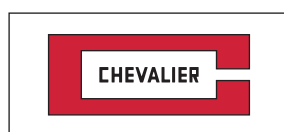


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CHEVALIER INTERNATIONAL HOLDINGS LIMITED

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 2023

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 2023, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	4	7,100,052	8,634,433
Cost of sales		(6,288,723)	(7,597,577)
Gross profit		811,329	1,036,856
Other income	5	124,195	125,825
Other gains, net	6	25,231	153,488
Selling and distribution costs		(194,007)	(231,728)
Administrative expenses		(387,865)	(400,151)
Operating profit		378,883	684,290
Share of results of associates		173,859	144,756
Share of results of joint ventures		(49,355)	82,013
		503,387	911,059

	Note	2023 HK\$'000	2022 HK\$'000
Finance income	7	52,454	27,073
Finance costs	7	<u>(137,212)</u>	<u>(88,592)</u>
Finance costs, net	7	<u>(84,758)</u>	<u>(61,519)</u>
Profit before taxation	8	418,629	849,540
Taxation	9	<u>(149,654)</u>	<u>(156,866)</u>
Profit for the year		<u>268,975</u>	<u>692,674</u>
Attributable to:			
Shareholders of the Company		233,888	644,523
Non-controlling interests		<u>35,087</u>	<u>48,151</u>
		<u>268,975</u>	<u>692,674</u>
Earnings per share			
– basic and diluted (HK\$ per share)	10	<u>0.77</u>	<u>2.13</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	2023	2022
	HK\$'000	HK\$'000
Profit for the year	268,975	692,674
Other comprehensive (expenses)/income for the year		
Items that will not be reclassified to profit or loss		
Exchange difference attributable to non-controlling interests on translation of operations of overseas subsidiaries	(23,689)	12,597
Change in fair value of investments at fair value through other comprehensive income	(37,148)	45,594
Fair value surplus of property, plant and equipment upon transfer to investment properties	30,632	–
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	(295,166)	130,630
Fair value adjustments on the derivative financial instruments designated as cash flow hedge	(65)	116
Other comprehensive (expenses)/income for the year, net of tax	(325,436)	190,968
Total comprehensive (expenses)/income for the year	(56,461)	883,642
Attributable to:		
Shareholders of the Company	(67,896)	822,894
Non-controlling interests	11,435	60,748
	(56,461)	883,642

Note:

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties		4,765,251	4,749,247
Property, plant and equipment		3,049,930	3,377,007
Goodwill		605,419	634,564
Other intangible assets		19,667	26,955
Interests in associates		720,543	676,946
Interests in joint ventures		1,083,636	1,193,344
Investments at fair value through other comprehensive income		50,204	91,738
Investments at fair value through profit or loss		943,012	750,707
Investments at amortised cost		214,113	101,800
Properties under development		197,465	214,449
Deferred tax assets		70,803	69,055
Amounts due from non-controlling interests		42,222	47,183
Other non-current assets		89,369	76,841
		<u>11,851,634</u>	<u>12,009,836</u>
Current assets			
Amounts due from associates		19,015	25,242
Amounts due from joint ventures		109,649	102,263
Amounts due from non-controlling interests		32,771	33,031
Investments at fair value through profit or loss		615,241	484,665
Investments at amortised cost		38,393	–
Inventories		297,841	304,138
Properties for sale		1,008,031	1,086,268
Properties under development		1,899,043	1,482,036
Debtors, contract assets, deposits paid and prepayments	12	1,917,595	1,995,399
Derivative financial instruments		796	65
Prepaid tax		26,802	21,947
Bank balances and cash		2,502,637	2,667,092
		<u>8,467,814</u>	<u>8,202,146</u>
Assets held-for-sale		–	2,913
		<u>8,467,814</u>	<u>8,205,059</u>

	Note	2023 HK\$'000	2022 HK\$'000
Current liabilities			
Amounts due to joint ventures		9,576	13,162
Amounts due to non-controlling interests		259,347	259,833
Derivative financial instruments		–	47
Creditors, bills payable, deposits received, contract liabilities, accruals and provisions	13	2,990,980	2,789,811
Unearned insurance premiums and unexpired risk reserves		329,700	296,862
Outstanding insurance claims		700,385	437,031
Current income tax liabilities		101,085	89,210
Bank and other borrowings		900,334	2,425,438
Lease liabilities		18,195	21,293
		<u>5,309,602</u>	<u>6,332,687</u>
Net current assets		<u>3,158,212</u>	<u>1,872,372</u>
Total assets less current liabilities		<u>15,009,846</u>	<u>13,882,208</u>
Capital and reserves			
Share capital		377,411	377,411
Reserves		10,008,200	10,211,964
Shareholders' funds		10,385,611	10,589,375
Non-controlling interests		606,889	637,218
Total equity		<u>10,992,500</u>	<u>11,226,593</u>
Non-current liabilities			
Amounts due to non-controlling interests		254,225	239,187
Unearned insurance premiums		266,132	330,082
Bank and other borrowings		2,980,794	1,594,462
Lease liabilities		78,026	87,941
Deferred tax liabilities		438,169	403,943
		<u>4,017,346</u>	<u>2,655,615</u>
Total equity and non-current liabilities		<u>15,009,846</u>	<u>13,882,208</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”).

2 ACCOUNTING POLICIES

(a) Amendments to existing standards that are effective for the Group’s financial year beginning on 1 April 2022

The HKICPA has issued the following amendments to existing standards mandatory for the financial year of the Group beginning on 1 April 2022:

- HKFRS 3, HKAS 16 and HKAS 37 (amendments), “Narrow-scope Amendments”
- Annual Improvements Project (amendments) – “Annual Improvements to HKFRSs 2018–2020”

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 are 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 are not yet effective for the financial year of the Group beginning on 1 April 2022 and have not been early adopted:

- HKAS 1 (amendments), “Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants”²
- HKAS 1 and HKFRS Practice Statement 2 (amendments), “Disclosure of Accounting Policies”¹
- HKAS 8 (amendments), “Definition of Accounting Estimates”¹
- HKAS 12 (amendments), “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”¹
- HKFRS 10 and HKAS 28 (amendments), “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”³
- HKFRS 16 (amendments), “Lease Liability in a Sale and Leaseback”²
- HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17), “Insurance Contracts”¹
- HK Int 5 (revised), “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”²

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

² Effective for annual periods beginning on or after 1 January 2024

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17), “Insurance Contracts”

HKFRS 17 “Insurance Contracts” will be effective for annual periods from 1 January 2023. This standard will bring some significant changes to the accounting for insurance and reinsurance contracts.

The overall impact of establishing the contractual service margin, as well as other measurement impacts on the Group’s assets and liabilities, has not been determined as the transition work has not been finalised. The actual impact of adopting HKFRS 17 on 1 April 2023 depends also on the following factors:

- the new accounting processes and internal controls required for applying HKFRS 17, which the Group is continuing to refine; and
- the new accounting policies, assumptions, judgements and estimation techniques, which are subject to change until the Group finalises its first financial statements that include the date of initial application.

A transition option is added to address the possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of HKFRS 17. The Group is assessing the impacts on the Group’s financial statements.

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

The operating segments are determined 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, and 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 2023							
REVENUE							
Total revenue	3,176,133	188,221	609,910	797,323	1,410,008	1,040,869	7,222,464
Inter-segment revenue	(33,434)	(1,883)	(46,124)	-	-	(40,971)	(122,412)
Group revenue	3,142,699	186,338	563,786	797,323	1,410,008	999,898	7,100,052
Share of revenue of associates and joint ventures	1,655,883	-	24,233	122,841	398,218	123,897	2,325,072
Proportionate revenue from a joint venture eliminated	(2,020)	-	-	-	-	-	(2,020)
Segment revenue	4,796,562	186,338	588,019	920,164	1,808,226	1,123,795	9,423,104

Revenue from contracts with customers:							
- recognised at a point in time	21,766	-	133,981	3,465	1,367,032	490,114	2,016,358
- recognised over time	3,120,898	-	425,079	793,858	14,994	39,445	4,394,274
Revenue from other sources	35	186,338	4,726	-	27,982	470,339	689,420
Group revenue	3,142,699	186,338	563,786	797,323	1,410,008	999,898	7,100,052

RESULTS

Segment profit/(loss) before finance

costs, net	327,246	230,168	127,719	(111,952)	(56,033)	39,454	556,602
Finance income	2,613	1,562	9,556	3,907	3,709	21,507	42,854
Finance costs	(1,882)	(15,203)	-	(52,547)	(10,414)	(2,454)	(82,500)
Segment profit/(loss) after finance costs, net	327,977	216,527	137,275	(160,592)	(62,738)	58,507	516,956

Included in segment profit/(loss) are:

Share of results of associates	189,663	-	26	-	-	(15,830)	173,859
Share of results of joint ventures	353	-	(19,193)	(30,503)	(12)	-	(49,355)
Depreciation and amortisation, net of amounts allocated to contract work	(11,273)	(1,029)	(64,721)	(78,169)	(37,907)	(18,755)	(211,854)
Impairment loss on properties for sale	-	-	(23,294)	-	-	-	(23,294)
Impairment loss on property, plant and equipment	-	-	-	(9,604)	(19,380)	-	(28,984)
Increase in fair value of investment properties	-	99,460	1,518	-	1,140	1,761	103,879
Unrealised gain/(loss) on investments at fair value through profit or loss	-	-	-	28,730	-	(44,638)	(15,908)
Provision recognised for inventories to net realisable value, net	(13)	-	-	-	(8,828)	(578)	(9,419)
Provision recognised for trade and other debtors, net	(1,841)	-	(7,256)	(16,490)	-	(477)	(26,064)
Provision written back for properties for sale	-	-	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 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	3,160,652	150,867	1,446,305	806,304	1,811,137	1,259,168	8,634,433
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	4,995,613	150,867	1,510,960	929,826	2,290,603	1,353,045	11,230,914

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	35	150,867	4,544	–	30,840	611,754	798,040
Group revenue	3,160,652	150,867	1,446,305	806,304	1,811,137	1,259,168	8,634,433

RESULTS

Segment profit/(loss) before finance costs, 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 costs, net	336,544	378,306	276,437	(44,121)	(43,512)	21,201	924,855
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)

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

Total segment revenue is reconciled to the Group's revenue in the consolidated income statement as follows:

	2023 HK\$'000	2022 HK\$'000
Total segment revenue	9,423,104	11,230,914
Add: Proportionate revenue from a joint venture eliminated	2,020	398
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	921,293	1,145,268
Maintenance and other services	734,590	690,091
Sales of motor vehicles and others	398,218	479,466
Food and beverage	123,897	93,877
Leasing of properties	122,841	123,522
Hotel operations	20,594	26,478
Sales of properties	3,639	38,177
	<u>2,325,072</u>	<u>2,596,879</u>
Total revenue in the consolidated income statement (note 4)	<u>7,100,052</u>	<u>8,634,433</u>

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

	2023 HK\$'000	2022 HK\$'000
Segment profit	516,956	924,855
Unallocated corporate expenses	(53,215)	(50,902)
Unallocated finance income	9,600	7,849
Unallocated finance costs	(54,712)	(32,262)
Profit before taxation	<u>418,629</u>	<u>849,540</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 2023							
ASSETS							
Segment assets	<u>2,402,500</u>	<u>4,741,165</u>	<u>5,521,709</u>	<u>3,330,123</u>	<u>1,159,985</u>	<u>2,766,836</u>	<u>19,922,318</u>
Included in segment assets are:							
Interests in associates	716,609	-	-	-	-	3,934	720,543
Interests in joint ventures	14,198	-	300,701	690,373	78,364	-	1,083,636
Amount due from an associate	19,015	-	-	-	-	-	19,015
Amounts due from joint ventures	4	-	109,645	-	-	-	109,649
Additions to non-current assets (note)	<u>18,126</u>	<u>10,442</u>	<u>441,567</u>	<u>55,963</u>	<u>26,306</u>	<u>60,712</u>	<u>613,116</u>
LIABILITIES							
Segment liabilities	<u>2,124,243</u>	<u>99,526</u>	<u>376,333</u>	<u>388,040</u>	<u>434,390</u>	<u>1,484,034</u>	<u>4,906,566</u>
Included in segment liabilities are:							
Amounts due to joint ventures	<u>-</u>	<u>-</u>	<u>9,512</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>9,576</u>
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	<u>-</u>	<u>-</u>	<u>12,876</u>	<u>-</u>	<u>286</u>	<u>-</u>	<u>13,162</u>

Note: Non-current assets represent non-current assets other than financial instruments, interests in associates, interests in joint ventures, deferred tax assets and amounts due from non-controlling interests.

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

	2023 HK\$'000	2022 HK\$'000
Segment assets	19,922,318	19,297,686
Prepaid tax	26,802	21,947
Unallocated bank balances and cash	280,596	807,707
Deferred tax assets	70,803	69,055
Other unallocated assets	18,929	18,500
	<hr/>	<hr/>
Total assets	20,319,448	20,214,895
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities	4,906,566	4,475,249
Current income tax liabilities	101,085	89,210
Bank and other borrowings	3,881,128	4,019,900
Deferred tax liabilities	438,169	403,943
	<hr/>	<hr/>
Total liabilities	9,326,948	8,988,302
	<hr/> <hr/>	<hr/> <hr/>

(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 United States of America ("USA"). Car dealership businesses are carried out in Mainland China and Canada. Other businesses are mainly carried out in Hong Kong, the USA, Mainland China and Thailand.

The associates' and joint ventures' operations in construction and engineering businesses 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 USA. 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			Associates				
	and	and joint	2023	Company		Associates		2022
	subsidiaries	ventures	Total	subsidiaries	ventures	Total	Total	
HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000	%	
Hong Kong	4,093,803	665,505 [#]	4,759,308	51	4,473,158	665,585 [#]	5,138,743	45
Mainland China	1,338,847	1,188,966	2,527,813	27	2,306,027	1,479,206	3,785,233	34
USA	935,972	122,841	1,058,813	11	946,055	123,522	1,069,577	10
Canada	370,770	–	370,770	4	381,806	–	381,806	3
Singapore	12,838	292,329	305,167	3	12,586	289,831	302,417	3
Macau	252,227	24,719	276,946	3	373,496	18,807	392,303	3
Thailand	48,831	–	48,831	1	60,204	–	60,204	1
Australia	18,542	28,243	46,785	0	74,265	19,200	93,465	1
United Kingdom	28,222	–	28,222	0	6,836	–	6,836	0
Others	–	449	449	0	–	330	330	0
	<u>7,100,052</u>	<u>2,323,052</u>	<u>9,423,104</u>	<u>100</u>	<u>8,634,433</u>	<u>2,596,481</u>	<u>11,230,914</u>	<u>100</u>

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 2023 and 2022.

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

	Non-current assets	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	3,635,938	3,581,504
Mainland China	2,019,032	2,030,828
USA	1,673,429	1,848,273
United Kingdom	618,552	703,836
Singapore	493,535	461,250
Canada	234,999	256,795
Macau	41,882	43,663
Thailand	6,966	7,268
Others	2,768	252
	<u>8,727,101</u>	<u>8,933,669</u>

4 REVENUE

	2023 HK\$'000	2022 HK\$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	2,980,732	3,009,325
Sales of information technology equipment, motor vehicles and others	1,549,244	1,936,302
Senior housing operations	797,323	806,304
Maintenance and property management services	476,882	449,561
Warehouse, logistics and freight forwarding services	430,188	548,258
Insurance premium	425,218	577,917
Leasing of properties	199,340	165,010
Sales of properties	101,709	1,055,546
Hotel operations	52,385	20,480
Dividend and interest income from investments	44,341	33,261
Leasing of vehicles and equipment	23,072	23,984
Food and beverage	19,618	8,485
	<hr/>	<hr/>
Total revenue (note 3)	7,100,052	8,634,433

5 OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Sales and marketing services income from an associate	37,812	36,465
Management fee income from an associate and joint ventures	22,835	22,755
Service fee income from associates	449	594
Government grants	48,154	24,557
Compensation income	2,575	24,604
Handling fee income	3,429	4,023
Others	8,941	12,827
	<hr/>	<hr/>
	124,195	125,825

6 OTHER GAINS, NET

	2023 HK\$'000	2022 HK\$'000
Loss on investments at fair value through profit or loss	(14,456)	(79,974)
Gain on derivative financial instruments	843	8
Increase in fair value of investment properties	103,879	288,719
Gain/(loss) on disposal of property, plant and equipment, net	4,230	(5,878)
Loss on disposal of a senior housing business (note 14)	(18,337)	–
Loss on disposal of assets held-for-sale	(146)	–
Gain on disposals of subsidiaries	–	8,471
Impairment loss on property, plant and equipment	(28,984)	(27,678)
Impairment loss on properties for sale	(23,294)	(732)
Impairment loss on goodwill	–	(4,040)
Provision recognised for trade and other debtors, net	(26,064)	(32,643)
Provision written back for properties for sale	30,000	–
Exchange (loss)/gain	(2,440)	7,235
	<u>25,231</u>	<u>153,488</u>

7 FINANCE COSTS, NET

	2023 HK\$'000	2022 HK\$'000
Interest expenses on lease liabilities, bank overdrafts, a non-controlling interest and bank and other borrowings	170,857	104,113
Less: Amounts capitalised to properties under development (note)	<u>(33,645)</u>	<u>(15,521)</u>
	137,212	88,592
Less: Interest income from bank deposits, promissory notes, an associate, a joint venture and a non-controlling interest	<u>(52,454)</u>	<u>(27,073)</u>
	<u>84,758</u>	<u>61,519</u>

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was 3.34% per annum (2022: 1.40% per annum).

8 PROFIT BEFORE TAXATION

	2023 HK\$'000	2022 HK\$'000
Profit before taxation has been arrived at after charging/(crediting) the following:		
Depreciation of property, plant and equipment	211,749	198,675
Less: Amounts allocated to contract work	(7,781)	(3,335)
	203,968	195,340
Staff costs	1,482,037	1,442,622
Less: Amounts allocated to contract work	(293,442)	(267,357)
	1,188,595	1,175,265
Short-term lease payments in respect of leasing of		
– premises	5,706	7,166
– equipment	2,755	2,657
	8,461	9,823
Auditors' remuneration		
– audit services (Company's auditor and its affiliates)	7,582	8,167
– audit services (other auditors)	10,025	8,679
– non-audit services (Company's auditor and its affiliates)	687	285
– non-audit services (other auditors)	3,899	2,372
– under-provision in prior years	393	382
	22,586	19,885
Amortisation of other intangible assets	9,215	16,483
Less: Amounts allocated to contract work	(68)	(6)
	9,147	16,477
Provision recognised for inventories to net realisable value, net	9,419	5,173
Cost of construction contracts	2,832,221	2,888,555
Cost of inventories sold	1,395,916	1,747,953
Cost of properties sold	54,710	801,031
Gross rental income of HK\$199,340,000 (2022: HK\$165,010,000) from properties less direct operating expenses	(166,516)	(122,052)

9 TAXATION

	2023 HK\$'000	2022 HK\$'000
Current tax		
Hong Kong	54,748	48,774
Mainland China	18,142	87,914
Overseas	22,391	35,112
Over-provision in prior years	(2,622)	(62)
	<u>92,659</u>	<u>171,738</u>
Deferred tax		
Origination and reversal of temporary differences	56,995	(14,872)
	<u>149,654</u>	<u>156,866</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2022: 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 years ended 31 March 2023 and 2022.

	2023 HK\$'000	2022 HK\$'000
Profit attributable to shareholders of the Company	<u>233,888</u>	<u>644,523</u>
	2023	2022
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>0.77</u>	<u>2.13</u>

There were no potential diluted ordinary shares in existence for the years ended 31 March 2023 and 2022.

11 DIVIDENDS

	2023 HK\$'000	2022 HK\$'000
Interim dividend of HK\$0.10 (2022: HK\$0.15) per share paid	30,193	45,289
Final dividend of HK\$0.28 (2022: HK\$0.35) per share proposed	84,540	105,675
	<u>114,733</u>	<u>150,964</u>

Final dividend of HK\$0.28 per share totalling HK\$84,540,000 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 2024.

12 DEBTORS, CONTRACT ASSETS, DEPOSITS PAID AND PREPAYMENTS

	2023 HK\$'000	2022 HK\$'000
Trade debtors	684,944	887,508
Less: Provision for impairment	(43,560)	(30,326)
Trade debtors, net	<u>641,384</u>	<u>857,182</u>
Retention receivables	336,227	301,398
Contract assets	193,070	179,035
Other debtors, deposits paid and prepayments	782,031	690,929
Less: Provision for impairment	(35,117)	(33,145)
Other debtors, deposits paid and prepayments, net	<u>746,914</u>	<u>657,784</u>
	<u>1,917,595</u>	<u>1,995,399</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 0–90 days.

The ageing analysis of trade debtors, net of impairment provision, is presented based on the invoice date as follows:

	2023 HK\$'000	2022 HK\$'000
Up to 60 days	423,747	622,671
61–90 days	39,105	32,997
Over 90 days	178,532	201,514
	<u>641,384</u>	<u>857,182</u>

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

	2023 HK\$'000	2022 HK\$'000
Trade creditors and bills payable	382,877	340,400
Retention payables	277,108	234,873
Deposits received	80,051	79,319
Contract liabilities	407,544	274,028
Accrued contract costs	1,032,530	1,110,794
Other creditors, accruals and provisions	810,870	750,397
	<u>2,990,980</u>	<u>2,789,811</u>

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

	2023 HK\$'000	2022 HK\$'000
Up to 60 days	341,997	268,598
61–90 days	13,857	29,263
Over 90 days	27,023	42,539
	<u>382,877</u>	<u>340,400</u>

14 DISPOSAL OF A SENIOR HOUSING BUSINESS

On 21 November 2022, the Group has entered into an agreement with an independent third party to dispose of a senior housing property located in Michigan, USA, and its related business for a total consideration of (i) US\$17.9 million (equivalent to approximately HK\$140 million), subject to closing adjustment, and (ii) a contingent consideration that is capped and limited to a maximum amount of US\$3 million (equivalent to approximately HK\$23.5 million). The transaction was completed on 1 March 2023.

	2023
	HK\$'000
Cash consideration	140,336
Less: professional fees and other expenses	<u>(7,541)</u>
	----- 132,795
Property, plant and equipment	(120,324)
Goodwill	(30,423)
Deposits paid	<u>(385)</u>
Total assets disposed	----- <u>(151,132)</u>
Loss on disposal (note 6)	<u>(18,337)</u>
Net cash inflow arising from the disposal:	
Cash consideration received	140,336
Less: professional fees and other expenses	<u>(7,541)</u>
	----- <u>132,795</u>

15 CONTINGENT LIABILITIES

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

	2023	2022
	HK\$'000	HK\$'000
Banking facilities granted to an associate	1,132	1,033
Guarantees given to banks and housing provident fund management centres for mortgage facilities granted to certain buyers of properties	<u>214,964</u>	<u>335,823</u>
	<u>216,096</u>	<u>336,856</u>

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

	2023	2022
	HK\$'000	HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	<u>–</u>	<u>304</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 (2022: 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:

	2023	2022
	HK\$'000	HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	210,323	283,365
– acquisition of property, plant and equipment	42,910	111,245
– an equity investment	<u>–</u>	<u>6,264</u>
	<u>253,233</u>	<u>400,874</u>

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

	2023	2022
	HK\$'000	HK\$'000
Contracted but not provided for	<u>7,528</u>	<u>8,518</u>

DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.28 (2022: HK\$0.35) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Tuesday, 12 September 2023. Together with an interim dividend of HK\$0.10 (2022: HK\$0.15) per share paid on Thursday, 22 December 2022, the total dividends for the year amounted to HK\$0.38 (2022: HK\$0.50) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 28 August 2023 (the “AGM”), the proposed final dividend will be payable in cash to shareholders on or about Wednesday, 20 September 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Wednesday, 23 August 2023 to Monday, 28 August 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 22 August 2023.

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, 11 September 2023 to Tuesday, 12 September 2023, 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group’s consolidated revenue decreased from HK\$8,634 million in 2021/22 to HK\$7,100 million for the year ended 31 March 2023. Total segment revenue, which includes the Group’s share of revenue of associates and joint ventures, decreased to HK\$9,423 million from HK\$11,231 million. Profit of the Group for the year ended 31 March 2023 amounted to HK\$269 million (2022: HK\$693 million). If we exclude (i) the profit resulting from the handover of the pre-sale Changchun residential properties in September 2021; (ii) change in fair value of a joint venture’s investment properties in the United States of America (“USA”); and (iii) various investment properties’ revaluations; the difference in the operating profit of the Group for the year as compared to the previous financial year is insignificant. Profit attributable to the Company’s shareholders for the year ended 31 March 2023 was HK\$234 million (2022: HK\$645 million) which translates into an earnings per share of HK\$0.77 (2022: HK\$2.13).

CONSTRUCTION AND ENGINEERING

The Construction and Engineering segment's revenue for the year ended 31 March 2023 reported a drop of 4% from HK\$4,996 million to HK\$4,797 million year on year. The segment profit before net finance costs experienced a slight decline of 2% from HK\$334 million to HK\$327 million as a result of (i) an upsurge in material and other operational costs; and (ii) fierce competition in the industry, all occurring simultaneously in an uncertain post-COVID-19 business environment. Nevertheless, the adverse impact on the segment's performance was offset by various one-off government subsidies received in the reporting year.

The construction business division continued to attach great importance to the enhancement and innovation of various technologies. These include MiC Lift, High-strength Lightweight Concrete, Hybrid-MiC, and MiMEP, which all contribute to the enhancement of construction quantity, speed, efficiency, and the quality of housing. With its profound construction experience and a professional Building Information Modelling (BIM) team, the Group is capable of providing one-stop solutions covering design to on-site construction, and successfully applying Hybrid-MiC Solution to different projects. In addition, the latest technologies also help tackle the lingering problem of skilled labour shortage and also reduce the construction waste generated, thus advocating a sustainable environment.

The electrical and mechanical engineering (E&M) division recorded stable results during the year under review. The reopening of the border in early 2023 and the tourism campaign launched in Macau in the first quarter of 2023, all showed encouraging signs of tourism recovery in Macau. Our E&M division has always had a strong presence in Macau and will seize any opportunities arising from the facilities upgrade projects of various gaming operators whilst exploring other business opportunities in Hong Kong.

The aluminium windows and curtain walls division reported a decline in both revenue and profit due to significant delay in various projects during the reporting year as a result of the adverse impact of COVID-19. Nevertheless, by leveraging our extensive experience in the field, this division secured some notable curtain wall projects in both Australia and Hong Kong during the financial year. In line with the Group's goal to enhance quality, quantity, speed and efficiency in our construction projects, this division has further strengthened its automated production capacity, data analytics and management with QR code system, and passed the high-tech enterprise certification through technological integration capabilities in Dongguan, Mainland China.

With the resumption of construction works at full speed, the building supplies division recorded positive results during the reporting year. As of 31 March 2023, this division had orders for the installation of approximately 6,500 kitchen units, and expects business to pick up as the demand for kitchen cabinet installation significantly increased with clients catching up with backlogs, thereby driving the revenue and net profit of the division.

During the year, the environmental engineering division also reported moderate performance, mainly as a result of the Government's commitment to improve water and wastewater treatment. The division will continue to keep a close eye on tender opportunities for environment-related projects.

Thanks to the market's resilience, the construction industry in Hong Kong recovered fairly quickly from the pandemic. The lift and escalator division reported a positive and stable performance attributable to certain mega contracts secured during the reporting year. The continued adoption of its self-developed MiC Lift technology in the construction of lift shafts and lift machine rooms with MiC and MiMEP technologies is a top priority of the division. Adoption of innovative technologies will tackle labour shortage, enhance efficiency and on-site safety, and reduce construction waste.

As at 31 March 2023, the total value of all outstanding construction and engineering contracts for the Group amounted to HK\$10,239 million. Major contracts include:

1. Construction of a hotel development at No. 1 Cheong Tung Road, Hung Hom, Kowloon;
2. Construction of proposed residential care home, church facilities 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. Property development at THE SOUTHSIDE, Package Five, Aberdeen Inland Lot No. 467, Wong Chuk Hang, Hong Kong;
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. Design, supply and installation of curtain wall for a landmark integrated project at Kowloon Inland Lot No. 11262;
10. Design, supply and installation of kitchen cabinets for West Rail Kam Sheung Road Station Package 1 property development at Lot No. 1040 IN D.D. No. 103, Yuen Long, New Territories; and
11. Design, supply and installation of kitchen cabinets for Ho Man Tin Station Package One property development at Northern Portion of Kowloon Inland Lot No. 11264 located in Ho Man Tin, Kowloon.

PROPERTY INVESTMENT

The leasing business of this segment comprises properties in Hong Kong, Singapore, Mainland China and the United Kingdom. This segment recorded positive growth for the year ended 31 March 2023. Segment revenue increased by 23% from HK\$151 million to HK\$186 million year on year. However, segment profit before net finance costs reported a year-on-year decline of 39% from HK\$379 million to HK\$230 million due to lower fair value gain on investment properties comparing to last year.

In Hong Kong, the investment properties consist of mainly offices and warehouses. Full occupancy of these office properties and strong demand for warehouse spaces provided stable income during the year.

In the United Kingdom, the Group owns two investment properties. Both properties are Grade-A commercial/office buildings located in prime locations in London. The Hammersmith Broadway property is currently single-let on a 10-year lease to The Department for Work and Pensions of the British Government and the other property in the City of London is currently multi-let to renowned institutions covering the banking, legal and business consultancy industries with a weighted average unexpired lease term of more than six years. Both properties are held for long-term investment and coupled with long-term tenants, any valuation loss due to the underperforming market will not sway our intention and strategy with these investments.

PROPERTY DEVELOPMENT AND OPERATIONS

The Property Development and Operations segment reported a significant drop in both revenue and profit before net finance costs by 61% from HK\$1,511 million to HK\$588 million and by 52% from HK\$268 million to HK\$128 million, respectively. The decline in segment revenue and profit was mainly due to the absence of the revenue recognised from the handover of the pre-sale Changchun residential units and the slow down of the property market in Hong Kong which caused the sluggish performance of the sale of “SABLIER” during the year as compared to the last year.

During the year, the approximately 12,000 square feet net gross floor area of commercial/retail space of “City Hub” was leased to a well-known educational institution to operate as a kindergarten. “City Hub” is a 50–50 joint venture redevelopment project with the Urban Renewal Authority (“URA”) located in To Kwa Wan, Kowloon.

“SABLIER” is also an URA redevelopment project and the first wholly-owned composite residential development of the Group. It is located at 8 Fuk Chak Street, Tai Kok Tsui, Kowloon, and is a 28-storey single building with a total of 144 small to medium-sized residential units, totalling approximately 55,000 square feet of gross floor area and approximately 8,000 square feet of commercial area. “SABLIER” is also the first development in the Group’s “LE MOMENT” series. The Group will continue to market the remaining residential units and commercial area for sale.

Another residential development situated at 292A-D Prince Edward Road West, Ho Man Tin, Kowloon in the “LE MOMENT” series with a residential floor area of approximately 39,000 square feet is located within a developed community with comprehensive amenities and a well-sought-after school network. It is expected that the Occupation Permit and the Certificate of Compliance will be obtained in the financial year 2023/24.

The Group's residential development project located at 5 Hang Lok Lane, Shatin, occupies a site area of approximately 48,000 square feet and is planned for the construction of luxurious low-density residential units.

Taking into account the Government's ongoing policy on re-industrialisation and its long-term commitment to make Hong Kong an international innovation and technology hub, the Group expects an increase in demand for land in the northern-most part of Hong Kong adjoining the Mainland China. As such, the Group plans to develop the On Kui Street, Fanling site into a modern industrial building with a total gross floor area of approximately 88,000 square feet and fitted with high-end facilities.

"Chevalier City" is located in a developed community close to the Changchunxi Railway Station. Phase III of "Chevalier City" in Changchun comprises 10 residential blocks and provides about 1,100 units with a gross floor area of approximately 100,000 square metres. The size of the residential units ranges from 36 to 125 square metres. About 70% of the residential units of Phase III of "Chevalier City" have been sold. Construction of Phase V commenced in June 2022 and is expected to be completed by the end of 2024.

During the year, the performance of the cold storage and logistics division improved as cross border trades became more active. In line with the Group's strategy on sustainable development, our cold storage and logistics division commenced the upgrading work of the chiller and freezer facilities in one of its cold storage warehouses with a view to achieving better and more efficient energy consumption. The upgrading work is expected to be completed by the end of 2023. This division will continue to leverage on its strong market position and solid relationships with our business partners and diverse customer base to ensure steady business stream.

The property management division provides comprehensive and high-quality property management services to a wide range of customers, with a portfolio of about 33 million square feet comprising commercial, industrial and residential buildings, shopping arcades and car parks. The property management division is committed to exploring opportunities offered by private and public customers, including the Hong Kong Housing Authority (HKHA). The division was awarded property management agency service contracts of Ching Long Shopping Centre, Wah Fu (II) Commercial Complex and Ping Yan Shopping Centre by the HKHA. These achievements greatly enhanced our determination in the continual development of our shopping centre management business. Subsequent to the year end, this division expanded its property management portfolio in Shanghai with the addition of two new management contracts. One is for a private residential property in the affluent Jing An District and the other, residential units and shops of a reputable university.

HEALTHCARE INVESTMENT

The revenue of the Healthcare Investment segment recorded a year-on-year decline from HK\$930 million to HK\$920 million, representing a decrease of 1% during the year. Such decline was mainly due to the divestment of a senior housing property in Michigan and the cessation of the special arrangement with the local government for the provision of specialised care and ancillary services to COVID-19 patients. Segment loss before net finance costs also recorded an increase from a loss of HK\$2 million to a loss of HK\$112 million as compared to last year. The significant increase in losses for the year was mainly the result of the share of decrease in the fair value of approximately HK\$118 million of a joint venture's medical office buildings located in New York,

Pennsylvania and Rhode Island in the USA. Nevertheless, the overall value of our investment remains positive as compared to our purchased price. The occupancy rate of our senior housing facilities also picked up slower than we had anticipated, whereas fixed and operating costs such as labour remained high as a result of the overall macro environment in the USA with high inflation and low unemployment rate. In order to enhance the overall performance of the Group's healthcare investments, the Group will continue to closely monitor the allocation of resources with our senior housing operators based on local economy, demographics, market supply and demand and will rearrange the investment portfolios accordingly where necessary.

As at 31 March 2023, the Group owned 28 senior housing properties across six states in the USA providing over 2,400 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.

In Hong Kong, the construction works of the "Ventria Residence" located at 17A & B Ventris Road, Happy Valley, Hong Kong, will soon be completed by the end of 2023. Subsequent to the year end, our rehabilitation facility has relocated from Waterloo Road, Kowloon to Happy Valley, Hong Kong.

With our new professional management team and experienced medical practitioners on board, our newly relocated rehabilitation center can provide individualised treatment and outcome-driven rehabilitation programs that can be modified according to patients' specific conditions and functional needs. The Group will also explore new opportunities in Hong Kong and Guangdong – Hong Kong – Macao Greater Bay Area.

CAR DEALERSHIP

In Mainland China, the car dealership industry faced multiple headwinds. The intermittent outbreaks of COVID-19 in different regions of China including Chengdu and other parts of Sichuan where we operate resulted in the decrease in revenue of this segment from HK\$2,291 million to HK\$1,808 million, a year-on-year decline of 21% as compared to the corresponding period last year. Segment loss before net finance costs recorded a year-on-year increase from a loss of HK\$38 million to a loss of HK\$56 million, driven by soaring raw material costs, shortage of semiconductor chips and extreme weather in Chengdu.

Rising interest rates and the lingering effects of COVID-19 on the global supply chain which led to a shortage of semiconductor chips equally affected Canada, which in turn hindered the growth of the revenue of our car dealership business in Canada. In order to maintain steady businesses development amid the difficult business operating environment, the Group has adopted a prudent approach and will exercise stringent control over operating costs to mitigate downside pressure.

OTHERS

This segment's revenue reported a decrease from HK\$1,353 million to HK\$1,124 million, representing a decline of 17% as compared to last year. Segment profit before net finance costs recorded a meaningful improvement from HK\$20 million to HK\$39 million, representing an increase of 95%. The increase in profit was mainly due to the performance of our investment portfolio as a result of an overall improved market sentiment and performance in the last quarter of our financial year.

Benefitting from the Government's commitment to increase housing supply and the funding of large-scale infrastructure projects, the employees' compensation insurance business has made a significant contribution to the segment's revenue, notwithstanding a general decline in gross premium written resulted from fierce competition in Hong Kong's general insurance market during the year. We shall remain cautious in underwriting new business at competitive terms, keeping prudent claims provision, enhancing operational efficiency and providing reliable services to customers.

Our freight forwarding services business recorded positive contribution to both the revenue and profit under this segment. It provides global logistics solutions for its customers by air, sea and local road transportation and takes pride in the professional value-added services that differentiates it from its competitors. In order to cope with our expanding businesses, our freight forwarding operation has increased its capacity by relocating to a new facility during the year. The new operating center provides support to value-added operations including pharmaceutical and life science cold chain transportation and warehousing, clinical trials project storage, aircraft parts storage and transportation, wine warehousing, and project cargoes planning and execution.

During the year, the information and technology division served as service provider of the Electrical and Mechanical Services Department and completed the PABX replacement works for the HKSAR Central Government Offices with the conversion of their system from a traditional digital PABX to a full IP PABX. Professionalism of this division was recognised with the award of the bronze medal at the 48th International Exhibition of Inventions of Geneva for this "Speech-to-text Hub for Real-time Monitoring and Analysis in Customer Service Calls" project.

In order to increase our business coverage in the market, this division strive for new business opportunities by integrating AI Chatbot, mobile APP, voice recognition and smart application with our traditional voice solutions, customised one-stop IT solutions for hospital and government sectors. In addition, this division also offers customised and value-adding enterprise automation solutions to its private and government clients.

Looking ahead, a challenging global economic environment and ongoing uncertainties will require us to remain vigilant and adaptable in order to navigate successfully. The Group remains committed to investing in innovative and advanced technologies to keep us at the forefront of our industry. We believe that these investments are critical to our long-term success and will allow us to continue delivering value to our stakeholders well into the future.

FINANCIAL REVIEW

As of 31 March 2023, the Group's net assets attributable to the Company's shareholders amounted to HK\$10,386 million, representing a decrease of HK\$203 million from the previous year's figure of HK\$10,589 million. The decline was primarily due to exchange difference on the translation of the operations of overseas subsidiaries, associates and joint ventures amounting to HK\$295 million and dividend payments of HK\$136 million. However, this was partially offset by a profit attributable to the Company's shareholders of HK\$234 million.

As at 31 March 2023, bank balances and cash decreased to HK\$2,503 million (2022: HK\$2,667 million). Bank and other borrowings decreased to HK\$3,881 million as at 31 March 2023 (2022: HK\$4,020 million) as a result of repayment of bank loans during the year. 62.8%, 22.1% and 9.9% of the balance as at 31 March 2023 (2022: 55.8%, 28.5% and 10.2%) were denominated in Hong Kong dollar, US dollar and British Pound respectively.

The portion of the Group's bank and other borrowings due within one year decreased from 60.3% as at 31 March 2022 to 23.2% as at 31 March 2023.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,600 full-time staff globally as at 31 March 2023. Total staff costs amounted to HK\$1,482 million for the year ended 31 March 2023. 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 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 2023, 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 of all Directors, 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 as committee members.

During the year, the Audit Committee reviewed with the management the whistle-blower policy and the accounting policies and practices adopted by the Group, and discussed auditing, risk management, internal controls systems and financial reporting matters including the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2022, and the audited consolidated financial statements of the Group for the year ended 31 March 2023. 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 2023 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 2023 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to our fellow directors for their great advice. I also express my sincerest appreciation to all customers and business partners for their continuous support, and also to all staff for their contributions and concerted effort throughout the year.

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

Hong Kong, 29 June 2023

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