CHEVALIER INTERNATIONAL HOLDINGS LIMITED
其士國際集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 025)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2009

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 30th September 2009, together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September 2009

	Note	**Unaudited six months ended 30th September 2009 HK$'000**	2008 HK$'000
Revenue	3	**1,971,904**	2,782,272
Cost of sales		**(1,556,635)**	(2,521,217)
Gross profit		**415,269**	261,055
Other income/(expenses), net	4	**54,088**	(103,992)
Other (losses)/gains, net	5	**(29,843)**	107,255
Selling and distribution costs		**(248,704)**	(177,009)
Administrative expenses		**(62,709)**	(64,836)
Operating profit		**128,101**	22,473
Share of results of associates		**24,210**	9,805
Share of results of jointly controlled entities		**24,318**	(4,284)
		176,629	27,994
Finance income	6	**1,863**	5,396
Finance costs	6	**(22,625)**	(51,554)
Finance costs, net	6	**(20,762)**	(46,158)
Profit/(loss) before taxation	7	**155,867**	(18,164)
Income tax expenses	8	**(28,252)**	(6,787)
Profit/(loss) for the period		**127,615**	(24,951)
Attributable to:			
Equity holders of the Company		**84,573**	15,360
Minority interests		**43,042**	(40,311)
		127,615	(24,951)
Dividends	9	**41,635**	15,266
Earnings per share			
– Basic and diluted (HK$ per share)	10	**0.30**	0.06

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30th September 2009

	Unaudited six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Profit/(loss) for the period	**127,615**	(24,951)
Other comprehensive income for the period		
Exchange difference on translation of operations of overseas subsidiaries, associates and jointly controlled entities	**69,574**	22,813
Change in fair value of available-for-sale investments	**(1,845)**	(8,932)
Impairment loss on available-for-sale investments transferred to income statement	**27,270**	–
Fair value surplus of a property upon transfer to investment property	**12,347**	–
Other comprehensive income for the period, net of tax	**107,346**	13,881
Total comprehensive income for the period	**234,961**	(11,070)
Attributable to:		
Equity holders of the Company	**188,903**	29,691
Minority interests	**46,058**	(40,761)
	234,961	(11,070)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September 2009

	Note	Unaudited 30th September 2009 HK$'000	Audited 31st March 2009 HK$'000
Non-current assets			
Investment properties		**1,050,094**	1,004,810
Property, plant and equipment		**572,100**	558,381
Prepaid lease payments		**422,698**	435,197
Goodwill		**202,591**	202,591
Other intangible assets		**136,155**	151,679
Interests in associates		**239,267**	187,482
Interests in jointly controlled entities		**408,401**	383,508
Available-for-sale investments		**242,860**	243,728
Investments at fair value through profit or loss		**22,677**	27,704
Deferred tax assets		**6,851**	4,641
Properties under development		**302,556**	236,424
Other non-current assets		**198,649**	187,644
		3,804,899	3,623,789
Current assets			
Inventories		**143,880**	150,119
Properties for sale		**187,711**	197,431
Debtors, deposits and prepayments	11	**1,004,541**	1,196,915
Amounts due from associates		**43,207**	101,582
Amounts due from jointly controlled entities		**438,833**	424,837
Amounts due from customers for contract work		**59,670**	116,753
Investments at fair value through profit or loss		**128,734**	164,600
Derivative financial instruments		**2,948**	5,893
Prepaid tax		**12,674**	15,297
Bank balances and cash		**852,722**	1,731,606
		2,874,920	4,105,033
Assets of disposal group classified as held for sale		**440,013**	385,642
		3,314,933	4,490,675
Current liabilities			
Creditors, bills payable, deposits and accruals	12	**703,203**	988,004
Unearned insurance premiums – due within one year		**38,138**	24,427
Outstanding insurance claims		**150,067**	167,158
Amounts due to associates		**370**	89
Amounts due to customers for contract work		**523,881**	534,181
Deferred income		**24,358**	25,509
Current income tax liabilities		**66,624**	60,174
Derivative financial instruments		**56,822**	86,496
Bank borrowings		**626,424**	826,637
Dividend payable		**111,026**	–
Convertible bonds – liability component		**–**	410,798
Convertible bonds – derivative component		**–**	30,488
		2,300,913	3,153,961
Liabilities of disposal group classified as held for sale		**191,006**	200,200
		2,491,919	3,354,161

	Note	Unaudited 30th September 2009 HK$'000	Audited 31st March 2009 HK$'000
Net current assets		**823,014**	1,136,514
Total assets less current liabilities		**4,627,913**	4,760,303
Capital and reserves			
Share capital		**346,955**	346,955
Reserves		**2,950,209**	2,878,053
Equity attributable to equity holders of the Company		**3,297,164**	3,225,008
Minority interests		**424,003**	381,328
Total equity		**3,721,167**	3,606,336
Non-current liabilities			
Unearned insurance premiums – due over one year		**16,345**	10,468
Deferred tax liabilities		**176,548**	176,198
Bank borrowings		**713,853**	967,301
		906,746	1,153,967
Total equity and non-current liabilities		**4,627,913**	4,760,303

NOTES

1. Basis of preparation

The 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.

2. Principal accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st March 2009, 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 new standards and amendments to standards are mandatory for the first time for the financial year of the Group beginning on 1st April 2009.

- HKAS 1 (revised), "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the consolidated statement of comprehensive income) or two statements (the consolidated income statement and consolidated statement of comprehensive income).

  The Group has elected to present two statements: a consolidated income statement and a consolidated statement of comprehensive income. The interim financial report has been prepared under the revised disclosure requirements.

- HKFRS 8, "Operating segments". HKFRS 8 replaces HKAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker. The chief operating decision-maker has been identified as the senior executive management of the Group.

  Comparative segment information has been re-presented in conformity with the transitional requirements of HKFRS 8, which only impact presentation and disclosure aspect of the Group.

- Amendment to HKFRS 7, "Financial instruments: disclosures". The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31st March 2010.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year of the Group beginning on 1st April 2009, but have no material effect on the Group's results and financial position for the current and prior periods.

- HKAS 23 (amendment), "Borrowing costs"
- HKAS 32 (amendment), "Financial instruments: presentation"
- HKAS 39 (amendment), "Financial instruments: recognition and measurement"
- HKFRS 2 (amendment), "Share-based payment"
- HK(IFRIC) 9 (amendment), "Reassessment of embedded derivatives"
- HK(IFRIC) 13, "Customer loyalty programmes"
- HK(IFRIC) 15, "Agreements for the construction of real estate"
- HK(IFRIC) 16, "Hedges of a net investment in a foreign operation"
- Improvements to HKFRS (2008)

The following new standards, amendments to standards and interpretations have been issued, but not effective for the financial year of the Group beginning on 1st April 2009 and have not been early adopted:

- HKAS 24 (revised), "Related party disclosures"
- HKAS 27 (revised), "Consolidated and separate financial statements"
- HKAS 32 (amendment), "Financial instruments: presentation – classification of rights issues"
- HKAS 39 (amendment), "Financial instruments: recognition and measurement – eligible hedged items"
- HKFRS 2 (amendment), "Share-based payment – group cash-settled share-based payment transactions"
- HKFRS 3 (revised), "Business combinations"
- HKFRS 9, "Financial instruments"
- HK(IFRIC) – Int 17, "Distributions of non-cash assets to owners"
- HK(IFRIC) – Int 18, "Transfers of assets from customers"
- Improvements to HKFRS (2009)

The Group is in the process of assessing the impact of these new standards, amendments to standards and interpretations on its results of operation and financial position.

3 Operating segments

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$'000	Food and beverages HK$'000	Computer and information communication technology and others HK$'000	Total HK$'000
For the six months ended 30th September 2009						
REVENUE						
Total segment revenue	**1,184,821**	**54,648**	**190,546**	**257,272**	**335,518**	**2,022,805**
Inter-segment revenue	**(162)**	**(14,425)**	**(32,719)**	**-**	**(3,595)**	**(50,901)**
External revenue	**1,184,659**	**40,223**	**157,827**	**257,272**	**331,923**	**1,971,904**
RESULTS						
Segment results	**12,908**	**29,092**	**75,718**	**(541)**	**6,490**	**123,667**
Gain on discount from step-up acquisition of interest in an associate	**–**	**–**	**–**	**–**	**3,269**	**3,269**
Gain on disposal of subsidiaries	**–**	**–**	**–**	**–**	**6,765**	**6,765**
Unallocated corporate expenses						**(5,600)**
Share of results of associates	**20,943**	**–**	**1,907**	**86**	**1,274**	**24,210**
Share of results of jointly controlled entities	**326**	**–**	**23,992**	**–**	**–**	**24,318**
Finance income						**1,863**
Finance costs						**(22,625)**
Profit before taxation						**155,867**
As at 30th September 2009						
TOTAL SEGMENT ASSETS	**1,496,631**	**774,198**	**3,857,823**	**455,797**	**378,017**	**6,962,466**
Total segment assets include:						
Interests in associates	**146,954**	**–**	**51,649**	**1,165**	**39,499**	**239,267**
Interests in jointly controlled entities	**15,669**	**–**	**392,732**	**–**	**–**	**408,401**
Amounts due from associates	**28,361**	**–**	**1,200**	**10**	**13,636**	**43,207**
Amounts due from jointly controlled entities	**604**	**–**	**438,229**	**–**	**–**	**438,833**

For the six months ended 30th September 2008	Construction and engineering HK$'000	Insurance and investment HK$'000	Property HK$'000	Food and beverages HK$'000	Computer and information communication technology and others HK$'000	Total HK$'000
REVENUE						
Total segment revenue	1,922,545	42,236	220,783	155,939	484,077	2,825,580
Inter-segment revenue	(510)	(6,161)	(31,512)	–	(5,125)	(43,308)
External revenue	1,922,035	36,075	189,271	155,939	478,952	2,782,272
RESULTS						
Segment results	(74,357)	(98,776)	79,817	(3,455)	14,474	(82,297)
Gain on disposal of subsidiaries	110,733	–	–	–	–	110,733
Unallocated corporate expenses						(5,963)
Share of results of associates	1,624	–	1,856	5,357	968	9,805
Share of results of jointly controlled entities	333	–	(4,617)	–	–	(4,284)
Finance income						5,396
Finance costs						(51,554)
Loss before taxation						(18,164)
As at 31st March 2009						
TOTAL SEGMENT ASSETS	1,720,984	771,964	4,055,597	470,317	396,815	7,415,677
Total segment assets include:						
Interests in associates	98,416	–	49,763	1,079	38,224	187,482
Interests in jointly controlled entities	16,840	–	366,668	–	–	383,508
Amounts due from associates	82,016	–	5,903	311	13,352	101,582
Amounts due from jointly controlled entities	2,136	–	422,701	–	–	424,837

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

4 Other income/(expenses), net

	Six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Included in other income/(expenses), net are:		
Gain/(loss) on investments at fair value through profit or loss, net		
– Realised	**14,233**	(68,896)
– Unrealised	**18,892**	(58,415)
(Loss)/gain on derivative financial instruments, net		
– Realised	**(10,602)**	6,310
– Unrealised	**26,809**	5,865
Interest income from associates	**1,429**	4,240
Interest income from jointly controlled entities	**621**	708

5 Other (losses)/gains, net

	Six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Included in other (losses)/gains, net are:		
Decrease in fair value of investment properties	**(2,280)**	–
Impairment loss on property, plant and equipment	**(3,711)**	–
Impairment loss on other intangible assets	**(12,200)**	–
Impairment loss on available-for-sale investments	**(27,270)**	–
Loss on redemption of convertible bonds	**(31,101)**	–
Gain on discount from step-up acquisition of interest in an associate	**3,269**	–
Gain on disposal of subsidiaries	**6,765**	110,733
Exchange gain/(loss), net	**11,209**	(5,132)
Fair value gain on derivative component of convertible bonds	**30,488**	355

6 Finance costs, net

	Six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Interest expenses on bank overdrafts and borrowings wholly repayable within five years	**13,198**	31,132
Interest expenses on convertible bonds wholly repayable within five years	**14,777**	20,422
Less: Amounts capitalised to properties under development (note)	**(5,350)**	–
	22,625	51,554
Less: Interest income from bank deposits	**(1,863)**	(5,396)
	20,762	46,158

Note:

The capitalisation rate applied to funds borrowed and used for the development of properties was between 4.37% and 6.25% per annum during the period.

7 Profit/(loss) before taxation

	Six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Profit/(loss) before taxation has been arrived at after charging the following:		
Cost of inventories recognised as expenses	**381,678**	630,518
Staff costs	**391,800**	380,658
Less: Amount capitalised to contract work	**(50,453)**	(38,475)
	341,347	342,183
Operating lease payments in respect of leasing of		
– premises under minimum lease payments	**68,732**	51,318
– premises under contingent rent	**4,085**	3,347
– equipment	**1,288**	2,602
	74,105	57,267
Amortisation of prepaid lease payments	**5,899**	5,895
Amortisation of other intangible assets	**4,095**	799
Depreciation of property, plant and equipment	**30,981**	40,991
Less: Amount capitalised to contract work	**(877)**	(416)
	30,104	40,575

8 Income tax expenses

	Six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Current tax		
Hong Kong	**23,071**	5,656
Overseas	**5,293**	8,259
	28,364	13,915
Deferred tax		
Origination and reversal of temporary differences	**(112)**	(822)
Impact of change in profits tax rate	–	(6,306)
	28,252	6,787

Hong Kong profits tax is calculated at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits after offsetting losses brought forward of each individual company. 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 business operates.

9 Dividends

	Six months ended 30th September	
	2009	2008
	HK$'000	HK$'000
Interim dividend of HK$0.15 (2008: HK$0.055) per share	**41,635**	15,266

On 10th December 2009, the Board of Directors declared an interim dividend of HK$0.15 per ordinary 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 31st March 2010.

The 2009 final and special dividends of HK$0.20 and HK$0.20 per ordinary share respectively, totalling HK$111,026,000, were approved at the annual general meeting held on 23rd September 2009 and paid on 8th October 2009. It has been reflected as an appropriation of the retained profits for the six months ended 30th September 2009.

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$84,573,000 (2008: HK$15,360,000) by the weighted average number of 277,564,090 (2008: 278,582,090) ordinary shares in issue during the period.

(b) Diluted

For the six months ended 30th September 2009, basic and diluted earnings per share are the same as the Company did not have any dilutive equity instruments throughout the period.

For the six months ended 30th September 2008, the convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share, hence the diluted earnings per share equalled the basic earnings per share.

11 Debtors, deposits and prepayments

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
Trade debtors	**433,633**	512,124
Less: Provision for impairment	**(23,466)**	(23,937)
	410,167	488,187
Other debtors, deposits and prepayments	**335,167**	435,650
Consideration receivables on disposal of interests in subsidiaries	**191,947**	191,947
Retention receivables	**219,590**	229,853
	1,156,871	1,345,637
Reclassified as held for sale	**(152,330)**	(148,722)
	1,004,541	1,196,915

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.

The ageing analysis of trade debtors is as follows:

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
0 – 60 days	**299,293**	401,268
61 – 90 days	**20,718**	21,313
Over 90 days	**90,156**	65,606
	410,167	488,187

12 Creditors, bills payable, deposits and accruals

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
Trade creditors and bills payable	**161,380**	233,213
Accrued contract costs	**177,323**	130,556
Retention payables	**127,862**	131,743
Other creditors, deposits and accruals	**335,034**	415,186
Consideration payables for		
– step-up acquisition of interest in an associate	**–**	95,047
– acquisition of interest in an associate	**–**	86,000
	801,599	1,091,745
Reclassified as held for sales	**(98,396)**	(103,741)
	703,203	988,004

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

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
0 – 60 days	**122,383**	189,881
61 – 90 days	**9,061**	4,450
Over 90 days	**29,936**	38,882
	161,380	233,213

13 Contingent liabilities

As at 30th September 2009, the Group had contingent liabilities in respect of guarantees issued for utilised borrowings in relation to:

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
Banking facilities granted to associates	**82,965**	194,443
Banking facilities granted to jointly controlled entities	**370,599**	435,050
	453,564	629,493

14 Commitment

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
Contracted but not provided for in the condensed consolidated financial statements in respect of		
– acquisition of property, plant and equipment	**211**	613
– a property development project	**64,087**	32,419
– acquisition of an associate	**–**	35,000
	64,298	68,032
Authorised but not contracted for in respect of a property development project	**2,274,282**	2,344,260
	2,338,580	2,412,292

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

	As at 30th September 2009 HK$'000	As at 31st March 2009 HK$'000
Contracted but not provided for	**46,907**	67,402
Authorised but not contracted for	**596,201**	603,386
	643,108	670,788

15 Events after the end of the interim period

On 15th September 2009, the Group entered into a sale and purchase agreement with various independent vendors who are independent of the Group and not connected persons of the Group for the acquisition of 100% equity interest in Great Dragon Petroleum Limited ("Great Dragon") at a consideration of HK$5,000,000. The transaction was completed on 2nd October 2009. Great Dragon has entered into memorandum of understanding and letters of authorisation with various petrochemical companies of the rights in the trading of crude oil and oil related products in Mainland China and commenced to explore such business.

On 22nd October 2009, a 49% jointly controlled entity of the Group acquired the remaining 50% equity interest in Chengdu Shenghua Real Estate Development Company Limited, the registered holder of the land use right of an approximately 81,000 square metres at a cash consideration of RMB12,500,000 (equivalent to approximately HK$14,250,000) and a commitment to finance the construction costs for a construction area of 40,000 square metres in a residential complex being developed by the seller. The Company has executed a guarantee in favor of a bank which granted a loan of HK$340,000,000 for financing the aforesaid acquisition and development works in Chengdu.

16 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$0.15 (2008: HK$0.055) per share for the six months ended 30th September 2009 payable on Friday, 15th January 2010 to shareholders whose names appear on the Register of Members of the Company on Friday, 8th January 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 6th January 2010 to Friday, 8th January 2010, 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 Registrars in Hong Kong, Tricor Standard Limited, of 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 5th January 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

After the stabilisation of the global financial market followed by a strong recovery in Hong Kong, the Group has enjoyed a marked turnaround in the investment results. Furthermore, with the reduction of project losses made in the construction and engineering segment during the review period, the management of the Group is pleased to report that the unaudited interim results of the Group for the six months ended 30th September 2009 recorded a significant profit as compared to a loss for the corresponding period last year. Although the Group's revenue decreased 29.1% to HK$1,972 million, profit for the period rebounded to HK$128 million as compared to loss of HK$25.0 million same period last year. Earnings per share was HK$0.30 as compared to HK$0.06 same period last year.

Construction and Engineering

During the period under review, revenue for this segment saw a substantial drop of 38.3% from HK$1,922 million last year to HK$1,185 million this year, mainly due to the lower turnover derived from construction and engineering works in Macau and the divestment of the Group's 75% interests in pipe rehabilitation business in Europe and Australia last year. As a result of the de-consolidation of the aforesaid pipe rehabilitation business in the consolidated financial statements of the Group and the decrease in further provision for project losses in the period under review, segment results turned around to a profit of HK$12.9 million as compared to a loss of HK$74.4 million same period last year. Major projects in Hong Kong and Singapore, with total contract sum of over HK$1,400 million, were secured during the review period including:

1. construction of the Hong Kong Community College of The City University of Hong Kong

2. construction of the composite development at the junction of Plover Cove Road and Po Wu Lane, Taipo

3. replacement and rehabilitation of Water Mains Stage 3 – Mains in East Kowloon

4. designing, supplying and installing curtain walls for the Latitude, San Po Kong

5. upgrading over 1,000 lifts and escalators with Singapore Housing Development Board

Following the disposal of the 49% interest in the lifts and escalators business covering Hong Kong, Singapore, Macau and Mainland China to Toshiba Elevator and Building Systems Corporation on 31st March 2009 and the Group's investment of 20% interest in each of Toshiba's lifts and escalators plants in Shanghai and Shenyang, the Group has begun to realise the benefits from our strategic partnership.

Insurance and Investment

With the stabilisation of the global financial market, the market value of the investment portfolio of the Group has appreciated during the period under review. Insurance business also contributed positively to the segment results. Revenue from this segment increased from HK$36.1 million to HK$40.2 million while segment results improved from a loss of HK$98.8 million for the six months ended 30th September 2008 to a profit of HK$29.1 million for the corresponding period this year. Such improvement was mainly attributable to the realised and unrealised gain on the financial assets held by the Group.

Since 31st March 2009, the management has started to increase its investment in investment-grade debt securities to generate stable return on funds. The management will continue to maintain a conservative approach to its financial investments.

Property

During the period under review, this segment reported revenue of HK$158 million (2008:HK$189 million) and segment profit was maintained at HK$75.7 million (2008:HK$79.8 million). The decrease in revenue was mainly due to the drop in sales of properties during the period as compared to same period last year. On the other hand, the property investment, property management, and cold storage and logistics businesses in Hong Kong continued to provide steady contributions.

The Group has property development projects in Beijing, Changchun, Chengdu, Hefei and Shenzhen, with total gross floor area over 1.5 million square metres. As mentioned in the Group's Annual Report 2009, most of the property development projects in Mainland China are primarily at initial development phases. For the period under review, pre-sale of Phase II of My Villa in Beijing was satisfactory; foundation work for resettlement buildings residential site of Changchun Fanjiadian Urban Renewal Project was completed; Chengdu Chevalier Tower Project has gradually delivered sold residential and commercial units to the buyers; and Hefei Huaqiao Plaza Project has substantially completed its basement construction. As the above properties would be gradually put up for sale in coming years, it is expected that the Group woud benefit from the positive property market sentiment.

Shortly after the period under review, the Group through its 49% jointly controlled entity acquired the remaining 50% equity interest in Chengdu Shenghua Real Estate Development Company Limited, registered holder of the land use right of an approximately 81,000 square metres site situated at Lushan Avenue in Chengdu, which is planned to be developed into a residential apartment complex.

Given the bullish prospects of the Mainland economy, the Group will continue to look for opportunities in acquiring premium property development projects or land banks in Mainland China.

Food and Beverages

Following the acquisition of the remaining 51% interest in Igor's in March this year, the performance of Igor's has been fully consolidated into the Group's results beginning 1st April 2009. Revenue of this segment for the six months ended 30th September 2009 thus increased 65.0% to HK$257 million. As a result of the decision to amortise the Group's trademark of Pacific Coffee beginning from this financial year, the combined results of the food and beverages business (combined results include segment results and share of results of associates) recorded a loss of HK$0.5 million for the period after absorbing amortisation of trademarks of HK$3.9 million compared to a profit of HK$1.9 million for the same period last year.

As of 30th September 2009, Pacific Coffee operated 78 coffeehouses, comprising of 72 stores in Hong Kong, 4 in Singapore and 2 in Mainland China. For overseas business, Pacific Coffee has reduced its exposure with the closure of unprofitable stores while developing an international franchise business. The first and second franchise stores have successfully opened in Macau and Foshan, China respectively.

Igor's operated 33 outlets in total as of 30th September 2009, including restaurants, restaurant bars as well as 7 Wildfire's chain stores, all of which are located in Hong Kong. Igor's also operates a central kitchen under the name of Blu Catering which has benefited from the market's increased demands for small to medium catering needs.

With a combined operation of 105 outlets in Hong Kong, the Group will continue to look for synergies between the Pacific Coffee and Igor's operations and to further strengthen its footprint in Hong Kong.

Computer and Information Communication Technology and Others

Business of every size and scope, across all industries, has felt the immense impact of the economic crisis. Both revenue and results of the segment reduced to HK$332 million (2008: HK$479 million) and HK$6.5 million (2008: HK$14.5 million) respectively.

Demand of computer and information communication products from the SME (small and medium enterprise) segment within the commercial market was impacted severely. Although the commercial activities are gradually recovering, buying motivation from many commercial customers remains sluggish. Revenue from car dealership in Canada was also adversely affected by the corporate restructuring of Chrysler. Nevertheless, car dealership and food trading businesses of the Group recorded positive contributions during the period under review.

FUTURE PROSPECT

In order to navigate through the unprecedented financial tsunami last year, the Group has taken decisive actions in restructuring and reallocating the resources of the Group to only focus on those critical activities that will contribute to the future competitiveness and revenue growth. With the signs of real economic growth, modest inflation and ample liquidity, increasing risk-appetite among investors sets favorable conditions for the asset markets worldwide. It is anticipated that the strong economic growth momentum of the Mainland and the recovery of the Hong Kong economy in coming year will provide advantages to the Group's property development projects, and construction and engineering business. In light of the above, the Board is cautiously optimistic about the current economy and will continue to provide quality services to all the clients in the coming year.

FINANCIAL REVIEW

Redemption of Convertible Bonds

In July 2006, the Group issued 2.125% convertible bonds with face value of HK$450 million, which would be due on 28th July 2011. The Group subsequently repurchased HK$50 million of the convertible bonds in November 2006. Pursuant to the terms of the convertible bonds, all the bondholders exercised their rights to request the Company to redeem the convertible bonds at 113.1% of their principal amount on 28th July 2009 (the put option date). Upon redemption, all the convertible bonds were fully cancelled and no further finance costs in relation to the accrued interests of the convertible bonds were incurred.

Financial Position

As at 30th September 2009, the Group's net assets attributable to equity holders of the Company amounted to HK$3,297 million (HK$3,225 million as at 31st March 2009), an increase of 2.2%. Such increase was mainly resulted from the profit attributable to equity shareholders of the Company of HK$84.6 million, exchange gain on translation of overseas operations of HK$65.9 million, impairment loss on available-for-sale investments transferred to income statement of HK$27.3 million and fair value surplus of a property upon transfer to investment property of HK$12.3 million offsetting by the final and special dividends appropriated during the period totalling HK$111 million. As at 30th September 2009, the Group's total borrowings (representing the sum of bank borrowings and liability component of convertible bonds) amounted to HK$1,340 million (HK$2,205 million as at 31st March 2009). Cash and deposits at bank including fixed and structured deposits amounted to HK$875 million (HK$1,777 million as at 31st March 2009).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 4,500 full-time staff globally as at 30th September 2009. Total staff costs amounted to approximately HK$392 million for the period under review. The remuneration policies 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, retirement schemes and employees' share option scheme.

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 30th September 2009.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30th September 2009 with deviation from code provision A.4.1 which stated that non-executive Directors should be appointed for a specific term and subject to re-election. As stated in the Company's Annual Report 2009, 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.

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 has complied with the Model Code during the six months ended 30th September 2009.

AUDIT COMMITTEE

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 of the Group and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30th September 2009.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement of the Company for the six months ended 30th September 2009 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 30th September 2009 will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our employees and Directors for the dedication they have shown during the period.

By Order of the Board
CHOW Yei Ching
Chairman

Hong Kong, 10th December 2009

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 and Ho Chung Leung 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.

website: http://www.chevalier.com

* *For identification purpose only*