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## CHEVALIER INTERNATIONAL HOLDINGS LIMITED

其士國際集團有限公司\*  
(Incorporated in Bermuda with limited liability)  
(Stock code: 25)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

#### 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 2015, together with the comparative figures for the corresponding period in 2014 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Unaudited	
		Six months ended 30 September 2015	2014
		HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>3,033,136</b>	2,181,385
Cost of sales		(2,229,512)	(1,564,911)
Gross profit		<b>803,624</b>	616,474
Other income, net	4	21,636	63,370
Other (losses)/gains, net	5	(121,777)	28,406
Selling and distribution costs		(301,631)	(255,776)
Administrative expenses		(128,118)	(104,466)
Operating profit		<b>273,734</b>	348,008
Share of results of associates		66,636	63,369
Share of results of joint ventures		(4,855)	(13,561)
		<b>335,515</b>	397,816
Finance income	6	11,711	10,718
Finance costs	6	(51,059)	(58,204)
Finance costs, net	6	(39,348)	(47,486)
Profit before taxation	7	<b>296,167</b>	350,330
Income tax expenses	8	(63,308)	(61,080)
<b>Profit for the period</b>		<b>232,859</b>	289,250
<b>Attributable to:</b>			
Equity holders of the Company		204,964	263,116
Non-controlling interests		27,895	26,134
		<b>232,859</b>	289,250
<b>Earnings per share</b>			
– basic (HK\$ per share)	9	<b>0.68</b>	0.90
– diluted (HK\$ per share)	9	<b>0.68</b>	0.90

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

	<b>Unaudited</b>	
	<b>Six months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>232,859</b>	289,250
<b>Other comprehensive (expenses)/income for the period</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	(130,118)	13,949
Change in fair value of available-for-sale investments	(22,441)	(17,444)
Impairment loss on available-for-sale investments transferred to condensed consolidated income statement	4,445	–
Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap contracts	(9,337)	(1,235)
Other comprehensive expenses for the period, net of tax	(157,451)	(4,730)
<b>Total comprehensive income for the period</b>	<b>75,408</b>	284,520
<b>Attributable to:</b>		
Equity holders of the Company	54,507	257,316
Non-controlling interests	20,901	27,204
	<b>75,408</b>	284,520

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2015**

	Note	<b>Unaudited 30 September 2015 HK\$'000</b>	Audited 31 March 2015 HK\$'000
<b>Non-current assets</b>			
Investment properties		<b>3,636,429</b>	3,680,497
Property, plant and equipment		<b>1,943,693</b>	1,970,089
Goodwill		<b>690,184</b>	690,184
Other intangible assets		<b>15,891</b>	17,235
Interests in associates		<b>887,522</b>	998,480
Interests in joint ventures		<b>542,134</b>	1,510,132
Available-for-sale investments		<b>160,011</b>	201,092
Derivative financial instruments		–	18,073
Properties under development		<b>1,127,162</b>	789,476
Deferred tax assets		<b>23,348</b>	16,255
Other non-current assets		<b>157,130</b>	154,169
		<b>9,183,504</b>	10,045,682
<b>Current assets</b>			
Amounts due from associates		<b>18,927</b>	11,298
Amounts due from joint ventures		<b>196</b>	50
Amounts due from non-controlling interests		<b>31,389</b>	33,800
Investments at fair value through profit or loss		<b>499,538</b>	364,334
Inventories		<b>133,849</b>	154,803
Properties for sale		<b>1,267,083</b>	44,367
Properties under development		<b>294,808</b>	623,349
Debtors, deposits and prepayments	11	<b>1,139,700</b>	1,235,726
Amounts due from customers for contract work		<b>168,798</b>	133,437
Derivative financial instruments		<b>3,959</b>	13,220
Prepaid tax		<b>7,690</b>	6,492
Bank balances and cash		<b>2,468,028</b>	2,662,622
		<b>6,033,965</b>	5,283,498

		<b>Unaudited 30 September 2015 HK\$'000</b>	<b>Audited 31 March 2015 HK\$'000</b>
	Note		
<b>Current liabilities</b>			
Amounts due to associates		421	29,685
Amount due to a joint venture		58,079	–
Amount due to a non-controlling interest		2,194	3,538
Amounts due to customers for contract work		969,768	951,485
Derivative financial instruments		12,882	13,247
Dividends payable		299,991	–
Creditors, bills payable, deposits and accruals	12	1,357,257	1,456,697
Unearned insurance premiums and unexpired risk reserves		98,983	113,730
Outstanding insurance claims		377,418	376,048
Deferred income		23,504	25,499
Current income tax liabilities		88,290	60,808
Bank and other borrowings		782,694	589,848
		<u>4,071,481</u>	<u>3,620,585</u>
<b>Net current assets</b>		<u>1,962,484</u>	<u>1,662,913</u>
<b>Total assets less current liabilities</b>		<u>11,145,988</u>	<u>11,708,595</u>
<b>Capital and reserves</b>			
Share capital		374,989	374,989
Reserves		7,268,778	7,514,262
Shareholders' funds		<u>7,643,767</u>	<u>7,889,251</u>
Non-controlling interests		523,827	509,498
<b>Total equity</b>		<u>8,167,594</u>	<u>8,398,749</u>
<b>Non-current liabilities</b>			
Unearned insurance premiums		103,120	108,355
Bank and other borrowings		2,598,804	2,938,280
Deferred tax liabilities		276,470	263,211
		<u>2,978,394</u>	<u>3,309,846</u>
<b>Total equity and non-current liabilities</b>		<u>11,145,988</u>	<u>11,708,595</u>

## NOTES

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim 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 2015, 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 condensed consolidated interim financial statements are consistent with those of the annual financial statements for the year ended 31 March 2015, as described in those annual financial statements.

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

The following amendment and improvements to existing standards, that are relevant to the Group’s operation, are mandatory for the financial year of the Group beginning on 1 April 2015:

- HKAS 19 (2011) (amendment), “Defined benefit plans – Employee contributions”
- Annual Improvements Project – Improvements to HKFRS 2010-2012 Cycle
- Annual Improvements Project – Improvements to HKFRS 2011-2013 Cycle

The adoption of the amendment and improvements to existing standards does not have significant impact on the Group’s results of operation and financial position nor any substantial changes in the Group’s accounting policies and the presentation of the condensed consolidated interim financial statements.

The following new standards and amendments and improvements 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 2015 and have not been early adopted:

- HKAS 1 (amendment), “Disclosure initiative”<sup>1</sup>
- HKAS 16 and HKAS 38 (amendment), “Clarification of acceptable methods of depreciation and amortisation”<sup>1</sup>
- HKAS 27 (2011) (amendment), “Equity method in separate financial statements”<sup>1</sup>
- HKFRS 9, “Financial instruments”<sup>2</sup>
- HKFRS 10 and HKAS 28 (amendment), “Sale or contribution of assets between an investor and its associate or joint venture”<sup>1</sup>
- HKFRS 10, HKFRS 12 and HKAS 28 (amendment), “Investment entities – Applying the consolidation exception”<sup>1</sup>
- HKFRS 11 (amendment), “Accounting for acquisition of interests in joint operation”<sup>1</sup>
- HKFRS 14, “Regulatory deferral accounts”<sup>1</sup>
- HKFRS 15, “Revenue from contracts with customers”<sup>2</sup>
- Annual Improvements Project – Improvements to HKFRS 2012-2014 Cycle<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of assessing the related impact of these new standards and amendments and improvements to existing standards 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 condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and 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 2015.

### 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	Others HK\$'000	Total HK\$'000
<b>For the six months ended 30 September 2015</b>						
<b>REVENUE</b>						
Total revenue	1,224,095	82,282	1,149,277	319,123	317,523	3,092,300
Inter-segment revenue	-	(38,228)	(14,639)	-	(6,297)	(59,164)
Group revenue	1,224,095	44,054	1,134,638	319,123	311,226	3,033,136
Share of revenue of associates and joint ventures	1,065,118	-	20,744	47,375	833,044	1,966,281
Proportionate revenue from a joint venture eliminated	(3,083)	-	-	-	-	(3,083)
<b>Segment revenue</b>	<b>2,286,130</b>	<b>44,054</b>	<b>1,155,382</b>	<b>366,498</b>	<b>1,144,270</b>	<b>4,996,334</b>
<b>RESULTS</b>						
<b>Segment profit/(loss)</b>	<b>165,209</b>	<b>1,044</b>	<b>309,370</b>	<b>1,191</b>	<b>(135,314)</b>	<b>341,500</b>
Included in segment profit/(loss) are:						
Share of results of associates	64,808	-	72	5,835	(4,079)	66,636
Share of results of joint ventures	12	-	(4,867)	-	-	(4,855)
Increase in fair value of investment properties	-	-	18,000	-	-	18,000
Depreciation and amortisation, net of capitalisation	(3,837)	(83)	(36,730)	(14,590)	(3,021)	(58,261)
Impairment loss on available-for-sale investments	-	(4,445)	-	-	-	(4,445)
Impairment loss on amount due from an associate	-	-	-	-	(117,838)	(117,838)
Unrealised gain/(loss) on derivative financial instruments	158	3,584	-	-	(18,073)	(14,331)
Unrealised loss on investments at fair value through profit or loss	-	(26,714)	-	-	-	(26,714)
Write (down)/back of inventories to net realisable value	(180)	-	-	-	3,499	3,319
Impairment loss on trade and other debtors	(1,301)	(10)	(1,670)	-	(326)	(3,307)

	Construction and engineering HK\$'000	Insurance and investment HK\$'000	Property HK\$'000	Food and beverage HK\$'000	Others HK\$'000	Total HK\$'000
For the six months ended 30 September 2014						
<b>REVENUE</b>						
Total revenue	881,022	94,258	583,037	293,294	379,009	2,230,620
Inter-segment revenue	–	(19,585)	(23,663)	–	(5,987)	(49,235)
Group revenue	881,022	74,673	559,374	293,294	373,022	2,181,385
Share of revenue of associates and joint ventures	1,189,783	–	41,817	50,505	1,213,235	2,495,340
Proportionate revenue from a joint venture eliminated	(7,055)	–	–	–	–	(7,055)
<b>Segment revenue</b>	<b>2,063,750</b>	<b>74,673</b>	<b>601,191</b>	<b>343,799</b>	<b>1,586,257</b>	<b>4,669,670</b>
<b>RESULTS</b>						
<b>Segment profit</b>	<b>130,376</b>	<b>42,101</b>	<b>207,502</b>	<b>23,527</b>	<b>8,696</b>	<b>412,202</b>
Included in segment profit are:						
Share of results of associates	56,417	–	71	4,277	2,604	63,369
Share of results of joint ventures	68	–	(13,629)	–	–	(13,561)
Increase in fair value of investment properties	–	–	28,880	–	–	28,880
Depreciation and amortisation, net of capitalisation	(3,314)	(116)	(34,663)	(14,295)	(4,236)	(56,624)
Impairment loss on amounts due from associates	–	–	–	(307)	–	(307)
Impairment loss on amounts due from joint ventures	–	–	(6,720)	–	–	(6,720)
Unrealised (loss)/gain on derivative financial instruments	(360)	–	–	2,073	14,054	15,767
Unrealised gain on investments at fair value through profit or loss	–	9,993	–	–	–	9,993
Write back/(down) of inventories to net realisable value	293	–	–	–	(1,670)	(1,377)
Impairment loss (recognised)/written back on trade and other debtors	(634)	94	(1,284)	–	(3,205)	(5,029)

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:

	<b>Six months ended 30 September</b>	
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Segment profit	<b>341,500</b>	412,202
Unallocated corporate expenses	<b>(5,985)</b>	(14,386)
Finance income	<b>11,711</b>	10,718
Finance costs	<b>(51,059)</b>	(58,204)
Profit before taxation	<b>296,167</b>	350,330

## Assets and liabilities

	Construction and engineering HK\$'000	Insurance and investment HK\$'000	Property HK\$'000	Food and beverage HK\$'000	Others HK\$'000	Total HK\$'000
<b>At 30 September 2015</b>						
<b>ASSETS</b>						
<b>Segment assets</b>	<b>1,742,998</b>	<b>1,293,638</b>	<b>11,025,414</b>	<b>337,742</b>	<b>656,137</b>	<b>15,055,929</b>
Included in segment assets are:						
Interests in associates	470,825	–	1,372	49,760	365,565	887,522
Interests in joint ventures	11,708	–	530,426	–	–	542,134
Amounts due from associates	16,852	–	–	1,210	865	18,927
Amounts due from joint ventures	196	–	–	–	–	196
Additions to non-current assets (Note)	7,117	140	683,044	18,873	2,092	711,266
<b>LIABILITIES</b>						
<b>Segment liabilities</b>	<b>1,482,112</b>	<b>621,467</b>	<b>719,280</b>	<b>92,642</b>	<b>55,457</b>	<b>2,970,958</b>
Included in segment liabilities are:						
Amounts due to associates	–	–	244	177	–	421
Amount due to a joint venture	–	–	58,079	–	–	58,079
<b>At 31 March 2015</b>						
<b>ASSETS</b>						
<b>Segment assets</b>	<b>1,551,076</b>	<b>1,308,137</b>	<b>10,822,428</b>	<b>332,455</b>	<b>809,834</b>	<b>14,823,930</b>
Included in segment assets are:						
Interests in associates	454,787	–	30,732	44,722	468,239	998,480
Interests in joint ventures	11,696	–	1,498,436	–	–	1,510,132
Amounts due from associates	10,102	–	915	–	281	11,298
Amounts due from joint ventures	50	–	–	–	–	50
Additions to non-current assets (Note)	15,055	97	100,858	41,604	5,194	162,808
<b>LIABILITIES</b>						
<b>Segment liabilities</b>	<b>1,424,080</b>	<b>629,723</b>	<b>845,603</b>	<b>82,222</b>	<b>71,018</b>	<b>3,052,646</b>
Included in segment liabilities are:						
Amounts due to associates	–	–	29,400	285	–	29,685

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



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

	<b>As at 30 September 2015 HK\$'000</b>	As at 31 March 2015 HK\$'000
Segment assets	<b>15,055,929</b>	14,823,930
Prepaid tax	<b>7,690</b>	6,492
Unallocated bank balances and cash	<b>121,573</b>	473,574
Deferred tax assets	<b>23,348</b>	16,255
Other unallocated assets	<b>8,929</b>	8,929
	<hr/>	<hr/>
Total assets	<b><u>15,217,469</u></b>	<b><u>15,329,180</u></b>
	<b>As at 30 September 2015 HK\$'000</b>	As at 31 March 2015 HK\$'000
Segment liabilities	<b>2,970,958</b>	3,052,646
Current income tax liabilities	<b>88,290</b>	60,808
Bank and other borrowings	<b>3,381,498</b>	3,528,128
Deferred tax liabilities	<b>276,470</b>	263,211
Dividends payable	<b>299,991</b>	–
Other unallocated liabilities	<b>32,668</b>	25,638
	<hr/>	<hr/>
Total liabilities	<b><u>7,049,875</u></b>	<b><u>6,930,431</u></b>

### Geographical information

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

The associates' and joint ventures' operations in construction and engineering are mainly located in Mainland China, Hong Kong, Macau and Singapore. Property business is mainly carried out in Mainland China and Hong Kong. Food and beverage business is carried out in Mainland China and Hong Kong. Other businesses are carried out in Mainland China and Australia.

Segment revenue by geographical areas

	Six months ended				Six months ended			
	Company and subsidiaries HK\$'000	Associates and joint ventures HK\$'000	30 September 2015 Total HK\$'000	%	Company and subsidiaries HK\$'000	Associates and joint ventures HK\$'000	30 September 2014 Total HK\$'000	%
Mainland China	616,086	1,299,572	1,915,658	39	39,967	1,429,946	1,469,913	31
Hong Kong	1,383,547	236,989 <sup>1</sup>	1,620,536	33	1,125,085	208,886 <sup>1</sup>	1,333,971	29
Macau	392,124	16,608	408,732	8	340,045	26,546	366,591	8
Australia	89,623	281,783	371,406	7	85,190	647,793	732,983	15
US	318,868	-	318,868	6	315,667	-	315,667	7
Canada	198,342	-	198,342	4	235,264	-	235,264	5
Singapore	6,320	127,973	134,293	3	6,869	174,851	181,720	4
Thailand	23,018	-	23,018	-	26,536	-	26,536	1
Others	5,208	273	5,481	-	6,762	263	7,025	-
	<b>3,033,136</b>	<b>1,963,198</b>	<b>4,996,334</b>	<b>100</b>	<b>2,181,385</b>	<b>2,488,285</b>	<b>4,669,670</b>	<b>100</b>

<sup>1</sup> The proportionate revenue from a joint venture is eliminated.

The Group maintains a healthy and balanced portfolio of customers. No customer is accounted for 10% or more of the total revenue of the Group for the six months ended 30 September 2015 (2014: nil).

4. OTHER INCOME, NET

Six months ended  
30 September  
2015                      2014  
HK\$'000                      HK\$'000

Included in other income, net are:

(Loss)/gain on investments at fair value through profit or loss		
– held-for-trading	(23,835)	10,604
– designated upon initial recognition	-	(694)
(Loss)/gain on derivative financial instruments	(853)	8,963
Other investment income	7,113	2,093
Commission income	4,660	5,533
Marketing and promotion income	3,495	2,630
Management fee income from associates and joint ventures	13,354	14,649
Sales and marketing services income from an associate	12,371	12,000
Interest income from an associate	-	3,623
	<b>2,181,385</b>	<b>2,488,285</b>

5. OTHER (LOSSES)/GAINS, NET

Six months ended  
30 September  
2015                      2014  
HK\$'000                      HK\$'000

Included in other (losses)/gains, net are:

Gain on disposal of subsidiaries	–	17,003
Increase in fair value of investment properties	<b>18,000</b>	28,880
Gain on disposal of an investment property	<b>52</b>	–
Loss on disposal of property, plant and equipment	<b>(147)</b>	(565)
Impairment loss on available-for-sale investments	<b>(4,445)</b>	–
Impairment loss on amounts due from associates	<b>(117,838)</b>	(307)
Impairment loss on amounts due from joint ventures	–	(6,720)
Impairment loss on trade and other debtors	<b>(3,307)</b>	(5,029)
Exchange loss	<b>(14,104)</b>	(4,654)
	<b><u>                    </u></b>	<b><u>                    </u></b>

6. FINANCE COSTS, NET

Six months ended  
30 September  
2015                      2014  
HK\$'000                      HK\$'000

Interest expenses on bank overdrafts and bank and other borrowings	<b>54,666</b>	62,655
Less: Amounts capitalised to properties under development (Note)	<b>(3,607)</b>	(4,451)
	<b><u>51,059</u></b>	<u>58,204</u>
Less: Interest income from bank deposits	<b>(11,711)</b>	(10,718)
	<b><u>39,348</u></b>	<u>47,486</u>
	<b><u>                    </u></b>	<b><u>                    </u></b>

Note: The capitalisation rates applied to funds borrowed and used for the development of properties were between 4.9% and 5.9% per annum during the six months ended 30 September 2015 (2014: 5.9%).

## 7. PROFIT BEFORE TAXATION

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation has been arrived at after charging/(crediting) the following:		
Cost of inventories recognised as expenses	342,534	400,067
Write (back)/down of inventories to net realisable value	(3,319)	1,377
Staff costs	<b>562,658</b>	511,103
Less: Amounts capitalised to contract work	<b>(91,337)</b>	(69,225)
	<b>471,321</b>	441,878
Operating lease payments in respect of leasing of		
– premises	<b>67,192</b>	46,090
– premises under contingent rent	<b>3,784</b>	2,594
– equipment	<b>2,876</b>	1,377
	<b>73,852</b>	50,061
Depreciation of property, plant and equipment	<b>57,761</b>	54,463
Less: Amounts capitalised to contract work	<b>(983)</b>	(903)
	<b>56,778</b>	53,560
Amortisation of other intangible assets	<b>1,483</b>	3,064

## 8. INCOME TAX EXPENSES

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current tax		
– Hong Kong	36,134	40,909
– Mainland China and overseas	17,581	14,728
– (Over)/under-provision in prior years	(802)	2,175
	<b>52,913</b>	57,812
Deferred tax		
– Origination and reversal of temporary differences	<b>10,395</b>	3,268
	<b>63,308</b>	61,080

Hong Kong profits tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits. Taxation on Mainland China and 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\$204,964,000 (2014: HK\$263,116,000) by the weighted average number of 299,990,835 (2014: 292,874,003) ordinary shares in issue during the period.

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. As at 30 September 2015, the Group had potential ordinary shares in an associate, which were issuable upon exercise of share option granted. There was no potential dilutive effect from such share option held during the period. As at 30 September 2015 and 2014, an associate of the Group had potential ordinary shares which were issuable upon exercise of share option granted. There were no potential dilutive effects from such share option during both periods.

## 10. DIVIDEND

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend of HK\$0.20 per share (2014: HK\$0.20) per share	<u>60,386</u>	<u>59,409</u>

On 27 November 2015, 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 interim financial statements, but will be reflected as an appropriation of the retained profits for the year ending 31 March 2016.

The 2014/15 special dividend of HK\$0.50 per share and final dividend of HK\$0.50 per share totaling HK\$299,990,835, were approved at the annual general meeting held on 27 August 2015 and paid on 30 October 2015. The special and final dividends had been reflected as an appropriation of the retained profits for the six months ended 30 September 2015.

## 11. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Trade debtors	556,261	669,863
Less: Provision for impairment	<u>(23,129)</u>	<u>(24,686)</u>
Trade debtors, net	----- 533,132	----- 645,177
Retention receivables	286,977	262,502
Less: Provision for impairment	<u>(33,570)</u>	<u>(33,570)</u>
Retention receivables, net	----- 253,407	----- 228,932
Other debtors, deposits and prepayments	<u>353,161</u>	<u>361,617</u>
	<u>1,139,700</u>	<u>1,235,726</u>

The Group has established different credit policies for customers in each of its core businesses. The average credit period granted to trade debtors is 60 days, except for insurance business where credit period granted to certain debtors is over 60 days.

The ageing analysis of trade debtors is as follows:

	<b>As at 30 September 2015 HK\$'000</b>	<b>As at 31 March 2015 HK\$'000</b>
0 – 60 days	384,691	501,743
61 – 90 days	47,523	38,642
Over 90 days	100,918	104,792
	<u>533,132</u>	<u>645,177</u>

## 12. CREDITORS, BILLS PAYABLE, DEPOSITS AND ACCRUALS

	<b>As at 30 September 2015 HK\$'000</b>	<b>As at 31 March 2015 HK\$'000</b>
Trade creditors and bills payable	407,554	249,154
Retention payables	128,669	113,679
Deposits received	74,692	649,585
Accrued contract costs	179,577	84,221
Other creditors and accruals	566,765	360,058
	<u>1,357,257</u>	<u>1,456,697</u>

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

	<b>As at 30 September 2015 HK\$'000</b>	<b>As at 31 March 2015 HK\$'000</b>
0 – 60 days	381,730	223,334
61 – 90 days	7,704	9,502
Over 90 days	18,120	16,318
	<u>407,554</u>	<u>249,154</u>

### 13. ACQUISITION OF BUSINESSES

#### (a) Acquisition of 100% equity interest in Dolce Field Limited (“Dolce Field”)

Pursuant to the agreements dated 20 March 2015, the Group agreed to purchase 100% equity interest in Dolce Field, the immediate holding company of 51% equity interest in Chengdu Chevalier Property Development Company Limited (“CCPD”, 成都其士房地產發展有限公司), at a consideration of approximately HK\$347,563,000, which represents the cost of share capital and amount due to the Group. CCPD was a company established in the Mainland China and owned as 49% joint venture by the Group as at 31 March 2015. The transaction was completed in April 2015 and Dolce Field became a wholly-owned subsidiary of the Company since then.

The following table summarised the consideration paid and the amounts of the assets acquired and liabilities assumed recognised as at the acquisition date.

	HK\$'000
Purchase consideration satisfied by:	
Amount due from a joint venture	346,563
Interest originally held by the Group	174,213
	<hr/>
Fair values of net assets acquired (as shown below)	520,776
	<hr/> <hr/>

#### Identified assets acquired and liabilities assumed as at the acquisition date were as follows:

Property, plant and equipment	4,432
Properties under development	546,750
Other non-current assets	2,750
Inventories	637
Properties for sale	869,325
Debtors, deposits and prepayment	15,166
Bank balances and cash	2,304
Amount due to a joint venture	(166,701)
Creditors, deposits and accruals	(612,010)
Bank borrowings	(141,877)
	<hr/>
Total identifiable net assets	520,776
	<hr/> <hr/>
<b>Net cash inflow arising from the acquisition:</b>	
Bank balances and cash	2,304
	<hr/> <hr/>

#### (b) Acquisition of 11% equity interest in Mass Harvest Limited (“Mass Harvest”)

Pursuant to the agreements dated 20 March 2015, the Group agreed to purchase 11% equity interest in Mass Harvest, the immediate holding company of Chengdu Century Jinjiang International Hotel Company Limited (成都世代錦江國際酒店有限公司) at a consideration of approximately HK\$25,513,000, which represents the cost of share capital and amount due to the Group. Mass Harvest was a company established in the British Virgin Islands and owned as 49% joint venture by the Group as at 31 March 2015. The transaction was completed in April 2015 and Mass Harvest remained as a joint venture of the Group.

#### (c) Acquisition of 51% equity interest in WPGCs

On 30 December 2013, CL Holdings Limited (“CL Holdings”, a 60%-owned subsidiary of the Company) received a six-month notice from World Pointer Limited, an independent third party, in exercising its put option to sell its 51% equity interest in Eastech Limited, Giant Ocean (H.K.) Limited and Grand Concept (Hong Kong) Limited (collectively, “WPGCs”) to CL Holdings pursuant to an option agreement dated 21 December 2010. On 4 July 2014, CL Holdings completed the acquisition of this remaining 51% equity interest in WPGCs at a cash consideration of HK\$25,000,000 and WPGCs had become 60%-owned subsidiaries of the Company.

#### 14. CONTINGENT LIABILITIES

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

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Banking facilities granted to associates	10,143	23,320
Banking facilities granted to a joint venture	169,293	154,939
Banking facilities granted to a joint venture partner	–	142,800
Guarantees given to banks for mortgage facilities granted to certain buyers of properties	336,175	316,025
	<u>515,611</u>	<u>637,084</u>

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

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	4,278	6,408

#### 15. COMMITMENT

The Group had commitment as follows:

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Contracted but not provided for in the condensed consolidated financial statements in respect of		
– acquisition of plant and equipment	2,798	5,277
– property development projects	735,665	255,272
	738,463	260,549
Authorised but not contracted for in respect of property development projects	1,896,457	1,633,096
	<u>2,634,920</u>	<u>1,893,645</u>

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

	As at 30 September 2015 HK\$'000	As at 31 March 2015 HK\$'000
Contracted but not provided for	357,576	515,698
Authorised but not contracted for	43,097	370,611
	<u>400,673</u>	<u>886,309</u>



## **INTERIM DIVIDEND**

The Board of Directors has resolved to declare an interim dividend of HK\$0.20 (2014: HK\$0.20) per share for the six months ended 30 September 2015. The interim dividend will be payable on or about Wednesday, 23 December 2015 to those shareholders whose names appear on the Register of Members of the Company on Friday, 18 December 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 16 December 2015 to Friday, 18 December 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 15 December 2015.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30 September 2015, the Group recorded a consolidated revenue of HK\$3,033 million (2014: HK\$2,181 million), representing an increase of 39.1% when compared with the last corresponding period. Taking into account the share of revenue of associates and joint ventures, total segment revenue was HK\$4,996 million (2014: HK\$4,670 million), representing an increase of 7.0%. The increase in the Group's revenue was mainly due to the increase from the property segment. The recognised contribution from the sale of residential properties in Changchun, after taking into consideration of an impairment against the Australia's fresh produce supply business, caused profit for the period under review decreased to HK\$233 million from HK\$289 million for the corresponding period last year. Profit attributable to the Company's equity holders reduced to HK\$205 million (2014: HK\$263 million) and earnings per share to HK\$0.68 (2014: HK\$0.90) for the period.

### **Construction and Engineering**

Revenue of the construction and engineering segment reported an increase of 10.8% from HK\$2,064 million to HK\$2,286 million when compared to the same period last year. Segment profit recorded an increase of 26.9% to HK\$165 million (2014: HK\$130 million). The revenue and the profit growth were mainly due to the increase in the contracts for building construction and aluminium windows and curtain walls divisions, the turnaround of the environmental engineering division and the contribution from the lift and escalator division.

As at 30 September 2015, the total values of the outstanding construction and engineering contracts in hand of the Group's subsidiaries amounted to HK\$6,068 million. Major contracts are:

1. Construction of the superstructure works at TL117 Tseung Kwan O, N.T.;
2. Construction of the expansion of blood transfusion service headquarters at Homantin, Kowloon;
3. Construction of the property development at Long Ping Station, Yuen Long, N.T.;
4. Construction of Government Complex at Tuen Mun, N.T.;
5. Electrical and mechanical works for the Wynn Palace in Macau;
6. Expansion of Tai Po Water Treatment Works Stream II, Tai Po, N.T.; and
7. Design, supply and installation of curtain walls for Area 66 D1, Tseung Kwan O, N.T.

### **Insurance and Investment**

Revenue for insurance and investment segment dropped 41.0% during the period to HK\$44.1 million from HK\$74.7 million. Segment profit dropped from HK\$42.1 million to HK\$1.0 million when compared with same period last year. Decline in revenue was due to the decrease in gross written premium of employees' compensation insurance while the decrease in profit was mainly caused by both net realised and unrealised loss of investments at fair value, decrease in dividend income from investments and the fluctuation of both the foreign exchange and stock markets worldwide.

### **Property**

During the period under review, the property segment's revenue increased by 92.2% from HK\$601 million to HK\$1,155 million. Apart from the steady growth in the revenue from senior housing and cold storage and logistic businesses, the recognition of the sales of properties from Phase I of "Chevalier City" in Changchun boosted the revenue during the period under review. Segment profit reached HK\$309 million from HK\$208 million in 2014.

During the period under review, the Group continued to make improvement on the senior housing facilities and operations with an average occupancy rate exceeded 85% in September this year. As at 30 September 2015, the Group owned a total of 23 senior housing facilities in the US, providing comfortable and caring environments for the senior residents.

With the slowdown of the Mainland China's economy, the luxury property development business of the Group remained lackluster during the period under review. Sales of "My Villa" in Beijing and "Chateau Ermitas" in Chengdu were still slow. Nevertheless, the marketing of Phase I of "Chevalier City" in Changchun had received positive responses due to the strong demand of affordable housing segment. With the completion of Phase I, Phase II is now under construction and it is expected the pre-sale of Phase II will be launched in the fourth quarter of 2015/16 financial year.

### **Food and Beverage**

Revenue of the food and beverage segment increased by 6.4% to HK\$366 million during the period and contribution decreased from HK\$23.5 million to HK\$1.2 million mainly due to the lack of one-off gain on disposal of a subsidiary operating Wildfire restaurants in the same period last year and the harsh and challenging operating environment due to the continuous rising in food, labour and rental costs.

The outlets in general had recorded same store sales drop compared to same period last year and competitions continue to stiffen as market players are all striving to maintain their shares in the current challenging environment. Contribution from Cafe Sydney, one of the biggest contributors to Cafe Deco Group's performance, had also been negatively impacted by the continuous weakening of Australian dollar. As at 30 September 2015, Cafe Deco Group had 33 restaurants and bars in Hong Kong, Macau and Sydney.

## **Others**

During the six months ended 30 September 2015, with the reduction in the share of revenue from the associates in car dealership in the Mainland China and Australia's fresh produce supply, segment revenue experienced a drop of 27.9% to HK\$1,144 million while segment result recorded a loss of HK\$135 million.

The slowdown of the GDP growth in the Mainland China as well as the shrinkage of the real estate market impacted the consumer products business segment. In order to keep the market share in Chengdu's car dealership business during the period under review, various incentives had been rolled out to the automobile buyers which reduced the profit margin.

Fresh produce supply business in Australia operating by the Group's associates continued to be underperformed during the period under review. While the business unit has put its continuous focus on its potato business, the operating environment stays challenging. Thus, the management remains cautious on the outlook and conservative on the recoverability, a sum of HK\$118 million had been impaired on the whole investment made by the Group during the period under review.

## **FUTURE PROSPECTS**

Although the economy of Hong Kong grew slightly faster in the second quarter of 2015, the domestic demand exhibited much resilience. The expected lift-off of US interest rates later this year, the slowdown of the Mainland China's economy and the lingering Greek debt problem heightened global financial market volatility, adding uncertainties to the global economy.

The shortage of labour and professionals in the construction industry and the cost escalation caused by the increase in labour and materials costs, safety enhancements and environmental protection measures will affect the tendering sum. The Group will maintain its reasonable return in tendering the contracts and is cautiously optimistic that the construction and engineering segment will continue to perform steadily with modest growth.

Despite having cut interest rates four times, and the reserve ratio requirement for banks three times since April 2015, there has been little indication that conditions in the Mainland China's economy are improving. With the Mainland China's recent easing of policy on the property market and mortgage lending, the Group expects that the sales performance of the projects in Beijing and Chengdu will gradually pick up. With the inflow of fund from the sale of Phase I of "Chevalier City" in Changchun, the Group is well prepared to start Phase II of this project.

Benefitting from the projected growing demand of ageing population for health care services and facilities in the US, coupling with historically low in cost of debt, the Group will continue to look for expanding opportunities in senior housing business.

With the backdrop of the slowing down of the Mainland China's economy and negative outlook of the food and beverage retails in Hong Kong, coupled with the reduction in number of overseas visitors to Hong Kong, the Group will explore options for its food and beverage segment and reallocate resources among the various businesses under the Group's portfolio.

## **FINANCIAL REVIEW**

As at 30 September 2015, the Group's net assets attributable to equity holders of the Company amounted to HK\$7,644 million, a decrease of HK\$245 million when compared with 31 March 2015 of HK\$7,889 million. Such decrease was mainly resulted from the profit attributable to equity shareholders of the Company of HK\$205 million, offsetting by the appropriation of 2014/15 special and final dividends of HK\$300 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$123 million.

As at 30 September 2015, the Group's bank and other borrowings decreased to HK\$3,381 million (31 March 2015: HK\$3,528 million) while the Group's cash and bank balances decreased to HK\$2,468 million (31 March 2015: HK\$2,663 million) due to the net repayment to bank and other borrowings.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employed approximately 3,800 full-time staff under its subsidiaries globally as at 30 September 2015. Total staff costs amounted to HK\$563 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 2015.

## **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 2015, 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 2015, 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. Dr Chow Ming Kuen, Joseph, an Independent Non-Executive Director was unable to attend the annual general meeting of the Company held on 27 August 2015 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 2015.

## AUDIT COMMITTEE

The Audit Committee comprises 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 and 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 30 September 2015.

## PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE’S WEBSITE

The interim results announcement of the Company for the six months ended 30 September 2015 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 2015 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 thank all our business partners, shareholders, directors and staff for their support and dedicated efforts to the Group throughout this period.

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

Hong Kong, 27 November 2015

*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), Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr Chow Ming Kuen, Joseph, Messrs Sun Kai Dah, George, Yang Chuen Liang, Charles and Professor Poon Chung Kwong as Independent Non-Executive Directors; and Dr Ko Chan Gock, William and Mr Chow Vee Tsung, Oscar as Non-Executive Directors.*

\* For identification purpose only