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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 2017

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 (together, the “Group”) for the six months ended 30 September 2017, together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

| | | Unaudited Six months ended 30 September | |
|------------------------------------|------|--|-------------|
| | | 2017 | 2016 |
| | Note | HK\$'000 | HK\$'000 |
| Revenue | 3 | 3,110,305 | 2,508,609 |
| Cost of sales | | (2,736,338) | (2,079,722) |
| Gross profit | | 373,967 | 428,887 |
| Other income, net | 4 | 52,431 | 52,827 |
| Other gains/(losses), net | 5 | 475,549 | (16,974) |
| Selling and distribution costs | | (65,301) | (45,753) |
| Administrative expenses | | (156,495) | (145,733) |
| Operating profit | | 680,151 | 273,254 |
| Share of results of associates | | 29,149 | 49,279 |
| Share of results of joint ventures | | (6,198) | (2,198) |
| | | 703,102 | 320,335 |
| Finance income | 6 | 9,768 | 10,030 |
| Finance costs | 6 | (41,674) | (50,429) |
| Finance costs, net | 6 | (31,906) | (40,399) |
| Profit before taxation | 7 | 671,196 | 279,936 |
| Taxation | 8 | (53,930) | (67,508) |
| Profit for the period | | 617,266 | 212,428 |
| Attributable to: | | | |
| Shareholders of the Company | | 601,548 | 190,729 |
| Non-controlling interests | | 15,718 | 21,699 |
| | | 617,266 | 212,428 |
| Earnings per share | | | |
| – basic (HK\$ per share) | 9 | 1.99 | 0.63 |
| – diluted (HK\$ per share) | 9 | 1.99 | 0.63 |

* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

| | Unaudited | |
|--|--------------------------------------|-----------------|
| | Six months ended 30 September | |
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 617,266 | 212,428 |
| Other comprehensive (expenses)/income for the period | | |
| Item that may not be reclassified to profit or loss | | |
| Fair value loss of properties for own use | (23,765) | – |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures | 151,295 | (129,730) |
| Change in fair value of available-for-sale investments | 3,530 | 10,502 |
| Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap and foreign currency forward contracts | 965 | (42) |
| Other comprehensive income/(expenses) for the period, net of tax | 132,025 | (119,270) |
| Total comprehensive income for the period | 749,291 | 93,158 |
| Attributable to: | | |
| Shareholders of the Company | 724,955 | 79,254 |
| Non-controlling interests | 24,336 | 13,904 |
| | 749,291 | 93,158 |

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

| | Note | Unaudited 30 September 2017 HK\$'000 | Audited 31 March 2017 HK\$'000 |
|--|------|---|---|
| Non-current assets | | | |
| Investment properties | | 4,232,473 | 3,832,583 |
| Property, plant and equipment | | 2,583,479 | 2,330,127 |
| Goodwill | | 637,337 | 629,741 |
| Other intangible assets | | 45,913 | 9,386 |
| Interests in associates | | 515,313 | 518,705 |
| Interests in joint ventures | | 595,633 | 591,623 |
| Available-for-sale investments | | 115,931 | 124,154 |
| Properties under development | | 590,229 | 565,828 |
| Deferred tax assets | | 35,099 | 26,815 |
| Other non-current assets | | 85,108 | 82,837 |
| | | <u>9,436,515</u> | <u>8,711,799</u> |
| Current assets | | | |
| Amounts due from associates | | 24,089 | 14,985 |
| Amounts due from joint ventures | | 50 | 7,828 |
| Amounts due from non-controlling interests | | 38,718 | 71,862 |
| Investments at fair value through profit or loss | | 468,320 | 554,771 |
| Inventories | | 286,980 | 298,999 |
| Properties for sale | | 388,507 | 377,635 |
| Properties under development | | 1,626,399 | 511,116 |
| Debtors, deposits and prepayments | 11 | 1,806,688 | 1,392,534 |
| Amounts due from customers for contract work | | 180,895 | 114,795 |
| Derivative financial instruments | | – | 97 |
| Prepaid tax | | 8,045 | 11,782 |
| Bank balances and cash | | 1,678,746 | 1,761,632 |
| | | <u>6,507,437</u> | <u>5,118,036</u> |
| Assets held-for-sale | | – | 1,233,787 |
| | | <u>6,507,437</u> | <u>6,351,823</u> |

| | Unaudited 30 September 2017 HK\$'000 | Audited 31 March 2017 HK\$'000 |
|---|---|---|
| | Note | |
| Current liabilities | | |
| Amount due to an associate | 19 | – |
| Amounts due to joint ventures | 7,002 | 1,581 |
| Amounts due to non-controlling interests | 259,713 | 260,964 |
| Amounts due to customers for contract work | 627,144 | 555,512 |
| Derivative financial instruments | 3,051 | 2,974 |
| Creditors, bills payable, deposits and accruals | 12 2,309,743 | 1,921,861 |
| Unearned insurance premiums and unexpired risk reserves | 62,966 | 60,279 |
| Outstanding insurance claims | 282,093 | 305,272 |
| Deferred income | 17,949 | 21,158 |
| Current income tax liabilities | 71,673 | 74,798 |
| Bank and other borrowings | 705,456 | 520,247 |
| | <u>4,346,809</u> | <u>3,724,646</u> |
| Liabilities directly associated with assets held-for-sale | – | 148,268 |
| | <u>4,346,809</u> | <u>3,872,914</u> |
| Net current assets | <u>2,160,628</u> | <u>2,478,909</u> |
| Total assets less current liabilities | <u>11,597,143</u> | <u>11,190,708</u> |
| Capital and reserves | | |
| Share capital | 377,411 | 377,411 |
| Reserves | 7,850,626 | 7,592,045 |
| | <u>8,228,037</u> | <u>7,969,456</u> |
| Shareholders' funds | 8,228,037 | 7,969,456 |
| Non-controlling interests | 541,372 | 533,863 |
| | <u>8,769,409</u> | <u>8,503,319</u> |
| Non-current liabilities | | |
| Unearned insurance premiums | 27,129 | 44,705 |
| Bank and other borrowings | 2,413,464 | 2,270,192 |
| Deferred tax liabilities | 387,141 | 372,492 |
| | <u>2,827,734</u> | <u>2,687,389</u> |
| Total equity and non-current liabilities | <u>11,597,143</u> | <u>11,190,708</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with 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 consolidated financial statements for the year ended 31 March 2017, 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 as described in the annual consolidated financial statements for the year ended 31 March 2017.

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

The following amendments 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 2017:

- HKAS 7 (amendment), “Disclosure initiative”
- HKAS 12 (amendment), “Recognition of deferred tax assets for unrealised losses”
- Annual Improvements Project – Improvements to HKFRS 2014-2016 Cycle

The adoption of the amendments and improvements to existing standards neither have significant impact on the Group’s consolidated results and financial position nor any substantial changes in the Group’s accounting policies and the presentation of the condensed consolidated interim financial statements.

The following new standards, amendments and improvements to existing standards, that are relevant to the Group’s operation, have been issued but not yet effective or early adopted for the financial year of the Group beginning on 1 April 2017:

- HKFRS 4 (amendment), “Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts”¹
- HKFRS 9 (2014), “Financial instruments”¹
- HKFRS 10 and HKAS 28 (amendment), “Sale or contribution of assets between an investor and its associate or joint venture”³
- HKFRS 15, “Revenue from contracts with customers”¹
- HKFRS 15 (amendment), “Clarification of HKFRS 15 Revenue from contracts with customers”¹
- HKFRS 16, “Leases”²
- HK(IFRIC) – Int 22, “Foreign currency transactions and advance consideration”¹
- HK(IFRIC) – Int 23, “Uncertainty over income tax treatments”²
- Annual Improvements Project – Improvements to HKFRS 2014-2016 Cycle⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after a date to be determined

⁴ The amendments to HKFRS 1 and HKAS 28 are effective for annual periods beginning on or after 1 January 2018

The Group is in the process of assessing the impact of these new standards, amendments and improvements to existing standards on the Group’s consolidated financial statements and is not yet in a position to state the effect and its significance.

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, 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 consolidated financial statements for the year ended 31 March 2017.

3 SEGMENT INFORMATION

(a) Revenue and results

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

Reportable segment information is presented below:

| | Construction and Engineering HK\$'000 | Property Investment HK\$'000 | Property Development and Operations HK\$'000 | Senior Housing HK\$'000 | Car Dealership HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|--|--|------------------------------------|--|-------------------------------|-------------------------------|--------------------|-------------------|
| For the six months ended | | | | | | | |
| 30 September 2017 | | | | | | | |
| REVENUE | | | | | | | |
| Total revenue | 1,311,108 | 67,760 | 202,830 | 289,204 | 1,093,770 | 183,056 | 3,147,728 |
| Inter-segment revenue | - | - | (19,563) | - | - | (17,860) | (37,423) |
| Group revenue | 1,311,108 | 67,760 | 183,267 | 289,204 | 1,093,770 | 165,196 | 3,110,305 |
| Share of revenue of associates and joint ventures | 882,581 | - | 27,960 | - | 243,012 | 95,850 | 1,249,403 |
| Proportionate revenue from a joint venture eliminated | (8,855) | - | - | - | - | - | (8,855) |
| Segment revenue | 2,184,834 | 67,760 | 211,227 | 289,204 | 1,336,782 | 261,046 | 4,350,853 |
| RESULTS | | | | | | | |
| Segment profit | 120,847 | 47,859 | 480,225 | 18,164 | 2,148 | 51,747 | 720,990 |
| Included in segment profit are: | | | | | | | |
| Share of results of associates | 29,122 | - | 148 | - | - | (121) | 29,149 |
| Share of results of joint ventures | 90 | - | (6,313) | - | 25 | - | (6,198) |
| Depreciation and amortisation, net of capitalisation | (4,180) | (382) | (17,462) | (24,398) | (9,413) | (769) | (56,604) |
| Unrealised loss on derivative financial instruments | (38) | - | - | - | - | (353) | (391) |
| Unrealised gain on investments at fair value through profit or loss | - | - | - | - | - | 14,350 | 14,350 |
| Write down of inventories to net realisable value | (63) | - | - | - | (538) | (505) | (1,106) |
| Impairment loss written back/ (recognised) on trade and other debtors | 4,106 | - | - | (2,661) | - | (71) | 1,374 |

| | Construction and Engineering HK\$'000 | Property Investment HK\$'000 | Property Development and Operations HK\$'000 | Senior Housing HK\$'000 | Car Dealership HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|--|--|------------------------------------|--|-------------------------------|-------------------------------|--------------------|-------------------|
| For the six months ended 30 September 2016 | | | | | | | |
| REVENUE | | | | | | | |
| Total revenue | 1,529,194 | 73,667 | 323,952 | 262,957 | 181,414 | 178,802 | 2,549,986 |
| Inter-segment revenue | – | – | (19,284) | – | – | (22,093) | (41,377) |
| Group revenue | 1,529,194 | 73,667 | 304,668 | 262,957 | 181,414 | 156,709 | 2,508,609 |
| Share of revenue of associates and joint ventures | 1,029,868 | – | 31,644 | – | 559,126 | 161,644 | 1,782,282 |
| Proportionate revenue from a joint venture eliminated | (19,366) | – | – | – | – | – | (19,366) |
| Segment revenue | 2,539,696 | 73,667 | 336,312 | 262,957 | 740,540 | 318,353 | 4,271,525 |
| RESULTS | | | | | | | |
| Segment profit/(loss) | 178,652 | 56,329 | 43,024 | 16,364 | (1,297) | 43,529 | 336,601 |
| Included in segment profit/(loss) are: | | | | | | | |
| Share of results of associates | 47,264 | – | 130 | – | (4,055) | 5,940 | 49,279 |
| Share of results of joint ventures | 172 | – | (2,370) | – | – | – | (2,198) |
| Depreciation and amortisation, net of capitalisation | (3,817) | (184) | (16,471) | (19,217) | (867) | (1,902) | (42,458) |
| Unrealised gain on derivative financial instruments | – | – | – | – | – | 606 | 606 |
| Unrealised gain on investments at fair value through profit or loss | – | – | – | – | – | 9,403 | 9,403 |
| Write down of inventories to net realisable value | (54) | – | – | – | (474) | (374) | (902) |
| Impairment loss (recognised)/ written back on trade and other debtors | (5,777) | – | – | (8,546) | – | 8 | (14,315) |

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

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

| | Six months ended 30 September | |
|--------------------------------|--|-----------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Segment profit | 720,990 | 336,601 |
| Unallocated corporate expenses | (17,888) | (16,266) |
| Finance income | 9,768 | 10,030 |
| Finance costs | (41,674) | (50,429) |
| Profit before taxation | 671,196 | 279,936 |

(b) Assets and liabilities

| | Construction and Engineering HK\$'000 | Property Investment HK\$'000 | Property Development and Operations HK\$'000 | Senior Housing HK\$'000 | Car Dealership HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|--|--|------------------------------------|--|-------------------------------|-------------------------------|--------------------|-------------------|
| At 30 September 2017 | | | | | | | |
| ASSETS | | | | | | | |
| Segment assets | 1,863,904 | 4,686,651 | 5,026,612 | 1,620,274 | 1,022,365 | 1,112,228 | 15,332,034 |
| Included in segment assets are: | | | | | | | |
| Interests in associates | 460,357 | - | 1,532 | - | - | 53,424 | 515,313 |
| Interests in joint ventures | 12,041 | - | 507,268 | - | 76,324 | - | 595,633 |
| Amounts due from associates | 24,089 | - | - | - | - | - | 24,089 |
| Amount due from a joint venture | 50 | - | - | - | - | - | 50 |
| Additions to non-current assets (Note) | 7,580 | 350,500 | 59,685 | 279,319 | 9,182 | 817 | 707,083 |
| LIABILITIES | | | | | | | |
| Segment liabilities | 1,597,513 | 40,723 | 931,873 | 63,314 | 395,532 | 491,975 | 3,520,930 |
| Included in segment liabilities are: | | | | | | | |
| Amount due to an associate | 19 | - | - | - | - | - | 19 |
| Amounts due to joint ventures | - | - | 6,299 | - | 703 | - | 7,002 |
| At 31 March 2017 | | | | | | | |
| ASSETS | | | | | | | |
| Segment assets | 1,667,310 | 4,333,824 | 4,651,523 | 1,500,024 | 797,414 | 1,537,983 | 14,488,078 |
| Included in segment assets are: | | | | | | | |
| Interests in associates | 463,261 | - | 1,588 | - | - | 53,856 | 518,705 |
| Interests in joint ventures | 11,950 | - | 500,060 | - | 79,613 | - | 591,623 |
| Amounts due from associates | 14,985 | - | - | - | - | - | 14,985 |
| Amounts due from joint ventures | 44 | - | 7,784 | - | - | - | 7,828 |
| Additions to non-current assets (Note) | 10,030 | 10,689 | 37,858 | 26,727 | 360,211 | 8,584 | 454,099 |
| LIABILITIES | | | | | | | |
| Segment liabilities | 1,584,312 | 47,201 | 662,486 | 64,824 | 448,974 | 490,484 | 3,298,281 |
| Included in segment liabilities are: | | | | | | | |
| Amounts due to joint ventures | - | - | 1,175 | - | 406 | - | 1,581 |

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:

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|------------------------------------|---|---------------------------------------|
| Segment assets | 15,332,034 | 14,488,078 |
| Prepaid tax | 8,045 | 11,782 |
| Unallocated bank balances and cash | 553,044 | 521,217 |
| Deferred tax assets | 35,099 | 26,815 |
| Other unallocated assets | 15,730 | 15,730 |
| | <u>15,943,952</u> | <u>15,063,622</u> |
| Segment liabilities | 3,520,930 | 3,298,281 |
| Current income tax liabilities | 71,673 | 74,798 |
| Bank and other borrowings | 3,118,920 | 2,790,439 |
| Deferred tax liabilities | 387,141 | 372,492 |
| Other unallocated liabilities | 75,879 | 24,293 |
| | <u>7,174,543</u> | <u>6,560,303</u> |

(c) **Geographical information**

The Group's operations in construction and engineering businesses are mainly carried in Hong Kong, Mainland China, Macau and Australia. Property investment businesses are mainly carried out in Hong Kong, Mainland China, Canada and Singapore. Property development and operations businesses are mainly carried out in Hong Kong, Mainland China and Canada. Senior housing businesses are carried out in Hong Kong and the United States of America ("US"). Car dealership businesses are carried out in Mainland China and Canada. Other businesses are mainly carried out in Hong Kong, US and Thailand.

The associates' and joint ventures' operations in construction and engineering businesses are mainly carried out in Hong Kong, Mainland China, Singapore and Macau. Property development and operations businesses are mainly carried out in Hong Kong and Mainland China. Car dealership businesses are carried out in Mainland China. Other businesses are carried out in Hong Kong, Macau and Australia.

| | Segment revenue by geographical areas | | | | Segment revenue by geographical areas | | | |
|----------------|--|---|--|------------|--|---|--|------------|
| | Company and subsidiaries HK\$'000 | Associates and joint ventures HK\$'000 | Six months ended 30 September 2017 Total HK\$'000 | % | Company and subsidiaries HK\$'000 | Associates and joint ventures HK\$'000 | Six months ended 30 September 2016 Total HK\$'000 | % |
| Hong Kong | 1,467,787 | 337,550* | 1,805,337 | 41 | 1,649,862 | 332,574* | 1,982,436 | 46 |
| Mainland China | 927,739 | 749,810 | 1,677,549 | 39 | 60,016 | 1,245,136 | 1,305,152 | 31 |
| US | 340,421 | - | 340,421 | 8 | 320,967 | - | 320,967 | 8 |
| Canada | 222,191 | - | 222,191 | 5 | 207,278 | - | 207,278 | 5 |
| Singapore | 6,057 | 125,969 | 132,026 | 3 | 6,166 | 153,658 | 159,824 | 4 |
| Macau | 61,322 | 13,786 | 75,108 | 2 | 166,854 | 8,264 | 175,118 | 4 |
| Australia | 49,605 | 13,225 | 62,830 | 1 | 70,298 | 23,091 | 93,389 | 2 |
| Thailand | 27,679 | - | 27,679 | 1 | 18,048 | - | 18,048 | - |
| Others | 7,504 | 208 | 7,712 | - | 9,120 | 193 | 9,313 | - |
| | <u>3,110,305</u> | <u>1,240,548</u> | <u>4,350,853</u> | <u>100</u> | <u>2,508,609</u> | <u>1,762,916</u> | <u>4,271,525</u> | <u>100</u> |

* 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 period ended 30 September 2017. For the period ended 30 September 2016, HK\$720,672,000 was derived from two external customers in construction and engineering segment and each of them was accounted for more than 10% of the total revenue of the Group.

4 OTHER INCOME, NET

Six months ended
30 September
2017 2016
HK\$'000 HK\$'000

Included in other income, net are:

| | | |
|--|----------------------|----------------------|
| Gain on investments at fair value through profit or loss | 15,638 | 13,844 |
| (Loss)/gain on derivative financial instruments | (633) | 606 |
| Other investment income | – | 7,164 |
| Sales and marketing services income from an associate | 14,576 | 12,808 |
| Management fee income from associates and joint ventures | 11,175 | 12,599 |
| | <u>11,175</u> | <u>12,599</u> |

5 OTHER GAINS/(LOSSES), NET

Six months ended
30 September
2017 2016
HK\$'000 HK\$'000

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

| | | |
|--|---------------------|-----------------------|
| Gain on acquisition of Moon Colour (note 13(c)) | 2,916 | – |
| Gain on disposal of Chinaford and Dolce Field (note 13(d)) | 459,745 | – |
| Gain on disposal of property, plant and equipment | 481 | 192 |
| Reversal of impairment loss on goodwill | 4,686 | – |
| Impairment loss written back/(recognised) on trade and other debtors | 1,374 | (14,315) |
| Exchange gains/(losses) | 6,347 | (2,882) |
| | <u>6,347</u> | <u>(2,882)</u> |

6 FINANCE COSTS, NET

Six months ended
30 September
2017 2016
HK\$'000 HK\$'000

| | | |
|--|----------------------|----------------------|
| Interest expenses on bank overdrafts and bank and other borrowings | 46,293 | 56,839 |
| Less: Amounts capitalised to properties under development (Note) | (4,619) | (6,410) |
| | <u>41,674</u> | <u>50,429</u> |
| Less: Interest income from bank deposits | (9,768) | (10,030) |
| | <u>31,906</u> | <u>40,399</u> |

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was between 4.8% and 5.5% per annum during the six months ended 30 September 2017 (2016: between 4.6% and 4.8%).

7 PROFIT BEFORE TAXATION

| | Six months ended 30 September | |
|--|--|-----------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Profit before taxation has been arrived at after charging/(crediting) the following: | | |
| Cost of inventories recognised as expenses | 1,110,538 | 257,519 |
| Write down of inventories to net realisable value | 1,106 | 902 |
| Staff costs | 495,749 | 465,911 |
| Less: Amounts capitalised to contract work | (101,013) | (104,561) |
| | 394,736 | 361,350 |
| Operating lease payments in respect of leasing of | | |
| – premises | 26,521 | 22,595 |
| – equipment | 1,235 | 1,463 |
| | 27,756 | 24,058 |
| Depreciation of property, plant and equipment | 53,892 | 43,284 |
| Less: Amounts capitalised to contract work | (1,221) | (1,331) |
| | 52,671 | 41,953 |
| Amortisation of other intangible assets | 3,933 | 505 |
| Acquisition related expenses | 7,936 | – |

8 TAXATION

| | Six months ended 30 September | |
|---|--|-----------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Current tax | | |
| – Hong Kong | 33,453 | 33,038 |
| – Mainland China and overseas | 15,073 | 34,378 |
| – Over-provision in prior years | (1,443) | (3,388) |
| | 47,083 | 64,028 |
| Deferred tax | | |
| – Origination and reversal of temporary differences | 6,847 | 3,480 |
| | 53,930 | 67,508 |

Hong Kong profits tax is calculated at the rate of 16.5% (2016: 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 shareholders of the Company of HK\$601,548,000 (2016: HK\$190,729,000) by the weighted average number of 301,928,440 (2016: 301,928,440) 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 2017 and 2016, 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 both periods. As at 30 September 2017 and 2016, an associate of the Group had potential ordinary shares which were issuable upon exercise of share option granted. There were no potential dilutive effect from such share option during both periods.

10 DIVIDEND

| | Six months ended 30 September | |
|--|----------------------------------|---------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Special interim dividend of HK\$1.40 (2016: nil) per share | 422,700 | – |
| Interim dividend of HK\$0.10 (2016: HK\$0.20) per share | 30,193 | 60,386 |
| | <u>452,893</u> | <u>60,386</u> |

On 28 November 2017, the Board of Directors declared an interim dividend of HK\$0.10 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 2018.

The 2016/17 final dividend and 2017/18 special interim dividend of HK\$0.40 per share totaling HK\$120,771,000 and HK\$1.40 per share totaling HK\$422,700,000 respectively, were declared and approved at the annual general meeting held on 30 August 2017 and paid on 15 September 2017 and 27 September 2017 respectively. The 2016/17 final dividend and 2017/18 special interim dividend have been reflected as an appropriation of the retained profits for the six months ended 30 September 2017.

11 DEBTORS, DEPOSITS AND PREPAYMENTS

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|---|---|---------------------------------------|
| Trade debtors | 621,791 | 590,569 |
| Less: Provision for impairment | <u>(43,938)</u> | <u>(45,948)</u> |
| Trade debtors, net | ----- 577,853 | ----- 544,621 |
| Retention receivables | 322,216 | 328,933 |
| Less: Provision for impairment | <u>(33,570)</u> | <u>(33,570)</u> |
| Retention receivables, net | ----- 288,646 | ----- 295,363 |
| Other debtors, deposits and prepayments | <u>940,189</u> | <u>552,550</u> |
| | <u>1,806,688</u> | <u>1,392,534</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, net is as follows:

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|--------------|---|---------------------------------------|
| 0–60 days | 523,137 | 491,522 |
| 61–90 days | 25,294 | 20,536 |
| Over 90 days | <u>29,422</u> | <u>32,563</u> |
| | <u>577,853</u> | <u>544,621</u> |

12 CREDITORS, BILLS PAYABLE, DEPOSITS AND ACCRUALS

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|-----------------------------------|---|---------------------------------------|
| Trade creditors and bills payable | 286,293 | 281,994 |
| Retention payables | 192,867 | 170,435 |
| Deposits received | 485,692 | 38,428 |
| Accrued contract costs | 646,413 | 744,749 |
| Other creditors and accruals | 698,478 | 686,255 |
| | <u>2,309,743</u> | <u>1,921,861</u> |

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

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|--------------|---|---------------------------------------|
| 0–60 days | 262,836 | 265,123 |
| 61–90 days | 7,246 | 1,174 |
| Over 90 days | 16,211 | 15,697 |
| | <u>286,293</u> | <u>281,994</u> |

13 ACQUISITION AND DISPOSAL OF BUSINESSES

(a) Acquisition of two senior housing properties located in Michigan, the US

On 3 April 2017, the Group entered into an agreement to acquire 100% interest in two senior housing properties located in Michigan, the US, at the consideration of US\$33,000,000 (equivalent to approximately HK\$257,400,000). The transaction was completed in June 2017.

| | HK\$'000 |
|--|------------------|
| Purchase consideration satisfied by: | |
| Cash paid | <u>257,785</u> |
| Provisional fair value of net assets acquired: | |
| Property, plant and equipment | 217,134 |
| Intangible assets | 40,456 |
| Inventories | 140 |
| Debtors, deposits and prepayments | 55 |
| | <u>257,785</u> |
| Acquisition related expenses (included in administrative expenses) | <u>2,293</u> |
| Net cash outflow arising from the acquisition: | |
| Cash consideration paid | <u>(257,785)</u> |

The fair values of the acquired identifiable property, plant and equipment of HK\$217,134,000 and intangible assets of HK\$40,456,000 are provisional pending receipt of the final valuations for those assets.

(b) Acquisition of 100% equity interest in Silver Prosper Holdings Limited (“Silver Prosper”)

On 18 May 2017, the Group entered into a provisional agreement to acquire 100% equity interest in Silver Prosper where the principal asset is the property located at Davis Street, Hong Kong, which is for residential and commercial use at a consideration of approximately HK\$228,000,000. The transaction was completed in August 2017.

| | HK\$'000 |
|--|------------------|
| Purchase consideration satisfied by: | |
| Cash paid | <u>225,212</u> |
| Less: Fair value of net assets acquired: | |
| Investment property | 228,000 |
| Debtors, deposits and prepayments | 59 |
| Creditors, deposits and accruals | (2,768) |
| Current income tax liabilities | <u>(79)</u> |
| | <u>225,212</u> |
| Acquisition related expenses (included in administrative expenses) | <u>2,630</u> |
| Net cash outflow arising from the acquisition: | |
| Cash consideration paid | <u>(225,212)</u> |

(c) Acquisition of 100% equity interest in Moon Colour Holdings Limited (“Moon Colour”)

On 10 August 2017, the Group entered into an agreement to acquire 100% equity interest in Moon Colour where the principal asset is the property located at Tai Yip Street, Kowloon which is an industrial building at a consideration of approximately HK\$360,000,000. The transaction was completed in August 2017.

| | HK\$'000 |
|--|------------------|
| Purchase consideration satisfied by: | |
| Cash paid | ----- 360,272 |
| Less: Fair value of net assets acquired: | |
| Property under development | 360,000 |
| Deferred tax assets | 2,916 |
| Debtors, deposits and prepayments | <u>272</u> |
| | ----- 363,188 |
| Gain on acquisition (note 5) | <u>2,916</u> |
| Acquisition related expenses (included in administrative expenses) | <u>3,013</u> |
| Net cash outflow arising from the acquisition: | |
| Cash consideration paid | <u>(360,272)</u> |

(d) Disposal of Chinaford Investment Limited (“Chinaford”) and Dolce Field Limited (“Dolce Field”)

On 1 June 2017, the Group entered into a framework agreement to dispose the entire issued share capital in Chinaford and Dolce Field (investment holding companies which hold the entire interest in Chengdu Chevalier Property Development Limited) and assignment of debt at an aggregate cash consideration of RMB1,570 million (equivalent to approximately HK\$1,815 million). The transaction was completed in August 2017.

| | HK\$'000 |
|---|-------------------------|
| Cash consideration | 1,815,109 |
| Less: professional fees and other expenses | <u>(204,812)</u> |
| | ----- 1,610,297 |
| Less: Net assets disposed of: | |
| Assets held-for-sale | 1,233,787 |
| Liabilities directly associated with assets held-for-sale | (148,268) |
| Exchange fluctuation reserve released upon disposal | <u>65,033</u> |
| | ----- 1,150,552 |
| Provisional gain on disposal (note 5) | <u><u>459,745</u></u> |
| Net cash inflow arising from the disposal: | |
| Cash consideration received | 1,293,404 |
| Professional fees and other expenses | <u>(27,845)</u> |
| | <u><u>1,265,559</u></u> |

The professional fees and other expenses of HK\$204,812,000 include provisional tax expenses pending for final assessment from tax authority.

(e) Disposal of 40% interest in NC1 Sandhill Limited (“NC1 Sandhill”) without loss of control

On 25 September 2017, the Group disposed of 40% interest in NC1 Sandhill at a consideration of HK\$12,000,000. The effect of change in the ownership interest of NC1 Sandhill on the equity attributable to shareholders of the Company during the period is summarised as follows:

| | HK\$'000 |
|---|----------------------|
| Carrying amount of 40% interest disposed of | 64 |
| Consideration received from non-controlling interests | <u>12,000</u> |
| Gain on disposal recognised within equity | <u><u>12,064</u></u> |

The transaction was completed in September 2017 and the Group continues to possess the control over NC1 Sandhill.

14 CONTINGENT LIABILITIES

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

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|--|---|---------------------------------------|
| Banking facilities granted to associates | 3,772 | 3,442 |
| Banking facilities granted to a joint venture | 330,037 | 295,254 |
| Guarantees given to banks and housing retirement fund management centers for mortgage facilities granted to certain buyers of properties | <u>643,196</u> | <u>492,299</u> |
| | <u>977,005</u> | <u>790,995</u> |

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

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|---|---|---------------------------------------|
| Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties | <u>3,326</u> | <u>3,212</u> |

15 COMMITMENT

The Group had commitment as follows:

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|--|---|---------------------------------------|
| Contracted but not provided for in the condensed consolidated interim financial statements in respect of | | |
| – property development projects | 322,903 | 500,114 |
| – acquisition of property, plant and equipment | 38,779 | 14,211 |
| – acquisition of an investment property | <u>19,056</u> | <u>–</u> |
| | <u>380,738</u> | <u>514,325</u> |

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

| | As at 30 September 2017 HK\$'000 | As at 31 March 2017 HK\$'000 |
|---------------------------------|---|---------------------------------------|
| Contracted but not provided for | <u>17,144</u> | <u>47,275</u> |

16 EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Disposal of the entire issued share capital of Talent Luck Limited (“Talent Luck”)

On 30 August 2017, the Group announced it has entered into an agreement to dispose the entire interest in Talent Luck where the principal asset is the property located at 9 Henderson Road, Jardine’s Lookout, Hong Kong at the consideration of HK\$610 million. The transaction was approved by the independent shareholders of the Group at Special General Meeting held on 12 October 2017.

(b) Acquisition of residential properties

On 3 November 2017, the Group submitted the tender offer for the acquisition of residential properties, situated at Prince Edward Road West, Ho Man Tin, Kowloon which comprises 12 units in 3-storey semi-detach houses at a consideration of HK\$334 million. The tender offer has been accepted on 8 November 2017.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.10 (2016: HK\$0.20) per share for the six months ended 30 September 2017. The interim dividend will be payable on or about Thursday, 21 December 2017 to those shareholders whose names appear on the Register of Members of the Company on Thursday, 14 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed on Thursday, 14 December 2017, during which no transfer of shares of the Company will be effected. In order to qualify for the above interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar 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 Wednesday, 13 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group’s unaudited interim results for the six months ended 30 September 2017 recorded an increase in both consolidated revenue and profit as compared to the same period last year. Consolidated revenue of the Group amounted to HK\$3,110 million (2016: HK\$2,509 million), representing an increase of 24%. Taking into account the share of revenue of associates and joint ventures, total segment revenue was HK\$4,351 million (2016: HK\$4,272 million), representing an increase of 2%. With the one-off contribution of HK\$460 million derived from the completion of the disposal of interest in the Chengdu project in the Property Development & Operations segment, profit for the period under review increased to HK\$617 million from HK\$212 million for the corresponding period last year. Consequently, profit attributable to the Company’s shareholders boosted to HK\$602 million (2016: HK\$191 million) and earnings per share surged to HK\$1.99 (2016: HK\$0.63) for the period.

CONSTRUCTION AND ENGINEERING

Revenue of the Construction and Engineering segment reported a decrease of 14% in revenue from HK\$2,540 million to HK\$2,185 million when compared to the same period last year. Segment profit recorded a decrease of 32% to HK\$121 million (2016: HK\$179 million). The revenue and profit dropped mainly due to keen competition in the construction and engineering industry.

As at 30 September 2017, the total value of the Group's subsidiaries' outstanding construction and engineering contracts in hand amounted to HK\$5,342 million. Major contracts are:

1. Construction of a government complex at Tuen Mun, New Territories;
2. Construction of the expansion of the blood transfusion service headquarters of the Red Cross at Homantin, Kowloon;
3. Construction of the extension of Operating Theatre Block for Tuen Mun Hospital, New Territories;
4. Upgrade of Kwun Tong Preliminary Treatment Works;
5. HVAC installation works for a hotel development at Lot 1950, D.D. 221, Wai Man Road, Sai Kung, New Territories; and
6. Design, supply and installation of curtain wall and aluminium cladding for 450-456G Queen's Road West, Hong Kong.

PROPERTY INVESTMENT

Revenue for the Property Investment segment comprising property letting business experienced a slight decrease to HK\$68 million from HK\$74 million during the recorded period. With less rental income booked due to the withdrawal of properties previously let out to third parties for self-use, segment profit dropped from HK\$56 million to HK\$48 million which decrease is in line with the drop in revenue.

During the period under review, the Group acquired a property at 1B and 1C Davis Street, Hong Kong at the consideration of HK\$228 million. The property has a total gross floor area of about 9,100 square feet and is used for residential and commercial purposes. The property will not only provide stable rental income but also offer potential capital appreciation.

PROPERTY DEVELOPMENT AND OPERATIONS

During the period under review, the revenue decreased mainly due to the disposal of Chengdu project which led to a drop in the Property Development and Operations segment's revenue by 37% from HK\$336 million to HK\$211 million. Notwithstanding the foregoing, after taking into the one-off gain of HK\$460 million from the disposal of interest in Chengdu project, segment profit during the period under review reached HK\$480 million from last year's HK\$43 million during the corresponding period.

While the sale of the luxury property development "My Villa" in Beijing remained flaccid during the period under review, the pre-sale of residential units in Phase II of "Chevalier City" in Changchun received positive response due to a strong demand for affordable housing. Over 60,000 square metre (60% of the saleable area) of Phase II of "Chevalier City" were pre-sold as at the interim end.

The Group was awarded the development right on 13 June 2017 by Urban Renewal Authority in respect of the development of a site located at Fuk Chak Street and Li Tak Street at Tai Kok Tsui, Kowloon at the consideration of HK\$680 million. The plan is to develop the site area of approximately 8,200 square feet into small to medium sized residential units with a total residential gross floor area of about 55,000 square feet and 7,000 square feet of commercial gross floor area. Development of the project is expected to complete by 2020/2021.

On 10 August 2017, the Group entered into a sale and purchase agreement to acquire Darton Tower located at 4 Tai Yip Street, Kowloon, Hong Kong at the consideration of HK\$360 million. This transaction completed on 21 August 2017. The Group intends to redevelop the property into a multi-storey retail and office building.

Subsequent to the period ended, the Group disposed a residential property located at 9 Henderson Road, Jardine's Lookout, Hong Kong at the consideration of HK\$610 million. Following the approval from shareholders at special general meeting on 12 October 2017, an estimated disposal gain of HK\$95 million will be recognised in the financial year ending 31 March 2018.

Subsequent to the period ended, the Group was awarded a tender on 8 November 2017 for the acquisition of the residential properties located at Nos. 292A-D Prince Edward Road West, Homantin, Kowloon at the consideration of HK\$334 million. The Group will consider redeveloping the site when the timing is appropriate.

SENIOR HOUSING

The Group's acquisition of two senior housing properties in Michigan, the US completed in June 2017. Revenue of the Senior Housing segment increased by 10% to HK\$289 million during the period and contribution increased from HK\$16 million to HK\$18 million. In addition, the Group also completed the development of a new 26-bed memory care building at one of the senior housing facilities in Oregon, the US in August 2017. As at 30 September 2017, the Group owned 25 senior housing facilities providing over 2,000 beds/units to serve different needs of the ageing population in the US.

CAR DEALERSHIP

Following the consolidation of the PRC car dealership business into the Group starting from this financial year, the revenue of the Car Dealership segment increased by 81% to HK\$1,337 million during the period and contribution amounted to HK\$2 million.

In Chengdu, a total of 11 4S shops are operated by the Group providing 5 import and domestic car brands. Over 7,000 units of vehicles were sold during the period under review. In Canada, the performance of the two automobile dealerships, namely Action Honda and Aurora Chrysler were satisfactory.

OTHERS

This segment comprises the computer and information technology, insurance and investment business, freight logistic services and food and beverage business. During the six months ended 30 September 2017, segment revenue experienced a drop of 18% from HK\$318 million to HK\$261 million due to competitive market situation and the sale of investment in food and beverage business. However, with the positive contribution from the investment and insurance business, this segment's result recorded an increase of HK\$8 million.

FUTURE PROSPECTS

As stated in the Chief Executive's 2017 Policy Address, to increase land and housing supply remains the long-term housing strategy of the Hong Kong Government. With the establishment of the Task Force on Land Supply to examine different land supply options, the building of a housing ladder and the proposed increase of housing supply under the various schemes, there will be plenty of opportunities for players in the construction and engineering industry in the medium to long term. Nevertheless, the ever increasing pressure of labour and construction cost is imminent and unavoidable.

Underpinned by strong domestic demands and active investments, despite various regulatory measures imposed by the Hong Kong Government, the Hong Kong property market has maintained a steady upward trend since 2009. In addition, in light of the healthy growth of the Hong Kong economy and the low interest rate environment, the Group is cautious, yet optimistic, about the future of the property market in Hong Kong. This is demonstrated by the Group's active participation in recent public tenders and private sales of property in Hong Kong. The Group will prudently monitor the performance and trend of the market and gradually strengthen its property investment and development business in the medium to long term.

Driven by favourable factors including the ageing of baby boomers, advancement in public health strategy and medical treatment, the senior housing market in the US continues to perform well. Demand growth is also fueled by seniors who are becoming more aware of the benefits of living in quality senior housing properties. Given our experience in the senior housing business gained in the past years and the expertise provided by our partners, we are well positioned to capture any opportunity which may arise in the US.

FINANCIAL REVIEW

As at 30 September 2017, the Group's net assets attributable to shareholders of the Company amounted to HK\$8,228 million, an increase of HK\$259 million when compared with 31 March 2017 of HK\$7,969 million. Such increase was mainly resulted from the profit attributable to shareholders of the Company of HK\$602 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$143 million, offset by the appropriation of 2016/17 final dividend and 2017/18 special interim dividend of HK\$121 million and HK\$423 million respectively.

As at 30 September 2017, the Group's bank and other borrowings increased to HK\$3,119 million (31 March 2017: HK\$2,790 million) while bank balances and cash decreased to HK\$1,679 million (31 March 2017: HK\$1,762 million) as a result of payments for new properties and projects during the period.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,000 full-time staff under its subsidiaries globally as at 30 September 2017. Total staff costs amounted to HK\$496 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 2017.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2017, except for the following deviations:–

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive should be clearly established. Following the retirement of Dr. Chow Yei Ching as the Co-Chairman of the Company, Mr. Kuok Hoi Sang became the Chairman on 30 August 2017 in addition to his position of Managing Director of the Company. The Board believes that with Mr. Kuok’s comprehensive knowledge in the history and various business segments, and his extensive experience in the operation of the Group, vesting the roles of both Chairman and Managing Director in Mr. Kuok provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies which is in the best interest of the Company.

Code Provision A.4.1 of the CG Code 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 2017, 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 of the CG Code stipulates that the Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Irons Sze was not able to attend the annual general meeting of the Company held on 30 August 2017; Mr. Chow Vee Tsung, Oscar, Dr. Chow Ming Kuen, Joseph, Mr. Yang Chuen Liang, Charles and Professor Poon Chung Kwong were not able to attend the special general meeting of the Company held on 28 July 2017; and Mr. Yang, Professor Poon and Mr. Sze were not able to attend the special general meeting of the Company held on 12 October 2017 due to other engagement.

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 of all Directors, each of the Directors confirmed that he/she has complied with the Model Code throughout the six months ended 30 September 2017.

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 Professor Poon Chung Kwong as Committee members.

During the period, the Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed the auditing, risk management and internal controls systems of the Group and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2017.

PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement of the Company for the six months ended 30 September 2017 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 2017 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to my fellow directors and all staff for their professionalism and contributions, and to all our shareholders and business partners for their continued support to the Group throughout this period.

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

Hong Kong, 28 November 2017

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

* *for identification purpose only*