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 2012

INTERIM RESULTS

The Directors of Chevalier International Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012, together with the comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

	Note	**Unaudited six months ended 30 September**	
		2012	2011
		HK$'000	HK$'000
Revenue	3	**2,239,845**	1,791,848
Cost of sales		**(1,693,651)**	(1,366,017)
Gross profit		**546,194**	425,831
Other income/(expenses), net	4	**42,427**	(52,112)
Other gains, net	5	**92,915**	195,250
Selling and distribution costs		**(255,089)**	(245,232)
Administrative expenses		**(85,230)**	(81,838)
Operating profit		**341,217**	241,899
Share of results of associates		**44,933**	44,427
Share of results of jointly controlled entities		**(15,645)**	(11,642)
		370,505	274,684
Finance income	6	**6,546**	4,737
Finance costs	6	**(23,490)**	(13,593)
Finance costs, net	6	**(16,944)**	(8,856)
Profit before taxation	7	**353,561**	265,828
Income tax expenses	8	**(41,612)**	(26,414)
Profit for the period		**311,949**	239,414
Attributable to:			
Equity holders of the Company		**296,380**	221,990
Non-controlling interests		**15,569**	17,424
		311,949	239,414
Earnings per share			
– Basic and diluted (HK$ per share)	9	**1.07**	0.80
Dividend	10	**55,513**	55,513

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Unaudited six months ended 30 September 2012 HK$'000	2011 HK$'000
Profit for the period	**311,949**	239,414
Other comprehensive (expense)/income for the period		
Exchange difference on translation of operations of overseas subsidiaries, associates and jointly controlled entities	**(9,336)**	24,428
Change in fair value of available-for-sale investments, net	**(22,732)**	5,402
Impairment loss on available-for-sale investments transferred to consolidated income statement	**–**	2,129
Gain on disposal of available-for-sale investments transferred to consolidated income statement	**(289)**	(8,669)
Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap	**(848)**	–
Other comprehensive (expense)/income for the period, net of tax	**(33,205)**	23,290
Total comprehensive income for the period	**278,744**	262,704
Attributable to:		
Equity holders of the Company	**264,706**	243,070
Non-controlling interests	**14,038**	19,634
	278,744	262,704

Note: Items shown within other comprehensive income have no tax effect.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2012

	Note	**Unaudited 30 September 2012 HK$'000**	Audited 31 March 2012 HK$'000
Non-current assets			
Investment properties		**2,778,978**	2,679,689
Property, plant and equipment		**1,370,772**	1,329,292
Prepaid lease payments		**151**	345
Goodwill		**129,683**	129,696
Other intangible assets		**30,631**	33,643
Interests in associates		**971,990**	929,028
Interests in jointly controlled entities		**659,775**	675,133
Available-for-sale investments		**201,372**	230,099
Properties under development		**836,885**	803,067
Deferred tax assets		**13,581**	13,472
Other non-current assets		**87,114**	83,485
		7,080,932	6,906,949
Current assets			
Amounts due from associates		**19,608**	32,163
Amounts due from jointly controlled entities		**622,149**	557,286
Available-for-sale investments		**–**	8,109
Investments at fair value through profit or loss		**255,110**	292,759
Inventories		**170,405**	176,279
Properties for sale		**69,007**	110,512
Debtors, deposits and prepayments	11	**1,233,562**	1,322,995
Amounts due from customers for contract work		**167,279**	103,317
Derivative financial instruments		**57,647**	43,288
Prepaid tax		**1,668**	3,235
Bank balances and cash		**1,297,846**	1,035,209
		3,894,281	3,685,152

	Note	Unaudited 30 September 2012 HK$'000	Audited 31 March 2012 HK$'000
Current liabilities			
Amounts due to associates		**6,417**	–
Amounts due to non-controlling interests		**6,143**	6,143
Dividend payable to non-controlling interests		**3,154**	5,529
Amounts due to customers for contract work		**712,091**	622,607
Derivative financial instruments		**42,039**	46,869
Dividend payable		**25,939**	–
Creditors, bills payable, deposits and accruals	12	**951,851**	966,772
Unearned insurance premiums and unexpired risk reserves		**127,472**	117,678
Outstanding insurance claims		**238,121**	202,837
Deferred income		**21,516**	20,846
Current income tax liabilities		**56,695**	33,467
Bank borrowings		**850,322**	1,559,426
		3,041,760	3,582,174
Net current assets		**852,521**	102,978
Total assets less current liabilities		**7,933,453**	7,009,927
Capital and reserves			
Share capital		**346,955**	346,955
Reserves		**4,703,303**	4,646,770
Shareholders' funds		**5,050,258**	4,993,725
Non-controlling interests		**333,209**	323,845
Total equity		**5,383,467**	5,317,570
Non-current liabilities			
Unearned insurance premiums		**86,225**	104,628
Bank borrowings		**2,297,564**	1,420,845
Deferred tax liabilities		**166,197**	166,884
		2,549,986	1,692,357
Total equity and non-current liabilities		**7,933,453**	7,009,927

NOTES

1 Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with 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") and with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 Principal accounting policies

Except as described below, the accounting policies applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 March 2012, as described in those annual financial statements.

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

The following amendment to existing standard, that is relevant to the Group's operation, is mandatory for the financial year of the Group beginning on 1 April 2012:

- HKFRS 7 (amendment), "Disclosures – Transfers of Financial Assets"

The adoption of the amendment does not 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.

The following new or revised standards and amendments to existing standards, that are relevant to the Group's operation, have been issued but not yet effective for the financial year of the Group beginning on 1 April 2012 and have not been early adopted:

- HKAS 1 (amendment), "Presentation of items of other comprehensive income"
- HKAS 19 (2011), "Employee benefits"
- HKAS 27 (2011), "Separate financial statements"
- HKAS 28 (2011), "Investments in associates and joint ventures"
- HKAS 32 (amendment), "Offsetting financial assets and financial liabilities"
- HKFRS 7 (amendment), "Disclosures – Offsetting financial assets and financial liabilities"
- HKFRS 9, "Financial instruments"
- HKFRS 10, "Consolidated financial statements"
- HKFRS 11, "Joint arrangements"
- HKFRS 12, "Disclosure of interests in other entities"
- HKFRS 13, "Fair value measurement"
- Annual Improvement Projects – Improvements to HKFRS published in June 2012

The Group is in the process of assessing the related impact of these new or revised standards and amendments to the Group but is not yet in a position to state whether there will be any substantial changes to the Group's significant accounting policies and presentation of financial information.

The preparation of 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 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 financial statements for the year ended 31 March 2012.

3 Segment information

Revenue and results

For management purposes, the Group is organised on a worldwide basis into five divisions. These divisions are the basis on which the Group reports its segment information.

Reportable segment information is presented below:

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverage HK$'000	Computer and information communication technology and others HK$'000	Total HK$'000
For the six months ended 30 September 2012						
REVENUE						
Total revenue	**1,112,575**	**110,324**	**400,450**	**279,690**	**373,431**	**2,276,470**
Inter-segment revenue	**–**	**(10,827)**	**(22,810)**	**–**	**(2,988)**	**(36,625)**
Group revenue	**1,112,575**	**99,497**	**377,640**	**279,690**	**370,443**	**2,239,845**
Share of revenue of associates and jointly controlled entities	**1,034,919**	**–**	**26,899**	**76,373**	**363,785**	**1,501,976**
Proportionate revenue from a jointly controlled entity eliminated	**(26,509)**	**–**	**–**	**–**	**–**	**(26,509)**
Segment revenue	**2,120,985**	**99,497**	**404,539**	**356,063**	**734,228**	**3,715,312**
RESULTS						
Segment profit/(loss)	**141,389**	**24,327**	**239,228**	**(11,547)**	**(6,724)**	**386,673**
Included in segment profit/(loss) are:						
Share of results of associates	**54,501**	**–**	**16,326**	**(14,612)**	**(11,282)**	**44,933**
Share of results of jointly controlled entities	**306**	**–**	**(15,951)**	**–**	**–**	**(15,645)**
Depreciation and amortisation, net of capitalisation	**(2,581)**	**(799)**	**(22,562)**	**(14,527)**	**(908)**	**(41,377)**
Increase in fair value of investment properties	**–**	**–**	**94,000**	**–**	**–**	**94,000**
Impairment loss on amount due from an associate	**–**	**–**	**–**	**(2,325)**	**–**	**(2,325)**
Unrealised gain on investments at fair value through profit or loss, net	**–**	**3,043**	**–**	**–**	**–**	**3,043**
Write back/(down) of inventories to net realisable value, net	**7**	**–**	**–**	**–**	**(1,335)**	**(1,328)**
Unrealised gain on derivative financial instruments, net	**–**	**5,268**	**–**	**14,683**	**–**	**19,951**
For the six months ended 30 September 2011						
REVENUE						
Total revenue	744,499	103,019	286,144	285,961	407,334	1,826,957
Inter-segment revenue	–	(10,050)	(22,788)	–	(2,271)	(35,109)
Group revenue	744,499	92,969	263,356	285,961	405,063	1,791,848
Share of revenue of associates and jointly controlled entities	922,383	–	16,603	46,528	242,458	1,227,972
Proportionate revenue from a jointly controlled entity eliminated	(26,408)	–	–	–	–	(26,408)
Segment revenue	1,640,474	92,969	279,959	332,489	647,521	2,993,412
RESULTS						
Segment profit/(loss)	78,004	(60,281)	123,566	6,240	1,137	148,666
Included in segment profit/(loss) are:						
Share of results of associates	52,055	–	2,322	(2,744)	(7,206)	44,427
Share of results of jointly controlled entities	274	–	(11,916)	–	–	(11,642)
Depreciation and amortisation, net of capitalization	(2,999)	(844)	(14,385)	(13,766)	(1,222)	(33,216)
Increase in fair value of investment properties	–	–	35,500	–	–	35,500
Impairment loss on property, plant and equipment	–	–	–	(518)	–	(518)
Impairment loss on available-for-sale investments	–	(2,129)	–	–	–	(2,129)
Unrealised loss on investments at fair value through profit or loss, net	–	(44,373)	–	–	–	(44,373)
Write back/(down) of inventories to net realisable value, net	1,974	–	–	–	(1,721)	253
Unrealised loss on derivative financial instruments, net	–	(9,710)	–	–	–	(9,710)

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

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

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Segment profit	**386,673**	148,666
Gain on disposal of a listed subsidiary	**–**	138,426
Unallocated corporate expenses	**(16,168)**	(12,408)
Finance income	**6,546**	4,737
Finance costs	**(23,490)**	(13,593)
Profit before taxation	**353,561**	265,828

Assets

	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverage HK$'000	Computer and information communication technology and others HK$'000	Total HK$'000
As at 30 September 2012						
SEGMENT ASSETS	**1,301,584**	**1,006,820**	**7,003,010**	**412,720**	**874,454**	**10,598,588**
Included in segment assets are:						
Interests in associates	**374,838**	**–**	**140,673**	**25,451**	**431,028**	**971,990**
Interests in jointly controlled entities	**13,200**	**–**	**646,575**	**–**	**–**	**659,775**
Amounts due from associates	**1,348**	**–**	**–**	**18,260**	**–**	**19,608**
Amounts due from jointly controlled entities	**326**	**–**	**621,823**	**–**	**–**	**622,149**
Additions to non-current assets (note)	**4,888**	**61**	**74,081**	**45,780**	**190**	**125,000**
As at 31 March 2012						
SEGMENT ASSETS	1,167,501	989,356	6,797,096	394,010	842,185	10,190,148
Included in segment assets are:						
Interests in associates	342,833	–	125,643	40,665	419,887	929,028
Interests in jointly controlled entities	12,894	–	662,239	–	–	675,133
Amounts due from associates	12,742	–	–	19,421	–	32,163
Amounts due from jointly controlled entities	79	–	557,207	–	–	557,286
Additions to non-current assets (note)	15,631	485	1,263,117	43,388	761	1,323,382

Note:
In this analysis, the non-current assets exclude financial instruments (including interests in associates and jointly controlled entities) and deferred tax assets.

Geographical information

The Group's operations in construction and engineering are mainly located in Hong Kong and Macau. Insurance and investment business is conducted in Hong Kong. Property operations are mainly carried out in Hong Kong, Mainland China, Singapore, Canada and the United States of America ("US"). Food and beverage business is carried out in Hong Kong, Mainland China, Macau and Australia. Computer and information communication technology operations are mainly carried out in Hong Kong and Thailand. Other operations are mainly carried out in Canada and US.

The associates' and jointly controlled entities' operations in construction and engineering are mainly located in Hong Kong, Mainland China, Macau, Singapore, US, Australia and Europe. Property operations are mainly carried out in Hong Kong and Mainland China. Food and beverage business is mainly carried out in Hong Kong, Mainland China and Singapore. Other operations are carried out in Mainland China.

	Segment revenue by geographical market							
	Company and subsidiaries HK$'000	**Associates and jointly controlled entities HK$'000**	**Six months ended 30 September 2012 Total HK$'000**	**%**	Company and subsidiaries HK$'000	Associates and jointly controlled entities HK$'000	Six months ended 30 September 2011 Total HK$'000	%
Hong Kong	**1,553,956**	**248,494***	**1,802,450**	**48**	1,163,470	222,103*	1,385,573	46
Mainland China	**23,842**	**1,110,220**	**1,134,062**	**31**	28,737	737,453	766,190	26
Canada	**201,457**	**–**	**201,457**	**5**	210,856	–	210,856	7
Macau	**185,522**	**5,520**	**191,042**	**5**	177,900	6,616	184,516	6
US	**145,407**	**–**	**145,407**	**4**	104,954	4,952	109,906	4
Singapore	**6,155**	**110,962**	**117,117**	**3**	5,777	141,726	147,503	5
Australia	**85,085**	**–**	**85,085**	**2**	62,592	26,172	88,764	3
Thailand	**31,099**	**–**	**31,099**	**1**	30,791	–	30,791	1
Others	**7,322**	**271**	**7,593**	**1**	6,771	2,721	9,492	1
Europe	**–**	**–**	**–**	**–**	–	59,821	59,821	1
	2,239,845	**1,475,467**	**3,715,312**	**100**	1,791,848	1,201,564	2,993,412	100

* The proportionate revenue from a jointly controlled entity is eliminated.

The Group maintains healthy and balanced portfolio of customer basis. No customer accounted for 10% or more of the total revenue of the Group for the periods ended 30 September 2012 and 2011.

4 Other income/(expenses), net

	Six months ended 30 September	
	2012 HK$'000	2011 HK$'000
Included in other income/(expenses), net are:		
Gain/(loss) on investments at fair value through profit or loss, net		
– held-for-trading	**1,395**	(61,272)
– designated upon initial recognition	**205**	(4,913)
Gain/(loss) on derivative financial instruments, net	**10,014**	(14,987)
Interest income from associates	**3,746**	3,685
Management fee income from associates and jointly controlled entities	**13,831**	12,454
Sales and marketing services income from an associate	**11,067**	10,671

5 Other gains, net

	Six months ended 30 September	
	2012 HK$'000	2011 HK$'000
Included in other gains, net are:		
Gain on disposal of CPHL (note)	**–**	138,426
Increase in fair value of investment properties	**94,000**	35,500
Loss on disposal of investment properties	**(300)**	–
Gain on disposal of property, plant and equipment and prepaid lease payments, net	**239**	11,726
Gain on disposal of available-for-sale investments	**289**	8,669
Impairment loss on property, plant and equipment	**–**	(518)
Impairment loss on available-for-sale investments	**–**	(2,129)
Impairment loss on amount due from an associate	**(2,325)**	–
Exchange (loss)/gain, net	**(435)**	1,184

Note:

Disposal of the Group's entire interest in CPHL

On 17 June 2011, the Company entered into an agreement with Wincon Capital Investment Limited ("Wincon"), an independent third party, to sell its entire interest of approximately 54.14% in Chevalier Pacific Holdings Limited ("CPHL", together with its subsidiaries, the "CPHL Group"), the Company's subsidiary with its shares listed on the Stock Exchange to Wincon at a cash consideration of HK$243,622,000 upon completion of the asset reorganisation of CPHL described below.

On 17 June 2011, the Company entered into an agreement with CPHL to acquire CPHL's entire interest in Sharp Rise Limited ("Sharp Rise") at a cash consideration of HK$246,000,000 (the "Asset Reorganisation of CPHL"). Sharp Rise holds (i) a 20% interest in Pacific Coffee Holdings Limited, together with its subsidiaries engaging in branded coffee shop business; (ii) a 60% interest in Cafe Deco Holdings Limited ("Cafe Deco"), together with its subsidiaries engaging in restaurant and bar business; and (iii) other investments in venture capital fund. After the Asset Reorganisation of CPHL, CPHL continues to hold a 100% interest in World Pointer Limited which in turn holds 51% interest in 3 subsidiaries (the "World Pointer Group Companies") owning 9 restaurants and bars and 3 kiosks (including Watermark, The Boathouse, Pier 7 Cafe & Bar and Cafe de Paris (Soho)). The remaining 49% interest of the World Pointer Group Companies is indirectly held by Cafe Deco.

The completion of the disposal of CPHL and the Asset Reorganisation of CPHL took place on 28 September 2011. The name of CPHL has been changed to Dingyi Group Investment Limited with effect from 8 February 2012.

6 Finance costs, net

	Six months ended 30 September	
	2012	2011
	HK$'000	HK$'000
Interest expenses on bank overdrafts and borrowings wholly repayable within five years	**33,354**	19,288
Interest expenses on bank borrowings not wholly repayable within five years	**750**	1,090
Less: Amount capitalised to properties under development (note)	**(10,614)**	(6,785)
	23,490	13,593
Less: Interest income from bank deposits	**(6,546)**	(4,737)
	16,944	8,856

Note:

The capitalisation rate applied to funds borrowed and used for the development of properties was between 6.3% and 7.8% (2011: 6.1% and 7.6%) per annum during the period.

7 Profit before taxation

	Six months ended 30 September			
	2012		2011	
	HK$'000		HK$'000	
Profit before taxation has been arrived at after charging/(crediting) the following:				
Cost of inventories recognised as expenses		**258,056**		261,574
Write down/(back) of inventories to net realisable value, net		**1,328**		(253)
Staff costs	**392,960**		323,766	
Less: Amount capitalised to contract work	**(55,154)**		(48,622)	
		337,806		275,144
Operating lease payments in respect of leasing of				
– premises, including contingent rentals of HK$785,000 (2011: HK$499,000)	**46,752**		45,689	
– equipment	**472**		809	
		47,224		46,498
Depreciation of property, plant and equipment	**39,268**		30,451	
Less: Amount capitalised to contract work	**(931)**		(833)	
		38,337		29,618
Amortisation of prepaid lease payments		**22**		208
Amortisation of other intangible assets		**3,018**		3,390
Acquisition-related expenses		**3,684**		11,931
Share options granted by a listed subsidiary – consultancy services received		**–**		5,558

8 Income tax expenses

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Current tax		
Hong Kong	**31,933**	18,529
Overseas	**8,740**	9,191
	40,673	27,720
Deferred tax		
Origination and reversal of temporary differences	**939**	(1,306)
	41,612	26,414

Hong Kong profits tax is calculated at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

9 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$296,380,000 (2011: HK$221,990,000) by the weighted average number of 277,564,090 (2011: 277,564,090) ordinary shares in issue during the period.

(b) Diluted

For the period ended 30 September 2012, the Group did not have any dilutive equity instruments.

For the period ended 30 September 2011, as the adjusted exercise price of the share options granted by CPHL was higher than the relevant average market price of CPHL's shares, the outstanding share options granted had no dilutive effect on earnings per share. The share options granted by CPHL were cancelled on 15 July 2011.

10 Dividend

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Interim dividend of HK$0.20 (2011: HK$0.20) per share	**55,513**	55,513

On 29 November 2012, the Board of Directors declared an interim dividend of HK$0.20 per share. The interim dividend is not reflected as a dividend payable in these condensed consolidated financial statements, but will be reflected as an appropriation of the retained profits for the year ending 31 March 2013.

The 2011/2012 special dividend of HK$0.40 per share and final dividend of HK$0.35 per share, totalling HK$208,173,000, were approved at the annual general meeting held on 7 September 2012 and paid on 25 September 2012. They have been reflected as an appropriation of the retained profits for the six months ended 30 September 2012.

11 Debtors, deposits and prepayments

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
Trade debtors	**495,491**	555,768
Less: Provision for impairment	**(17,958)**	(16,611)
Trade debtors, net	**477,533**	539,157
Other debtors, deposits and prepayments	**540,444**	598,623
Retention receivables	**215,585**	185,215
	1,233,562	1,322,995

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted to trade debtors was 60 days, except for insurance business where credit terms granted to certain debtors are far more than 60 days.

The ageing analysis of trade debtors is as follows:

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
0 – 60 days	**330,817**	391,212
61 – 90 days	**43,957**	75,806
Over 90 days	**102,759**	72,139
	477,533	539,157

12 Creditors, bills payable, deposits and accruals

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
Trade creditors and bills payable	**262,129**	226,279
Accrued contract costs	**176,293**	248,930
Other creditors, deposits and accruals	**387,170**	380,973
Retention payables	**126,259**	110,590
	951,851	966,772

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

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
0 – 60 days	**216,262**	192,736
61 – 90 days	**4,728**	2,636
Over 90 days	**41,139**	30,907
	262,129	226,279

13 Acquisition of subsidiaries and business

(a) Acquisition of a company owning a property in Kwai Chung

Pursuant to an agreement dated 6 January 2011, the Group, through a non-wholly owned subsidiary, acquired 100% equity interest in a company owning a property in Kwai Chung from an independent third party at a cash consideration of HK$675,985,000. The acquisition was completed on 1 April 2011 and the company has become a subsidiary of the Group.

(b) Acquisition of a group of companies owning a property in Tsing Yi Island

Pursuant to an agreement dated 27 May 2011, the Group, through a non-wholly owned subsidiary, acquired 100% equity interest in a group of companies owning a property in Tsing Yi Island from independent third parties at an aggregated cash consideration of HK$297,915,000. The acquisition was completed on 15 June 2011 and the group of companies has become subsidiaries of the Group.

(c) Acquisition of senior housing business

Pursuant to an agreement dated 31 May 2011, the Group acquired a business operating senior housing communities in Oregon, US, from independent third parties at an aggregated cash consideration of USD34,338,000 (equivalent to approximately HK$266,466,000). The acquisition was completed on 30 June 2011.

14 Contingent liabilities

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

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
Banking facilities granted to associates	**125,031**	133,872
Banking facilities granted to a joint venture partner	**168,300**	168,300
	293,331	302,172

The Group's share of contingent liabilities of its jointly controlled entities is as follows:

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the jointly controlled entities' properties	**37,585**	70,938

15 Commitment

The Group had commitment as follows:

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
Contracted but not provided for in the condensed consolidated financial statements in respect of		
– acquisition of property, plant and equipment	**2,532**	3,524
– a property development project	**120,483**	74,941
	123,015	78,465
Authorised but not contracted for in respect of a property development project	**2,460,633**	2,527,141
	2,583,648	2,605,606

The Group's share of the commitment of its jointly controlled entities is as follows:

	As at 30 September 2012 HK$'000	As at 31 March 2012 HK$'000
Contracted but not provided for	**185,929**	186,693
Authorised but not contracted for	**426,182**	300,715
	612,111	487,408

16 Events after the end of the reporting period

On 11 October 2012, the Group entered into an assignment agreement with an independent third party, as assignor, pursuant to which the assignor has assigned to the Group all its rights and obligations set out in a purchase and sale agreement to acquire the business (including the properties) of senior housing facilities in North Carolina, US, from independent third parties at an aggregate consideration of USD124,000,000 (equivalent to approximately HK$967,200,000) which includes the estimated cost of maintenance to be performed by the Group on the properties of USD4,000,000 (equivalent to approximately HK$31,200,000). The transaction is expected to be completed on or before 21 December 2012.

On 17 October 2012, the Group entered into a shareholders' agreement of a joint venture company with business as investment holding focusing on the business, operation and management of farming and agricultural products in Australia and any other business ancillary thereto with two independent third parties. The Group may subscribe for further ordinary shares and the preference shares of the joint venture company with aggregate subscription monies up to a maximum of AUD40,000,000 (equivalent to approximately HK$318,600,000). The preference shares are convertible into ordinary shares of the joint venture company on a 1:1 basis.

17 Comparative figures

Certain comparative figures have been reclassified in order to conform with the presentation of current period.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK$0.20 (2011: HK$0.20) per share for the six months ended 30 September 2012 to shareholders whose names appear on the Register of Members of the Company on Thursday, 20 December 2012. The interim dividend will be payable in cash, with an option granted to shareholders to receive new and fully paid shares of HK$1.25 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares under the scrip dividend scheme (the "Scrip Dividend Scheme"). The circular containing details of the Scrip Dividend Scheme and the relevant election form will be sent to shareholders on or about Monday, 7 January 2013.

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

Interim dividend will be distributed, and the share certificates issued under the Scrip Dividend Scheme will be sent to shareholders on or about Tuesday, 5 February 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 17 December 2012 to Thursday, 20 December 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 December 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited interim results for the six months ended 30 September 2012 recorded an increase in revenue and profit corresponding to the same period last year. Revenue of the Group rose from HK$1,792 million in the six months ended 30 September 2011 to HK$2,240 million. Total segment revenue, which also includes the Group's share of revenue of associates and jointly controlled entities ("JCEs"), increased to HK$3,715 million (2011: HK$2,993 million). After taking into consideration of the increase in fair value of HK$94.0 million (2011: HK$35.5 million) from investment properties, even with the absence of one-off gain on the disposal of 54.14% interest in a listed subsidiary in 2011, profit attributable to the Company's equity holders bolstered to HK$296 million (2011: HK$222 million) and earnings per share to HK$1.07 (2011: HK$0.80) for the period.

Construction and Engineering

The segment reported revenue of HK$2,121 million, representing an increase of 29.3% from HK$1,640 million compared to same period last year after taking into account the share of revenue of the lifts and escalators associated companies. The revenue rise was mainly due to the increase in the contracts for building construction, aluminium windows and curtain wall, as well as electrical and mechanical engineering and in the revenue contribution of the lifts and escalators associated companies. Segment profit has recorded a surge from HK$78.0 million in the corresponding period last year to HK$141 million for the six months ended 30 September 2012.

Total outstanding construction and engineering contracts as at the period end date were valued at HK$1,467 million. Major contracts are:

- Construction of alteration and addition works at Sha Tin Racecourse
- Construction of residential development at Tsing Fat Lane, Siu Lam, Tuen Mun
- Construction of composite development at junction of Plover Cove Road and Po Wu Lane, Tai Po
- Design, supply and installation of curtain walls at Siu Lek Yuen, Sha Tin
- Environmental engineering works at Black Point Power Station in Tuen Mun
- Electrical and mechanical works for MGM Macau
- Supply of prestige kitchen cabinets for luxurious residential projects in Shum Wan, Aberdeen and the waterfront area of Pak Shek Kok, Tai Po

There has been an increasing demand from leading property developers and customers for professional and stylish kitchen cabinets. The Group has been the distributor of UK "Manhattan" kitchen cabinets for several years, providing a complete line of cabinet solutions. Our innovative kitchen products have been widely recognised and used by luxury and high-end market in Hong Kong.

The shortage of skilled labour and high material costs remain the major challenges during the period under review. In order to retain qualified staff and maintain competitiveness, the increase in salary and fringe benefits together with the provision of training and development are key measures. Such measures will have an impact on the tender sum of the construction and engineering projects, and also inevitably increase the maintenance fee of the lifts and escalators contracts.

Facing the upcoming integrated resorts and casinos projects in Macau, together with the Group's proven track record and expertise, business units in construction and engineering segment will benefit from the opportunities and projects.

Insurance and Investment

During the period under review, the insurance and investment segment recorded an increase in revenue to HK$99.5 million from HK$93.0 million in 2011. Segment results turned to a profit of HK$24.3 million from a loss of HK$60.3 million same period last year. With the turnaround of investment sentiments in the global markets, dividends from fund investments increased and net loss on investments at fair value through profit and loss and derivative financial instruments of this segment in 2011 has substantially reduced in the six months ended 30 September 2012.

With the earned premium for employees' compensation insurance increased in the insurance portfolio, an increase in the claims provision under employees' compensation insurance was noted during the period under review. The Group has been employing reinsurance programs to diversify its risk and to protect against extreme single event. The management of the insurance unit will use its best endeavours to ensure that the reinsurance covers are reviewed continuously in meeting with current situation. Following the increase in the numbers of constructions and infrastructure projects, the underwriting business of the Group will benefit from new opportunities generated. Nevertheless, the management remains cautions in underwriting new business at competitive terms and also in reviewing the claims provision for the businesses that it has already underwritten.

Property

The revenue of the property segment rose to HK$405 million, or 44.5% up over the same period last year, primarily due to the disposal of properties for sale in Hong Kong and full effect of the income derived from the US senior housing at Oregon. Taking into consideration of the increase in fair value of investment properties and the results of associates and JCEs, the segment profit surged to HK$239 million, as compared to HK$124 million same period last year.

After entering into the US senior housing market in mid-2011, the three operations at Oregon have recorded an average occupancy rate near to 90% for the reported period. The businesses of leasing and selling of properties together with cold storage and logistics have continued to provide a steady income stream to the Group during the period under review.

Due to the austerity measures imposed by the Mainland government, slow progress was noted in the sale of the properties under Beijing project – "My Villa". Depending on the market conditions, it is targeted to kick-off the pre-sale of the Phase I of Chateau Ermitas in Chengdu in mid 2013. The site of the Changchun project is in planning stage and commencement of development is expected to be taken in early 2013.

Subsequent to the reported period end, the Group has entered into the assignment and assumption of the purchase and sale agreement to acquire 18 assisted living/memory care senior housing facilities located at North Carolina, US for a consideration of US$124 million (equivalent to approximately HK$967 million) (subject to adjustment). Those 18 facilities have an aggregate capacity of 1,322 beds while the aggregate gross floor area exceeds 440,000 sq. ft. and the aggregate site areas over 4,000,000 sq. ft. Pursuant to the announcement made on 12 October 2012, the completion of the acquisition will be subject to the approval in coming special general meeting.

Food and Beverage

Total revenue for this segment increased to HK$356 million, up HK$23.6 million from the same period in last year. With the set up cost of new outlets, operating loss of some outlets and large-scale renovation of Cafe Deco Bar & Grill, the flagship of Cafe Deco Group during the period under review, the segment results recorded a loss of HK$11.5 million. As at 30 September 2012, Cafe Deco Group, with its subsidiaries and associates, had 48 outlets including 7 Wildfire, 4 Berliner, 34 restaurants and bars and 3 kiosks.

During the period under review, Cafe Deco Group took over the catering services in Hong Lok Yuen Country Club. The central kitchen namely Food Square which targets to provide processed foods for both internal and external customers also served the Cafe Deco Group's most outlets in Hong Kong and Macau. The establishment allows Cafe Deco Group to better manage cost margins and have more control on food quality. After completing an extensive renovation, Cafe Deco Bar & Grill at the Peak reopened in September 2012, offering an elegance and comfortable dining environment to the customers.

Computer and Information Communication Technology and Others

During the six months ended 30 September 2012, including the share of revenue of associates in Chengdu car dealership, segment revenue experienced an increase of 13.4% or HK$86.7 million to HK$734 million. Due to the absorption of the one-off set up cost and operating loss for some of the car dealership outlets in Chengdu, a loss of HK$6.7 million was recorded in this segment.

With the launch of the ultrabook computers with Windows 8 installed in the second half of the financial year, the Group is optimistic about the demand from both consumer and commercial sectors.

The Group has a wholesale network for oriental food in the West Coast of North America, and has gained exclusive distributorship of several renowned food products which are well received in the US market. In order to facilitate the food trading business in the North America and its expansion into Latin America, the Group has aquired a warehouse located at Los Angeles, California. Site area of the warehouse is approximately 63,000 sq. ft.

As at 30 September 2012, the Group, with its subsidiaries and associates, has 2 car dealerships in Canada and 12 in Sichuan Chengdu. Tapping the fast growing automobile market, the Group's associated companies have opened 4 new 4S car dealership shops in Chengdu for the review period. In addition to new and used car sales, the 4S shops also render a variety of services to the market ranging from car rental, spare parts sales, to repair and maintenance (own brands and other brands). Although the Group has absorbed the startup cost for new shops, the Group has implemented various measures to improve cost efficiency by streamlining the operation and manpower so as to enhance its profitability. With the increase in the living standard and vigorous demand for automobiles in Mainland China, prospects for the car dealership in Chengdu remain cautiously optimistic in the long term.

FUTURE PROSPECTS

Generally speaking, there are still plenty of uncertainties in the global financial market. Europe is expected to go through a difficult process of macroeconomic rebalancing and adjustment which is expected to last for some time; in the US post presidency election, many are looking ahead to the fiscal cliff – a set of tax hikes and federal spending cuts set to start early next year; in Mainland China there are worries about the slowing down of the growth pace; all these factors lead to a more conservative approach from investors and companies. However, benefiting from the monetary stimulus imposed by globe central banks and low interest rate environment due to the implementation of quantitative easing by the US, it is expected that the low-interest investment environment will facilitate the property market and construction industry in Hong Kong and provide favourable condition to the Group to explore investment opportunities.

Hong Kong's booming construction industry continues to offer bright prospects for the construction and engineering segment of the Group. Nevertheless, manpower shortages in the construction industry may persist despite pay rises during the period. The manpower shortage, coupled with high rental cost are also affecting the Group's food and beverage segment. Facing the escalating costs under competitive operating environment in Hong Kong, the management of the Group has periodic review on our business units so as to improve the efficiency and overall effectiveness of our operations. The Group will conduct regular training and development programs to cultivate our talent and make certain that our people are equipped to face challenging operating environment.

Although the economy of Mainland China grew modestly during the first half of 2012, robust growth is still recorded in its domestic consumption. Given millions of people are looking for quality homes in this era of urbanisation, with the increase in the average disposable income of the household, the management are confident that the property projects of the Group and its JCEs located in Beijing, Chengdu and Changchun will generate reasonable returns to the Group in the medium to long term.

With the increase in aged population in the US, the Group is optimistic about the recent expansion in North Carolina senior housing market. The management are of the view that the acquisition would not only to generate stable operating income but also to provide capital appreciation potential to the Group. Notably its promising future will be a new source of revenue to the Group in the years to come.

Subsequent to the reported period end, the Group has entered into contract in October to form a joint venture with our partners to explore opportunities in agricultural sector in Australia.

Looking ahead, the Group will continue to seek new business opportunities in Hong Kong and abroad while leveraging its vast operational flexibility in order to seize the competitive edge on the global market.

FINANCIAL REVIEW

As at 30 September 2012, the Group's net assets attributable to equity holders of the Company amounted to HK$5,050 million (31 March 2012: HK$4,994 million), an increase of HK$56 million when compared with 31 March 2012. Such increase was mainly resulted from the profit attributable to equity shareholders of the Company of HK$296 million, offsetting by the 2011/2012 special and final dividends of HK$208 million appropriated, decrease in fair value of available-for-sale investments of HK$22.7 million and exchange loss on translation of overseas operations of HK$7.8 million during the period. As at 30 September 2012, the Group's bank borrowings and cash and deposits at bank increased to HK$3,148 million (31 March 2012: HK$2,980 million) and HK$1,298 million (31 March 2012: HK$1,035 million) respectively.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,000 full-time staff under its subsidiaries globally as at 30 September 2012 (31 March 2012: 2,700). Total staff costs amounted to HK$393 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

There was 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 2012.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012, except for the following deviations:–

Code Provision A.4.1 stipulates that Non-Executive Directors should be appointed for a specific term and subject to re-election. As stated in the Company's Annual Report 2012, all the Non-Executive Directors of the Company are not appointed for a specific term but subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-Laws.

Code Provision A.6.7 stipulates that the Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr Sun Kai Dah, George, an Independent Non-Executive Director was unable to attend the annual general meeting of the Company held on 7 September 2012 due to other commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Following a specific enquiry, each of the Directors confirmed that he/she has complied with the Model Code throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The Audit Committee comprises of three Independent Non-Executive Directors of the Company, namely Mr Yang Chuen Liang, Charles as Committee Chairman, Dr Chow Ming Kuen, Joseph and Mr Sun Kai Dah, George.

During the period, the Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management systems and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2012 of the Group.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement of the Company for the six months ended 30 September 2012 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 2012 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

I would like to take this opportunity to express our sincere gratitude to our customers, suppliers and shareholders for their continuous support, and to the management and all the staff for their hard work and dedication throughout this period.

By Order of the Board
Chevalier International Holdings Limited
CHOW Yei Ching
Chairman

Hong Kong, 29 November 2012

As at the date of this announcement, the Board of the Company comprises Dr Chow Yei Ching (Chairman), Messrs Kuok Hoi Sang (Vice Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Chow Vee Tsung, Oscar, Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr Chow Ming Kuen, Joseph, Messrs Sun Kai Dah, George and Yang Chuen Liang, Charles as Independent Non-Executive Directors and Dr Ko Chan Gock, William as Non-Executive Director.

* *For identification purpose only*