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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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2015

RESULTS

The Directors of Chevalier International Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2015, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	4	5,012,651	4,113,381
Cost of sales		<u>(3,799,450)</u>	<u>(3,046,603)</u>
Gross profit		1,213,201	1,066,778
Other income, net	5	155,103	118,273
Other gains, net	6	957,049	175,274
Selling and distribution costs		<u>(518,263)</u>	<u>(496,981)</u>
Administrative expenses		<u>(221,954)</u>	<u>(220,579)</u>
Operating profit		1,585,136	642,765
Share of results of associates		249,406	79,376
Share of results of joint ventures		<u>(28,753)</u>	<u>(9,033)</u>
		1,805,789	713,108
Finance income	7	19,315	14,355
Finance costs	7	<u>(114,626)</u>	<u>(117,012)</u>
Finance costs, net	7	<u>(95,311)</u>	<u>(102,657)</u>
Profit before taxation	8	1,710,478	610,451
Income tax expenses	9	<u>(120,155)</u>	<u>(84,270)</u>
Profit for the year		<u>1,590,323</u>	<u>526,181</u>

	Note	2015 HK\$'000	2014 HK\$'000
Attributable to:			
Equity holders of the Company		1,537,162	470,369
Non-controlling interests		53,161	55,812
		<u>1,590,323</u>	<u>526,181</u>
Earnings per share			
– basic (HK\$ per share)	10	<u>5.21</u>	<u>1.65</u>
– diluted (HK\$ per share)	10	<u>5.21</u>	<u>1.65</u>
Dividends	11	<u>359,399</u>	<u>248,406</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015**

	2015 HK\$'000	2014 HK\$'000
Profit for the year	1,590,323	526,181
Other comprehensive (expenses)/income for the year		
Items that may not be reclassified to profit or loss		
Fair value surplus of properties upon transfer to investment properties	–	33,540
Fair value surplus of properties for own use	–	349,790
Release upon disposal of a property for own use	–	(123)
Share of other comprehensive income of an associate	–	3,865
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	(93,044)	(15,466)
Change in fair value of available-for-sale investments	(28,365)	23,348
Impairment loss on available-for sale investments transferred to consolidated income statement	44,685	10,532
Fair value adjustments on the derivative financial instruments designated as cash flow hedge in respect of interest rate swap contracts	(1,437)	1,041
Other comprehensive (expenses)/income for the year, net of tax	(78,161)	406,527
Total comprehensive income for the year	1,512,162	932,708
Attributable to:		
Equity holders of the Company	1,460,428	875,963
Non-controlling interests	51,734	56,745
	1,512,162	932,708

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Investment properties		3,680,497	3,646,873
Property, plant and equipment		1,970,089	2,094,523
Goodwill		690,184	681,743
Other intangible assets		17,235	26,199
Interests in associates		998,480	749,811
Interests in joint ventures		1,510,132	1,507,333
Available-for-sale investments		201,092	456,041
Derivative financial instruments		18,073	–
Properties under development		789,476	757,459
Deferred tax assets		16,255	33,856
Other non-current assets		154,169	133,859
		<u>10,045,682</u>	<u>10,087,697</u>
Current assets			
Amounts due from associates		11,298	318,122
Amounts due from joint ventures		50	128,799
Amounts due from non-controlling interests		33,800	20,281
Investments at fair value through profit or loss		364,334	320,732
Inventories		154,803	169,506
Properties for sale		44,367	54,808
Properties under development		623,349	410,748
Debtors, deposits and prepayments	12	1,235,726	1,025,520
Amounts due from customers for contract work		133,437	171,754
Derivative financial instruments		13,220	10,342
Prepaid tax		6,492	6,282
Bank balances and cash		2,662,622	1,200,835
		<u>5,283,498</u>	<u>3,837,729</u>

	Note	2015 HK\$'000	2014 HK\$'000
Current liabilities			
Amounts due to associates		29,685	29,372
Amount due to a non-controlling interest		3,538	4,154
Dividend payable to a non-controlling interest		–	1,400
Amounts due to customers for contract work		951,485	549,509
Derivative financial instruments		13,247	7,094
Creditors, bills payable, deposits and accruals	13	1,456,697	1,214,569
Unearned insurance premiums and unexpired risk reserves		113,730	126,170
Outstanding insurance claims		376,048	368,327
Deferred income		25,499	23,250
Current income tax liabilities		60,808	53,591
Bank and other borrowings		589,848	653,968
		<u>3,620,585</u>	<u>3,031,404</u>
Net current assets		<u>1,662,913</u>	<u>806,325</u>
Total assets less current liabilities		<u>11,708,595</u>	<u>10,894,022</u>
Capital and reserves			
Share capital	14	374,989	366,093
Reserves		7,514,262	6,248,138
		<u>7,889,251</u>	<u>6,614,231</u>
Shareholders' funds		7,889,251	6,614,231
Non-controlling interests		509,498	462,568
		<u>8,398,749</u>	<u>7,076,799</u>
Total equity		<u>8,398,749</u>	<u>7,076,799</u>
Non-current liabilities			
Unearned insurance premiums		108,355	141,715
Bank and other borrowings		2,938,280	3,413,087
Deferred tax liabilities		263,211	262,421
		<u>3,309,846</u>	<u>3,817,223</u>
Total equity and non-current liabilities		<u>11,708,595</u>	<u>10,894,022</u>

NOTES

1 Basis of preparation

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

2 Accounting policies

(i) Interpretation and amendments to existing standards that are effective for the Group’s financial year beginning on 1 April 2014

The following interpretation and amendments to existing standards, that are relevant to the Group’s operation, are mandatory for the financial year of the Group beginning on 1 April 2014:

- HKAS 32 (amendment), “Offsetting financial assets and financial liabilities”
- HKAS 36 (amendment), “Recoverable amount disclosures for non-financial assets”
- HKAS 39 (amendment), “Novation of derivatives and continuation of hedge accounting”
- HKFRS 10, HKFRS 12 and HKAS 27 (2011) (amendment), “Investment entities”
- HK(IFRIC) – Int 21, “Levies”

Amendment to HKAS 36, “Impairment of assets”, on the recoverable amount disclosures for non-financial assets removed certain disclosures of the recoverable amount of cash-generating units, which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

The adoption of other interpretation and amendments to existing standards does not have significant impact on the Group’s consolidated results and financial position nor any substantial changes in the Group’s accounting policies and the presentation of the consolidated financial statements.

(ii) New standards and amendments and improvements to existing standards that have been issued but not yet effective and have not been early adopted by the Group

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 2014 and have not been early adopted:

- HKAS 1 (amendment), “Disclosure initiative”³
- HKAS 16 and HKAS 38 (amendment), “Clarification of acceptable methods of depreciation and amortisation”³
- HKAS 19 (2011) (amendment), “Defined benefit plans – Employee contributions”²
- HKAS 27 (2011) (amendment), “Equity method in separate financial statements”³
- HKFRS 9, “Financial instruments”⁵
- HKFRS 10 and HKAS 28 (amendment), “Sale or contribution of assets between an investor and its associate or joint venture”³
- HKFRS 10, HKFRS 12 and HKAS 28 (amendment), “Investment entities – Applying the consolidation exception”³
- HKFRS 11 (amendment), “Accounting for acquisition of interests in joint operation”³
- HKFRS 14, “Regulatory deferral accounts”³
- HKFRS 15, “Revenue from contracts with customers”⁴
- Annual Improvements Project – Improvements to HKFRS 2010-2012 Cycle¹
- Annual Improvements Project – Improvements to HKFRS 2011-2013 Cycle²
- Annual Improvements Project – Improvements to HKFRS 2012-2014 Cycle³

- ¹ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
- ² Effective for annual periods beginning on or after 1 July 2014
- ³ Effective for annual periods beginning on or after 1 January 2016
- ⁴ Effective for annual periods beginning on or after 1 January 2017
- ⁵ Effective for annual periods beginning on or after 1 January 2018

The Group has already commenced an assessment of the related impact 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.

New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements for the year ending 31 March 2016 of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3 Segment information

Management has determined the operating segments based on the reports reviewed by the Directors, the chief operating decision-maker, that are used to make strategic decisions. The Directors consider the business from a product/service perspective. Principal activities of the segments are as follows:

Construction and engineering: Construction and engineering work for aluminium building materials and curtain walls, building construction, electrical and mechanical, lift and escalator, pipe technology and environmental contracts.

Insurance and investment: General insurance business except aircraft, aircraft liabilities and credit insurance, and investment in securities.

Property: Property investment, development and management, cold storage and logistics, senior housing and hotel operations.

Food and beverage: Restaurant and bar.

Others: Sale and servicing of information technology equipment and business machines, retailing, trading and servicing of motor vehicles, grocery trading and fresh produce supply.

Segment revenue is measured in a manner consistent with that in the consolidated income statement, except that it also includes the Group's share of revenue of associates and joint ventures on a proportionate consolidated basis. The sales from associates and joint ventures to the Group and sales between individual associates and joint ventures are not eliminated.

The Directors assess the performance of the operating segments based on a measure of segment results. This measurement includes the Group's share of results of associates and joint ventures on a proportionate consolidated basis. Unallocated corporate expenses, finance income and costs, income tax expenses and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except prepaid tax, unallocated bank balances and cash, deferred tax assets and other unallocated assets.

Segment liabilities mainly consist of current liabilities and non-current liabilities as disclosed in the consolidated statement of financial position except current income tax liabilities, bank and other borrowings, deferred tax liabilities and other unallocated liabilities.

Revenue and results

	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 year ended 31 March 2015						
REVENUE						
Total revenue	2,545,134	174,076	1,098,156	605,346	669,965	5,092,677
Inter-segment revenue	–	(19,906)	(48,126)	–	(11,994)	(80,026)
Group revenue	2,545,134	154,170	1,050,030	605,346	657,971	5,012,651
Share of revenue of associates and joint ventures	2,154,243	–	60,512	95,026	2,235,519	4,545,300
Proportionate revenue from a joint venture eliminated	(15,545)	–	–	–	–	(15,545)
Segment revenue	4,683,832	154,170	1,110,542	700,372	2,893,490	9,542,406
RESULTS						
Segment profit/(loss)	317,805	50,261	1,576,473	25,771	(139,823)	1,830,487
Included in segment profit/(loss) are:						
Share of results of associates	124,214	–	156	7,980	117,056	249,406
Share of results of joint ventures	242	–	(28,995)	–	–	(28,753)
Increase in fair value of investment properties	–	–	193,312	–	–	193,312
Depreciation and amortisation, net of capitalisation	(6,656)	(180)	(71,690)	(29,435)	(6,205)	(114,166)
Impairment loss on property, plant and equipment	–	–	–	(3,452)	–	(3,452)
Impairment loss on amounts due from associates	–	–	(39)	(307)	(66,485)	(66,831)
Impairment loss on amounts due from joint ventures	–	–	(153,874)	–	–	(153,874)
Impairment loss on available-for-sale investments	–	(17,639)	–	–	(192,747)	(210,386)
Unrealised (loss)/gain on derivative financial instruments	(77)	(4,320)	–	2,073	(2,802)	(5,126)
Unrealised gain on investments at fair value through profit or loss	–	17,213	–	–	–	17,213
Write (down)/back of inventories to net realisable value, net	(308)	–	–	–	2,434	2,126
Impairment loss on trade and other debtors	(3,156)	(65)	(7,857)	(282)	(20,475)	(31,835)

	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 year ended 31 March 2014						
REVENUE						
Total revenue	1,606,628	363,623	973,252	572,114	704,539	4,220,156
Inter-segment revenue	–	(45,446)	(47,962)	–	(13,367)	(106,775)
Group revenue	1,606,628	318,177	925,290	572,114	691,172	4,113,381
Share of revenue of associates and joint ventures	2,120,165	–	118,217	86,698	2,252,686	4,577,766
Proportionate revenue from a joint venture eliminated	(30,424)	–	–	–	–	(30,424)
Segment revenue	3,696,369	318,177	1,043,507	658,812	2,943,858	8,660,723
RESULTS						
Segment profit/(loss)	292,536	61,730	407,300	22,276	(41,569)	742,273
Included in segment profit/(loss) are:						
Share of results of associates	119,419	–	363	(2,745)	(37,661)	79,376
Share of results of joint ventures	514	–	(9,547)	–	–	(9,033)
Increase in fair value of investment properties	–	–	201,510	–	–	201,510
Depreciation and amortisation, net of capitalisation	(6,339)	(1,315)	(61,451)	(28,783)	(7,279)	(105,167)
Impairment loss on amount due from an associate	–	–	–	(908)	–	(908)
Impairment loss on amount due from a joint venture	–	–	(14,087)	–	–	(14,087)
Impairment loss on available-for-sale investments	–	(10,532)	–	–	–	(10,532)
Unrealised (loss)/gain on derivative financial instruments	(2)	5,842	–	5,685	(1,011)	10,514
Unrealised loss on investments at fair value through profit or loss	–	(863)	–	–	–	(863)
Write down of inventories to net realisable value, net	(3)	–	–	–	(971)	(974)
Impairment loss written back/(recognised) on trade and other debtors	1,541	(118)	(4,120)	–	8	(2,689)
Impairment loss written back on retention receivables	25	–	–	–	–	25

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

Total segment revenue are reconciled to the Group's revenue in the consolidated income statement as follows:

	2015	2014
	HK\$'000	HK\$'000
Total segment revenue	9,542,406	8,660,723
Add: Proportionate revenue from a joint venture eliminated	15,545	30,424
Less: Share of revenue of associates and joint ventures		
Construction and installation contracts	1,766,890	1,759,390
Fresh produce supply	1,131,515	1,344,964
Sale of motor vehicles and others	1,103,482	907,307
Provision of maintenance and other services	388,041	361,436
Food and beverage	95,026	86,698
Hotel operations	30,456	35,985
Sales and leasing of properties	29,890	81,986
	4,545,300	4,577,766
Total revenue in the consolidated income statement	5,012,651	4,113,381

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

	2015	2014
	HK\$'000	HK\$'000
Segment profit	1,830,487	742,273
Unallocated corporate expenses	(24,698)	(29,165)
Finance income	19,315	14,355
Finance costs	(114,626)	(117,012)
Profit before taxation	1,710,478	610,451

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
At 31 March 2015						
ASSETS						
Segment assets	1,551,076	1,308,137	10,822,428	332,455	809,834	14,823,930
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
LIABILITIES						
Segment liabilities	1,424,080	629,723	845,603	82,222	71,018	3,052,646
Included in segment liabilities is:						
Amounts due to associates	–	–	29,400	285	–	29,685
At 31 March 2014						
ASSETS						
Segment assets	1,246,655	1,182,600	9,578,653	329,720	1,161,916	13,499,544
Included in segment assets are:						
Interests in associates	423,806	–	30,627	41,553	253,825	749,811
Interests in joint ventures	11,454	–	1,495,879	–	–	1,507,333
Amounts due from associates	14,593	–	38	20,222	283,269	318,122
Amounts due from joint ventures	64	–	128,735	–	–	128,799
Additions to non-current assets (note)	8,209	96	158,685	13,126	7,372	187,488
LIABILITIES						
Segment liabilities	1,003,350	655,327	608,506	98,467	64,514	2,430,164
Included in segment liabilities is:						
Amount due to an associate	–	–	29,372	–	–	29,372

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:

	2015	2014
	HK\$'000	HK\$'000
Segment assets	14,823,930	13,499,544
Prepaid tax	6,492	6,282
Unallocated bank balances and cash	473,574	383,115
Deferred tax assets	16,255	33,856
Other unallocated assets	8,929	2,629
	<hr/>	<hr/>
Total assets	15,329,180	13,925,426
	<hr/> <hr/>	<hr/> <hr/>
	2015	2014
	HK\$'000	HK\$'000
Segment liabilities	3,052,646	2,430,164
Current income tax liabilities	60,808	53,591
Bank and other borrowings	3,528,128	4,067,055
Deferred tax liabilities	263,211	262,421
Other unallocated liabilities	25,638	35,396
	<hr/>	<hr/>
Total liabilities	6,930,431	6,848,627
	<hr/> <hr/>	<hr/> <hr/>

Geographical information

The Group's operations in construction and engineering business are mainly located in Hong Kong, Mainland China, Macau and Australia. Insurance and investment business is mainly conducted in Hong Kong. Property business is mainly carried out in Hong Kong, Mainland China, 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 business are mainly located in Hong Kong, Mainland China, Macau and Singapore. Property business is mainly carried out in Hong Kong and Mainland China. Food and beverage business is carried out in Hong Kong and Mainland China. Other businesses are carried out in Mainland China and Australia.

	Segment revenue by geographical areas							
	Company	Associates	2015		Company	Associates	2014	
	and subsidiaries	and joint ventures	Total	%	and subsidiaries	and joint ventures	Total	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
Hong Kong	2,411,245	413,802 ¹	2,825,047	30	2,213,545	486,850 ¹	2,700,395	31
Mainland China	73,887	2,593,846	2,667,733	28	64,505	2,365,031	2,429,536	28
Macau	1,267,832	67,101	1,334,933	14	570,681	47,402	618,083	7
Australia	164,653	1,131,515	1,296,168	13	175,991	1,344,964	1,520,955	17
US	620,784	–	620,784	6	587,943	–	587,943	7
Canada	397,473	–	397,473	4	396,526	–	396,526	5
Singapore	13,318	322,954	336,272	4	12,880	302,552	315,432	4
Thailand	53,455	–	53,455	1	72,442	–	72,442	1
Others	10,004	537	10,541	–	18,868	543	19,411	–
	5,012,651	4,529,755	9,542,406	100	4,113,381	4,547,342	8,660,723	100
	5,012,651	4,529,755	9,542,406	100	4,113,381	4,547,342	8,660,723	100

¹ The proportionate revenue from a joint venture is eliminated.

The Group maintains a healthy and balanced portfolio of customers. For the year ended 31 March 2015, HK\$668,198,000 was derived from a single external customer in construction and engineering segment and accounted for more than 10% of the total revenue of the Group. For the year ended 31 March 2014, no customer accounted for 10% or more of the total revenue of the Group.

The following is an analysis of the carrying amounts of non-current assets other than financial instruments (including interests in associates and joint ventures) and deferred tax assets analysed by geographical areas:

	Non-current assets	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong	3,610,900	3,655,977
Mainland China	1,653,968	1,596,188
US	1,278,834	1,298,459
Singapore	481,684	523,946
Canada	172,022	163,826
Macau	22,828	25,645
Australia	10,584	11,749
Others	19,838	20,095
	<u>7,250,658</u>	<u>7,295,885</u>

4 Revenue

	2015	2014
	HK\$'000	HK\$'000
Revenue represents amounts received and receivable from:		
Construction and installation contracts	2,395,785	1,471,011
Sale of information technology equipment, motor vehicles and others	744,305	766,653
Food and beverage	605,346	572,114
Senior housing operations	505,659	473,588
Sales and leasing of properties	218,216	141,632
Warehouse and logistics operations	187,151	173,316
Provision of maintenance and property management	157,542	150,793
Insurance premium	108,214	275,378
Hotel operations	37,969	40,738
Dividend income from investments	32,731	32,360
Interest income from investments	13,225	10,439
Leasing of vehicles and equipment	6,508	5,359
	<u>5,012,651</u>	<u>4,113,381</u>

5 Other income, net

	2015	2014
	HK\$'000	HK\$'000
Gain/(loss) on investments at fair value through profit or loss		
– held-for-trading	19,547	22,861
– designated upon initial recognition	–	(310)
Gain on derivative financial instruments	15,977	14,161
Other investment income	6,158	6,466
Commission income	9,068	9,264
Marketing and promotion income	5,024	2,018
Sales and marketing services income from an associate	24,651	23,538
Interest income from an associate	37,866	–
Management fee income from associates and joint ventures	26,315	33,448
Others	10,497	6,827
	155,103	118,273

6 Other gains, net

	2015	2014
	HK\$'000	HK\$'000
Increase in fair value of investment properties	193,312	201,510
Gain on disposal of an investment property	642	–
(Loss)/gain on disposal of property, plant and equipment	(368)	9,010
Gain/(loss) on disposal of		
– Peak Gain Limited (note 15(i))	1,247,689	–
– other subsidiaries	16,819	(787)
(Loss)/gain on disposal of available-for-sale investments	(49)	42
Impairment loss on property, plant and equipment	(3,452)	–
Impairment loss on amounts due from associates	(66,831)	(908)
Impairment loss on amounts due from joint ventures	(153,874)	(14,087)
Impairment loss on available-for-sale investments	(210,386)	(10,532)
Impairment loss on trade and other debtors	(31,835)	(2,689)
Impairment loss written back on retention receivables	–	25
Exchange loss	(34,618)	(6,310)
	957,049	175,274

7 Finance costs, net

	2015	2014
	HK\$'000	HK\$'000
Interest expenses on bank overdrafts and bank and other borrowings		
wholly repayable within five years	78,562	132,378
Interest expenses on bank and other borrowings not		
wholly repayable within five years	42,531	1,788
Less: Amounts capitalised to properties under development (note)	(6,467)	(17,154)
	114,626	117,012
Less: Interest income from bank deposits	(19,315)	(14,355)
	95,311	102,657

Note: The capitalisation rate applied to funds borrowed and used for the development of properties was at 5.9% per annum (2014: between 5.9% and 7.0%).

8 Profit before taxation

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging the following:		
Depreciation of property, plant and equipment	110,790	99,673
Less: Amount capitalised to contract work	(1,896)	(1,583)
	108,894	98,090
Staff costs	1,045,896	977,788
Less: Amount capitalised to contract work	(145,504)	(113,000)
	900,392	864,788
Operating lease payments in respect of leasing of		
– premises		
– under minimum lease payments	96,544	90,499
– under contingent rent	5,697	2,551
– equipment	3,435	2,950
	105,676	96,000
Auditors' remuneration		
– current year	11,307	11,334
– over-provision in prior years	(580)	–
	10,727	11,334
Amortisation of other intangible assets	5,272	7,077
Write down of inventories to net realisable value, net	–	974
Acquisition-related expenses	–	8,726
and crediting the following:		
Write back of inventories to net realisable value, net	2,126	–
Gross rental income of HK\$148,716,000 (2014: HK\$138,655,000) from properties less direct operating expenses	139,352	128,865

9 Income tax expenses

	2015 HK\$'000	2014 HK\$'000
Current tax		
– Hong Kong	66,585	51,959
– Mainland China and overseas	24,164	33,089
– (Over)/under-provision in prior years	(1,885)	92
	88,864	85,140
Deferred tax		
– Origination and reversal of temporary differences	31,291	(870)
	120,155	84,270

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 year at the rates of taxation prevailing in the countries in which the Group operates.

10 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK\$1,537,162,000 (2014: HK\$470,369,000) by the weighted average number of 294,897,000 (2014: 285,102,000) ordinary shares in issue during the year ended 31 March 2015.

(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 31 March 2015, the Group had potential ordinary shares in an associate, which were issuable upon exercise of share option being granted. There was no potential dilutive effect from such share option held during the year. As at 31 March 2015 and 2014, associates of the Group had potential ordinary shares which were issuable upon exercise of share options granted. There was no potential dilutive effect from such share options during both years.

11 Dividends

	2015 HK\$'000	2014 HK\$'000
Interim dividend of HK\$0.20 (2014: HK\$0.20) per share paid	59,409	58,038
Special dividend of HK\$0.50 (2014: nil) per share proposed	149,995	–
Final dividend of HK\$0.50 (2014: HK\$0.65) per share proposed	149,995	190,368
	<u>359,399</u>	<u>248,406</u>

Of the dividends paid during the year ended 31 March 2015, HK\$39,157,000 and HK\$52,743,000 were paid in form of shares under the Company's scrip dividend schemes in respect of the interim dividend for the year ended 31 March 2015 and the final dividend for the year ended 31 March 2014 respectively. Of the dividends paid during the year ended 31 March 2014, HK\$36,873,000 and HK\$121,049,000 were paid in form of shares under the Company's scrip dividend schemes in respect of the interim dividend for the year ended 31 March 2014 and final dividend for the year ended 31 March 2013.

A special dividend of HK\$0.50 per share and a final dividend of HK\$0.50 per share totaling HK\$299,990,000, with an option to receive shares of the Company, have been proposed by the Directors and are subject to approval by the shareholders in the forthcoming annual general meeting. The amount will be reflected as an appropriation of retained profits for the year ending 31 March 2016.

12 Debtors, deposits and prepayments

	2015 HK\$'000	2014 HK\$'000
Trade debtors	669,863	495,804
Less: Provision for impairment	(24,686)	(19,920)
Trade debtors, net	<u>645,177</u>	<u>475,884</u>
Retention receivables	262,502	204,516
Less: Provision for impairment	(33,570)	(33,570)
Retention receivables, net	<u>228,932</u>	<u>170,946</u>
Other debtors, deposits and prepayments	<u>361,617</u>	<u>378,690</u>
	<u>1,235,726</u>	<u>1,025,520</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:

	2015	2014
	HK\$'000	HK\$'000
0 – 60 days	501,743	296,405
61 – 90 days	38,642	23,264
Over 90 days	104,792	156,215
	645,177	475,884

13 Creditors, bills payable, deposits and accruals

	2015	2014
	HK\$'000	HK\$'000
Trade creditors and bills payable	249,154	213,510
Deposits received	649,585	391,113
Retention payables	113,679	106,039
Accrued contract costs	84,221	121,544
Other creditors and accruals	360,058	382,363
	1,456,697	1,214,569

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

	2015	2014
	HK\$'000	HK\$'000
0 – 60 days	223,334	193,294
61 – 90 days	9,502	4,944
Over 90 days	16,318	15,272
	249,154	213,510

14 Share capital

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$1.25 each		
Authorised:		
At 1 April 2013, 31 March 2014 and 31 March 2015	<u>540,000,000</u>	<u>675,000</u>
Issued and fully paid:		
At 1 April 2014	292,874,003	366,093
Issue of shares under scrip dividend schemes	<u>7,116,832</u>	<u>8,896</u>
At 31 March 2015	<u>299,990,835</u>	<u>374,989</u>
At 1 April 2013	281,386,811	351,734
Issue of shares under scrip dividend schemes	<u>11,487,192</u>	<u>14,359</u>
At 31 March 2014	<u>292,874,003</u>	<u>366,093</u>

15 Acquisition and disposal of businesses for the year ended 31 March 2015

(i) Disposal of Peak Gain Limited

Pursuant to the sale and purchase agreement dated 11 December 2014, the Group disposed of Peak Gain Limited, a wholly-owned subsidiary of the Company, to an independent third party on 31 March 2015, at an aggregate consideration of approximately HK\$1,413,127,000. Peak Gain Limited is principally engaged in investment holding and its material asset is a property located at New Kowloon Inland Lot. No. 5972.

Pursuant to the tenancy agreement dated 31 March 2015, the independent third party had also agreed to lease the property back to the Group for a period of three years from the completion date at a monthly rental of HK\$2,100,000 for the first year and HK\$3,200,000 for each of the second and third years. Management considered the monthly rental under lease was determined based on arm's length transaction with the new buyer and with reference to prevailing market rental of similar properties nearby.

(ii) 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.

16 Contingent liabilities

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

	2015 HK\$'000	2014 HK\$'000
Banking facilities granted to associates	23,320	98,818
Banking facilities granted to a joint venture	154,939	136,235
Banking facilities granted to a joint venture partner	142,800	168,300
Guarantees given to banks for mortgage facilities granted to certain buyers of properties	<u>316,025</u>	<u>158,313</u>
	<u>637,084</u>	<u>561,666</u>

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

	2015 HK\$'000	2014 HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the joint ventures' properties	<u>6,408</u>	<u>25,318</u>

17 Commitment

The Group had commitment as follows:

	2015 HK\$'000	2014 HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– acquisition of plant and equipment	5,277	1,797
– a property development project	<u>255,272</u>	<u>346,477</u>
	260,549	348,274
Authorised but not contracted for in respect of a property development project	<u>1,633,096</u>	<u>1,757,417</u>
	<u>1,893,645</u>	<u>2,105,691</u>

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

	2015 HK\$'000	2014 HK\$'000
Contracted but not provided for	515,698	113,875
Authorised but not contracted for	<u>370,611</u>	<u>430,971</u>
	<u>886,309</u>	<u>544,846</u>

18 Events after the end of the reporting period

(i) 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\$0.4 billion, which represents the cost of share capital and amount due to the Group. CCPD was a company established in Mainland China and owned as 49% joint venture by the Group as of 31 March 2015. The transaction was completed in April 2015 and Dolce Field became a wholly-owned subsidiary of the Company since then.

As at the date of approval of these consolidated financial statements, management is in the process of obtaining professional valuation to determine the fair value of assets and liabilities acquired.

(ii) 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\$0.1 billion, 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 of 31 March 2015. The transaction was completed in April 2015 and Mass Harvest remained as a joint venture of the Group.

As at the date of approval of these consolidated financial statements, management is in the process of obtaining professional valuation to determine the fair value of assets and liabilities acquired.

DIVIDEND

The Board of Directors recommends the payment of a special dividend of HK\$0.50 (2014: nil) and a final dividend of HK\$0.50 (2014: HK\$0.65) (special dividend together with final dividend collectively, the “Proposed Dividends”) per share payable to shareholders whose names appear on the Register of Members of the Company on Thursday, 10 September 2015. Subject to the approval by the shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 27 August 2015 (the “AGM”), the dividend warrants will be distributed and paid on or about Friday, 30 October 2015. Together with the interim dividend of HK\$0.20 (2014: HK\$0.20) per share paid on Monday, 9 February 2015, the total dividends for the year amounted to HK\$1.20 (2014: HK\$0.85) per share.

The Proposed Dividends will be payable in cash, with an option granted to shareholders to receive new and fully paid shares of HK\$1.25 each in the share capital of the Company in lieu of cash, or partly in cash and partly in shares under the scrip dividend scheme (the “Scrip Dividend Scheme”). The circular containing details of the Scrip Dividend Scheme and the relevant election form will be sent to shareholders on or about Wednesday, 30 September 2015. The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

The Proposed Dividends will be distributed and the share certificates issued under the Scrip Dividend Scheme will be sent to shareholders on or about Friday, 30 October 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from Monday, 24 August 2015 to Thursday, 27 August 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, 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, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 August 2015.

The record date for entitlement to the Proposed Dividends is Thursday, 10 September 2015. For determining the entitlement to the Proposed Dividends, the Register of Members of the Company will be closed from Monday, 7 September 2015 to Thursday, 10 September 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the Proposed Dividends, 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, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group’s consolidated revenue increased by 21.9%, from HK\$4,113 million in 2013/14 to HK\$5,013 million for the year ended 31 March 2015. Major contributor of the increase was the construction and engineering segment. Total segment revenue, which included the Group’s share of revenue of associates and joint ventures, grew to HK\$9,542 million from HK\$8,661 million, a 10.2% increase over last financial year.

After taking up the one-off gain resulting from the sale of a property via the disposal of a wholly-owned subsidiary, offsetting by an impairment loss in respect of the available-for-sale investment in fresh produce supply business in Australia, profit for the year ended 31 March 2015 boosted 202.3% from HK\$526 million in 2013/14 to HK\$1,590 million. Profit attributable to equity holders for the year ended 31 March 2015 reached HK\$1,537 million (2014: HK\$470 million) and earnings per share of HK\$5.21 (2014: HK\$1.65).

Construction and Engineering

The construction and engineering segment's revenue for the year ended 31 March 2015 recorded an increase of 26.7% to HK\$4,684 million (2014: HK\$3,696 million). The increase in revenue was due to the significant increase in revenue captured in performing the contracts from building construction and electrical and mechanical engineering in Hong Kong and Macau, and also the steady growth in lift and escalator contracts of the Group's associates. In line with the improvement in revenue, profit of this segment also increased by 8.5% from HK\$293 million in 2013/14 to HK\$318 million in 2014/15.

The booming construction market in Hong Kong and the rapid development of casinos and integrated resorts in Macau gave numerous opportunities on business growth for the construction and engineering segment. Although the building construction division secured a number of contracts during the year under review, it continued to face keen operating environment in the construction industry. In response to rising material and labour costs, the division will continue implementing measures to control cost and enhance operation efficiency.

The electrical and mechanical engineering division developed steadily and continued to allocate its substantial resources in Macau market. With its proven track record, the division has secured another major contract from a Macau casino and hotel developer during the year under review. While the growth of visitor arrivals in Macau is cooling off and the casino and hotel business has been facing challenging moment since 2014, certain new casinos and hotels development are still in progress in the next few years. Despite the healthy back log currently with the division, the Group is prudent about its electrical and mechanical engineering business in Macau and will rebalance its resources allocation to both Macau and Hong Kong markets in the years to come.

Working progress for the contracts awarded by the HKSAR Government and CLP to the environmental engineering division was satisfactory. With the professional experience in environmental engineering field, the division will continue to explore opportunities arising from the Integrated Waste Management Facilities projects. Stylish kitchen cabinets provided by the building supplies division experienced a stable development during the year. With the strong market demand for luxury residential properties from the prestige property developers, this division will continually cooperate with potential partners and explore business opportunities.

Due to the sustainable development of construction industry in Hong Kong, the aluminium windows and curtain walls division has maintained a stable contribution during the year. In meeting with the market growth for the aluminium works, the production center of this division has enhanced its efficiency and capacity by adding advanced equipment. Its business in Australia further developed with several contracts secured. The Group is optimistic about the prospects of this division in the coming year.

With the launch of new generation lift and escalator equipment powered by green technology, the lift and escalator division, the Group's associates, has achieved sustainable business growth in Hong Kong, China, Singapore and Macau during the financial year. Sizable contracts were secured in Hong Kong and from Housing & Development Board in Singapore. Following the completion of new installation projects, the division is well positioned to provide repair and maintenance services in meeting with the needs of its customers and generating sustainable growth to its maintenance division.

As at 31 March 2015, the total value of the outstanding construction and engineering contracts in hand of the Group's subsidiaries amounted to HK\$5,850 million. Major contracts are:

1. Construction of the superstructure works at TL117 Tseung Kwan O, N.T.;
2. Construction of the property development at Long Ping Station, Yuen Long, N.T.;
3. Electrical and mechanical works for the Wynn Palace in Macau;
4. Expansion of Tai Po Water Treatment Works Stream II, Tai Po, N.T.;
5. Design, supply and installation of curtain walls for Area 66 D1, Tseung Kwan O, N.T.; and
6. Supply of prestigious "Manhattan" kitchen cabinets for the property development at TPTL 200, Tai Po, N.T. and Lee Tung Street, Wanchai, H.K.

Insurance and Investment

Revenue of the insurance and investment segment dropped by 51.6% from HK\$318 million in 2013/14 to HK\$154 million in 2014/15, mainly due to the absence of significant employees' compensation insurance contracts this year. Segment profit also dropped from HK\$61.7 million to HK\$50.3 million when compared with last year. The decrease in profit was caused by the reduction in gain on securities investment after a scale down of equity securities investments and the higher amount of impairment loss on available-for-sales investments in this financial year.

Insurance underwriting has always been a fiercely competitive business and insurance business has not been immune to the conditions that prevailed in this sector during the year. The Group will continue to adopt prudential underwriting approach and keep its operation at a competitive level in running the insurance business.

The Group's investment performance in the year was relatively steady for the focus on asset classes with lower volatility. Given the increase in investment flow into the global equity market as a result of monetary easing implemented by central banks across the globe, the slower-than-expected recovery in US and continuous loss of growth momentum from the economic data published by the People's Republic of China government, the Group will rebalance the investment portfolio and be cautious with the downside risks.

Property

The property segment's revenue had increased slightly by 6.4% from HK\$1,044 million in 2013/14 to HK\$1,111 million for the year under review. In addition to the increase in the Group's revenue from the disposal of properties for sale in Hong Kong, the steady growth in senior housing, cold storage and logistics and property management businesses contributed to maintain the segment revenue's stability. The segment's profit recorded a significant growth from HK\$407 million in 2013/14 to HK\$1,576 million in 2014/15. The booster of the segment profit was primarily due to the gain of HK\$1,248 million recorded from the disposal of Chevalier Engineering Service Centre through a wholly-owned subsidiary of the Group, offsetting partially by written down of HK\$118 million on amount due from a joint venture in property development projects.

Over 71,000 sq. m. (equal to 75% of residential units) contracted sales of Phase I was recorded in the Group's "Chevalier City" project in Changchun. The project is situated at Luyuan District in which the Group has 96% interest. Construction of Phase II has been commenced and is currently in the foundation stage. The Group expects Phase II of Chevalier City will be ready for pre-sale by the end of 2015/16 financial year.

18% of residential units and 10% of villas in Phase I of "Chateau Ermitas" situated at Shuangliu County, Chengdu were sold as of 31 March 2015. To control and increase in the involvement in the business development and operation planning in the sale of the Chengdu properties, the Group acquired all the interest of the project company from its joint venture partner, the completion of which took place in April 2015. The Group thus currently owns all the equity interest in "Chateau Ermitas" project.

Senior housing business continued to show improvement in its operations. In addition to the 15 senior housing facilities, the Group switched two more properties from the floating rate mortgage loans to fixed rate long maturity loans. The move strengthens further the Group's cash flow position and ability to cope with potential rising interest rate in the future. Given the Group is positive to the senior housing industry, it will continue to work closely with the operators to enhance value of its existing properties and make further acquisitions as opportunities arise.

Both cold storage and logistics and property management businesses remained stable and generated steady revenue and contribution to the Group. The cold storage and logistics operation continually achieved satisfactory business growth with the overall occupancy rate over 90%. The Group will look for opportunities in expanding the business scope and network globally.

During the year under review, a portfolio of over 30,000,000 sq. ft. residential, commercial and industrial properties was under the professional management of the Group's property management arm in Hong Kong.

Food & Beverage

Despite the keen competition of restaurant and bar business and challenging operating environment, including the Occupy Central movement earlier in the year under review, Cafe Deco Group had been able to continue the momentum from the first half of the financial year and the segment, including the Group's share of revenue of associates, recorded total segment revenue of HK\$700 million, a 6.2% increase from previous year (2014: HK\$659 million). The segment profit had been increased by 15.7%, from HK\$22.3 million in 2013/14 to HK\$25.8 million. Though the performance of new outlets is outstanding, the one-off pre-operating costs of new outlets offset the profit.

During the year, Cafe Deco Group had added two Berliner outlets and one Cafe Deco Pizzeria outlet, which received positive results. In response to the strong demands of the market, Cafe Deco Group will continue to expand scalable concepts, such as Berliner and Cafe Deco Pizzeria in Hong Kong, and to look for expansion opportunities in Mainland China and overseas. In addition, Cafe Deco Group has established a partnership with Fauchon, a leading force in contemporary French culinary culture, and opened the first Fauchon workshop and retail corner at our Cafe Deco Peak outlet.

Furthermore, the expansion of the centralised food processing facility will allow Cafe Deco Group to have more control on the food quality as well as to be well positioned to expand the distribution business under its umbrella. Cafe Deco Group will continue to look for expanding their range of premium products to add to their distribution business and will become one of the key focuses going forward.

Others

The segment's revenue was dropped by 1.7%, from HK\$2,944 million in 2013/14 to HK\$2,893 million. Despite the strong performance of car dealership business of the Group's associates in Chengdu, the unsatisfactory performance of fresh produce supply business in Australia eroded the revenue from this segment.

Compared with last financial year, the segment result slumped from a loss of HK\$41.6 million to a loss of HK\$140 million, mainly due to the impairment loss of HK\$193 million in respect of the available-for-sale investment in fresh produce supply business in Australia, partially offset by an increase in share of profit generated from car dealership business of the Group's associates. With the opening of two new shops in Chengdu and the implementation of effective cost control measures, revenue and profit of car dealership business are expected to have steady growth in the coming year.

In Canada, the performance of two automobile dealerships, Action Honda and Aurora Chrysler, was satisfactory during the year under review. Total revenue of Action Honda and Aurora Chrysler exceeded CAD32 million and CAD19 million respectively.

In Chengdu, a total of 13 4S shops are operated by a group of associates, in which the Group has 40% equity interest, in different cities of Sichuan province under car dealership business. There were over 15,000 units of car sales reaching turnover exceeding RMB2,200 million during the year.

Intense market competition and high operating costs still existed in the Group's information technology businesses that consist of notebook computers, network solutions and copiers businesses. The management has adopted cautious approach in operating the businesses during the year under review.

Fresh produce supply business in Australia operating by the Group's associates continued to underperform during the year under review. After the management change in September 2014, the business unit responded with a restructuring on multiple fronts, including the disposal of the hydroponic tomato business and the wholesale operations in New South Wales, Victoria, Queensland and West Australia. As a result, the business unit has put its focus on its potato business, which already is the largest fresh potato grower in Australia. With the streamlining of business lines, the business complexity and corresponding overheads have been reduced significantly.

The weakening of the Australian dollar, which depreciated approximately 15% against Hong Kong dollar during the year under review, contributed also to the impairment of the Group's investments in fresh produce supply business. As such, the Group will closely monitor the trend and continue the hedging of the position to minimise foreign currency exposure.

FINANCIAL REVIEW

As at 31 March 2015, the Group's net assets attributable to equity holders of the Company amounted to HK\$7,889 million (2014: HK\$6,614 million), an increase of HK\$1,275 million or 19.3% when compared with 2014. Such increase was mainly resulted from the profit attributable to equity holders of the Company of HK\$1,537 million, offsetting by the payment of dividends (net of issue of shares under scrip dividend schemes) of HK\$158 million and exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures of HK\$91.6 million during the year ended 31 March 2015.

As at 31 March 2015, the Group's bank and other borrowings decreased to HK\$3,528 million (2014: HK\$4,067 million) due to the settlement of debts by operating funds and proceeds from disposal of subsidiaries and pre-sales of properties under development. Cash and deposits at bank increased to HK\$2,663 million (2014: HK\$1,201 million).

The Group's bank and other borrowings in respect of the portion due within one year slightly increased to 16.7% as at 31 March 2015 which was relatively stable comparing to 16.1% as at 31 March 2014.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,500 full-time staff under its subsidiaries globally as at 31 March 2015. Total staff costs amounted to HK\$1,046 million for the year ended 31 March 2015. 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 year.

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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 March 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. All the Non-Executive Directors of the Company are not appointed for a specific term but subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Company's Bye-Laws.

Code Provision A.6.7 stipulates that the Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr Sun Kai Dah, George, an Independent Non-Executive Director was unable to attend the annual general meeting of the Company held on 29 August 2014 due to an oversea commitment.

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 year.

AUDIT COMMITTEE

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

During the year, the Audit Committee had 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 audited consolidated financial statements of the Group for the year ended 31 March 2015.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE’S WEBSITE

The annual results announcement of the Company for the year ended 31 March 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 annual report of the Company for the year ended 31 March 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

On behalf of the Board, I would like to express my sincere appreciation to all those who contributed to the Group’s success during the past financial year, including our stakeholders, customers and business partners. In addition, I would also extend my gratitude to our staff for their hard work and dedication that make the Group enable to meet the challenges in a rapid changing marketplace.

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

Hong Kong, 25 June 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), Chow Vee Tsung, Oscar, Ho Chung Leung, Ma Chi Wing and Miss Lily Chow as Executive Directors; Dr Chow Ming Kuen, Joseph, Messrs Sun Kai Dah, George, Yang Chuen Liang, Charles and Professor Poon Chung Kwong as Independent Non-Executive Directors; and Dr Ko Chan Gock, William as Non-Executive Director.

* *For identification purpose only*