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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board of directors (the “Board”) of Chevalier International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 September 2024, together with the comparative figures for the corresponding period in 2023 as follows:

#### **CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	Note	<b>Unaudited</b>	
		<b>Six months ended 30 September 2024</b>	<b>2023</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	3(a)	<b>4,032,804</b>	3,926,559
Cost of sales		<u>(3,684,748)</u>	<u>(3,460,137)</u>
Gross profit		<b>348,056</b>	466,422
Other income	4	<b>52,091</b>	45,384
Other gains/(losses), net	5	<b>967</b>	(79,170)
Selling and distribution costs		<b>(83,147)</b>	(95,562)
Administrative expenses		<u><b>(195,140)</b></u>	<u>(205,183)</u>
Operating profit		<b>122,827</b>	131,891
Share of results of associates		<b>63,479</b>	83,860
Share of results of joint ventures		<u><b>16,380</b></u>	<u>(38,511)</u>
		<b>202,686</b>	177,240

		<b>Unaudited</b>	
		<b>Six months ended 30 September</b>	
		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income	6	<b>63,422</b>	38,648
Finance costs	6	<b>(131,788)</b>	(86,132)
Finance costs, net	6	<b>(68,366)</b>	(47,484)
Profit before taxation	7	<b>134,320</b>	129,756
Taxation	8	<b>(57,317)</b>	(61,287)
<b>Profit for the period</b>		<b>77,003</b>	68,469
<b>Attributable to:</b>			
Shareholders of the Company		<b>80,318</b>	58,596
Non-controlling interests		<b>(3,315)</b>	9,873
		<b>77,003</b>	68,469
<b>Earnings per share</b>			
– basic and diluted (HK\$ per share)	9	<b>0.27</b>	0.19

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>77,003</b>	<b>68,469</b>
<b>Other comprehensive income/(expenses) for the period</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Exchange difference attributable to non-controlling interests on translation of operations of overseas subsidiaries	<b>5,323</b>	<b>(14,938)</b>
Change in fair value of investments at fair value through other comprehensive income	<b>(3,836)</b>	<b>3,848</b>
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	<b>112,236</b>	<b>(217,033)</b>
<b>Other comprehensive income/(expenses) for the period, net of tax</b>	<b>113,723</b>	<b>(228,123)</b>
<b>Total comprehensive income/(expenses) for the period</b>	<b>190,726</b>	<b>(159,654)</b>
<b>Attributable to:</b>		
Shareholders of the Company	<b>188,718</b>	<b>(154,589)</b>
Non-controlling interests	<b>2,008</b>	<b>(5,065)</b>
	<b>190,726</b>	<b>(159,654)</b>

Note:

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2024**

		<b>Unaudited 30 September 2024 HK\$'000</b>	<b>Audited 31 March 2024 HK\$'000</b>
	<b>Note</b>		
<b>Non-current assets</b>			
Investment properties		<b>5,813,728</b>	4,943,096
Property, plant and equipment		<b>2,749,086</b>	2,743,653
Goodwill		<b>511,007</b>	513,831
Other intangible assets		<b>21,759</b>	19,668
Interests in associates		<b>772,926</b>	741,397
Interests in joint ventures		<b>1,216,417</b>	961,002
Investments at fair value through other comprehensive income		<b>48,370</b>	54,151
Investments at fair value through profit or loss		<b>812,471</b>	871,908
Investments at amortised cost		<b>79,946</b>	209,492
Properties under development		<b>192,369</b>	187,274
Deferred tax assets		<b>61,651</b>	62,503
Amount due from a non-controlling interest		<b>10,216</b>	10,625
Reinsurance contract assets		<b>52,233</b>	41,804
Other non-current assets		<b>134,843</b>	186,748
		<b>12,477,022</b>	11,547,152
<b>Current assets</b>			
Amounts due from associates		<b>19,990</b>	30,907
Amounts due from joint ventures		<b>119,413</b>	135,894
Amounts due from non-controlling interests		<b>36,534</b>	35,610
Investments at fair value through profit or loss		<b>1,171,198</b>	839,894
Investments at amortised cost		<b>511,672</b>	304,237
Inventories		<b>205,976</b>	222,572
Properties for sale		<b>645,381</b>	770,019
Properties under development		<b>1,234,661</b>	1,917,266
Debtors, contract assets, deposits paid and prepayments	11	<b>2,296,809</b>	1,996,842
Derivative financial instruments		<b>67</b>	–
Reinsurance contract assets		<b>42,158</b>	68,432
Prepaid tax		<b>23,432</b>	23,473
Bank balances and cash		<b>1,969,126</b>	2,472,257
		<b>8,276,417</b>	8,817,403

		<b>Unaudited 30 September 2024 HK\$'000</b>	<b>Audited 31 March 2024 HK\$'000</b>
	Note		
<b>Current liabilities</b>			
Amounts due to joint ventures		22,116	17,665
Amounts due to non-controlling interests		258,824	259,233
Derivative financial instruments		–	425
Creditors, bills payable, deposits received, contract liabilities, accruals and provisions	12	3,035,640	3,062,000
Insurance contract liabilities		417,138	364,710
Current income tax liabilities		129,431	110,691
Bank and other borrowings		1,024,293	1,044,471
Lease liabilities		18,343	19,105
		<u>4,905,785</u>	<u>4,878,300</u>
<b>Net current assets</b>		<u>3,370,632</u>	<u>3,939,103</u>
<b>Total assets less current liabilities</b>		<u>15,847,654</u>	<u>15,486,255</u>
<b>Capital and reserves</b>			
Share capital		376,941	377,411
Reserves		9,551,077	9,407,178
		<u>9,928,018</u>	<u>9,784,589</u>
Shareholders' funds		9,928,018	9,784,589
Non-controlling interests		557,595	557,747
		<u>10,485,613</u>	<u>10,342,336</u>
<b>Total equity</b>		<u>10,485,613</u>	<u>10,342,336</u>
<b>Non-current liabilities</b>			
Amounts due to non-controlling interests		278,177	270,193
Insurance contract liabilities		892,634	904,789
Bank and other borrowings		3,638,866	3,426,434
Lease liabilities		58,199	63,157
Deferred tax liabilities		494,165	479,346
		<u>5,362,041</u>	<u>5,143,919</u>
<b>Total equity and non-current liabilities</b>		<u>15,847,654</u>	<u>15,486,255</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

Except as described below, the accounting policies applied in these unaudited condensed consolidated interim financial statements are consistent with those as described in the annual consolidated financial statements for the year ended 31 March 2024.

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

### (a) Amendments to standards and interpretation that are effective for the Group’s financial year beginning on 1 April 2024

The HKICPA has issued the following amendments to standards and interpretation for the financial year of the Group beginning on 1 April 2024:

- HKAS 1 (amendments), “Classification of Liabilities as Current or Non-current” and “Non-current Liabilities with Covenants”
- HKAS 7 and HKFRS 7 (amendments), “Supplier Finance Arrangements”
- HKFRS 16 (amendments), “Lease Liability in a Sale and Leaseback”
- HK Int 5 (revised), “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”

The adoption of the above amendments to standards had no material impact on these unaudited condensed consolidated financial statements in the current and prior periods. Their impacts on presentation and disclosures, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2025.

**(b) New standards, 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 standards, amendments to standards and interpretation have been issued but are not yet effective for the financial year of the Group beginning on 1 April 2024 and have not been early adopted:

- HKAS 21 and HKFRS 1 (amendments), “Lack of Exchangeability”<sup>1</sup>
- HKFRS 9 and HKFRS 7 (amendments), “Classification and Measurement of Financial Instruments”<sup>2</sup>
- HKFRS 10 and HKAS 28 (amendments), “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”<sup>4</sup>
- HKFRS 18, “Presentation and Disclosure in Financial Statements”<sup>3</sup>
- HKFRS 19, “Subsidiaries without Public Accountability: Disclosures”<sup>3</sup>
- HK Int 5 (amendments), “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”<sup>3</sup>
- Annual Improvements to HKFRS Accounting Standards – Volume 11<sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

The Group anticipates that the application of new standards, 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, except for HKFRS 18, which is expected to have certain impacts to the presentation of the Group’s consolidated financial statements.

The preparation of unaudited condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 March 2024.

### 3 SEGMENT INFORMATION

#### (a) Revenue and results

The Directors reviewed the Group's internal reports to assess the Group's performance and to allocate resources.

The comparative figures for “insurance and investment” segment and “others” segment have been restated to conform with current period presentation.

Reportable segment information is presented below:

	Construction and engineering HK\$'000	Property investment HK\$'000	Property development and operations HK\$'000	Healthcare investment HK\$'000	Car dealership HK\$'000	Insurance and investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2024</b>								
<b>REVENUE</b>								
Total revenue	2,134,112	97,991	375,823	431,000	530,427	282,385	236,708	4,088,446
Inter-segment revenue (note)	(12,177)	(1,018)	(22,276)	-	-	(15,393)	(4,778)	(55,642)
Group revenue	<u>2,121,935</u>	<u>96,973</u>	<u>353,547</u>	<u>431,000</u>	<u>530,427</u>	<u>266,992</u>	<u>231,930</u>	<u>4,032,804</u>
Share of revenue of associates and joint ventures	639,318	-	36,706	62,994	186,102	-	99,103	1,024,223
Proportionate revenue from a joint venture eliminated	(1,989)	-	-	-	-	-	-	(1,989)
<b>Segment revenue</b>	<u><u>2,759,264</u></u>	<u><u>96,973</u></u>	<u><u>390,253</u></u>	<u><u>493,994</u></u>	<u><u>716,529</u></u>	<u><u>266,992</u></u>	<u><u>331,033</u></u>	<u><u>5,055,038</u></u>
<b>Revenue from contracts with customers:</b>								
- recognised at a point in time	13,782	-	151,568	2,116	511,487	551	210,720	890,224
- recognised over time	2,108,136	-	199,736	428,884	3,653	-	20,277	2,760,686
Revenue from other sources	17	96,973	2,243	-	15,287	266,441	933	381,894
<b>Group revenue</b>	<u><u>2,121,935</u></u>	<u><u>96,973</u></u>	<u><u>353,547</u></u>	<u><u>431,000</u></u>	<u><u>530,427</u></u>	<u><u>266,992</u></u>	<u><u>231,930</u></u>	<u><u>4,032,804</u></u>
<b>RESULTS</b>								
Segment profit/(loss) before finance costs, net	120,614	62,503	30,271	(43,455)	(5,448)	69,948	(1,553)	232,880
Finance income	5,441	1,868	6,656	2,568	1,007	19,313	1,260	38,113
Finance costs	(709)	(10,242)	-	(10,990)	(3,763)	-	(1,491)	(27,195)
Segment profit/(loss) after finance costs, net	<u><u>125,346</u></u>	<u><u>54,129</u></u>	<u><u>36,927</u></u>	<u><u>(51,877)</u></u>	<u><u>(8,204)</u></u>	<u><u>89,261</u></u>	<u><u>(1,784)</u></u>	<u><u>243,798</u></u>
<b>Included in segment profit/(loss) are:</b>								
Share of results of associates	70,957	-	-	-	-	-	(7,478)	63,479
Share of results of joint ventures	342	-	(9,240)	26,827	(1,549)	-	-	16,380
Depreciation and amortisation, net of amounts allocated to contract work	(7,207)	(542)	(34,414)	(32,950)	(9,448)	(50)	(5,932)	(90,543)
Fair value loss upon transfer from properties under development to investment properties	-	(658)	-	-	-	-	-	(658)
Impairment loss on other non-current assets	-	-	-	(1,130)	-	-	-	(1,130)
Unrealised gain on derivative financial instruments	492	-	-	-	-	-	-	492
Unrealised (loss)/gain on investments at fair value through profit or loss, net	-	-	-	(52,000)	-	50,866	-	(1,134)
Provision recognised for inventories to net realisable value, net	(3)	-	-	-	(532)	-	(339)	(874)
Provision (recognised)/written back for trade and other debtors, net	<u><u>(1,501)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(476)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>191</u></u>	<u><u>(1,786)</u></u>



	Construction and engineering HK\$'000	Property investment HK\$'000	Property development and operations HK\$'000	Healthcare investment HK\$'000	Car dealership HK\$'000	Insurance and investment HK\$'000 (Restated)	Others HK\$'000 (Restated)	Total HK\$'000 (Restated)
<b>For the six months ended 30 September 2023</b>								
<b>REVENUE</b>								
Total revenue	1,802,930	96,299	376,128	405,596	804,515	272,627	236,220	3,994,315
Inter-segment revenue (note)	(28,651)	(875)	(22,477)	–	–	(12,623)	(3,130)	(67,756)
Group revenue	1,774,279	95,424	353,651	405,596	804,515	260,004	233,090	3,926,559
Share of revenue of associates and joint ventures	737,048	–	17,343	61,828	211,300	–	77,796	1,105,315
<b>Segment revenue</b>	<b>2,511,327</b>	<b>95,424</b>	<b>370,994</b>	<b>467,424</b>	<b>1,015,815</b>	<b>260,004</b>	<b>310,886</b>	<b>5,031,874</b>
<b>Revenue from contracts with customers:</b>								
– recognised at a point in time	10,821	–	125,291	1,580	778,853	381	212,630	1,129,556
– recognised over time	1,763,441	–	225,870	404,016	9,187	–	19,706	2,422,220
<b>Revenue from other sources</b>	<b>17</b>	<b>95,424</b>	<b>2,490</b>	<b>–</b>	<b>16,475</b>	<b>259,623</b>	<b>754</b>	<b>374,783</b>
<b>Group revenue</b>	<b>1,774,279</b>	<b>95,424</b>	<b>353,651</b>	<b>405,596</b>	<b>804,515</b>	<b>260,004</b>	<b>233,090</b>	<b>3,926,559</b>
<b>RESULTS</b>								
<b>Segment profit/(loss) before finance costs, net</b>	<b>193,939</b>	<b>68,809</b>	<b>40,293</b>	<b>(58,193)</b>	<b>(16,939)</b>	<b>(8,501)</b>	<b>(13,224)</b>	<b>206,184</b>
Finance income	2,368	1,155	5,571	2,176	1,388	17,950	760	31,368
Finance costs	(1,116)	(12,467)	–	(25,464)	(4,813)	–	(1,645)	(45,505)
<b>Segment profit/(loss) after finance costs, net</b>	<b>195,191</b>	<b>57,497</b>	<b>45,864</b>	<b>(81,481)</b>	<b>(20,364)</b>	<b>9,449</b>	<b>(14,109)</b>	<b>192,047</b>
<b>Included in segment profit/(loss) are:</b>								
Share of results of associates	90,359	–	–	–	–	–	(6,499)	83,860
Share of results of joint ventures	314	–	1,353	(38,908)	(1,270)	–	–	(38,511)
Depreciation and amortisation, net of amounts allocated to contract work	(6,037)	(548)	(33,889)	(35,260)	(16,278)	(103)	(8,491)	(100,606)
Unrealised loss on derivative financial instruments	(1,994)	–	–	–	–	(69)	–	(2,063)
Unrealised loss on investments at fair value through profit or loss, net	–	–	–	–	–	(53,134)	–	(53,134)
Provision written back/(recognised) for inventories to net realisable value, net	3	–	–	–	(573)	–	(1,306)	(1,876)
Provision written back/(recognised) for trade and other debtors, net	1,415	–	–	(1,739)	–	–	(41)	(365)
Provision recognised for properties for sale to net realisable value	–	–	(20,000)	–	–	–	–	(20,000)

Note:

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

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

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Segment profit	<b>243,798</b>	192,047
Unallocated corporate expenses	<b>(30,194)</b>	(28,944)
Unallocated finance income	<b>25,309</b>	7,280
Unallocated finance costs	<b>(104,593)</b>	(40,627)
Profit before taxation	<b>134,320</b>	129,756

**(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	Insurance and investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>At 30 September 2024</b>								
<b>ASSETS</b>								
Segment assets	<u>2,961,786</u>	<u>6,135,056</u>	<u>4,080,120</u>	<u>3,397,819</u>	<u>906,654</u>	<u>2,436,383</u>	<u>529,345</u>	<u>20,447,163</u>
Included in segment assets are:								
Interests in associates	756,904	-	-	-	-	-	16,022	772,926
Interests in joint ventures	15,129	-	507,862	618,302	75,124	-	-	1,216,417
Amount due from an associate	19,990	-	-	-	-	-	-	19,990
Amounts due from joint ventures	-	-	119,413	-	-	-	-	119,413
Additions to non-current assets (note)	<u>67,673</u>	<u>7,445</u>	<u>2,779</u>	<u>21,127</u>	<u>12,923</u>	<u>92</u>	<u>105</u>	<u>112,144</u>
<b>LIABILITIES</b>								
Segment liabilities	<u>2,198,022</u>	<u>120,118</u>	<u>340,277</u>	<u>417,550</u>	<u>423,148</u>	<u>1,367,338</u>	<u>114,618</u>	<u>4,981,071</u>
Included in segment liabilities are:								
Amounts due to joint ventures	<u>-</u>	<u>-</u>	<u>22,080</u>	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>22,116</u>

	Construction and engineering HK\$'000	Property investment HK\$'000	Property development and operations HK\$'000	Healthcare investment HK\$'000	Car dealership HK\$'000	Insurance and investment HK\$'000	Others HK\$'000	Total HK\$'000
<b>At 31 March 2024</b>								
<b>ASSETS</b>								
<b>Segment assets</b>	<u>2,680,519</u>	<u>5,260,688</u>	<u>4,592,888</u>	<u>3,340,199</u>	<u>918,437</u>	<u>2,408,145</u>	<u>510,606</u>	<u>19,711,482</u>
Included in segment assets are:								
Interests in associates	741,397	-	-	-	-	-	-	741,397
Interests in joint ventures	14,788	-	264,697	606,889	74,628	-	-	961,002
Amounts due from associates	20,107	-	-	-	-	-	10,800	30,907
Amounts due from joint ventures	-	-	135,894	-	-	-	-	135,894
Additions to non-current assets (note)	<u>80,897</u>	<u>4,317</u>	<u>40,059</u>	<u>80,274</u>	<u>24,756</u>	<u>163</u>	<u>4,665</u>	<u>235,131</u>
<b>LIABILITIES</b>								
<b>Segment liabilities</b>	<u>2,253,196</u>	<u>96,255</u>	<u>347,469</u>	<u>387,771</u>	<u>433,769</u>	<u>1,330,790</u>	<u>112,027</u>	<u>4,961,277</u>
Included in segment liabilities are:								
Amounts due to joint ventures	<u>-</u>	<u>-</u>	<u>17,512</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>17,665</u>

**Note:**

Non-current assets represent non-current assets other than financial instruments, interests in associates, interests in joint ventures, deferred tax assets, amount due from a non-controlling interest and reinsurance contract assets.

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

	<b>As at 30 September 2024 HK\$'000</b>	<b>As at 31 March 2024 HK\$'000</b>
Segment assets	<b>20,447,163</b>	19,711,482
Prepaid tax	<b>23,432</b>	23,473
Unallocated bank balances and cash	<b>203,456</b>	548,956
Deferred tax assets	<b>61,651</b>	62,503
Other unallocated assets	<b>17,737</b>	18,141
<b>Total assets</b>	<b>20,753,439</b>	20,364,555
Segment liabilities	<b>4,981,071</b>	4,961,277
Current income tax liabilities	<b>129,431</b>	110,691
Bank and other borrowings	<b>4,663,159</b>	4,470,905
Deferred tax liabilities	<b>494,165</b>	479,346
<b>Total liabilities</b>	<b>10,267,826</b>	10,022,219

(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. Insurance and investment businesses are mainly carried out in Hong Kong. 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							
	Six months ended				Six months ended			
	Company and subsidiaries	Associates and joint ventures	30 September 2024		Company and subsidiaries	Associates and joint ventures	30 September 2023	
	HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000	%
Hong Kong	2,706,753	386,572 <sup>#</sup>	3,093,325	61	1,951,606	361,650	2,313,256	46
Mainland China	475,321	428,056	903,377	18	732,728	553,561	1,286,289	26
USA	504,627	62,994	567,621	11	486,202	61,828	548,030	11
Canada	201,406	-	201,406	4	231,201	-	231,201	5
Singapore	7,345	122,744	130,089	3	6,882	113,060	119,942	2
Macau	93,762	8,180	101,942	2	425,506	5,197	430,703	9
Thailand	28,038	-	28,038	1	23,513	-	23,513	-
Australia	4,973	13,447	18,420	-	54,474	9,792	64,266	1
United Kingdom	10,579	-	10,579	-	14,447	-	14,447	-
Vietnam	-	241	241	-	-	227	227	-
	<u>4,032,804</u>	<u>1,022,234</u>	<u>5,055,038</u>	<u>100</u>	<u>3,926,559</u>	<u>1,105,315</u>	<u>5,031,874</u>	<u>100</u>

<sup>#</sup> The proportionate revenue from a joint venture is eliminated.

The Group had two customers that each contributed more than 10% of the Group's total revenue. Revenue from these customers accounted for HK\$472.1 million and HK\$411.1 million, respectively, or 11.7% and 10.2% of the total revenue of the Group for the six months ended 30 September 2024 (2023: One customer is accounted for HK\$412.1 million or 10.5% of the total revenue of the Group).

#### 4 OTHER INCOME

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Included in other income are:		
Sales and marketing services income from an associate	20,335	19,469
Management fee income from an associate and joint ventures	12,468	11,846
Government grants	10,919	7,114

#### 5 OTHER GAINS/(LOSSES), NET

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Included in other gains/(losses), net are:		
Gain/(loss) on investments at fair value through profit or loss, net	5,195	(53,351)
Gain/(loss) on derivative financial instruments	492	(2,063)
Gain on disposal of property, plant and equipment, net	99	856
Loss on disposal of other intangible assets	(19)	–
Provision recognised for trade and other debtors, net	(1,786)	(365)
Provision recognised for properties for sale to net realisable value	–	(20,000)
Fair value loss upon transfer from properties under development to investment properties	(658)	–
Impairment loss on other non-current assets	(1,130)	–
Exchange loss, net	(1,280)	(4,802)

#### 6 FINANCE COSTS, NET

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest expenses on lease liabilities, bank overdrafts, non-controlling interests and bank and other borrowings	145,011	118,970
Less: Amounts capitalised to properties under development (note)	(13,223)	(32,838)
	131,788	86,132
Less: Interest income from bank deposits, promissory notes, an associate, a joint venture, a non-controlling interest and an investment at amortised cost	(63,422)	(38,648)
	68,366	47,484

Note:

The capitalisation rate applied to funds borrowed and used for the development of properties was 5.73% per annum during the six months ended 30 September 2024 (2023: 5.52% per annum).

## 7 PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging/(crediting) the following:		
Cost of construction contracts	1,916,582	1,609,396
Cost of inventories sold	508,483	817,300
Cost of properties sold	133,423	94,250
Net insurance result		
– insurance service result		
– insurance revenue	(230,288)	(231,916)
– insurance service expenses	184,952	218,410
– net expenses/(income) from reinsurance contracts held	39,640	(17,842)
– finance expenses from insurance contracts issued	(5,696)	(31,348)
– finance income from reinsurance contracts held	30,865	17,273
	(2,977)	(1,914)
	22,192	(15,989)
Staff costs	780,030	726,078
Less: Amounts allocated to contract work	(156,836)	(133,746)
	623,194	592,332
Depreciation of property, plant and equipment	95,275	103,359
Less: Amounts allocated to contract work	(3,447)	(1,763)
	91,828	101,596
Short-term lease payments in respect of leasing of		
– premises	4,002	3,014
– equipment	823	1,542
	4,825	4,556
Amortisation of other intangible assets	1,332	1,548
Less: Amounts allocated to contract work	(52)	(13)
	1,280	1,535
Provision recognised for inventories to net realisable value, net	874	1,876

## 8 TAXATION

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Current tax		
Hong Kong	31,636	40,677
Mainland China	4,629	3,815
Macau	3,399	7,795
Overseas	9,081	9,888
Over-provision in prior years	(9)	(531)
	<u>48,736</u>	<u>61,644</u>
Deferred tax		
Origination and reversal of temporary differences	<u>8,581</u>	<u>(357)</u>
	<u>57,317</u>	<u>61,287</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits. Taxation on Mainland China, Macau and overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries or location in which the Group operates.

The Group is within the scope of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. While Hong Kong is in the process of seeking consultation on the implementation of the global minimum tax and domestic minimum top-up tax, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 April 2025. For certain other jurisdictions where the Group has business operations, the Pillar Two legislation has come into effect as of 1 January 2024. Based on the assessment for the period ended 30 September 2024, the Group does not expect to have any material Pillar Two exposure (including current tax) arising in these jurisdictions. The Group has also applied the Amendments to HKAS 12, "International Tax Reform – Pillar Two Model Rules", temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

## 9 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit attributable to shareholders of the Company of HK\$80,318,000 (2023: HK\$58,596,000) by the weighted average number of 301,881,066 (2023: 301,928,440) ordinary shares outstanding during the period.

## 10 DIVIDEND

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend of HK\$0.08 (2023: HK\$0.06) per share	<b>24,101</b>	18,116

On 28 November 2024, the Board declared an interim dividend of HK\$0.08 per share temporarily based on 301,268,440 shares eligible for profit distribution. The interim dividend is not reflected as a dividend payable in these unaudited condensed consolidated interim financial statements, but will be reflected as an appropriation of the retained profits for the year ending 31 March 2025.

The 2023/24 final dividend of HK\$0.14 per share totalling HK\$42,270,000 was declared and approved at the annual general meeting held on 28 August 2024 and paid on 20 September 2024. The 2023/24 final dividend has been reflected as an appropriation of the retained profits for the six months ended 30 September 2024.

## 11 DEBTORS, CONTRACT ASSETS, DEPOSITS PAID AND PREPAYMENTS

	<b>As at 30 September 2024 HK\$'000</b>	<b>As at 31 March 2024 HK\$'000</b>
Trade debtors	<b>775,761</b>	773,656
Less: Provision for impairment	<b>(35,749)</b>	(59,153)
Trade debtors, net	<b>740,012</b>	714,503
Retention receivables	<b>506,202</b>	409,676
Contract assets	<b>378,494</b>	271,171
Other debtors, deposits paid and prepayments	<b>739,566</b>	668,328
Less: Provision for impairment	<b>(67,465)</b>	(66,836)
Other debtors, deposits paid and prepayments, net	<b>672,101</b>	601,492
	<b>2,296,809</b>	1,996,842

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:

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Up to 60 days	666,806	626,915
61–90 days	21,819	24,792
Over 90 days	51,387	62,796
	<u>740,012</u>	<u>714,503</u>

**12 CREDITORS, BILLS PAYABLE, DEPOSITS RECEIVED, CONTRACT LIABILITIES, ACCRUALS AND PROVISIONS**

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Trade creditors and bills payable	280,921	367,003
Retention payables	330,320	295,952
Deposits received	81,671	80,275
Contract liabilities	213,383	223,387
Accrued contract costs	1,242,519	1,250,066
Other creditors, accruals and provisions	886,826	845,317
	<u>3,035,640</u>	<u>3,062,000</u>

The ageing analysis of trade creditors and bills payable is presented based on the invoice date as follows:

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Up to 60 days	226,929	329,632
61–90 days	28,371	12,342
Over 90 days	25,621	25,029
	<u>280,921</u>	<u>367,003</u>

### 13 CONTINGENT LIABILITIES

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

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Banking facilities granted to an associate	805	565
Mortgage term loan granted to a joint venture	161,294	–
Guarantees given to banks and housing provident fund management centres for mortgage facilities granted to certain buyers of properties	24,398	19,267
	<u>186,497</u>	<u>19,832</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 (31 March 2024: 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.

### 14 COMMITMENTS

The Group had commitments as follows:

	As at 30 September 2024 HK\$'000	As at 31 March 2024 HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	37,450	23,848
– property, plant and equipment	9,965	12,196
– investment properties	12,311	18,929
– investment at amortised cost	74,512	123,389
	<u>134,238</u>	<u>178,362</u>

The Group's share of commitments of its joint venture was as follows:

	<b>As at 30 September 2024 HK\$'000</b>	As at 31 March 2024 HK\$'000
Contracted but not provided for (note)	<b><u>63,522</u></b>	<u>378,613</u>

Note:

Commitments in relation to a joint venture's commitments

As at 30 September 2024, there are commitments to provide funding for a joint venture's commitments on a property development project in Hong Kong, if called, for up to HK\$511,800,000 (31 March 2024: HK\$930,073,000), of which include share of commitments of the joint venture of HK\$63,522,000 (31 March 2024: HK\$378,613,000).

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK\$0.08 (2023: HK\$0.06) per share for the six months ended 30 September 2024. The interim dividend will be payable on or about Friday, 20 December 2024 to those shareholders whose names appear on the Register of Members of the Company on Tuesday, 17 December 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 16 December 2024 to Tuesday, 17 December 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the above interim 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, 13 December 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30 September 2024, the Group's unaudited interim results reported a consolidated revenue of HK\$4,033 million (2023: HK\$3,927 million), representing a slight increase of 3%. The consolidated profit for the period recorded HK\$77 million (2023: HK\$68 million), representing an increase of 13%. The increase in the consolidated profit was mainly due to the improvement on investments at fair value through profit or loss though offset by deteriorating profit margins in construction and engineering contracts. Taking into account a contribution from the share of revenue of associates and joint ventures, the Group's total revenue remained steady at HK\$5,055 million (2023: HK\$5,032 million). Profit attributable to the Company's shareholders increased to HK\$80 million (2023: HK\$59 million) and hence, earnings per share was HK\$0.27 (2023: HK\$0.19) for the period under review.

## **CONSTRUCTION AND ENGINEERING**

During the period under review, revenue of the Construction and Engineering segment increased from HK\$2,511 million to HK\$2,759 million, representing an increase of 10%. Segment profit before net finance costs decreased from HK\$194 million to HK\$121 million, representing a decrease of 38% as compared to the same period last year. The decrease in profit was mainly due to the reduction in profit margins notwithstanding the increase of works done which is commensurate with the increase in revenue. As at 30 September 2024, the total value of the Group's outstanding construction and engineering contracts in hand amounted to HK\$8,764 million. Major contracts are:

1. Construction of the extension of the operating theatre block for Tuen Mun Hospital, New Territories;

2. Construction of a property development at THE SOUTHSIDE, Package Five, Aberdeen Inland Lot No. 467, Wong Chuk Hang, Hong Kong;
3. Construction of a proposed composite development at 51-57 Maidstone Road, To Kwa Wan, Kowloon;
4. Electrical works for construction of Siu Ho Wan water treatment works extension and Siu Ho Wan Raw Water Booster Pumping Station;
5. Provision of maintenance, modification and installation works of electronic and electrical and mechanical control systems at various sewage treatment works and their outstations;
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 the Hong Kong International Airport;
9. Design, supply and installation of curtain wall for International Gateway Centre at Kowloon Inland Lot No. 11262;
10. Design, fabrication, supply and installation of Tower Façade for Proposed Residential Development at TMTL 518, Castle Peak Road, Castle Peak Bay Area 48, Tuen Mun, New Territories; and
11. Supply and installation of kitchen cabinet for Phase 13, LOHAS Park, Tseung Kwan O, New Territories.

Our construction division takes pride in the “Chevalier Full MiC Solution” which brings together multiple building elements utilising the Modular Integrated Construction (“MiC”) technology to achieve high level of prefabricated component completeness. The first project integrating this technology, the elderly housing project “Chung Yuet Lau”, has come to fruition while the significant project of Light Public Housing (LPH) of the HKSAR Government located at Yau Pok Road in Yuen Long, Tuen Mun Area 3A and Choi Hing Road in Ngau Tau Kok are further housing projects leveraging this technology to help enhance quantity, speed, efficiency and quality. The last batch of MiC modules for the Yau Pok Road LPH in Yuen Long were transported to Hong Kong in September 2024, the Chevalier-China Railway Joint Venture, as the main contractor for the first batch of LPH projects, has been making steady progress on the construction work at site in accordance with the anticipated time line.

The aluminium windows and curtain walls division has been appointed to design, supply and install the façade works including but not limited to curtain wall and metal cladding in the New Air Traffic Control Tower and the Third Runway concourse and apron at the Hong Kong International Airport. Among these working areas, installation of Air Traffic Control Tower has completed, concourse and apron area are currently undertaking installation. In this project, various of visual mock up, performance test and installation mock up were carried out to review the appearance, verify waterproofing system and structural adequacy as well as buildability to ensure the system is sound and product is in accordance with client and architectural intent with high efficiency during installation.

With professionalism and experience, our electrical and mechanical engineering (E&M) division has been awarded E&M services contracts in Macau, from MGM Macau and Wynn Palace of Macau respectively. The scope of contract involves renewing the mechanical and electrical package (MEP) system and providing MEP services and upgrading the property into a premium-class hospitality destination.

The environmental engineering division has completed the design, supply, installation, testing and commissioning of all E&M works of the Shek Wu Hui Water Reclamation Plant which is the first water reclamation plant in Hong Kong. The Shek Wu Hui Water Reclamation Plant produces reclaimed water by further treatment of the treated sewage effluent from Shek Wu Hui Sewage Treatment Works. The reclaimed water will be supplied to the North East New Territories for non-potable uses. The first phase of the project has completed.

## **PROPERTY INVESTMENT**

The Property Investment segment comprises the property letting business with portfolio properties located in Hong Kong, Mainland China, Singapore, Canada and the United Kingdom. This segment recorded a slight increase in its revenue from HK\$95 million to HK\$97 million, representing a slight growth of 2% compared to the corresponding period last year. Segment profit before net finance costs reported a decrease by 9% from HK\$69 million to HK\$63 million during the period under review. Decrease in the segment profit was mainly due to the higher repair and maintenance expenses incurred for investment properties in the United Kingdom during the period under review.

In view of the slow-moving real estate market, approximately 39,000 square feet of gross floor area located at 292A-D Prince Edward Road West which was originally intended for sale has been rolled out in the leasing market instead in August of this year, the properties have been transferred from properties under development to investment properties accordingly.

## PROPERTY DEVELOPMENT AND OPERATIONS

The Property Development and Operations segment's revenue increased from HK\$371 million to HK\$390 million representing a 5% growth due to the increase in turnover generated from the sale of properties in Hong Kong; while segment profit before net finance costs decreased from HK\$40 million to HK\$30 million, representing a decrease of 25%, which was mainly due to the reduction in the contribution from the cold storage business.

The Group continued to actively market during the period under review residential units of "City Hub", an Urban Renewal Authority ("URA") project in which the Group owns 50% equity interest and also remaining units of "SABLIER", another URA project in which the Group owns 100% equity interest.

The Group continues to explore development options for the site located at 5 Hang Lok Lane, Shatin, covering a site area of approximately 48,000 square feet whilst the Group has planned for the site at On Kui Street, Fanling Sheung Shui Town Lot No. 245 in the New Territories with gross floor area about approximately 88,000 square feet. The latter project received approval for its architectural drawings in April for the construction of a 12-storey industrial building with an additional basement level, totalling around 152,000 square feet, including public car parking.

"Chevalier City" in Changchun is adjacent to Changchunxi Railway Station. Phase III comprises 10 residential blocks providing over 1,100 residential units, with a gross floor area of approximately 100,000 square metres. Over 77% of the Phase III residential units have been sold since its launch. Phase V of "Chevalier City" comprises 10 residential blocks providing over 1,000 units with a total gross floor area of approximately 100,000 square metres. Construction works of Phase V is anticipated to be completed in the first quarter of 2025 as scheduled.

The Group holds 50% equity interests in a joint venture company with the single purpose of redeveloping an industrial building located at 18-20 Sze Shan Street, Yau Tong, Kowloon, Hong Kong with a total gross floor area of about 300,000 square feet into a composite residential development with two residential blocks, car parking spaces, non-domestic floor space for commercial use, and government accommodation. Demolishing works for the existing industrial building has completed.

The performance of consumer interests in Hong Kong has fallen short of expectations. During the period under review, the cold storage and logistics business recorded a slight decline in revenue and profit notwithstanding occupancy rate of the cold storage business has been maintained at a satisfactory level.

With its reliable and competent service, the property management division has secured a new two-year management contract from the Hong Kong Housing Authority, offering property management service for 776 residential units in Ching Tao Court, Fanling during the period under review. In addition, the property management division is committed to enhancing customer service experiences and strives to build a green community. The managed estates received various awards or certificates related to energy saving, social responsibilities, and occupational health and safety during the period.

## **HEALTHCARE INVESTMENT**

The revenue of the Healthcare Investment segment during the reporting period increased by 6% from HK\$467 million to HK\$494 million as compared to the corresponding period last year. Such increase was mainly due to the improvements in occupancy rate of certain senior housing portfolios in the USA. Segment loss before net finance costs recorded an improvement from a loss of HK\$58 million to a loss of HK\$43 million, a 26% reduction compared to the corresponding period last year. This was mainly due to the turnaround of the fair value of a joint venture's investment property portfolio offset by unrealised fair value losses of financial instruments of the Group.

As at 30 September 2024, the Group owned 28 senior housing facilities across six States in the USA providing around 2,500 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 comprising a total gross floor area of approximately 428,000 square feet through a joint venture.

The Group operates a rehabilitation and wellness centre “Ventria Rehabilitation Centre” located in Happy Valley, Hong Kong. The first “medical-community integrated” high-end senior residence in Hong Kong, “Ventria Residence”, is dedicated to providing an integrated retirement experience for those seeking to age in style in a premium retirement community. The Ventria Residence is the product of the joint effort of the Group together with the Hong Kong-Macao Conference of Seventh-Day Adventists which has commenced its soft opening at the end of November 2024.

## **CAR DEALERSHIP**

Revenue of this segment reported a decrease of 29% from HK\$1,016 million to HK\$717 million. The segment loss before net finance costs recorded an improvement from a loss of HK\$17 million, to a loss of HK\$5 million, compared to the same period last year. The reduction of loss was mainly due to the end of dealership of a loss-making brand and the decline in sales of other car brands.



## **INSURANCE AND INVESTMENT**

Revenue of the Insurance and Investment segment, which included both the propriety investment portfolios of the insurance business and the Company, recorded an increase from HK\$260 million, restated, to HK\$267 million, representing a growth of 3% as compared to the same period last year. The increase was due to contribution from interest income generated from bonds and banks, as well as dividends from securities investment when compared to last year. The Group will remain cautious in underwriting new business, maintain prudent claims provisioning, enhance operational efficiency and provide reliable services to customers. Segment profit/(loss) before net finance costs substantially improved from a loss of HK\$9 million, restated, to a profit of HK\$70 million. Increase in segment profit was mainly contributed by interest income, dividends and improvements in fair value from securities investment during the period under review when compared to same period last year. The investment portfolios of the insurance business and of the Company invested in a combination of mostly fixed income securities that are of investment grade which offer attractive yield and longer duration, a portfolio of blue chip equities and several small size private fund investments.

## **OTHERS**

This segment has restructured and now focuses on information and technology, food and beverage, food trading and freight forwarding services amongst others. Segment revenue recorded an increase of 6% from HK\$311 million, restated, to HK\$331 million. Segment loss before net finance costs reduced from a loss of HK\$13 million, restated, to a loss of HK\$2 million mainly due to the termination of the food and beverage operations located at Nina Mall 2, Tsuen Wan.

During the reporting period, the information and technology division leveraged its extensive system management experience and professional team to secure the installation of the Integrated Telecommunication System for the Tin Shui Wai Community Health Centre, supporting the operational needs of the healthcare centre's medical systems and enhancing general outpatient services.

Performance of our freight forwarding services remains stable, providing the Group with consistent revenue. It will expand its services to deliver e-commerce merchandises globally and enhance overseas agency relationships.

## **FUTURE PROSPECTS**

In our 2024 Annual Report, we have identified the Group's concerns. The macroeconomic environment remains challenging due to subsisting uncertainties from geopolitical tensions that shows no sign of easing, persistent inflation, uncertainties over the pace of the lowering of interest rate and the potential impact that the US Presidential Election results may have on trade policies. Despite the issues identified, Hong Kong's economic growth is expected to remain moderate in light of proactive initiatives promoted by the HKSAR Government and the expected interest rate cuts.

The 2024 Policy Address reaffirms the Government's commitment to addressing the housing problem through housing supply measures and land policy. In addition to the 7,000 hectares of land supply planned by 2048 and the development of the Northern Metropolis, the Government has identified 3,000 hectares of developable land (i.e., spade-ready sites) for development over the next decade to stabilise long-term housing supply.

To meet the combined public and private housing supply target of 440,000 units over the next decade under the Long-Term Housing Strategy, the Government continues to adopt supply-led and flexible principles to utilise undeveloped land for rapid housing solutions and to use innovative construction technologies like MiC. Based on the public/private split of 70:30 for the next 10-year period from 2025/26 to 2034/35, the target is to provide 308,000 public housing units, whilst on the private sector side to provide 132,000 units. The Government will achieve the housing production targets through land sale, railway property developments, development projects by the Urban Renewal Authority and other private developers. To keep pace with the Government's efforts to increase the housing supply, the Group continues to adopt construction technologies such as, Building Information Modelling ("BIM") and the Chevalier Full MiC Solution incorporating Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP) and Design for Manufacturing and Assembly (DfMA) to enhance productivity while maintaining high quality standards and speed.

Hong Kong's property market shows signs of recovery due to various Government measures including the abolishing of stamp duties and the easing of mortgage restrictions in February 2024. In light of the policies that aim to attract incoming businesses and talents which in turn boosts property transactions, the commencement of the interest rate cutting cycle further entices cautious buyers and further arouses market interest of local and overseas investors alike. Yet, the long-term outlook still hinges on the supply-demand gap and the uncertainties we have identified. The Group remains alert to changes in the property market and shall implement appropriate marketing strategies for the ever-changing real estate market.

Workforce shortage persists across Hong Kong's industries, including construction. Innovative construction technologies, such as MiC and BIM, are adopted to address manpower shortages while at the same time align with the HKSAR Government's housing strategy for quantity, speed, efficiency and quality. Additionally, the Government is taking proactive measures, including labour importation schemes and talent attraction initiatives, to alleviate manpower shortages and rejuvenate the workforce. As mentioned in the 2024 Policy Address, the Government is prioritising the attraction of high-calibre talent and has proposed more policies to achieve this target. To nurture and inject new impetus into the local construction industry, the Group has established scholarships to recognise outstanding students. In addition, it has signed up to and strongly supports the Vocational Professional Admission Scheme promoted by the Vocational Training College and the Hong Kong Electrical & Mechanical Contractors Association. The Group also engages with young people through different channels including hosting summer programmes, holding seminars to share MiC technologies

with students, and through promoting the Apprenticeship System that the Group has embraced since the 1990s. Through these series of activities and sharing, the Group helps the younger generation understand the construction industry's full potentials through knowledge sharing, as well as career planning assistance.

The global population aging issue is driven by longevity and declining birth rates. At the same time, the USA's healthcare service sector faces challenges due to escalating healthcare services costs, labour shortages, the increasing cost of application of technology and regulatory changes. The Group will closely monitor the performance of our healthcare investment portfolios and will explore divestment opportunities for the rebalancing of our portfolios as appropriate.

In spite of the on-going uncertainties and risks, the Group remains cautiously confident about its operating prospects and will monitor market changes and act swiftly amid economic headwinds while seizing future investment opportunities.

## **FINANCIAL REVIEW**

As at 30 September 2024, the Group's net assets attributable to shareholders of the Company amounted to HK\$9,928 million, representing an increase of HK\$143 million when compared with 31 March 2024 of HK\$9,785 million. Such increase mainly resulted from the exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$112 million and the profit attributable to shareholders of the Company of HK\$80 million offset by dividend payments of HK\$42 million.

As at 30 September 2024, the Group's bank and other borrowings increased to HK\$4,663 million (31 March 2024: HK\$4,471 million) as a result of draw down of bank loans during the period. 81.4%, 10.2% and 6.4% of the balance as at 30 September 2024 (31 March 2024: 80.5%, 10.7% and 6.5%) were denominated in Hong Kong dollar, United States dollar and British Pound respectively.

The portion of the Group's bank and other borrowings due within one year or repayable on demand decreased from 23.4% as at 31 March 2024 to 22.0% as at 30 September 2024.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employed approximately 3,600 full-time staff globally as at 30 September 2024. Total staff costs amounted to HK\$780 million for the period under review. 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

During the six months ended 30 September 2024, the Company bought back a total of 632,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with aggregate consideration paid (before expenses) amounting to HK\$3,023,580. The repurchases were effected because the Board considered that the trading price of the shares does not reflect their intrinsic value and actual business prospects of the Group, this is therefore a good opportunity for the Company to repurchase the shares, thereby enhancing the value of shares and improving return to shareholders of the Company. Details of those transactions are as follows:

Month	Number of shares repurchased	Price per share		Total price paid HK\$
		Highest HK\$	Lowest HK\$	
September 2024	376,000	4.74	4.30	1,723,120
September 2024	256,000*	5.23	4.73	1,300,460
	<u>632,000</u>			<u>3,023,580</u>

\* The repurchased shares were cancelled on 31 October 2024.

Save as disclosed above, no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2024.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. In the opinion of the Directors, the Company has complied with the code provisions throughout the six months ended 30 September 2024, 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 C3 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 six months ended 30 September 2024.

## **AUDIT COMMITTEE**

The Audit Committee comprises four Independent Non-Executive Directors of the Company, namely Ms. Kwan Angelina Agnes as committee chairman, Professor Poon Chung Kwong, Mr. Irons Sze and Mr. Sun Leland Li Hsun as committee members.

During the period, the Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group, and discussed the auditing, risk management, internal control systems and financial reporting matters including the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2024.

## **PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

The interim results announcement of the Company for the six months ended 30 September 2024 is published on the Stock Exchange's website at <http://www.hkexnews.hk> and the Company's website at <http://www.chevalier.com>. The interim report of the Company for the six months ended 30 September 2024 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 thank our shareholders for their firm support and trust, and express my appreciation to my fellow Board members, our management team and all employees for their valued contributions. Our joint effort shall continue to drive the Group's growth and achievements.

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

Hong Kong, 28 November 2024

*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; Professor Poon Chung Kwong, Mr. Irons Sze, Mr. Sun Leland Li Hsun and Ms. Kwan Angelina Agnes as Independent Non-Executive Directors; Mr. Chow Vee Tsung, Oscar as Non-Executive Director.*

\* *For identification purpose only*