



CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 025)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2007

RESULTS

The Directors of Chevalier International Holdings Limited (the “Company”) are pleased to announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2007, together with the comparative figures, are summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue	2	4,665,237	4,335,434
Cost of sales		(3,911,145)	(3,591,481)
Gross profit		754,092	743,953
Other income, net	3	134,728	126,125
Other gain, net	4	100,307	49,893
Distribution costs		(342,131)	(272,249)
Administrative expenses		(118,694)	(102,192)
Operating profit		528,302	545,530
Share of results of associates		5,263	(2,987)
Share of results of jointly controlled entities		(3,159)	12,874
Finance costs		(122,356)	(79,887)
Profit before taxation	5	408,050	475,530
Income tax expenses	6	(66,853)	(110,443)
Profit for the year		<u>341,197</u>	<u>365,087</u>
Attributable to:			
Equity holders of the Company		317,869	330,973
Minority interest		23,328	34,114
		<u>341,197</u>	<u>365,087</u>
Dividends	7	<u>139,291</u>	<u>189,436</u>
Earnings per share			
– Basic (HK\$ per share)	8	<u>1.14</u>	<u>1.19</u>
– Diluted (HK\$ per share)		<u>1.04</u>	<u>1.19</u>

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2007

	<i>Note</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Non-current assets			
Investment properties		523,644	469,693
Property, plant and equipment		729,167	677,377
Prepaid lease payments		455,239	461,708
Goodwill		210,330	212,540
Other intangible assets		158,864	151,958
Interests in associates		137,084	31,011
Interests in jointly controlled entities		239,511	231,316
Available-for-sale investments		182,298	114,010
Investments at fair value through profit or loss		303,195	325,903
Deferred tax assets		8,744	10,394
Other non-current assets		19,498	17,104
		<hr/> 2,967,574	<hr/> 2,703,014
Current assets			
Inventories		304,385	262,084
Properties for sale		461,159	505,506
Debtors, deposits and prepayments	9	1,170,924	1,079,165
Amounts due from associates		17,175	38,050
Amounts due from jointly controlled entities		259,559	184,510
Amounts due from customers for contract work		343,849	365,761
Investments at fair value through profit or loss		1,000,758	1,123,915
Derivative financial instruments		42,831	38,303
Bank balances and cash		722,998	635,412
		<hr/> 4,323,638	<hr/> 4,232,706

	<i>Note</i>	2007 HK\$'000	2006 HK\$'000
Current liabilities			
Creditors, bills payable, deposits and accruals	10	1,178,146	1,240,872
Unearned insurance premiums			
– due within one year		32,174	39,634
Outstanding insurance claims		255,337	285,051
Amounts due to associates		3,429	2,423
Amounts due to customers for contract work		208,113	136,952
Deferred income		21,372	23,330
Provision for taxation		86,009	73,721
Derivative financial instruments		2,628	10,430
Bank borrowings		815,066	595,822
Other loans		256	226
Other payable		–	7,412
		<u>2,602,530</u>	<u>2,415,873</u>
Net current assets		<u>1,721,108</u>	<u>1,816,833</u>
Total assets less current liabilities		<u>4,688,682</u>	<u>4,519,847</u>
Capital and reserves			
Share capital		348,228	348,228
Reserves		2,645,093	2,372,566
Equity attributable to equity holders of the Company		2,993,321	2,720,794
Minority interests		322,196	266,897
Total equity		<u>3,315,517</u>	<u>2,987,691</u>
Non-current liabilities			
Other payable		7,079	13,840
Unearned insurance premiums			
– due over one year		13,789	14,764
Deferred taxation		113,487	102,750
Bank borrowings		856,275	1,399,409
Other loans		1,445	1,393
Convertible bonds – liability component		354,423	–
Convertible bonds – derivative component		26,667	–
		<u>1,373,165</u>	<u>1,532,156</u>
Total equity and non-current liabilities		<u>4,688,682</u>	<u>4,519,847</u>

Notes:

1 Basis of preparation

The consolidated financial statements of Chevalier International Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

In current year, the Group has applied the new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants that have become effective. The adoption of these new standards does not have any significant effect on the results and position of the Group.

The Group has also considered the new standards, amendments and interpretations that may be applicable to the Group. The Group has not yet early adopted the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment and interpretations will have no material impact on the results and financial positions of the Group.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

In prior years, the Group presented the gross sales proceeds and carrying value of financial assets disposed during the years as part of the Group’s turnover and costs of sales respectively. In current year, the directors of the Company considered it is more appropriate to reflect results of securities trading on a net basis and to present such amounts as other income. The adoption of the change has reduced the turnover and cost of sales and increased the other income by HK\$584 million, HK\$572 million and HK\$12 million respectively for the year ended 31st March 2007 and by HK\$898 million, HK\$844 million and HK\$54 million for the year ended 31st March 2006 respectively.

2 Business and geographical segments

Revenue and results

Year ended 31st March 2007

	Construction and engineering <i>HK\$'000</i>	Insurance and investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Computer and information technology <i>HK\$'000</i>	Food and beverage and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
Total segment revenue	3,003,573	149,140	352,672	491,654	753,581	4,750,620
Inter-segment revenue	(284)	(19,756)	(47,531)	(12,976)	(4,836)	(85,383)
External sales	<u>3,003,289</u>	<u>129,384</u>	<u>305,141</u>	<u>478,678</u>	<u>748,745</u>	<u>4,665,237</u>
RESULTS						
Segment results	<u>186,131</u>	<u>150,238</u>	<u>135,476</u>	<u>10,942</u>	<u>43,384</u>	526,171
Unallocated corporate expenses						(12,132)
Interest income						14,263
Share of results of associates	2,557	-	(70)	-	2,776	5,263
Share of results of jointly controlled entities	2,674	-	(5,833)	-	-	(3,159)
Finance costs						<u>(122,356)</u>
Profit before taxation						408,050
Income tax expenses						<u>(66,853)</u>
Profit for the year						<u>341,197</u>

Inter-segment revenue are charged at prices determined by management with reference to market prices.

Assets and liabilities*As at 31st March 2007*

	Construction and engineering <i>HK\$'000</i>	Insurance and investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Computer and information technology <i>HK\$'000</i>	Food and beverage and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS						
Segment assets	1,970,217	1,788,237	2,357,990	171,479	553,357	6,841,280
Interests in associates	9,294	–	164	–	127,626	137,084
Interests in jointly controlled entities	15,083	–	224,428	–	–	239,511
Unallocated corporate assets						73,337
Consolidated total assets						7,291,212
LIABILITIES						
Segment liabilities	1,062,840	345,692	136,784	105,969	79,120	1,730,405
Unallocated corporate liabilities						2,245,290
Consolidated total liabilities						3,975,695

Other information*Year ended 31st March 2007*

	Construction and engineering <i>HK\$'000</i>	Insurance and investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Computer and information technology <i>HK\$'000</i>	Food and beverage and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital expenditure	117,354	373	3,892	975	46,813	169,407
Depreciation and amortisation	57,931	161	19,614	1,800	22,416	101,922
Net (gain)/losses on disposal of property, plant and equipment, and prepaid lease payments	(7,726)	125	45	(8)	158	(7,406)
Impairment loss on property, plant and equipment	6,782	–	6,972	–	–	13,754
Impairment loss on prepaid lease payments	–	–	1,628	–	–	1,628
Impairment loss on intangible assets and goodwill	7,157	–	–	–	–	7,157
Impairment loss on available-for-sale investments	–	1,473	–	–	–	1,473

Revenue and results

Year ended 31st March 2006

	Construction and engineering <i>HK\$'000</i>	Insurance and investment <i>HK\$'000</i>	Property <i>HK\$'000</i>	Computer and information technology <i>HK\$'000</i>	Food and beverage and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
Total segment revenue	2,523,946	131,285	570,035	545,412	639,804	4,410,482
Inter-segment revenue	(267)	(13,434)	(46,917)	(10,102)	(4,328)	(75,048)
External revenue	<u>2,523,679</u>	<u>117,851</u>	<u>523,118</u>	<u>535,310</u>	<u>635,476</u>	<u>4,335,434</u>
RESULTS						
Segment results	<u>181,916</u>	<u>96,748</u>	<u>203,641</u>	<u>18,352</u>	<u>40,082</u>	540,739
Unallocated corporate expenses						(13,525)
Interest income						18,316
Share of results of associates	2,724	–	(2)	–	(5,709)	(2,987)
Share of results of jointly controlled entities	3,772	–	9,102	–	–	12,874
Finance costs						<u>(79,887)</u>
Profit before taxation						475,530
Income tax expenses						<u>(110,443)</u>
Profit for the year						<u>365,087</u>

Inter-segment revenue are charged at prices determined by management with reference to market prices.

Assets and liabilities

As at 31st March 2006

	Construction and engineering HK\$'000	Insurance and investment HK\$'000	Property HK\$'000	Computer and information technology HK\$'000	Food and beverage and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	1,795,855	1,779,404	2,370,050	183,557	505,612	6,634,478
Interests in associates	9,542	–	652	–	20,817	31,011
Interests in jointly controlled entities	12,367	–	218,949	–	–	231,316
Unallocated corporate assets						38,915
Consolidated total assets						6,935,720
LIABILITIES						
Segment liabilities	1,075,793	427,975	149,943	74,937	43,013	1,771,661
Unallocated corporate liabilities						2,176,368
Consolidated total liabilities						3,948,029

Other information

Year ended 31st March 2006

	Construction and engineering HK\$'000	Insurance and investment HK\$'000	Property HK\$'000	Computer and information technology HK\$'000	Food and beverage and others HK\$'000	Consolidated HK\$'000
Capital expenditure	71,020	5	18,450	18,256	27,317	135,048
Depreciation and amortisation	47,813	90	35,932	1,548	13,025	98,408
Net (gain)/loss on disposal of property, plant and equipment, and prepaid lease payments	400	2	1,394	(6,344)	20	(4,528)
Impairment loss on intangible assets	3,286	–	–	–	–	3,286
Impairment losses on available-for-sale investments	–	2,466	–	–	–	2,466

Geographical segments

The Group's operations in construction and engineering are located in Hong Kong, Macau, Mainland China, Singapore and Europe and Australia. Property investment and hotel operations are mainly carried out in Hong Kong, Mainland China and Canada. Insurance and investment business is conducted in Hong Kong. Sales and servicing of IT equipment and business machines are mainly carried out in Hong Kong, Mainland China, Singapore and Thailand. Food and beverages business are carried out in Hong Kong, Singapore and Mainland China. Motor vehicles trading and other trading are carried out in Canada and USA, respectively.

	Revenue by geographical market			
	2007		2006	
	HK\$'000	%	HK\$'000	%
Hong Kong	2,717,761	58	2,548,339	59
Europe	465,607	10	367,336	8
Macau	424,475	9	186,195	4
Canada	411,363	9	357,380	8
Australia	173,302	4	111,656	3
Singapore	155,346	3	157,991	4
Mainland China	132,801	3	419,363	10
U.S.A.	106,872	2	102,866	2
Thailand	72,764	2	65,826	2
Others	4,946	–	18,482	–
	4,665,237	100	4,335,434	100

The following is an analysis of the carrying amounts of segment assets and capital expenditures analysed by geographical area in which the assets are located:

	Carrying amounts of segment assets		Capital expenditures	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	3,576,789	3,888,336	69,778	59,662
Europe	575,336	498,671	49,923	33,334
Macau	131,892	39,343	1,249	1,188
Canada	282,244	249,485	1,136	13,349
Australia	288,727	182,448	26,275	12,400
Singapore	306,038	298,940	3,639	2,577
Mainland China	1,084,441	963,673	17,170	11,294
U.S.A.	209,068	229,356	37	52
Thailand	52,973	52,739	67	910
Others	333,772	231,487	133	282
	6,841,280	6,634,478	169,407	135,048

3 Other income, net

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Gain on investments at fair value through profit or loss	90,179	111,593
Gain/(loss) on derivative financial instruments	22,222	(8,514)
Interest from bank deposits	14,263	18,316
Interest from amounts due from associates	735	2,073
Interest from amounts due from jointly controlled entities	2,900	–
Commission income	4,429	2,657
	<u>134,728</u>	<u>126,125</u>

4 Other gain, net

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Increase in fair value of investment properties	53,362	30,709
Fair value gain on derivative component of convertible bonds	26,489	–
Discount on acquisition of subsidiaries	–	9,362
Bad debts recovered	7,636	5,067
Net gain on disposal of property, plant and equipment	7,406	4,528
Gain on disposal of jointly controlled entities	19,714	–
Exchange gain	9,712	5,979
Impairment loss on available-for-sale investments	(1,473)	(2,466)
Impairment loss on goodwill	(5,000)	(3,286)
Impairment loss on property, plant and equipment	(13,754)	–
Impairment loss on prepaid lease payment	(1,628)	–
Impairment loss on intangible asset	(2,157)	–
	<u>100,307</u>	<u>49,893</u>

5 Profit before taxation

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Depreciation on property, plant and equipment	86,576	84,445
Less: Amount capitalised to contract work	(147)	(3,954)
	86,429	80,491
Auditors' remuneration	8,674	7,902
Staff costs	827,420	737,679
Less: Amount capitalised to contract work	(58,032)	(69,850)
	769,388	667,829
Operating lease payments in respect of leasing of		
– Premises (minimum lease payments)	78,267	53,069
– Premises (contingent rent)	7,476	4,616
– Others	14,027	7,112
	99,770	64,797
Amortisation of prepaid lease payments	11,743	10,642
Amortisation of intangible assets	3,603	3,321
Write down of properties for sale to net realisable value, net	10,058	3,930
Write down of inventories to net realisable value	3,674	2,763
and crediting:		
Gross rental income from properties of HK\$45,450,000 (2006: HK\$41,526,000) less direct operating expenses	28,626	27,546
Income from leasing of equipment	<u>4,948</u>	<u>5,412</u>

6 Income tax expenses

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax		
Hong Kong	35,096	29,365
Overseas	18,947	86,967
	54,043	116,332
Deferred taxation	12,810	(5,889)
	66,853	110,443

Hong Kong profits tax is calculated at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits less available tax relief for losses brought forward of each individual company.

Overseas taxation including Mainland China income tax and land appreciation tax are calculated based on the rates applicable to the relevant local legislation on the estimated assessable profits.

7 Dividends

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim dividend of HK\$0.20 (2006: HK\$0.20) per share paid	55,716	55,716
Special dividend of HK\$nil (2006: HK\$0.18) per share paid	–	50,145
Final dividend of HK\$0.30 (2006: HK\$0.30) per share proposed	<u>83,575</u>	<u>83,575</u>
	<u>139,291</u>	<u>189,436</u>

A final dividend of HK\$0.30 (2006: HK\$0.30) per share, totaling HK\$83,575,000 (2006: HK\$83,575,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

8 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>317,869</u>	<u>330,973</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue	<u>278,582</u>	<u>278,582</u>
Basic earnings per share (HK\$)	<u>1.14</u>	<u>1.19</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are derived from the convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the convertible bonds.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	317,869	330,973
Interest expense on convertible bonds	25,965	–
Fair value gain on the derivative component of convertible bonds	(26,489)	–
	<hr/>	<hr/>
Profit used to determine diluted earnings per share	317,345	330,973
	<hr/>	<hr/>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue	278,582	278,582
Adjustments for convertible bonds	26,656	–
	<hr/>	<hr/>
Weighted average number of ordinary shares for diluted earnings per share	305,238	278,582
	<hr/>	<hr/>
Diluted earnings per share (HK\$)	1.04	1.19
	<hr/> <hr/>	<hr/> <hr/>

9 Debtor, deposits and prepayments

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade debtors	633,973	586,024
Less: allowance of doubtful debts	(27,704)	(48,014)
	<hr/>	<hr/>
	606,269	538,010
Other debtors, deposits and prepayments	431,579	418,276
Retention receivables	133,076	122,879
	<hr/>	<hr/>
	1,170,924	1,079,165
	<hr/> <hr/>	<hr/> <hr/>

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 the Group's trade debtors is as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	515,630	436,092
61 – 90 days	18,763	33,989
Over 90 days	71,876	67,929
	<hr/>	<hr/>
	606,269	538,010
	<hr/> <hr/>	<hr/> <hr/>

10 Creditors, bills payable, deposits and accruals

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade creditors and bills payable	412,607	368,267
Consideration payable for the acquisition of certain interest in a jointly controlled entity	51,475	48,927
Accrued for contract cost	136,356	254,000
Retention payable	99,305	95,993
Other creditors, deposits and accruals	478,403	473,685
	<u>1,178,146</u>	<u>1,240,872</u>

The following is an ageing analysis of trade creditors and bills payable at the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	373,697	281,300
61 – 90 days	6,834	7,834
Over 90 days	32,076	79,133
	<u>412,607</u>	<u>368,267</u>

11 Contingent liabilities

At the balance sheet date, the Group had contingent liabilities in respect of guarantees issued for:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Banking facilities granted to jointly controlled entities	95,950	–
Banking facilities granted to associates	43,520	110,468
	<u>139,470</u>	<u>110,468</u>

12 Capital commitment

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Capital expenditure contracted for but not provided in the financial statements in respect of		
– acquisition of jointly controlled entities	–	15,674
– acquisition of property, plant and equipment	5,952	8,642
	<u>5,952</u>	24,316
Capital expenditure authorised but not contracted in the financial statements in respect of acquisition of property, plant and equipment	664	–
	<u>6,616</u>	<u>24,316</u>

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

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted for but not provided	146,813	51,306
Authorised but not contracted for	252,004	451,290
	<u>398,817</u>	<u>502,596</u>

In addition, at 31st March 2007, the Group has committed to acquire the remaining 51% of the issued share capital of its associate, Sinochina Enterprises Limited ("SEL") from Sinochina Pacific Limited, an independent third party. After that acquisition, SEL will become wholly-owned subsidiary of the Group. The consideration is based on the forthcoming performance of SEL and its subsidiaries and associates for the year ended 31st December 2008. The aggregate consideration including the purchase price paid for the 49% issued share capital of SEL shall not exceed HK\$200 million.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK\$0.30 (2006: HK\$0.30) per share payable to shareholders whose names appear on the Register of Members of the Company on Wednesday, 29th August 2007. Together with the interim dividend of HK\$0.20 (2006: HK\$0.20 and a special dividend of HK\$0.18) per share paid in January 2007, the total dividends for the year amounted to HK\$0.50 (2006: HK\$0.68) per share, representing a dividend payout of 43.8%. Subject to the approval of shareholders at the forthcoming Annual General Meeting, the dividend warrants will be distributed and paid on or about Thursday, 6th September 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 23rd August 2007 to Wednesday, 29th August 2007, both days inclusive, during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 22nd August 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group operates the following core businesses – construction and engineering, insurance and investment, property, food and beverage, information technology and others.

Construction and Engineering

During the year, revenue of this segment improved by 19 % to HK\$3,003 million bolstered by an increase in business volume of the aluminium windows and curtain wall, environmental engineering and pipe technologies divisions and new projects secured in Macau by the electrical and mechanical (“E&M”) engineering division. Overall profit of the segment increased by only 2.3% to HK\$186 million mainly as a result of setback experienced by the pipe technologies business. The total value of major contracts on hand of the segment exceeds HK\$3.2 billion.

While its revenue was steady, the building construction division contributed more profit than last year as several projects undertaken in previous years were closed during the financial year. Apart from Hong Kong, the Group has expanded its business to Macau and won a sizable contract during the year to build the distinctive residential property “The Praia”. The 56-storey “The Praia” consisting of 4 blocks with over 1,200 units is expected to be completed at the end of 2008. Other major contracts in progress during the year included:

- The Hong Kong Jockey Club Enterprise Centre at the Hong Kong University of Science and Technology
- Hong Kong Community College Development at the Hong Kong Polytechnic University
- An international school at Ma On Shan for the English Schools Foundations
- Two primary schools in Area 13, Yuen Long, the New Territories

Encountering keen competition in the market, the lifts and escalators division strived hard to maintain its profit contribution. The division also continued to reinforce its foothold in other markets including Macau and Mainland China. Major projects on hand in Macau and Mainland China included supply and installation of over 50 sets of lifts and escalators for the Macau Galaxy Mega Resort & Casino, and supply and installation to hotel and office building in Chengdu and Dalian.

The aluminium windows and curtain wall division, which provides a full range services including design, renovation, engineering management and installation of curtain walls, had satisfactory performance during the year. The division also ventured into other overseas markets such as Australia and Japan, aiming to replicate in the new markets the success it has had in existing markets. Major contracts in progress during the year included:

- Tower 21, Union Square of Kowloon Station
- Millenium City Phase 6
- Kowloon Bus Depots in Mei Fu
- Hongkong Sanatorium Hospital Phase 3
- MGM Grand Hotel in Macau

E&M division obtained many new contracts in Macau, including the Galaxy Resort and Casino in Cotai City and Grand Lisboa Hotel and Casino. Air conditioning works for Wynn Resorts Phase I in Macau were completed in September 2006, while the works of its expansion phase commenced during the year.

As mentioned in the Interim Report, the overall performance of pipe technology business had been less than satisfactory. Investment was increased in sales and marketing in existing markets to fuel revenue growth. Profitability was adversely affected by such increased investment and slower-than-expected growth of the Asian market. However, having made those investments and through tightened cost control measures, the Group expects the overall performance of the division to improve in coming years by realizing the intangible value from its sales network and its portfolio of proprietary technologies.

Insurance and Investment

During the year, profit of this segment improved substantially to HK\$ 150 million, attributable to the thriving global investment market. For the investment and asset management division, it holds a well-balanced investment portfolio comprising equity, fixed income and structured deposits. The management will continue to ensure the division adopts a balanced approach to generate stable income and capture reasonable medium to long-term returns from its investments. Performance of the insurance underwriting business in Hong Kong was still under pressure from the cut-throat competition in the industry. To aid exploring of business opportunities, in addition to its representative office in Beijing, the insurance division opened a representative office in Ho Chi Minh City, Vietnam in October 2006. It targets also to establish presence in Macau.

Property

Revenue and profit of this segment declined to HK\$305 million and HK\$135 million, respectively. The substantial decrease in revenue was due to the absence this year of the HK\$254 million one-off proceed from the disposal of part of the units in Chevalier Place, Shanghai last year. However, the significant improvement achieved by the cold storage operation had benefited the segment's overall results. The strong performance of the Group's cold storage business reflected increasing demand fuelled by growing import and export activities in Hong Kong.

After the disposal of approximately two-third of the investment property in Shanghai, the Group shifted to focusing on property development projects in emerging cities such as Chengdu, Hefei and Shenzhen. During the year, the Group had made good progress with its various property development projects. Phase I of the villa development in Beijing "My Villa" was well received by the market with more than 80% of the villas for pre-sale quickly swept up by buyers. Construction of Chevalier Tower, a residential and commercial project in Chengdu, has been very smooth and pre-sale was planned for the second half of 2007. The foundation work for a Shenzhen project was almost completed and construction work will commence soon. Land reclamation for the Hefei project, Hua Qiao Plaza, is in progress and the commercial project in Dongguan was disposed of during the year for proceeds of HK\$45 million. The property division will continue to actively seek development opportunities in the Mainland China.

The property management division provides management services for commercial and industrial buildings, residential units, shopping arcades, car parks and other amenities in buildings of total floor area over 2 million sq. m. in Hong Kong. It will also provide services to the Group's property development projects in various cities, such as the Chevalier Place in Shanghai, when they are completed.

Food & Beverage, IT and Others

Revenue and profit from the IT segment declined to HK\$479 million and HK\$10.9 million respectively, largely due to the recall of defective notebook computer batteries and the delay in the introduction of a new operating system for notebook computers.

However, the performance of Pacific Coffee was encouraging. A total of 17 outlets were added to its shop network during the financial year. Bearing initial set up costs, performance of the food and beverage operations in Beijing and Shanghai were affected. To capture business riding on the flourishing coffee drinking culture in Mainland China and taking into consideration the growingly competitive market environment, the Group will endeavor to secure good locations for its stores at affordable rental in expanding its coffee shop chain. Learning from our experience in the Mainland China last year, we will adjust our strategy and focus on selecting and opening new stores at prime locations.

With the acquisition of 49% stake in Igor's Group completed on 31st January 2007, the Group's food and beverage business now has a much strengthened portfolio for reaping benefits in the fast growing and lucrative western lifestyle food and beverage market in Hong Kong.

Performances of our car dealership business in Canada and food trading in the USA are satisfactory, and these businesses recorded improvement in both revenue and profit contribution.

Subsequent to the year end, the Group acquired all interests in the computer and information communication technology segment owned by its listed subsidiary, Chevalier Pacific Holdings Limited ("CPHL"). The move was in line with the stated objective of CPHL to focus on food and beverage business and had helped to maximize the Group's investment value in CPHL, as reflected in share price of CPHL after the transfer.

DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

Financial assistance given to, and guarantees given for banking facilities granted to, affiliated companies by the Company and/or its subsidiaries as at 18th July 2007 in aggregate exceed the relevant percentage ratios of 8% under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). In accordance with the requirements under Rule 13.16 of the Listing Rules, the Directors of the Company announce the details of such financial assistance and guarantees.

Affiliated Companies	% Held	Advances (HK\$ Million)	Committed Injection (HK\$ Million)	Guarantees for		Notes
				Banking Facilities Granted (HK\$ Million)	Banking Facilities Utilised (HK\$ Million)	
K2 Printing Company Limited	49%	–	–	88	32.545	5
Shenzhen Chevalier Golden Peak Real Estate Development Co., Ltd	46%	80.886	–	183.6	40.8	1,4
Chengdu Chevalier Property Development Limited	49%	177.578	65.59	132.6	132.6	2,4,6
Qi Yang Chevalier Investment Company Limited	40%	3.875	–	–	–	1,5
Sichuan Qi Yang Motor Services Company Limited	38%	1.163	–	–	–	3,5
Sichuan Qi Yang Motor Trading Company Limited	36%	5.790	–	–	–	3,5

Notes:

1. The advances were interest free, unsecured and had no fixed repayment term.
2. Included in the advances, HK\$122.538 million had no fixed repayment term while HK\$55.04 million were repayable on demand. All these advances were interest free and unsecured.
3. The advances carried interest at a rate of 6.2% per annum, were unsecured and repayable on demand.
4. These are jointly controlled companies which are recorded in the consolidated accounts of the Company using the equity method of accounting.
5. These are associate companies which are recorded in the consolidated accounts of the Company using the equity method of accounting.
6. The committed injection will be funded by cash generated from operating activities.

None of the remaining shareholders of the above affiliated companies are connected persons of the Company (as defined under the Listing Rules).

The total amount of financial assistance and guarantees given for banking facilities to the affiliated companies of the Company by the Group as at 18th July 2007 represented a percentage ratio of approximately 10.2% of the Group's total assets as at 31st March 2007 under Rule 14.07(1) of the Listing Rules. In accordance with the requirements of Rule 13.16 of the Listing Rules, the Company is required to announce the details of such financial assistance and guarantees. The Company will fulfill the continuing disclosure obligation under Rule 13.22 of the Listing Rules in subsequent interim and annual reports.

FINANCIAL REVIEW

As at 31st March 2007, the Group's total net assets attributable to equity holders of the Company amounted to HK\$2,993 million (2006: HK\$2,721 million), an increase of HK\$272 million or 10% when compared with 2006. At the balance sheet date, the Group's bank and other borrowings amounted to HK\$2,027 million (2006: HK\$1,997 million). Cash and deposit at bank including fixed and structured deposits amounted to HK\$1,111 million (2006: HK\$961 million).

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 4,400 full time staff globally as at 31st March 2007. Total staff costs amounted to approximately HK\$827 million for the year ended 31st March 2007. 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.

AUDIT COMMITTEE

The Audit Committee has reviewed the audited financial results of the Group for the year ended 31st March 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31st March 2007, with deviations from code provision A.4.1 which has already been stated in the Company's interim report for the period ended 30th September 2006.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement of the Company for the year ended 31st March 2007 is published on the Stock Exchange's website at <http://www.hkex.com.hk> under "Latest Listed Company Information" and the Company's website at <http://www.chevalier.com>. The annual report of the Company for the year ended 31st March 2007 will be despatched to the shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all staff members for their dedication and diligence, and my fellow directors for their support and contribution in the past year.

By Order of the Board

CHOW Yei Ching

Chairman and Managing Director

Hong Kong, 18th July, 2007

As at the date of this announcement, the Executive Directors of the Company are Dr Chow Yei Ching (Chairman and Managing Director), Messrs Kuok Hoi Sang (Vice Chairman and Managing Director), Tam Kwok Wing (Deputy Managing Director), Chow Vee Tsung, Oscar, Fung Pak Kwan, Kan Ka Hon and Ho Chung Leung. The Independent Non-Executive Directors of the Company are Dr Chow Ming Kuen, Joseph, Mr Li Kwok Heem, John and Mr Sun Kai Dah, George.

website: <http://www.chevalier.com>

* *For identification purpose only*