The aluminium windows and curtain walls division recorded encouraging results during the year under review due to contributions from some major projects in Hong Kong and Australia. Apart from this, we have implemented stringent cost control measures at the early stage of the pandemic which helped to offset some of the upsurge of raw materials and freight costs.

The building supplies division recorded improved results during the year under review. With known good reputation and quality workmanship in the industry, we secured various installation contracts of water tanks and kitchen cabinets for private residential buildings. Like the aluminium windows and curtain walls division, cost control measures were also adopted to counter the increase in the cost of raw materials as a result of the pandemic.

The environmental engineering division reported a small profit during the year mainly due to the contribution from joint venture projects. With the Government committed to devote resources in the development of infrastructure and public works, our division will continue to actively participate in the coming government tenders and also those of the private sector.

The overall performance of the lift and escalator division was good. We provide one-stop solutions in the design, supply, installation and maintenance of the lifts and escalators and are also the distributor of Toshiba lifts and escalators in Hong Kong, Macau, Singapore and Mainland China. Footprints of our lifts and escalators business are easily found in prestigious office buildings, hotels, high-rise residential and shopping complexes and we take pride in our dedication and adherence to the quality and safety of our lifts and escalators.

As at 31 March 2021, the total value of all outstanding construction and engineering contracts of the Group amounted to HK\$7,495 million. Major contracts include:

1. Construction of the extension of the operating theatre block for Tuen Mun Hospital, New Territories;
2. Construction of the superstructure work at Y.L.T.L. 532, Tung Tau Industrial area, Yuen Long, New Territories;
3. Construction of proposed church facilities, residential care home and senior hostel development at 17A & B Ventris Road, Happy Valley Hong Kong;
4. Construction of subsidised sale flats development at Ko Shan Road, Hunghom, Kowloon;
5. Upgrade of Kwun Tong Preliminary Treatment Works;
6. Electrical works for Wynn, Macau;
7. Design, supply and installation of kitchen cabinets for the proposed residential development at N.K.I.L. 6575, Kai Tak, Kowloon; and
8. 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 performance of the property letting business of this segment covering Hong Kong, Singapore and Mainland China experienced a slight decline during the year under review. Segment revenue recorded a decrease from HK\$142 million to HK\$139 million, representing a slight decline of 2%. Segment profit before finance cost, net, also dropped from HK\$220 million to HK\$111 million representing a 50% decline year-on-year. Decline in segment profit was mainly due to the absence of last year's one-off gain on disposal of an industrial property and the disposal of the residential and commercial property project located at Davis Street, Kennedy Town, Hong Kong.

PROPERTY DEVELOPMENT AND OPERATIONS

During the year under review, the Property Development and Operations segment recorded a decrease both in revenue and profit before finance cost, net, by 32% from HK\$699 million to HK\$472 million and by 87% from HK\$315 million to HK\$40 million, respectively. The decline in segment revenue was caused by the decrease in the sales of the residential and commercial units of Phase I and Phase II of “Chevalier City” in Changchun. Decline in segment profit was mainly due to the absence of one-off disposal gain of a commercial property and the slowdown in the sales of residential and commercial units of “Chevalier City” in Changchun and residential units of “City Hub” in Hong Kong. During the year, sales promotion campaigns continued for the sale of the residential units in City Hub, a project of a development right granted to a 50–50 joint venture project of the Group by Urban Renewal Authority (“URA”) for the redevelopment of the site located at Chi Kiang Street/Ha Heung Road, To Kwa Wan, Kowloon. City Hub is adjacent to To Kwa Wan MTR Station. With an excellent market response, over 98% of the total residential units have already been sold. The remaining residential units and commercial complex are expected to be sold in the coming year.

The Group has unveiled “SABLIER” in October 2020, the first of a residential series branded “LE MOMENT”. Sablier is a URA redevelopment project located at 8 Fuk Chak Street, Tai Kok Tsui. 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 about 8,000 square feet. The project is scheduled for completion by end of 2021. Our property management division will provide quality management services to this luxury residential building upon completion.

Another new “LE MOMENT” project located at 292A–D Prince Edward Road West is undergoing construction of the superstructure work. This residential project is situated within a developed neighbourhood with comprehensive amenities which will provide easy access to a wide variety of leisure and shopping choices for residents. It falls within reach of some of Hong Kong’s most established schools. The project has a residential gross floor area of approximately 39,000 square feet.

The Group’s another development project located at 5 Hang Lok Lane, Shatin is currently planned to be redeveloped into luxurious low-density residential development and is expected to be launched in 2024.

Phase III of “Chevalier City” in Changchun comprises of 10 residential blocks and will provide about 1,100 units with a gross floor area of approximately 100,000 square metres upon completion. The size of the residential units range from 36–125 square metres. “Chevalier City” is located in a developed community close to the Changchunxi Railway Station. Six residential blocks of Phase III of “Chevalier City” were launched for pre-sale in the market and over 70% have since been sold. Construction works of Phase III is expected to be completed in the third quarter of 2021 as scheduled.

The contribution of the cold storage and logistics business reported a steady income with positive growth in revenue and profit during the year. This business experienced various challenges including the disruption of the shipping lines schedules, reduction of the reefer transshipments via Hong Kong, and the disruption of production lines of frozen food supply chain from overseas for Hong Kong. In order to minimise chances of viral transmission from overseas, we have closely collaborated with the Food & Environment Hygiene Department and the Centre for Food Safety to impose additional hygiene measures to all reefer containers upon arrival for storage. The occupancy rate of the cold storage business maintained at a satisfactory level.

HEALTHCARE INVESTMENT

The performance of this segment recorded an increase in revenue by 12% from HK\$964 million to HK\$1,082 million. Such increase was mainly due to additional income derived from rendering care services to COVID-19 patients and related services in addition to the acquisition of a senior housing property during the year. Segment profit before finance cost, net, turned from a loss of HK\$105 million to a profit of HK\$158 million this year which was mainly due to an increase in revenue, and the favorability of revaluation of financial instruments and investment properties in a joint venture in this financial year.

During the year under review, the Group acquired a senior housing property located at Medford, Oregon, the US in May 2020 which provides 74-bed memory care facilities.

As at 31 March 2021, the Group owned 36 senior housing properties (including those classified as assets held-for-sale) across 7 states in the US 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's interest in 3 medical office buildings located in New York, Pennsylvania and Rhode Island comprising a gross floor area of approximately 428,000 square feet. As life expectancy of the general population and costs of healthcare increase, the Group believes that demand for senior housing facilities and medical office buildings will continue to grow in the US.

Subsequent to the year-end, the disposal of senior housing properties has been revised, comprising Autumn Village, Cedar Mountain, Edenton House, Windsor House and Williamston House in North Carolina, the US at US\$22.5 million (equivalent to approximately HK\$175.5 million) (subject to adjustments) and the deal is expected to close in the financial year 2021/22.

With our extensive experience in the healthcare business in the US, the Group has engaged in the development of a senior housing project in Happy Valley, Hong Kong namely "Ventria Residence". It will be a 22-storey building with built-in functional smart technology and a variety of leisure facilities. It is expected to be completed in 2023.

CAR DEALERSHIP

During the fiscal year, the revenue of this segment increased by 15% from HK\$2,303 million to HK\$2,652 million which was mainly due to the increase in the sales in Mainland China which in turn offset the decrease in Canada. The segment profit before finance cost, net, recorded an upsurge from HK\$3 million to HK\$13 million.

In 2020, Mainland China was the first economy to recover from the pandemic. In order to stimulate the automobile industry, the Ministry of Commerce launched new policies to boost the trade volume including the promotion of the sales of hybrid and new energy vehicles of an affordable pricing in rural areas and providing subsidies for automobile trade-ins. It is expected that automobile consumption will continue to rise in 2021.

Poor performance of both the sales and service side of the car dealership business in Canada had adverse impact on the Group. With the aim of combating the pandemic, precautionary measures were in place including limiting all visits to showrooms by appointment only. Nevertheless, the local government has implemented measures to relieve pressure on the automobiles industry arising from COVID-19.

OTHERS

The segment revenue reported an increase of 28% from HK\$693 million to HK\$888 million during the year. Insurance business was the major revenue contributor to this segment. Segment profit before finance cost, net, recorded a turnaround result from a loss of HK\$5 million to a profit of HK\$99 million comparing to last year. The encouraging at a results were attributable to (i) an increase in fair value gain of securities investment which was reported loss last year; (ii) write-back of bad debt provisions in computer and information technology business; (iii) the improvement of our food and beverage investment by closing some unprofitable shops; and (iv) contribution from food trading business in the US and Canada.

During the year under review, the total gross premium written in the insurance business increased two-fold compared to last year. With the expansion in client base, particularly in the construction industry, the employees' compensation insurance premium continues to have positive contribution to its business. The Group always reviews and ensures its reinsurance programs are sufficient in meeting with current and future potential risk exposure.

Our information and technology division have demonstrated an innovative integration of IT solutions and IoT (Internet of Things) technologies into intelligent living environment at its project at Science Park InnoCell. We will seize opportunities by joining with various IT partners to focus on delivering end-to-end networking and developing suitable software solutions.

FINANCIAL REVIEW

As at 31 March 2021, the Group's net assets attributable to shareholders of the Company amounted to HK\$9,930 million, an increase of HK\$858 million when compared with 31 March 2020 of HK\$9,072 million. Such increase was mainly from the profit attributable to shareholders of the Company of HK\$641 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$344 million offset by dividend payment of HK\$145 million.

As at 31 March 2021, bank balances and cash decreased to HK\$2,782 million (2020: HK\$2,825 million). Bank and other borrowings increased to HK\$3,499 million as at 31 March 2021 (2020: HK\$3,368 million) as a result of payment for acquiring a piece of land and a senior housing property offset by repayment of bank loan during the year. 60.1% and 34.3% of the balance as at 31 March 2021 (2020: 63.2% and 33.3%) were denominated in Hong Kong dollar and US dollar respectively.

The portion of the Group's borrowings due within one year increased from 26.3% as at 31 March 2020 to 44.8% as at 31 March 2021.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,500 full-time staff globally as at 31 March 2021. Total staff costs amounted to HK\$1,326 million for the year ended 31 March 2021. 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 2021, 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 of 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 2021. 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 2021 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 2021 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 sincere gratitude to the management for their invaluable contribution and staff for their dedication as well as our shareholders and business partners for their unwavering support to the Group throughout the challenging year.

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

Hong Kong, 25 June 2021

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*