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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 2022

RESULTS

The board of Directors (the “Board”) of Chevalier International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2022, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	4	8,634,433	7,352,855
Cost of sales		(7,597,577)	(6,468,516)
Gross profit		1,036,856	884,339
Other income	5, 18	125,825	179,152
Other gains/(losses), net	6, 18	153,488	(9,188)
Selling and distribution costs		(231,728)	(169,064)
Administrative expenses		(400,151)	(381,344)
Operating profit		684,290	503,895
Share of results of associates		144,756	240,064
Share of results of joint ventures		82,013	99,464
		911,059	843,423

	Note	2022 HK\$'000	2021 HK\$'000
Finance income	7	27,073	34,422
Finance costs	7	<u>(88,592)</u>	<u>(87,035)</u>
Finance costs, net	7	<u><u>(61,519)</u></u>	<u><u>(52,613)</u></u>
Profit before taxation	8	849,540	790,810
Taxation	9	<u>(156,866)</u>	<u>(105,906)</u>
Profit for the year		<u><u>692,674</u></u>	<u><u>684,904</u></u>
Attributable to:			
Shareholders of the Company		644,523	640,552
Non-controlling interests		<u>48,151</u>	<u>44,352</u>
		<u><u>692,674</u></u>	<u><u>684,904</u></u>
Earnings per share			
– basic and diluted (HK\$ per share)	10	<u><u>2.13</u></u>	<u><u>2.12</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	2022 HK\$'000	2021 HK\$'000
Profit for the year	692,674	684,904
Other comprehensive 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	12,597	23,216
Change in fair value of investments at fair value through other comprehensive income	45,594	11,265
Fair value surplus of right-of-use assets upon transfer to investment properties	–	1,746
Fair value gain of properties for own use	–	509
Share of an associate's fair value surplus of right-of-use assets upon transfer to investment properties	2,031	–
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	130,630	344,092
Fair value adjustments on the derivative financial instruments designated as cash flow hedge	116	348
Other comprehensive income for the year, net of tax	190,968	381,176
Total comprehensive income for the year	883,642	1,066,080
Attributable to:		
Shareholders of the Company	822,894	1,002,387
Non-controlling interests	60,748	63,693
	883,642	1,066,080

Note:

Items shown within other comprehensive income are disclosed net of tax.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Investment properties		4,749,247	3,661,401
Property, plant and equipment		3,377,007	3,254,284
Goodwill		634,564	629,796
Other intangible assets		26,955	37,919
Interests in associates		676,946	643,475
Interests in joint ventures		1,193,344	1,131,401
Investments at fair value through other comprehensive income		91,738	46,097
Investments at fair value through profit or loss		750,707	607,122
Investments at amortised cost		101,800	50,534
Properties under development		214,449	441,289
Deferred tax assets		69,055	49,184
Amounts due from non-controlling interests		47,183	–
Other non-current assets		76,841	89,442
		<u>12,009,836</u>	<u>10,641,944</u>
Current assets			
Amounts due from associates		25,242	29,219
Amounts due from joint ventures		102,263	118,867
Amounts due from non-controlling interests		33,031	46,835
Investments at fair value through profit or loss		484,665	387,100
Investments at amortised cost		–	15,554
Inventories		304,138	306,324
Properties for sale		1,086,268	258,097
Properties under development		1,482,036	2,200,966
Debtors, contract assets, deposits paid and prepayments	12	1,995,399	1,660,013
Derivative financial instruments		65	–
Prepaid tax		21,947	28,402
Bank balances and cash		2,667,092	2,782,183
		<u>8,202,146</u>	<u>7,833,560</u>
Assets held-for-sale	17	2,913	137,485
		<u>8,205,059</u>	<u>7,971,045</u>

	Note	2022 HK\$'000	2021 HK\$'000
Current liabilities			
Amounts due to joint ventures		13,162	6,581
Amounts due to non-controlling interests		259,833	258,585
Derivative financial instruments		47	106
Creditors, bills payable, deposits received, contract liabilities and accruals	13	2,789,811	2,852,819
Unearned insurance premiums and unexpired risk reserves		296,862	174,944
Outstanding insurance claims		437,031	267,099
Current income tax liabilities		89,210	46,743
Bank and other borrowings		2,425,438	1,567,701
Lease liabilities		21,293	19,251
		<u>6,332,687</u>	<u>5,193,829</u>
Liabilities directly associated with assets held-for-sale	17	–	40,201
		<u>6,332,687</u>	<u>5,234,030</u>
Net current assets		<u>1,872,372</u>	<u>2,737,015</u>
Total assets less current liabilities		<u>13,882,208</u>	<u>13,378,959</u>
Capital and reserves			
Share capital		377,411	377,411
Reserves		10,211,964	9,552,109
Shareholders' funds		10,589,375	9,929,520
Non-controlling interests		637,218	639,705
Total equity		<u>11,226,593</u>	<u>10,569,225</u>
Non-current liabilities			
Amounts due to non-controlling interests		239,187	206,751
Unearned insurance premiums		330,082	224,362
Bank and other borrowings		1,594,462	1,931,123
Lease liabilities		87,941	61,241
Deferred tax liabilities		403,943	386,257
		<u>2,655,615</u>	<u>2,809,734</u>
Total equity and non-current liabilities		<u>13,882,208</u>	<u>13,378,959</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, 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 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 2021

The HKICPA has issued the following amendments to existing standards are mandatory for the financial year of the Group beginning on 1 April 2021:

- HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (amendments), “Interest Rate Benchmark Reform – Phase 2”
- HKFRS 16 (2021 amendment), “Covid-19-Related Rent Concessions beyond 30 June 2021”

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

The following new standard, amendments to standards and interpretation have been issued but not yet effective for the financial year of the Group beginning on 1 April 2021 and have not been early adopted:

- HKAS 1 (amendments), “Classification of Liabilities as Current or Non-current”²
- HKAS 1 (amendments), “Disclosure of Accounting Policies”²
- HKAS 8 (amendments), “Definition of Accounting Estimates”²
- HKAS 12 (amendments), “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”²
- HKFRS 3, HKAS 16 and HKAS 37 (amendments), “Narrow-scope amendments”¹
- HKFRS 10 and HKAS 28 (amendments), “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”³
- HKFRS 17, “Insurance Contracts”²
- HKFRS 17, “Amendments to HKFRS 17”²
- HK Int 5 (2020), “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”²
- Annual Improvements Project (amendments) – “Annual Improvements to HKFRSs 2018-2020”¹

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

² Effective for annual periods beginning on or after 1 January 2023

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

HKFRS 17, “Insurance Contracts” (“HKFRS 17”) and Amendments to HKFRS 17

HKFRS 17 will replace the current HKFRS 4, “Insurance Contracts”. HKFRS 17 includes some fundamental differences to current accounting treatment 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. In October 2020, HKICPA issued HKFRS 17 (Amendments) which defer the effective date of the standard to accounting period beginning on or after 1 January 2023 and provide additional transition relief when applying HKFRS 17 for the first time. The Group is undertaking an assessment of the impact of the new standard.

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

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Directors, the chief operating decision-maker, that are used to make strategic decisions. The Directors consider the business from a product/service perspective.

Principal activities of the segments are as follows:

Construction and engineering: Construction and engineering work for aluminium windows and curtain walls, building construction, building supplies, civil engineering, electrical and mechanical engineering, environmental engineering, lifts and escalators.

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, food and beverage and freight forwarding services.

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 and deferred tax 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 2022							
REVENUE							
Total revenue	3,292,750	152,901	1,491,087	806,304	1,811,137	1,280,693	8,834,872
Inter-segment revenue	(132,098)	(2,034)	(44,782)	-	-	(21,525)	(200,439)
Group revenue	<u>3,160,652</u>	<u>150,867</u>	<u>1,446,305</u>	<u>806,304</u>	<u>1,811,137</u>	<u>1,259,168</u>	<u>8,634,433</u>
Share of revenue of associates and joint ventures	1,835,359	-	64,655	123,522	479,466	93,877	2,596,879
Proportionate revenue from a joint venture eliminated	(398)	-	-	-	-	-	(398)
Segment revenue	<u>4,995,613</u>	<u>150,867</u>	<u>1,510,960</u>	<u>929,826</u>	<u>2,290,603</u>	<u>1,353,045</u>	<u>11,230,914</u>
Revenue from contracts with customers:							
- recognised at a point in time	23,785	-	1,089,002	-	1,765,531	607,614	3,485,932
- recognised over time	3,136,832	-	352,759	806,304	14,766	39,800	4,350,461
Revenue from other sources	<u>35</u>	<u>150,867</u>	<u>4,544</u>	<u>-</u>	<u>30,840</u>	<u>611,754</u>	<u>798,040</u>
Group revenue	<u>3,160,652</u>	<u>150,867</u>	<u>1,446,305</u>	<u>806,304</u>	<u>1,811,137</u>	<u>1,259,168</u>	<u>8,634,433</u>
RESULTS							
Segment profit/(loss) before finance cost, net							
cost, net	334,476	379,413	267,949	(2,232)	(38,008)	20,363	961,961
Finance income	2,427	1,034	8,488	2,496	2,402	2,377	19,224
Finance costs	(359)	(2,141)	-	(44,385)	(7,906)	(1,539)	(56,330)
Segment profit/(loss) after finance cost, net	<u>336,544</u>	<u>378,306</u>	<u>276,437</u>	<u>(44,121)</u>	<u>(43,512)</u>	<u>21,201</u>	<u>924,855</u>
Included in segment profit/(loss) are:							
Share of results of associates	163,254	-	(5)	-	-	(18,493)	144,756
Share of results of joint ventures	15	-	(14,720)	95,371	1,347	-	82,013
Depreciation and amortisation, net of amounts allocated to contract work	(9,633)	(647)	(60,171)	(81,583)	(40,533)	(19,250)	(211,817)
Impairment loss on properties for sale	-	-	(732)	-	-	-	(732)
Impairment loss on property, plant and equipment	-	-	-	(8,158)	(19,520)	-	(27,678)
Impairment loss on goodwill	-	-	-	(4,040)	-	-	(4,040)
Increase in fair value of investment properties	-	288,719	-	-	-	-	288,719
Unrealised (loss)/gain on investments at fair value through profit or loss	-	-	-	(25,283)	4,552	(66,471)	(87,202)
Provision written back/(recognised) for inventories to net realisable value, net	15	-	-	-	(5,967)	779	(5,173)
Provision recognised for trade and other debtors, net	(133)	-	(18,251)	(14,043)	(67)	(149)	(32,643)

	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 sale	–	–	(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) for 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)

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:

	2022 HK\$'000	2021 HK\$'000
Total segment revenue	<u>11,230,914</u>	9,850,471
Add: Proportionate revenue from a joint venture eliminated	<u>398</u>	18,960
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	1,145,268	1,098,858
Maintenance and other services	690,091	654,398
Sales of motor vehicles and others	479,466	526,982
Leasing of properties	123,522	117,695
Food and beverage	93,877	65,716
Sales of properties	38,177	29,206
Hotel operations	<u>26,478</u>	<u>23,721</u>
	<u>2,596,879</u>	<u>2,516,576</u>
Total revenue in the consolidated income statement (note 4)	<u><u>8,634,433</u></u>	<u><u>7,352,855</u></u>

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

	2022 HK\$'000	2021 HK\$'000
Segment profit	924,855	831,497
Unallocated corporate expenses	(50,902)	(44,570)
Unallocated finance income	7,849	20,944
Unallocated finance costs	<u>(32,262)</u>	<u>(17,061)</u>
Profit before taxation	<u><u>849,540</u></u>	<u><u>790,810</u></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 2022							
ASSETS							
Segment assets	<u>1,956,671</u>	<u>4,858,354</u>	<u>5,516,915</u>	<u>2,812,213</u>	<u>1,210,953</u>	<u>2,942,580</u>	<u>19,297,686</u>
Included in segment assets are:							
Interests in associates	656,467	-	-	-	-	20,479	676,946
Interests in joint ventures	13,846	-	335,436	755,506	88,556	-	1,193,344
Amounts due from associates	25,034	-	-	-	-	208	25,242
Amounts due from joint ventures	-	-	102,263	-	-	-	102,263
Additions to non-current assets (note)	<u>18,872</u>	<u>765,105</u>	<u>724,890</u>	<u>83,025</u>	<u>41,194</u>	<u>144,343</u>	<u>1,777,429</u>
LIABILITIES							
Segment liabilities	<u>1,876,013</u>	<u>88,294</u>	<u>417,534</u>	<u>355,340</u>	<u>451,987</u>	<u>1,286,081</u>	<u>4,475,249</u>
Included in segment liabilities are:							
Amounts due to joint ventures	-	-	12,876	-	286	-	13,162
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

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

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

	2022 HK\$'000	2021 HK\$'000
Segment assets	19,297,686	17,344,702
Prepaid tax	21,947	28,402
Unallocated bank balances and cash	807,707	1,176,731
Deferred tax assets	69,055	49,184
Other unallocated assets	18,500	13,970
	<u>20,214,895</u>	<u>18,612,989</u>
Total assets		
Segment liabilities	4,475,249	4,111,940
Current income tax liabilities	89,210	46,743
Bank and other borrowings	4,019,900	3,498,824
Deferred tax liabilities	403,943	386,257
	<u>8,988,302</u>	<u>8,043,764</u>
Total liabilities		

(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, Singapore and the United Kingdom. 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	2022 Total		Company and subsidiaries	Associates and joint ventures	2021 Total	
	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000	%
Hong Kong	4,473,158	665,585 [#]	5,138,743	45	2,952,933	640,104 [#]	3,593,037	36
Mainland China	2,306,027	1,479,206	3,785,233	34	1,942,341	1,460,742	3,403,083	35
The US	946,055	123,522	1,069,577	10	1,237,803	117,695	1,355,498	14
Macau	373,496	18,807	392,303	3	707,745	26,380	734,125	7
Canada	381,806	-	381,806	3	317,744	-	317,744	3
Singapore	12,586	289,831	302,417	3	12,563	234,243	246,806	3
Australia	74,265	19,200	93,465	1	123,963	17,998	141,961	1
Thailand	60,204	-	60,204	1	57,763	-	57,763	1
The United Kingdom	6,836	-	6,836	0	-	-	-	-
Others	-	330	330	0	-	454	454	0
	8,634,433	2,596,481	11,230,914	100	7,352,855	2,497,616	9,850,471	100

[#] 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 2022 and 2021.

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

	Non-current assets	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	3,581,504	3,205,304
Mainland China	2,030,828	2,296,534
The US	1,848,273	1,880,230
The United Kingdom	703,836	-
Singapore	461,250	449,402
Canada	256,795	228,865
Macau	43,663	45,816
Thailand	7,268	7,854
Others	252	126
	8,933,669	8,114,131

4 REVENUE

	2022 HK\$'000	2021 HK\$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	3,009,325	2,729,316
Sale of information technology equipment, motor vehicles and others	1,936,302	2,243,907
Sales of properties	1,055,546	44,974
Senior housing operations	806,304	964,785
Insurance premium	577,917	347,062
Warehouse, logistics and freight forwarding services	548,258	391,420
Maintenance and property management services	449,561	444,539
Leasing of properties	165,010	151,372
Leasing of vehicles and equipment	23,984	12,892
Hotel operations	20,480	4,708
Dividend income from investments	18,216	6,303
Interest income from investments	15,045	11,577
Food and beverage	8,485	–
	<hr/>	<hr/>
Total revenue (note 3)	8,634,433	7,352,855

5 OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Sales and marketing services income from an associate	36,465	35,177
Management fee income from an associate and joint ventures	22,755	22,455
Service fee income from associates	594	460
Government grants	24,557	119,578
Compensation income	24,604	–
Others	16,850	1,482
	<hr/>	<hr/>
	125,825	179,152

6 OTHER GAINS/(LOSSES), NET

	2022 HK\$'000	2021 HK\$'000
(Loss)/gain on investments at fair value through profit or loss	(79,974)	16,490
Gain/(loss) on derivative financial instruments	8	(242)
Increase in fair value of investment properties	288,719	11,424
(Loss)/gain on disposal of property, plant and equipment	(5,878)	3,204
Gain on disposals of subsidiaries (note 14(c))	8,471	–
Impairment loss on property, plant and equipment	(27,678)	(1,550)
Impairment loss on properties for sale	(732)	(2,185)
Impairment loss on goodwill	(4,040)	(1,738)
Provision recognised for trade and other debtors, net	(32,643)	(7,840)
Provision recognised for properties under development to net realisable value	–	(30,000)
Exchange gain	7,235	3,249
	<u>153,488</u>	<u>(9,188)</u>

7 FINANCE COSTS, NET

	2022 HK\$'000	2021 HK\$'000
Interest expenses on lease liabilities, bank overdrafts, a non-controlling interest and bank and other borrowings	104,113	102,481
Less: Amounts capitalised to properties under development (note)	<u>(15,521)</u>	<u>(15,446)</u>
	88,592	87,035
Less: Interest income from bank deposits, promissory notes, an associate, joint ventures and a non-controlling interest	<u>(27,073)</u>	<u>(34,422)</u>
	<u>61,519</u>	<u>52,613</u>

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was 1.40% per annum (2021: between 1.05% and 2.79% per annum).

8 PROFIT BEFORE TAXATION

	2022 HK\$'000	2021 HK\$'000
Profit before taxation has been arrived at after charging/(crediting) the following:		
Depreciation of property, plant and equipment	198,675	178,207
Less: Amounts allocated to contract work	(3,335)	(2,565)
	195,340	175,642
Staff costs	1,442,622	1,326,044
Less: Amounts allocated to contract work	(267,357)	(207,512)
	1,175,265	1,118,532
Short term lease payments in respect of leasing of		
– premises	7,166	7,821
– equipment	2,657	2,753
	9,823	10,574
Auditors' remuneration		
– audit services (Company's auditor and its affiliates)	8,167	7,734
– audit services (other auditors)	8,679	7,806
– non-audit services (Company's auditor and its affiliates)	285	279
– non-audit services (other auditors)	2,372	2,235
– under-provision in prior years	382	400
	19,885	18,454
Amortisation of other intangible assets	16,483	26,187
Less: Amounts allocated to contract work	(6)	–
	16,477	26,187
Provision recognised for inventories to net realisable value, net	5,173	366
Cost of construction contracts	2,888,555	2,612,465
Cost of inventories sold	1,747,953	2,055,058
Cost of properties sold	801,031	28,617
Gross rental income of HK\$165,010,000 (2021: HK\$151,393,000) from properties less direct operating expenses	(122,052)	(116,037)

9 TAXATION

	2022 HK\$'000	2021 HK\$'000
Current tax		
Hong Kong	48,774	48,595
Mainland China	87,914	13,675
Overseas	35,112	17,423
(Over)/under provision in prior years	(62)	2,355
	<u>171,738</u>	<u>82,048</u>
Deferred tax		
Origination and reversal of temporary differences	(14,872)	23,858
	<u>156,866</u>	<u>105,906</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2021: 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 2022.

	2022 HK\$'000	2021 HK\$'000
Profit attributable to shareholders of the Company	<u>644,523</u>	<u>640,552</u>
	2022	2021
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>2.13</u>	<u>2.12</u>

There were no potential diluted ordinary shares in existence for the years ended 31 March 2022 and 2021.

11 DIVIDENDS

	2022 HK\$'000	2021 HK\$'000
Interim dividend of HK\$0.15 (2021: HK\$0.16) per share paid	45,289	48,309
Final dividend of HK\$0.35 (2021: HK\$0.39) per share proposed	105,675	117,752
	<u>150,964</u>	<u>166,061</u>

Final dividend of HK\$0.35 per share totaling HK\$105,675,000 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 2023.

12 DEBTORS, CONTRACT ASSETS, DEPOSITS PAID AND PREPAYMENTS

	2022 HK\$'000	2021 HK\$'000
Trade debtors	887,508	764,507
Less: Provision for impairment	(30,326)	(35,421)
Trade debtors, net	<u>857,182</u>	<u>729,086</u>
Retention receivables	301,398	231,029
Less: Provision for impairment	–	(8,597)
Retention receivables, net	<u>301,398</u>	<u>222,432</u>
Contract assets	<u>179,035</u>	<u>156,047</u>
Other debtors	421,361	298,095
Less: Provision for impairment	(33,145)	(4,596)
Other debtors, net	<u>388,216</u>	<u>293,499</u>
Deposits paid and prepayments	<u>269,568</u>	<u>258,949</u>
	<u>1,995,399</u>	<u>1,660,013</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:

	2022 HK\$'000	2021 HK\$'000
0–60 days	622,671	556,048
61–90 days	32,997	49,810
Over 90 days	201,514	123,228
	<u>857,182</u>	<u>729,086</u>

13 CREDITORS, BILLS PAYABLE, DEPOSITS RECEIVED, CONTRACT LIABILITIES AND ACCRUALS

	2022 HK\$'000	2021 HK\$'000
Trade creditors and bills payable	340,400	287,718
Retention payables	234,873	191,464
Deposits received	79,319	49,839
Contract liabilities	274,028	465,530
Accrued contract costs	1,110,794	1,245,984
Other creditors and accruals	750,397	612,284
	<u>2,789,811</u>	<u>2,852,819</u>

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

	2022 HK\$'000	2021 HK\$'000
0–60 days	268,598	221,551
61–90 days	29,263	2,488
Over 90 days	42,539	63,679
	<u>340,400</u>	<u>287,718</u>

14 ACQUISITIONS AND DISPOSALS

(a) Acquisition of a subsidiary

On 28 May 2021, the Group entered into an agreement to acquire 100% of a company, which operates a rehabilitation centre in Hong Kong at the consideration of HK\$8,900,000. The transaction was completed on 31 May 2021.

	2022 HK\$'000
Purchase consideration satisfied by:	
Cash paid	<u>8,900</u>
Fair value of net assets acquired:	
Property, plant and equipment	6,337
Debtors, deposits paid and prepayments	798
Bank balances and cash	931
Creditors, deposits received, accruals and lease liabilities	(3,206)
Goodwill	<u>4,040</u>
	<u>8,900</u>
Acquisition related expenses (included in administrative expenses)	<u>319</u>
Net cash outflow arising from the acquisition:	
Cash consideration paid	(8,900)
Bank balances and cash	<u>931</u>
	<u>(7,969)</u>

(b) Acquisition 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>

(c) **Disposals of subsidiaries**

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). 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 the market environment caused by the enduring impact of COVID-19 pandemic.

On 31 May 2021 and 29 June 2021, the Group and the purchaser, after further consideration of the adverse impacts of COVID-19 pandemic on the US economy, entered into the amendment agreements to further amend the terms of the agreements. The major amendments include (i) the number of target companies subject to disposal reduced from eight to six (the “Revised Disposal Group”), with the corresponding reduction in 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 was US\$5.1 million (equivalent to approximately HK\$39.8 million)) as at 31 March 2022, (b) upward adjustment reflecting the capital expenditure which may be incurred on the five properties between the date of the agreement and the revised completion date; and (c) completion would take place in two separate closing. The first closing was completed on 30 June 2021 and the second closing was completed on 31 March 2022.

	2022
	HK\$’000
Consideration received and receivables	143,132
Less: discount impact on consideration receivable (note)	(20,283)
Less: professional fees and other expenses	(2,723)
	<u>120,126</u>
Net assets disposed	(111,730)
Exchange fluctuation reserve released upon disposal	75
	<u>8,471</u>
Gain on disposal, net (note 6)	8,471
Taxation	(16,087)
	<u>(7,616)</u>
Loss on disposal, net of taxation	<u>(7,616)</u>
Net cash inflow arising from the disposal:	
Cash consideration received	97,630
Professional fees and other expenses	(2,723)
	<u>94,907</u>

The professional fees, other expenses and taxation are subject to finalisation.

Note:

The Group agrees to provide seller financing for a portion of the selling price in an amount equal to US\$4,970,000 (equivalent to approximately HK\$38,617,000). The maturity date of the seller financing shall be the date that is three years after the closing date, with a balloon payment of all principal and accrued and unpaid interest due at maturity, subject to two one-year extensions, which is stated at amortised cost and included in other non-current assets. The carrying amount of the receivable was HK\$21,008,000 as at 31 March 2022 (2021: HK\$Nil).

15 CONTINGENT LIABILITIES

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

	2022 HK\$'000	2021 HK\$'000
Banking facilities granted to an associate	1,033	1,462
Guarantees given to banks and housing provident fund management centres for mortgage facilities granted to certain buyers of properties	<u>335,823</u>	<u>191,138</u>
	<u>336,856</u>	<u>192,600</u>

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

	2022 HK\$'000	2021 HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	<u>304</u>	<u>292</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:

	2022 HK\$'000	2021 HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	283,365	450,993
– acquisition of property, plant and equipment	111,245	33,838
– an equity investment	<u>6,264</u>	<u>–</u>
	<u>400,874</u>	<u>484,831</u>

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

	2022 HK\$'000	2021 HK\$'000
Contracted but not provided for	<u>8,518</u>	<u>8,745</u>

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

Balance as at 31 March 2021

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\$39.8 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 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. The transactions were completed on 30 June 2021 and 31 March 2022 respectively.

Balance as at 31 March 2022

In March 2022, the Group entered into a sale and purchase agreement with an independent third party to dispose of the Group’s entire interest in one senior housing property located in Nebraska, the US. The assets were classified as assets held-for-sale as at 31 March 2022. The assets held-for-sale have been stated at the lower of carrying amount and fair value less costs to sell. The transaction was completed on 17 May 2022.

	2022 HK\$’000	2021 HK\$’000
Assets		
Property, plant and equipment	2,913	93,881
Goodwill	–	43,604
	<u>2,913</u>	<u>137,485</u>
Assets of subsidiaries reclassified as held-for-sale	<u>2,913</u>	<u>137,485</u>
Liabilities of subsidiaries reclassified as held-for-sale		
Bank borrowing	–	40,201
	<u>–</u>	<u>40,201</u>

18 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year’s presentation. In the current year, the Group reclassified the line items “(Loss)/gain on investments at fair value through profit or loss” and “Gain/(loss) on derivative financial instruments” from “Other income” to “Other gains/(losses), net”. As a result, comparative information has been reclassified to conform to this presentation.

DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.35 (2021: HK\$0.39) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Wednesday, 14 September 2022. Together with an interim dividend of HK\$0.15 (2021: HK\$0.16) per share paid on Thursday, 23 December 2021, the total dividends for the year amounted to HK\$0.50 (2021: HK\$0.55) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 31 August 2022 (the “AGM”), the proposed final dividend will be payable in cash to shareholders on or about Friday, 23 September 2022.

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, 26 August 2022 to Wednesday, 31 August 2022, 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, 25 August 2022.

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 Tuesday, 13 September 2022 to Wednesday, 14 September 2022, 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, 9 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated revenue increased by 17.4% from HK\$7,353 million in 2020/2021 to HK\$8,634 million for the year ended 31 March 2022. Total segment revenue, which includes the Group's share of revenue of associates and joint ventures, grew to HK\$11,231 million from HK\$9,850 million, a 14% increase as compared to the last financial year. The Group reported a stable profit for the year ended 31 March 2022 at HK\$693 million as compared to HK\$685 million in the last financial year. Such results were recorded taking into account contribution from the properties revaluation and the gain on disposal of residential properties for sale in Changchun and the lesser amount received from various Government pandemic relief compared to the previous year. Profit attributable to the Company's shareholders for the year ended 31 March 2022 was HK\$645 million (2021: HK\$641 million) and earnings per share was HK\$2.13 (2021: HK\$2.12).

CONSTRUCTION AND ENGINEERING

The Construction and Engineering segment's revenue for the year ended 31 March 2022 reported a growth by 8.2% from HK\$4,616 million to HK\$4,996 million as compared to the last financial year. The segment profit before finance cost, net, experienced a drop of 28.6% from HK\$468 million to HK\$334 million. The decrease in profit resulted mainly from the (i) fierce competition in the industry, (ii) absence of one-off government subsidies received in the previous financial year; and (iii) upsurge in material and other operational costs, in an overall uncertain business environment that has arisen due to the COVID-19 pandemic.

With its good reputation, expertise and solid experience in the building construction industry, our building construction division secured a number of public and private projects during the financial year. This division has dedicated resources to keep up-to-date with the ever-changing innovative technological advances such as the Design for Manufacturing and Assembly (DfMA) concept to maintain its competitiveness in the market and to enhance construction efficiency. To support the sustainable development of Hong Kong and pitch in to the decarbonising of the construction industry, the Group has been actively involved in the development of the Modular Integrated Construction (MiC) building method since 2018, commencing with the preparation for the establishment of a factory with a counterpart in the PRC and the subsequent MiC research and development in 2019 with our long-time research partner. The development of Hybrid-MiC has been another endeavour of our business construction division in support of DfMA. The MiC system has already received "in-principle acceptance" from the Buildings Department of Hong Kong and has been applied to the construction of Chung Yuet Lau, the first MiC elderly housing project of The Hong Kong Housing Society at Jat Min Chuen, Sha Tin. The Group's residential development project located at Prince Edward Road West employed Hybrid MiC as part of its construction method. The Group will continue to apply Building Information Modelling in most building projects including the Third Runway Project. Application of these technologies in the Group's business construction division will no doubt help improve work quality and efficiency, health and safety in sites as well as minimise wastage generated by the construction works.

The electrical and mechanical engineering division recorded positive results during the reporting year despite the market being clouded by uncertainties that have arisen as a result of the pandemic. Although this division continued to focus on opportunities in Macau during the year, the completion of electrical and mechanical engineering works in Hong Kong during the financial year has also contributed to the operating results of this division. With its good track records in Macau, there are still a healthy number of contracts on hand. As an integrated E&M engineering contractor capable of providing a comprehensive mix of E&M engineering service works, and armed with its extensive experience in serving the gaming and entertainment segment in Macau, this division will take a proactive role in capturing opportunities in both Hong Kong and Macau.

During the year, aluminium windows and curtain walls division reported favourable results though the increase in the costs of raw materials and logistics had significant impact on the business activities of this division. In order to mitigate the negative effects of COVID-19 on the business, this division took measures such as reducing operation costs, improving product designs and optimising materials logistics to meet delivery schedules. With its own production facilities, and professional and wide-ranging technological integration capabilities in Dongguan, the Mainland China, this division was able to provide without interruption a full range of services in engineering design and consulting, engineering construction, operation management and specialised equipment manufacturing during the COVID-19 pandemic period to meet customer requirements.

The building supplies division recorded mediocre results during the reporting year primarily due to the absence of the Government subsidies for the pandemic and delay in construction projects caused by the pandemic. Performance of this division was directly affected by the overall condition and pace of the construction industry. Similar to the other business units in this Construction and Engineering segment, this division also faced the issue of the upsurge in the cost of raw materials. During the year, with the fifth wave of the COVID-19 outbreak, this division went full steam ahead with the supply and installation of water tanks for Phase 3 of the Penny's Bay Quarantine Centre to meet the HKSAR Government's pressing need to increase the number of community isolation facilities.

The environmental engineering division also experienced a decrease in profit, again due to the absence of the Government subsidies for the pandemic and the increasing expenses in raw materials and logistics. However, benefitting from the HKSAR Government's committed funding reserved for infrastructure development, this division has secured two large-scale environmental related projects for water and wastewater treatment in the form of a joint operation with strategic partners during the year.

During the reporting year, the lift and escalator division recorded a decrease in results due to the absence of one-off government subsidy in 2021. In response to the society's needs in the fight against COVID-19, our lifts and escalators division introduced touchless button as well as the "kNOw Touch" button panel developed by the Hong Kong Productivity Council to minimise the risk of infection. These touchless button panels have been adopted in estates and malls managed by the Housing Department, LINK, and large property management companies across Hong Kong, Kowloon and the New Territories. In line with the commitment to sustainable development of the Group, this division has developed innovative MiC methods (MiC & MiMEP) together with our business partners and has applied the same in our products. This also addresses labour shortage and enhances workers safety issue faced by the industry. Our lift and escalator division also applied this technology in the installation of tower for pedestrian footbridge and in Jat Min Chuen's project which combines Hybrid-MiC and MiMEP methods.

As at 31 March 2022, the total value of all outstanding construction and engineering contracts of the Group amounted to HK\$7,807 million. Major contracts include:

1. Construction of a hotel development at No. 1 Cheong Tung Road, Hung Hom, Kowloon;
2. Construction of proposed church facilities, residential care home and senior hostel development at 17A & B Ventris Road, Happy Valley, Hong Kong;
3. Construction of the extension of the operating theatre block for Tuen Mun Hospital, New Territories;
4. Construction of subsidised sale flats development at Ko Shan Road, Hung Hom, Kowloon;
5. Electrical works for construction of Siu Ho Wan water treatment works extension and Siu Ho Wan Raw Water Booster Pumping Station;
6. Operations and maintenance of on-site chlorine generation plants at Shatin, Pak Kong, Tuen Mun, Ma On Shan and Au Tau water treatment works;
7. LV Electrical and HVAC installation works for Basement, Podium and Tower 3 of Galaxy Resort & Casino Phase 4 at Cotai, Macau;
8. Design, supply and installation of metal panel and external wall cladding system for T2C of the Third Runway Concourse and Apron Works of Hong Kong International Airport;
9. Water tank installation at Penny's Bay Quarantine Centre Phase 5 and 6, Lantau Island, New Territories; and
10. Supply and installation of kitchen cabinets for a proposed new development at Section B of Shauiwan Marine Lot No. 2 at Sai Wan Ho, Hong Kong.

PROPERTY INVESTMENT

The property letting business of this segment has its portfolio properties in Hong Kong, Singapore, Mainland China and the UK. This segment recorded a positive growth for the year ended 31 March 2022. Segment revenue recorded an increase of 8.6% from HK\$139 million to HK\$151 million as compared with the last reporting year. Segment profit before finance cost, net, also reported a year-on-year substantial growth of 241% from HK\$111 million to HK\$379 million. Such increase has already taken into account the repair and maintenance expenses of the warehouse located in Kwai Chung and the increase in fair value of certain investment properties.

During the year, the Group purchased two investment properties in the UK for long-term investment. The first property purchased is located at 1-3 Hammersmith Broadway, a Grade-A office building in central London, strategically located directly above the London Underground Hammersmith Station which is a major transportation hub. With a net internal area of approximately 30,000 square feet, the property is single-let on a 10-year lease to The Department for Work and Pensions of the British Government.

The second property is located at 30 King Street. It is also a Grade-A commercial building located in the City of London, moments away from the London Underground Bank Station and just a short walk from The Bank of England. The net internal area of just over 35,000 square feet is multi-let to reputable names in the banking, legal and business consultancy industries with a weighted average unexpired lease term of more than six years.

PROPERTY DEVELOPMENT AND OPERATIONS

The Property Development and Operations segment reported a significant increase in both revenue and profit before finance cost, net, by 220% from HK\$472 million to HK\$1,511 million and by 570% from HK\$40 million to HK\$268 million, respectively. The increase in segment revenue was primarily from the recognition of sale of the residential units of Phase III of “Chevalier City” in Changchun which also led to a substantial growth in segment profit.

An Urban Renewal Authority redevelopment project of the Group is located at 8 Fuk Chak Street, Tai Kok Tsui, Kowloon. “SABLIER” is the Group’s first wholly-owned composite residential development, it is also the first development in the Group’s “LE MOMENT” series. “SABLIER” is a single building development comprising 28 floors with a total of 144 small to medium size residential units totalling approximately 55,000 square feet gross floor area and approximately 8,000 square feet of commercial area. Completion of the project took place in September 2021 and handover of the units to the respective purchasers started in October 2021.

Another residential development in the “LE MOMENT” series is situated at 292A-D Prince Edward Road West, Ho Man Tin. It falls within a developed community with comprehensive amenities and also within a well sought after school net. The project has a residential floor area of approximately 39,000 square feet. Completion is expected to be in the first quarter of 2023.

5 Hang Lok Lane, Shatin, with site area of approximately 48,000 square feet is another residential development project of the Group. The current plan is to build a luxurious low-density residential development on the site.

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 metres. The sizes of the residential units range from 36 to 125 square metres. “Chevalier City” is located in a developed community close to the Changchunxi Railway Station. Construction works of Phase III completed as scheduled in September 2021 and construction of upper structure works of Phase V will commence in mid-2022.

In view of the HKSAR government’s re-industrialisation policy and the plan to make Hong Kong an international innovation and technology hub, the Group anticipates the demand for land in the northern-most part of Hong Kong adjoining the Mainland China to increase. In this regard, the Group participated in and won a tender for a piece of industrial land located at On Kui Street, Fanling in January 2022. The land falls within the area coined the “Northern Metropolis” by the HKSAR Government. In essence, the land is brimming with potentials and the Group’s current plan is to develop it into an industrial building with a total gross floor area of approximately 88,000 square feet and fitted with high-end facilities.

The income of Chevalier’s cold storage & logistics division declined during the year in the less than optimal business environment resulting from the pandemic. The pandemic situation abroad has affected the frozen food import industry in Hong Kong also as many workers of suppliers’ farms and abattoirs were infected which resulted in the disruption of the import schedule of the products into Hong Kong. This division inevitably also faced an upsurge in freight costs which led our customers to be more prudent with their cost control. Despite all of the above factors, this division overcame obstacles by leveraging on our strong market position and solid relationships with our business partners and diverse customer base.

The property management division provides comprehensive and high-quality property management services to a wide range of customers including the Hong Kong Housing Authority with a portfolio of about 32 million square feet comprising of commercial, industrial and residential buildings, shopping arcades and car parks. The property management division has adopted effective cost control measures to counter the effect of rising wages and operational costs in the last few years and the pressure brought about by the pandemic. Armed with this prudent approach to cost control, the division has been awarded several contracts of large residential estates including Kam Ying Court I and II, and Phase 1 of Tsuen King Garden during the financial year.

HEALTHCARE INVESTMENT

The revenue of the Healthcare Investment segment during the reporting year recorded a drop from HK\$1,082 million to HK\$930 million, representing a decrease of 14% as compared to the corresponding period last year. In line with the decline in revenue, segment profit before finance cost, net, also recorded a decline from a profit of HK\$158 million to a loss of HK\$2 million as compared to the corresponding period last year. Apart from the drop in occupancy rate and the increase in staff and operating costs, such decrease was also due to the impairment of financial instrument, the loss on disposal of certain senior housing properties, the decrease in income resulting from the disposals and the lack of income from the US Government for special care services to COVID-19 patients during COVID-19 pandemic last year.

As at 31 March 2022, the Group owned 30 senior housing properties across seven states in the US providing over 2,800 units/beds covering a wide spectrum of services including independent living, assisted living, memory care and skilled nursing. The Group also owns three medical office buildings located in New York, Pennsylvania and Rhode Island comprising a total gross floor area of approximately 428,000 square feet through a joint venture.

In Hong Kong, the Group is engaged in the development of a senior housing project located at 17A & B Ventris Road, Happy Valley, Hong Kong. The construction works of the superstructure are underway and the project is expected to complete in 2024.

Our healthcare investment has also been extended to include the provision of rehabilitation and wellness services in May 2021 after the acquisition of a rehabilitation and wellness centre situated at Ho Man Tin, Kowloon. The transdisciplinary team at the rehabilitation centre covers different specialties including geriatrics, physiotherapy, occupational therapy, nutrition and dietetics, podiatry, speech therapy, rehabilitation medicine, social work and skilled nursing and provides a comprehensive range of services covering neurology rehabilitation, orthopedic rehabilitation, pain management and prehab programme.

CAR DEALERSHIP

The car dealership industry continues to face challenges in the fiscal year. As a result, revenue of this segment decreased from HK\$2,652 million to HK\$2,291 million, representing a decline of 13.6% compared to the corresponding period last year while the segment profit recorded a drop from a profit of HK\$13 million to a loss of HK\$38 million as compared to last financial year. The loss was caused by the ongoing worldwide semiconductor chip shortage, subdued consumer sentiment resulting from the pandemic, and the increase in operating cost.

Revenue and contribution of the car dealership business in Canada was also affected due to city-wide lockdowns arising from the COVID-19 pandemic. With the improvement of the pandemic situation in Canada and Mainland China, it is anticipated that the car dealership businesses in Mainland China and Canada will return to a better position in the coming financial year, assuming the supply chain would resume simultaneously.

OTHERS

The segment revenue reported a year-on-year increase of 52% from HK\$888 million to HK\$1,353 million during the year under review. The major contributor to this segment was the insurance business. Segment profit before finance cost, net, recorded a decline from HK\$99 million to HK\$20 million, representing a drop of 80%. The decline in profit was due to the mark-to-market fair value loss in investment and the unsatisfactory performance of our food and beverage business as a result of the outbreak of 5th wave of the COVID-19 pandemic.

During the year under review, leveraging on strong relationship with intermediaries, active risk selection and participating in numerous large-scale construction projects in Hong Kong, the insurance business recorded satisfactory premium growth. General insurance has always been a fiercely competitive business in Hong Kong and to protect against extreme events, the Group always reviews and ensures its reinsurance programs are sufficient in meeting with current and future potential risk exposure.

Our freight forwarding services business is also another contributor to both the revenue and the profit under this segment. It provides international freight transportation services by air and sea, and focuses its services in aviation, automotive, chemical, fashion, healthcare, project cargo, retail and technology transportation. Its business also expanded to pharma cold chain logistics services dedicated to providing comprehensive pharma cold chain packaging and logistic solutions to customers.

The information and technology division continues to focus on offering innovative smart living solutions and customised enterprise automation solutions, adding value to our clients and the community. During the year, the division completed Innocell, the first fully automatised hotel living experience project at Hong Kong Science Park, Tai Po. In addition, this division also participated in the Government's anti-epidemic project, namely, the Call Center System for Designated Taxi Service Hotline, a dedicated booking platform for COVID-19 confirmed cases displaying only mild symptoms to book dedicated taxi services for visits to designated clinics during the fifth-wave of the pandemic.

FORWARD LOOKING

As we look to the future, the question that looms large is how long will it take for Hong Kong's and for the global economy to return to normal. This will certainly take some time. However, with the Group's diversified business portfolio, strong balance sheet, good liquidity and low leverage, we are prepared to face the challenges that lie ahead. The Board will closely monitor the effects arising from the increase in interest rate, and from operating and materials costs to minimise impacts and enhance long-term shareholder value.

FINANCIAL REVIEW

As at 31 March 2022, the Group's net assets attributable to shareholders of the Company amounted to HK\$10,589 million, an increase of HK\$659 million when compared with 31 March 2021 of HK\$9,930 million. Such increase was mainly from the profit attributable to shareholders of the Company of HK\$645 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$131 million offset by dividend payment of HK\$163 million.

As at 31 March 2022, bank balances and cash decreased to HK\$2,667 million (2021: HK\$2,782 million). Bank and other borrowings increased to HK\$4,020 million as at 31 March 2022 (2021: HK\$3,499 million) as a result of the payment for acquiring two commercial properties in London financed by drawn down of bank loans during the year. 55.8%, 28.5% and 10.2% of the balance as at 31 March 2022 (2021: 60.1%, 34.3% and Nil) were denominated in Hong Kong dollar, US dollar and British Pound respectively.

The portion of the Group's borrowings due within one year increased from 44.8% as at 31 March 2021 to 60.3% as at 31 March 2022.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,700 full-time staff globally as at 31 March 2022. Total staff costs amounted to HK\$1,443 million for the year ended 31 March 2022. 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

The Company has adopted the applicable code provisions as set out in the Corporate Governance Code ("CG 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"). In the opinion of the Directors, the Company has complied with the code provisions throughout the year ended 31 March 2022, except for the following deviation:

Code Provision C.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.

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 2022. 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 2022 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 2022 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 thank the management for their tremendous effort during these difficult times and staff for their very hard-work and express appreciation to our shareholders and business partners for their continuous 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, 28 June 2022

As at the date of this announcement, the Board 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; Mr. Chow Vee Tsung, Oscar as Non-Executive Director.

* *For identification purpose only*