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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 2024

RESULTS

The board of Directors (the “Board”) of Chevalier International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 March 2024, together with the comparative figures summarised as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 HK\$'000	2023 HK\$'000 (Restated)
Revenue	4	8,196,207	7,134,302
Cost of sales		(7,341,510)	(6,288,035)
Gross profit		854,697	846,267
Other income	5	92,783	124,195
Other (losses)/gains, net	6	(507,063)	25,231
Selling and distribution costs		(199,262)	(194,007)
Administrative expenses		(395,643)	(394,993)
Operating (loss)/profit		(154,488)	406,693
Share of results of associates		169,739	173,859
Share of results of joint ventures		(49,127)	(49,355)
		(33,876)	531,197

	Note	2024 HK\$'000	2023 HK\$'000 (Restated)
Finance income	7	89,706	52,454
Finance costs	7	<u>(217,082)</u>	<u>(137,212)</u>
Finance costs, net	7	<u>(127,376)</u>	<u>(84,758)</u>
(Loss)/profit before taxation	8	(161,252)	446,439
Taxation	9	<u>(161,512)</u>	<u>(153,784)</u>
(Loss)/profit for the year		<u>(322,764)</u>	<u>292,655</u>
Attributable to:			
Shareholders of the Company		(370,390)	257,568
Non-controlling interests		<u>47,626</u>	<u>35,087</u>
		<u>(322,764)</u>	<u>292,655</u>
(Loss)/earnings per share			
– basic and diluted (HK\$ per share)	10	<u>(1.23)</u>	<u>0.85</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2023
	HK\$'000	HK\$'000
		(Restated)
(Loss)/profit for the year	(322,764)	292,655
Other comprehensive (expenses)/income for the year		
Items that will not be reclassified to profit or loss		
Exchange difference attributable to non-controlling interests on translation of operations of overseas subsidiaries	(13,606)	(23,689)
Change in fair value of investments at fair value through other comprehensive income	4,061	(37,148)
Fair value surplus of property, plant and equipment upon transfer to investment properties	13,940	30,632
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures	(179,914)	(295,166)
Fair value adjustments on the derivative financial instruments designated as cash flow hedge	–	(65)
Other comprehensive expenses for the year, net of tax	(175,519)	(325,436)
Total comprehensive expenses for the year	(498,283)	(32,781)
Attributable to:		
Shareholders of the Company	(532,303)	(44,216)
Non-controlling interests	34,020	11,435
	(498,283)	(32,781)

Note:

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024**

	Note	As at 31 March 2024 HK\$'000	As at 31 March 2023 HK\$'000 (Restated)	As at 1 April 2022 HK\$'000 (Restated)
Non-current assets				
Investment properties		4,943,096	4,765,251	4,749,247
Property, plant and equipment		2,743,653	3,049,930	3,377,007
Goodwill		513,831	605,419	634,564
Other intangible assets		19,668	19,667	26,955
Interests in associates		741,397	720,543	676,946
Interests in joint ventures		961,002	1,083,636	1,193,344
Investments at fair value through other comprehensive income		54,151	50,204	91,738
Investments at fair value through profit or loss		871,908	943,012	750,707
Investments at amortised cost		209,492	214,113	101,800
Properties under development		187,274	197,465	214,449
Deferred tax assets		62,503	63,607	65,989
Amounts due from non-controlling interests		10,625	42,222	47,183
Reinsurance contract assets		41,804	43,373	27,602
Other non-current assets		186,748	83,237	76,841
		<u>11,547,152</u>	<u>11,881,679</u>	<u>12,034,372</u>
Current assets				
Amounts due from associates		30,907	19,015	25,242
Amounts due from joint ventures		135,894	109,649	102,263
Amounts due from non-controlling interests		35,610	32,771	33,031
Investments at fair value through profit or loss		839,894	615,241	484,665
Investments at amortised cost		304,237	38,393	–
Inventories		222,572	297,841	304,138
Properties for sale		770,019	1,008,031	1,086,268
Properties under development		1,917,266	1,899,043	1,482,036
Debtors, contract assets, deposits paid and prepayments	12	1,996,842	1,697,291	1,634,215
Derivative financial instruments		–	796	65
Reinsurance contract assets		68,432	–	8,840
Prepaid tax		23,473	26,802	21,947
Bank balances and cash		2,472,257	2,502,637	2,667,092
		<u>8,817,403</u>	<u>8,247,510</u>	<u>7,849,802</u>
Assets held-for-sale		–	–	2,913
		<u>8,817,403</u>	<u>8,247,510</u>	<u>7,852,715</u>

	Note	As at 31 March 2024 HK\$'000	As at 31 March 2023 HK\$'000 (Restated)	As at 1 April 2022 HK\$'000 (Restated)
Current liabilities				
Amounts due to joint ventures		17,665	9,576	13,162
Amounts due to non-controlling interests		259,233	259,347	259,833
Derivative financial instruments		425	–	47
Creditors, bills payable, deposits received, contract liabilities, accruals and provisions	13	3,062,000	2,968,571	2,773,336
Insurance contract liabilities		364,710	305,263	65,786
Current income tax liabilities		110,691	101,085	89,210
Bank and other borrowings		1,044,471	900,334	2,425,438
Lease liabilities		19,105	18,195	21,293
		<u>4,878,300</u>	<u>4,562,371</u>	<u>5,648,105</u>
Net current assets		<u>3,939,103</u>	<u>3,685,139</u>	<u>2,204,610</u>
Total assets less current liabilities		<u>15,486,255</u>	<u>15,566,818</u>	<u>14,238,982</u>
Capital and reserves				
Share capital		377,411	377,411	377,411
Reserves		9,407,178	10,049,462	10,229,546
Shareholders' funds		9,784,589	10,426,873	10,606,957
Non-controlling interests		557,747	606,889	637,218
Total equity		<u>10,342,336</u>	<u>11,033,762</u>	<u>11,244,175</u>
Non-current liabilities				
Amounts due to non-controlling interests		270,193	254,225	239,187
Insurance contract liabilities		904,789	781,842	669,274
Bank and other borrowings		3,426,434	2,980,794	1,594,462
Lease liabilities		63,157	78,026	87,941
Deferred tax liabilities		479,346	438,169	403,943
		<u>5,143,919</u>	<u>4,533,056</u>	<u>2,994,807</u>
Total equity and non-current liabilities		<u>15,486,255</u>	<u>15,566,818</u>	<u>14,238,982</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, investments at fair value through other comprehensive income and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, and the actuarial valuation of reinsurance contract assets, insurance contract liabilities and long service payment provision.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) New standard and amendments to standards that are effective for the Group’s financial year beginning on 1 April 2023

The HKICPA has issued the following new standard and amendments to standards for the financial year of the Group beginning on 1 April 2023:

- HKAS 1 and HKFRS Practice Statement 2 (amendments), “Disclosure of Accounting Policies”
- HKAS 8 (amendments), “Definition of Accounting Estimates”
- HKAS 12 (amendments), “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”
- HKAS 12 (amendments), “International Tax Reform – Pillar Two Model Rules”
- HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17), “Insurance Contracts”

Except for the adoption of HKFRS 17 disclosed in note 2(d), the adoption of the above amendments to 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 consolidated financial statements.

(b) Amendments to standards and interpretation that have been issued but are not yet effective and have not been early adopted by the Group

The following amendments to standards and interpretation have been issued but are not yet effective for the financial year of the Group beginning on 1 April 2023 and have not been early adopted:

- HKAS 1 (amendments), “Classification of Liabilities as Current or Non-current” and “Non-current Liabilities with Covenants”¹
- HKAS 7 and HKFRS 7 (amendments), “Supplier Finance Arrangements”¹
- HKAS 21 (amendments), “Lack of Exchangeability”²
- HKFRS 10 and HKAS 28 (amendments), “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”³
- HKFRS 16 (amendments), “Lease Liability in a Sale and Leaseback”¹
- HK Int 5 (revised), “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”¹

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

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

The Group anticipates that the application of the amendments to standards and interpretation that have been issued but are not yet effective may have no material impact on the results of operations and financial position.

(c) New HKICPA guidance on the accounting implications of the abolition of the ORSO/MPF-LSP offsetting mechanism

In June 2022, the Government of the Hong Kong SAR gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme or certain portion of the accrued benefits derived from its contribution to the Occupational Retirement Schemes Ordinance (“ORSO”) schemes to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published the captioned accounting guidance relating to the abolition of the offsetting mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions and ORSO contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability.

The abolition of the offsetting mechanism did not have a material impact on the Group’s profit or loss for the year ended 31 March 2023 and the Group’s and the Company’s financial position as at 31 March 2023.

(d) Summary of key changes in accounting policies resulting from adoption of HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17), “Insurance Contracts”

HKFRS 17 replaces HKFRS 4 “Insurance Contracts” for the financial year of the Group beginning on 1 April 2023. The Group has restated comparative information for 31 March 2023 and 1 April 2022 and applied the transitional provisions in Appendix C to HKFRS 17. The nature of the changes in accounting policies can be summarised as follows:

(a) Changes to classification and measurement

The adoption of HKFRS 17 did not change the classification of the Group’s insurance contracts.

The Group was previously permitted under HKFRS 4 to continue accounting using its previous accounting policies. However, HKFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under HKFRS 17, the Group’s insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (“PAA”). The PAA simplifies the measurement of insurance contracts in comparison with the general model in HKFRS 17. The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Group under HKFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group’s obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

- Measurement of the asset for incurred claims is now based on discounted cash flows based on estimates for the timing and amount of expected claims settlement cash flows and includes an explicit risk adjustment for non-financial risk.

The Group capitalises insurance acquisition cash flows for all product lines and allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.

Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another HKFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

(b) Changes to revenue recognition

Under HKFRS 4, insurance revenue was recognised at the date of risk inception. Under HKFRS 17, insurance revenue is systematically recognised on the basis of the passage of time, with the exception that if the expected pattern of the release of risk during the coverage period differs significantly from the passage of time, then the recognition is made on the basis of the expected timing of incurred insurance service expenses.

(c) Changes to presentation and disclosure

For presentation in the consolidated statement of financial position, the Group aggregates insurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets

The portfolios referred to above are those established at initial recognition in accordance with the HKFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

HKFRS 17 requires separate presentation of below as disclosed in note 8:

- Insurance revenue
- Insurance service expenses
- Reinsurance income or expenses
- Insurance finance income or expenses
- Reinsurance finance income or expenses

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its consolidated financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

(d) *Transition*

The Group has determined that reasonable and supportable information was available for all contracts in force at the transition date.

On transition date, 1 April 2022, the Group:

- has identified, recognised and measured each group of insurance contracts as if HKFRS 17 had always been applied
- derecognised any existing balances that would not exist had HKFRS 17 always been applied
- recognised the resulting net difference in total equity as follows:

	As at 31 March 2022	Impact of initial adoption of HKFRS 17	As at 1 April 2022
	HK\$'000	HK\$'000	HK\$'000
	(As previously reported)		(Restated)
Total equity	<u>11,226,593</u>	<u>17,582</u>	<u>11,244,175</u>

3 SEGMENT INFORMATION

The operating segments are determined 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 windows and curtain walls, building construction, building supplies, civil engineering, electrical and mechanical engineering, environmental engineering, and lifts and escalators.

Property investment: Properties rental business.

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

Healthcare investment: Senior housing business and medical office building investment.

Car dealership: Retailing, trading and servicing of motor vehicles.

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

Others: Sale and servicing of information technology equipment and business machines, food trading, food and beverage and freight forwarding services.

In FY2024, the new segment of insurance and investment has been established as a separate reportable segment, due to its contribution to the Group's financial results exceeding the quantitative threshold stipulated in HKFRS 8 "Operating Segment". Insurance and investment was included in others segment in last year's consolidated financial statements.

The comparative figures for "insurance and investment" segment and "others" segment have been restated to conform with current year presentation.

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, unallocated finance income and costs and taxation 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 and deferred tax liabilities.

(a) Revenue and results

	Construction and engineering HK\$'000	Property investment HK\$'000	Property development and operations HK\$'000	Healthcare investment HK\$'000	Car dealership HK\$'000	Insurance and investment HK\$'000	Others HK\$'000	Total HK\$'000
For the year ended 31 March 2024								
REVENUE								
Total revenue	4,093,682	193,338	667,903	831,295	1,552,983	560,585	425,674	8,325,460
Inter-segment revenue	(52,544)	(1,740)	(45,022)	-	-	(22,578)	(7,369)	(129,253)
Group revenue	4,041,138	191,598	622,881	831,295	1,552,983	538,007	418,305	8,196,207
Share of revenue of associates and joint ventures	1,389,449	-	37,629	125,023	413,372	-	174,008	2,139,481
Proportionate revenue from a joint venture eliminated	(816)	-	-	-	-	-	-	(816)
Segment revenue	5,429,771	191,598	660,510	956,318	1,966,355	538,007	592,313	10,334,872

Revenue from contracts with customers:								
- recognised at a point in time	21,120	-	193,368	2,968	1,499,733	774	380,187	2,098,150
- recognised over time	4,019,983	-	421,788	822,404	18,619	-	36,597	5,319,391
Revenue from other sources	35	191,598	7,725	5,923	34,631	537,233	1,521	778,666
Group revenue	4,041,138	191,598	622,881	831,295	1,552,983	538,007	418,305	8,196,207

RESULTS

Segment profit/(loss) before finance costs, net	306,634	109,002	(103,511)	(329,387)	(22,064)	114,225	(45,654)	29,245
Finance income	6,172	2,789	12,009	4,544	2,515	38,630	1,907	68,566
Finance costs	(1,909)	(26,194)	-	(41,438)	(9,429)	-	(3,407)	(82,377)

Segment profit/(loss) after finance costs, net	310,897	85,597	(91,502)	(366,281)	(28,978)	152,855	(47,154)	15,434
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Included in segment profit/(loss) are:

Share of results of associates	188,240	-	-	-	-	-	(18,501)	169,739
Share of results of joint ventures	594	-	(7,747)	(42,368)	394	-	-	(49,127)
Depreciation and amortisation, net of amounts allocated to contract work	(12,351)	(1,091)	(68,888)	(68,451)	(25,797)	(68)	(15,349)	(191,995)
Provision recognised for properties for sale to net realisable value	-	-	(27,991)	-	-	-	-	(27,991)
Provision recognised for properties under development	-	-	(190,500)	-	-	-	-	(190,500)
Impairment loss on property, plant and equipment	-	-	-	(1,915)	(7,784)	-	(18,449)	(28,148)
Impairment loss on goodwill	-	-	-	(89,661)	-	-	-	(89,661)
(Decrease)/increase in fair value of investment properties, net	-	(32,016)	27,399	(2,349)	(3,270)	-	13,259	3,023
Unrealised loss on investments at fair value through profit or loss	-	-	-	(122,402)	-	(29,328)	-	(151,730)
Provision (recognised)/written back for inventories to net realisable value	(34)	-	-	-	4,834	-	(1,143)	3,657
Provision (recognised)/written back for trade and other debtors, net	(31,601)	-	251	(8,022)	-	-	(86)	(39,458)

	Construction and engineering HK\$'000	Property investment HK\$'000	Property development and operations HK\$'000	Healthcare investment HK\$'000	Car dealership HK\$'000	Insurance and investment HK\$'000 (Restated)	Others HK\$'000 (Restated)	Total HK\$'000 (Restated)
For the year ended 31 March 2023								
REVENUE								
Total revenue	3,176,133	188,221	609,910	797,323	1,410,008	554,203	536,023	7,271,821
Inter-segment revenue	(33,434)	(1,883)	(46,124)	–	–	(50,394)	(5,684)	(137,519)
Group revenue	3,142,699	186,338	563,786	797,323	1,410,008	503,809	530,339	7,134,302
Share of revenue of associates and joint ventures	1,655,883	–	24,233	122,841	398,218	–	123,897	2,325,072
Proportionate revenue from a joint venture eliminated	(2,020)	–	–	–	–	–	–	(2,020)
Segment revenue	4,796,562	186,338	588,019	920,164	1,808,226	503,809	654,236	9,457,354

Revenue from contracts with customers:								
– recognised at a point in time	21,766	–	133,981	3,465	1,367,032	620	489,494	2,016,358
– recognised over time	3,120,898	–	425,079	793,858	14,994	–	39,445	4,394,274
Revenue from other sources	35	186,338	4,726	–	27,982	503,189	1,400	723,670
Group revenue	3,142,699	186,338	563,786	797,323	1,410,008	503,809	530,339	7,134,302

RESULTS

Segment profit/(loss) before finance costs, net								
Finance income	327,246	230,168	127,719	(111,952)	(56,033)	72,789	(5,525)	584,412
Finance costs	2,613	1,562	9,556	3,907	3,709	20,420	1,087	42,854
	(1,882)	(15,203)	–	(52,547)	(10,414)	–	(2,454)	(82,500)
Segment profit/(loss) after finance costs, net	327,977	216,527	137,275	(160,592)	(62,738)	93,209	(6,892)	544,766

Included in segment profit/(loss) are:

Share of results of associates	189,663	–	26	–	–	–	(15,830)	173,859
Share of results of joint ventures	353	–	(19,193)	(30,503)	(12)	–	–	(49,355)
Depreciation and amortisation, net of amounts allocated to contract work	(11,273)	(1,029)	(64,721)	(78,169)	(37,907)	(179)	(18,576)	(211,854)
Impairment loss on properties for sale	–	–	(23,294)	–	–	–	–	(23,294)
Impairment loss on property, plant and equipment	–	–	–	(9,604)	(19,380)	–	–	(28,984)
Increase in fair value of investment properties, net	–	99,460	1,518	–	1,140	–	1,761	103,879
Unrealised gain/(loss) on investments at fair value through profit or loss	–	–	–	28,730	–	(44,638)	–	(15,908)
Provision recognised for inventories to net realisable value	(13)	–	–	–	(8,828)	–	(578)	(9,419)
Provision recognised for trade and other debtors, net	(1,841)	–	(7,256)	(16,490)	–	–	(477)	(26,064)
Provision written back for properties for sale	–	–	30,000	–	–	–	–	30,000

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

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

	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Total segment revenue	<u>10,334,872</u>	<u>9,457,354</u>
Add: Proportionate revenue from a joint venture eliminated	<u>816</u>	<u>2,020</u>
Less: Share of revenue of associates and joint ventures		
Maintenance and other services	736,860	734,590
Construction and installation contracts	652,589	921,293
Sales of motor vehicles and others	413,372	398,218
Food and beverage	174,008	123,897
Leasing of properties	126,547	122,841
Hotel operations	29,524	20,594
Sales of properties	6,581	3,639
	<u>2,139,481</u>	<u>2,325,072</u>
Total revenue in the consolidated income statement (note 4)	<u>8,196,207</u>	<u>7,134,302</u>

Reconciliation of segment profit to (loss)/profit before taxation is provided as follows:

	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Segment profit	15,434	544,766
Unallocated corporate expenses	(63,121)	(53,215)
Unallocated finance income	21,140	9,600
Unallocated finance costs	(134,705)	(54,712)
(Loss)/profit before taxation	<u>(161,252)</u>	<u>446,439</u>

(b) Assets and liabilities

	Construction and engineering HK\$'000	Property investment HK\$'000	Property development and operations HK\$'000	Healthcare investment HK\$'000	Car dealership HK\$'000	Insurance and investment HK\$'000 (Restated)	Others HK\$'000 (Restated)	Total HK\$'000 (Restated)
At 31 March 2024								
ASSETS								
Segment assets	2,680,519	5,260,688	4,592,888	3,340,199	918,437	2,408,145	510,606	19,711,482
Included in segment assets are:								
Interests in associates	741,397	-	-	-	-	-	-	741,397
Interests in joint ventures	14,788	-	264,697	606,889	74,628	-	-	961,002
Amounts due from associates	20,107	-	-	-	-	-	10,800	30,907
Amounts due from joint ventures	-	-	135,894	-	-	-	-	135,894
Additions to non-current assets (note)	80,897	4,317	40,059	80,274	24,756	163	4,665	235,131
LIABILITIES								
Segment liabilities	2,253,196	96,255	347,469	387,771	433,769	1,330,790	112,027	4,961,277
Included in segment liabilities are:								
Amounts due to joint ventures	-	-	17,512	-	153	-	-	17,665
At 31 March 2023								
ASSETS								
Segment assets	2,402,500	4,741,165	5,521,709	3,330,123	1,159,985	2,089,490	494,283	19,739,255
Included in segment assets are:								
Interests in associates	716,609	-	-	-	-	-	3,934	720,543
Interests in joint ventures	14,198	-	300,701	690,373	78,364	-	-	1,083,636
Amount due from an associate	19,015	-	-	-	-	-	-	19,015
Amounts due from joint ventures	4	-	109,645	-	-	-	-	109,649
Additions to non-current assets (note)	18,126	10,442	441,567	55,963	26,306	126	54,455	606,985
LIABILITIES								
Segment liabilities	2,124,243	99,526	376,333	388,040	434,390	1,134,869	117,644	4,675,045
Included in segment liabilities are:								
Amounts due to joint ventures	-	-	9,512	-	64	-	-	9,576

Note: Non-current assets represent non-current assets other than financial instruments, interests in associates, interests in joint ventures, deferred tax assets, amounts due from non-controlling interests and reinsurance contract assets.

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

	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Segment assets	19,711,482	19,739,255
Prepaid tax	23,473	26,802
Unallocated bank balances and cash	548,956	280,596
Deferred tax assets	62,503	63,607
Other unallocated assets	18,141	18,929
	<u>20,364,555</u>	<u>20,129,189</u>
Total assets		
Segment liabilities	4,961,277	4,675,045
Current income tax liabilities	110,691	101,085
Bank and other borrowings	4,470,905	3,881,128
Deferred tax liabilities	479,346	438,169
	<u>10,022,219</u>	<u>9,095,427</u>
Total liabilities		

(c) Geographical information

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

	Segment revenue by geographical areas							
	Company			Associates				
	and	and joint	2024	Company	Associates	2023		
	subsidiaries	ventures	Total	subsidiaries	ventures	Total		
HK\$'000	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
				(Restated)		(Restated)		
Hong Kong	4,343,680	734,445 [#]	5,078,125	50	4,128,053	665,505 [#]	4,793,558	51
Mainland China	1,431,331	1,000,394	2,431,725	24	1,338,847	1,188,966	2,527,813	27
USA	948,386	125,023	1,073,409	10	935,972	122,841	1,058,813	11
Macau	927,456	17,086	944,542	9	252,227	24,719	276,946	3
Canada	403,703	-	403,703	4	370,770	-	370,770	4
Singapore	14,035	237,338	251,373	2	12,838	292,329	305,167	3
Australia	54,591	23,916	78,507	1	18,542	28,243	46,785	0
Thailand	44,602	-	44,602	0	48,831	-	48,831	1
United Kingdom	28,423	-	28,423	0	28,222	-	28,222	0
Vietnam	-	463	463	0	-	449	449	0
	8,196,207	2,138,665	10,334,872	100	7,134,302	2,323,052	9,457,354	100

[#] The proportionate revenue from a joint venture is eliminated.

One customer is accounted for HK\$870.3 million or 10.6% of the total revenue of the Group for the year ended 31 March 2024 (2023: Nil).

The following is an analysis of the carrying amounts of non-current assets, excluding financial instruments, interests in associates, interests in joint ventures, deferred tax assets, amounts due from non-controlling interests and reinsurance contract assets analysed by geographical areas:

	Non-current assets	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Hong Kong	3,565,607	3,629,806
Mainland China	2,115,987	2,019,032
USA	1,599,175	1,673,429
Singapore	487,200	493,535
United Kingdom	474,240	618,552
Canada	302,830	234,999
Macau	40,397	41,882
Thailand	6,587	6,966
Australia	2,247	2,768
	8,594,270	8,720,969

4 REVENUE

	2024 HK\$'000	2023 HK\$'000 (Restated)
Revenue represents amounts received and receivable from:		
Construction and installation contracts	3,886,381	2,980,732
Sales of information technology equipment, motor vehicles and others	1,668,583	1,549,244
Senior housing operations	825,372	797,323
Insurance contracts and insurance brokerage	482,265	459,468
Maintenance and property management services	450,499	476,882
Warehouse, logistics and freight forwarding services	363,516	430,188
Leasing of properties	211,905	199,340
Sales of properties	163,925	101,709
Dividend and interest income from investments	61,668	44,341
Hotel operations	52,270	52,385
Leasing of vehicles and equipment	25,748	23,072
Food and beverage	4,075	19,618
	<u>8,196,207</u>	<u>7,134,302</u>
Total revenue (note 3)	<u>8,196,207</u>	<u>7,134,302</u>

5 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Sales and marketing services income from an associate	39,486	37,812
Management fee income from an associate and joint ventures	24,228	22,835
Service fee income from associates	503	449
Government grants	7,494	48,154
Compensation income	–	2,575
Handling fee income	4,467	3,429
Syndicated insurance income	6,960	1,786
Secondment fee income from an associate	1,806	1,749
Others	7,839	5,406
	<u>92,783</u>	<u>124,195</u>

6 OTHER (LOSSES)/GAINS, NET

	2024	2023
	HK\$'000	HK\$'000
Loss on investments at fair value through profit or loss	(148,304)	(14,456)
(Loss)/gain on derivative financial instruments	(1,221)	843
Increase in fair value of investment properties, net	3,023	103,879
Gain on transfer of properties for sale to investment properties	11,575	–
Gain on disposal of property, plant and equipment, net	1,389	4,230
Loss on disposal of a senior housing business	–	(18,337)
Loss on disposal of assets held-for-sale	–	(146)
Impairment loss on property, plant and equipment	(28,148)	(28,984)
Impairment loss on properties for sale	–	(23,294)
Impairment loss on goodwill	(89,661)	–
Provision for loss of interest in a joint venture	(21,800)	–
Provision recognised for trade and other debtors, net	(39,458)	(26,064)
Provision recognised for properties under development	(190,500)	–
Provision written back for properties for sale	–	30,000
Exchange loss	(3,958)	(2,440)
	<u>(507,063)</u>	<u>25,231</u>

7 FINANCE COSTS, NET

	2024	2023
	HK\$'000	HK\$'000
Interest expenses on lease liabilities, bank overdrafts, non-controlling interests and bank and other borrowings	263,141	170,857
Less: Amounts capitalised to properties under development (note)	(46,059)	(33,645)
	217,082	137,212
Less: Interest income from bank deposits, promissory notes, an associate, a joint venture and a non-controlling interest	(89,706)	(52,454)
	<u>127,376</u>	<u>84,758</u>

Note: The capitalisation rates applied to funds borrowed and used for the development of properties were between 5.52% and 5.91% per annum (2023: 3.34% per annum).

8 (LOSS)/PROFIT BEFORE TAXATION

	2024 HK\$'000	2023 HK\$'000 (Restated)
(Loss)/profit before taxation has been arrived at after charging/(crediting) the following:		
Cost of construction contracts	3,670,850	2,832,221
Cost of inventories sold	1,471,508	1,395,916
Cost of properties sold	133,233	54,710
Gross rental income of HK\$211,905,000 (2023: HK\$199,340,000) from properties less direct operating expenses	(180,970)	(166,516)
Net insurance result		
– insurance service result		
– insurance revenue	(481,491)	(458,847)
– insurance service expenses	414,695	399,868
– net (income)/expenses from reinsurance contracts held	(32,103)	30,992
	(98,899)	(27,987)
– finance expenses/(income) from insurance contracts issued	22,536	(9,493)
– finance (income)/expenses from reinsurance contracts held	(1,337)	1,551
	(77,700)	(35,929)
Staff costs	1,521,048	1,482,037
Less: Amounts allocated to contract work	(311,855)	(293,442)
	1,209,193	1,188,595
Depreciation of property, plant and equipment	198,909	211,749
Less: Amounts allocated to contract work	(4,393)	(7,781)
	194,516	203,968
Short-term lease payments in respect of leasing of		
– premises	6,039	5,706
– equipment	2,861	2,755
	8,900	8,461
Auditors' remuneration		
– audit services (Company's auditor and its affiliates)	8,913	7,582
– audit services (other auditors)	8,996	10,025
– non-audit services (Company's auditor and its affiliates)	446	687
– non-audit services (other auditors)	3,018	3,899
– under-provision in prior years	412	393
	21,785	22,586
Amortisation of other intangible assets	2,594	9,215
Less: Amounts allocated to contract work	(50)	(68)
	2,544	9,147
Provision (written back)/recognised for inventories to net realisable value	(3,657)	9,419
Provision recognised for properties for sale to net realisable value	27,991	–

9 TAXATION

	2024	2023
	HK\$'000	HK\$'000 (Restated)
Current tax		
Hong Kong	64,092	54,748
Mainland China	14,724	18,142
Overseas	31,811	22,391
Over-provision in prior years	(1,116)	(2,622)
	109,511	92,659
Deferred tax		
Origination and reversal of temporary differences	52,001	61,125
	161,512	153,784

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 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 or location in which the Group operates.

10 (LOSS)/EARNINGS PER SHARE

The (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 March 2024 and 2023.

	2024	2023
	HK\$'000	HK\$'000 (Restated)
(Loss)/profit attributable to shareholders of the Company	(370,390)	257,568
	2024	2023
Weighted average number of ordinary shares in issue ('000 shares)	301,928	301,928
Basic and diluted (loss)/earnings per share (HK\$)	(1.23)	0.85

There were no potential diluted ordinary shares in existence for the years ended 31 March 2024 and 2023.

11 DIVIDENDS

	2024	2023
	HK\$'000	HK\$'000
Interim dividend of HK\$0.06 (2023: HK\$0.10) per share paid	18,116	30,193
Final dividend of HK\$0.14 (2023: HK\$0.28) per share proposed	42,270	84,540
	<u>60,386</u>	<u>114,733</u>

Final dividend of HK\$0.14 per share totalling HK\$42,270,000 has been proposed by the Directors and is 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 2025.

12 DEBTORS, CONTRACT ASSETS, DEPOSITS PAID AND PREPAYMENTS

	31 March	31 March	1 April
	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
		(Restated)	(Restated)
Trade debtors	773,656	469,736	529,958
Less: Provision for impairment	(59,153)	(43,392)	(30,158)
Trade debtors, net	<u>714,503</u>	<u>426,344</u>	<u>499,800</u>
Retention receivables	409,676	336,227	301,398
Contract assets	271,171	193,070	179,035
Other debtors, deposits paid and prepayments	668,328	776,767	687,127
Less: Provision for impairment	(66,836)	(35,117)	(33,145)
Other debtors, deposits paid and prepayments, net	<u>601,492</u>	<u>741,650</u>	<u>653,982</u>
	<u>1,996,842</u>	<u>1,697,291</u>	<u>1,634,215</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 0-90 days.

The ageing analysis of trade debtors, net of impairment provision, is presented based on the invoice date as follows:

	31 March 2024 HK\$'000	31 March 2023 HK\$'000 (Restated)	1 April 2022 HK\$'000 (Restated)
Up to 60 days	626,915	388,410	465,482
61 – 90 days	24,792	17,109	19,197
Over 90 days	62,796	20,825	15,121
	<u>714,503</u>	<u>426,344</u>	<u>499,800</u>

13 CREDITORS, BILLS PAYABLE, DEPOSITS RECEIVED, CONTRACT LIABILITIES, ACCRUALS AND PROVISIONS

	31 March 2024 HK\$'000	31 March 2023 HK\$'000 (Restated)	1 April 2022 HK\$'000 (Restated)
Trade creditors and bills payable	367,003	381,111	337,711
Retention payables	295,952	277,108	234,873
Deposits received	80,275	80,051	79,319
Contract liabilities	223,387	407,544	274,028
Accrued contract costs	1,250,066	1,032,530	1,110,794
Other creditors, accruals and provisions	845,317	790,227	736,611
	<u>3,062,000</u>	<u>2,968,571</u>	<u>2,773,336</u>

The ageing analysis of trade creditors and bills payable is presented based on the invoice date as follows:

	31 March 2024 HK\$'000	31 March 2023 HK\$'000 (Restated)	1 April 2022 HK\$'000 (Restated)
Up to 60 days	329,632	341,125	266,958
61 – 90 days	12,342	13,468	28,863
Over 90 days	25,029	26,518	41,890
	<u>367,003</u>	<u>381,111</u>	<u>337,711</u>

14 CONTINGENT LIABILITIES

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

	2024	2023
	HK\$'000	HK\$'000
Banking facilities granted to an associate	565	1,132
Guarantees given to banks and housing provident fund management centres for mortgage facilities granted to certain buyers of properties	19,267	214,964
	19,832	216,096

In respect of a completed engineering contract, the Group has contingent liabilities arising from the claims lodged by a subcontractor for an unprovided amount of approximately HK\$27 million (2023: HK\$27 million). The ultimate outflow, if any, to settle this possible obligation is subject to the final outcome of the legal proceedings and is uncertain.

15 COMMITMENTS

The Group had commitments as follows:

	2024	2023
	HK\$'000	HK\$'000
Contracted but not provided for in the consolidated financial statements in respect of		
– property development projects	23,848	210,323
– property, plant and equipment	12,196	42,910
– investment properties	18,929	–
– investment at amortised cost	123,389	–
	178,362	253,233

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

	2024	2023
	HK\$'000	HK\$'000
Contracted but not provided for (note)	378,613	7,528

Note:

Commitments in relation to a joint venture's commitments as at 31 March 2024

On 28 March 2024, an indirect wholly-owned subsidiary of the Company entered into a joint venture agreement with an indirect wholly-owned subsidiary of Wang On Properties Limited in relation to the formation of a joint venture for the implementation of a property development project in Hong Kong. On the same date, the joint venture entered into a sale and purchase agreement with an indirect wholly-owned subsidiary of Wang On Properties Limited in respect of the acquisition of a project company and its holding company for an aggregate initial consideration of HK\$797,080,516, which is subject to adjustments pursuant to the terms of the sale and purchase agreement entered. Completion of the agreements are conditional upon, among other conditions, the approval by the shareholders of Wang On Group Limited and Wang On Properties Limited having been obtained and compliance of all applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. For details of the transaction, please refer to the announcement made by the Company on 28 March 2024.

As at 31 March 2024, there are commitments to provide funding for the joint venture's commitments, if called, for up to HK\$930,073,000, of which include share of commitments of the joint venture in the sale and purchase agreement of HK\$378,613,000.

DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.14 (2023: HK\$0.28) per share payable in cash to shareholders whose names appear on the Register of Members of the Company on Thursday, 12 September 2024. Together with an interim dividend of HK\$0.06 (2023: HK\$0.10) per share paid on Friday, 22 December 2023, the total dividends for the year amounted to HK\$0.20 (2023: HK\$0.38) per share.

Subject to the approval by shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 28 August 2024 (the “AGM”), the proposed final dividend will be payable in cash to shareholders on or about Friday, 20 September 2024.

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 Friday, 23 August 2024 to Wednesday, 28 August 2024, 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 and transfer office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 August 2024.

For determining entitlement to the proposed final dividend (subject to the passing of an ordinary resolution by the shareholders of the Company at the AGM), the Register of Members of the Company will be closed from Wednesday, 11 September 2024 to Thursday, 12 September 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's consolidated revenue increased from HK\$7,134 million (restated) for the year ended 31 March 2023 to HK\$8,196 million for the year ended 31 March 2024. Total segment revenue, which includes the Group's share of revenue of associates and joint ventures, increased to HK\$10,335 million from HK\$9,457 million (restated). Loss after tax of the Group for the year ended 31 March 2024 amounted to HK\$323 million (2023: Profit after tax of HK\$293 million (restated)). The loss in the consolidated results was mainly due to the recognition of (i) provision for properties under development; (ii) loss on investments at fair value through profit or loss; (iii) impairment loss on goodwill; and (iv) decrease in the fair value of certain investment properties as at 31 March 2024. Loss after tax attributable to the Company's shareholders for the year ended 31 March 2024 was HK\$370 million (2023: profit after tax attributable to the Company's shareholders of HK\$258 million (restated) which translates into a loss per share of HK\$1.23 (2023: earnings per share of HK\$0.85 (restated))).

CONSTRUCTION AND ENGINEERING

The Construction and Engineering segment's revenue for the year ended 31 March 2024 reported an increase of 13.2% from HK\$4,797 million to HK\$5,430 million as compared to last year while the segment profit before net finance costs recorded a drop of 6.1% from HK\$327 million to HK\$307 million as a result of the share of losses from the Group's associates in the Mainland China.

The construction division successfully completed the Group's first Modular Integrated Construction ("MiC") project, "Chung Yuet Lau" in Sha Tin, a significant milestone in the Group's MiC commitment in Hong Kong. The 10-storey "Chung Yuet Lau", owned by the Hong Kong Housing Society, comprises 64 age-friendly and barrier-free units using the Full MiC solution. Making good use of the innovative technologies helped shorten the construction time compared to conventional methods.

A joint venture company of Chevalier (Construction) Company Limited, a member of the Chevalier Group, and China Railway Construction Group Co., Ltd., was awarded by the HKSAR Government the contract for the design and construction of three sites in the first batch of Light Public Housing project in November 2023. The three projects are located at Yau Pok Road, Yuen Long, Tuen Mun Area 3A and Choi Hing Road, Ngau Tau Kok respectively. These projects will apply MiC and integrate with Building Information Modelling (BIM) technology to construct over 6,300 units (with internal floor area ranges from 13 to 31 square metres) and ancillary facilities.

The performance of the electrical and mechanical engineering (E&M) division remained stable during the year under review. This division secured contracts from renowned casinos and hotels for upgrading and remodeling works for their villas and restaurant. Apart from traditional mechanical, electrical and plumbing services, this division also provide services including installing digital multiplex lighting for an interactive and amusement centre.

The aluminium windows and curtain walls division recorded significant improvement as the large-scale projects, notably the third runway at the Hong Kong International Airport and the High Speed Rail West Kowloon Terminus Development have entered into the installation stage.

Riding on the construction industry's momentum, the building supplies division continued to provide positive results during the reporting year. During the year, this division secured contracts for custom design and installation work of kitchen cabinets and fiberglass water tanks.

During the year, the environmental engineering division recorded satisfactory performance, securing a contract from the Electrical and Mechanical Services Department for the maintenance, modification and installation works of electronic and E&M control systems for sewage treatment facilities of the Drainage Services Department across Kowloon, the New Territories and outlying islands.

The lift and escalator division maintained stable results during the year under review. Apart from the design and installation of lifts and escalators, this division also participated in the "Chung Yuet Lau" project combining MiC modules with the Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP) technology for the lift system, lift shaft and plant room.

As at 31 March 2024, the total value of all outstanding construction and engineering contracts for the Group amounted to HK\$10,063 million. Major contracts include:

1. Construction of light public housing at Tuen Mun, Yuen Long and Ngau Tau Kok;
2. Construction of the extension of the operating theatre block for Tuen Mun Hospital, New Territories;
3. Property development at THE SOUTHSIDE, Package Five, Aberdeen Inland Lot No. 467, Wong Chuk Hang, Hong Kong;
4. Electrical works for construction of Siu Ho Wan water treatment works extension and Siu Ho Wan Raw Water Booster Pumping Station;

5. Operations and maintenance of on-site chlorine generation plants at Sha Tin, Pak Kong, Tuen Mun, Ma On Shan and Au Tau water treatment works;
6. LV Electrical and HVAC installation works for Basement, Podium and Tower 3 of Galaxy Resort & Casino Phase 4 at Cotai, Macau;
7. Design, supply and installation of metal panel and external wall cladding system for T2C of the Third Runway Concourse and Apron Works of Hong Kong International Airport;
8. Design, supply and installation of curtain wall for a landmark integrated project at Kowloon Inland Lot No. 11262;
9. Design, fabricate, supply and installation of Tower Façade for Proposed Residential Development at TMTL 518, Castle Peak Road, Castle Peak Bay Area 48, Tuen Mun, New Territories;
10. Design, supply and installation of kitchen cabinets for West Rail Kam Sheung Road Station Package 1 property development at Lot No. 1040 IN D.D. No. 103, Yuen Long, New Territories; and
11. Design, supply and installation of kitchen cabinets for Ho Man Tin Station Package One property development at Northern Portion of Kowloon Inland Lot No. 11264 located in Ho Man Tin, Kowloon.

PROPERTY INVESTMENT

The leasing business of this segment contribute reliable income to the Group with property portfolios in Hong Kong, Mainland China, Singapore, Canada and the United Kingdom. Segment revenue increased by 3.2% from HK\$186 million to HK\$192 million as compared to last year. However, segment profit before net finance costs reported a year-on-year decline of 52.6% from HK\$230 million to HK\$109 million due to fair value loss on certain investment properties comparing to last year.

Investment properties portfolio consisting mainly of offices and warehouses in Hong Kong attracted strong demand and maintained stable occupancy providing reliable income.

The Group owns two Grade-A commercial/office buildings in prime locations in London. One of the properties situated in the City of London is multi-let to reputable institutions, with a weighted average unexpired lease term of over six years. The other one situated at Hammersmith Broadway is held for long-term investment.

PROPERTY DEVELOPMENT AND OPERATIONS

The Property Development and Operations segment recorded an increase in revenue from HK\$588 million to HK\$661 million. Increase in segment revenue was mainly contributed by increased sales of residential units of Phase III of “Chevalier City” in Changchun, Mainland China and “SABLIER” in Tai Kok Tsui, Hong Kong. Segment profit/(loss) before net finance costs decreased from a profit of HK\$128 million to a loss of HK\$104 million, representing a decline of 181.3%. The decrease in segment profit was mainly due to the impairment of properties in Hong Kong and the lower profit margins for certain projects.

During the year, the Group continued to actively market the remaining residential units of “City Hub” and “SABLIER”, projects with the Urban Renewal Authority, in which the Group owned 50% and 100% equity interest, respectively. The Group also obtained the Occupation Permit and the Certificate of Compliance for a residential development at 292A-D Prince Edward Road West, Ho Man Tin, Kowloon, and is planning to market the units, subject to market conditions. In addition, the Group is planning to develop residential units situated at 5 Hang Lok Lane, Sha Tin with a site area of approximately 48,000 square feet.

Aligned with the Government’s vision to develop the Northern Metropolis into an international innovative and technology hub, the Group plans to develop the site at On Kui Street, Fanling into a modern industrial building of approximately 88,000 square feet with high-end facilities with an “industry-driven and infrastructure-led” approach.

“Chevalier City” is located near the Changchunxi Railway Station in a developed community. Phase III comprises 10 residential blocks with about 1,100 units totaling 100,000 square metres, with unit sizes ranging from 36-125 square metres. Over 75% of Phase III units have been sold since its launch. Construction of Phase V has commenced in June 2022 and is to be completed by 1st quarter of 2025 as scheduled, while schematic design for Phase IV is in progress.

The cold storage and logistics division remained stable although there is contracted demand for pandemic-related services, slow growth of the global economy and unexpected drop in consumer spending. This division has recently completed the chiller and freezer facilities upgrades in both of its cold storage warehouses to improve energy efficiency and to achieve cost saving whilst at the same time contribute to sustainable environment.

The property management division provides comprehensive services to a portfolio of about 32 million square feet of commercial, industrial, residential, shopping arcades and car parks. Leveraging its extensive experience, this division will actively participate in tenders including the Housing Bureau’s Light Public Housing management project.

HEALTHCARE INVESTMENT

The revenue of the Healthcare Investment segment recorded a year-on-year revenue growth of 3.9% from HK\$920 million to HK\$956 million, mainly due to increased occupancy at senior housing facilities in Oregon, USA. Segment loss before net finance costs deteriorated as compared to last year from a loss of HK\$112 million to a loss of HK\$329 million due to non-cash fair value loss on financial instrument and impairment loss on goodwill which are in accordance with the appropriate accounting standards. Although occupancy at the senior housing facilities has improved, fixed and operating costs remained high due to inflation. To enhance the performance of the Group's healthcare investments, the Group will closely monitor changes in the local economy, demographics and market conditions, and rebalance its investment portfolios as appropriate.

As at 31 March 2024, the Group owned 28 senior housing facilities across six States in the USA providing around 2,500 units/beds covering a wide spectrum of services including independent living, assisted living, memory care and skilled nursing. The Group has interests in three medical office buildings located in New York, Pennsylvania and Rhode Island comprising a total gross floor area of approximately 428,000 square feet.

The Group is operating a rehabilitation and wellness centre and engaged in the development of Ventria Residence in Happy Valley, Hong Kong. Ventria Residence, a private community centered around holistic living, obtained its occupation permit in April 2024 and application for the RCHE licence for the licensed section of the Residence is underway and is expected to begin operations by the end of 2024. Ventria Residence integrates modern living, medical and nursing care, gourmet dining and recreational programs, enabling residents to pursue their passions and lead purposeful lives in retirement.

With a professional management team and experienced medical practitioners, we are confident that the rehabilitation center can provide customised, outcome-driven rehabilitation programs tailored to patients' specific needs.

CAR DEALERSHIP

In Mainland China, car dealership revenue increased from HK\$1,808 million to HK\$1,966 million, a year-on-year increase of 8.7%, due to the increase in the sales volume. Due to the improvement of business environment, segment loss before net finance costs recorded an improvement from a loss of HK\$56 million to a loss of HK\$22 million as compared to the last year.

In Canada, the new government policies announced in late 2023 and effective from early 2024 have boosted automobile sales, along with solid consumer savings and population growth, despite expected moderation as the economy slows.

INSURANCE AND INVESTMENT

The insurance and investment business is now a new independent segment due to its significant contribution.

Revenue for the insurance and investment segment, which included both the investment portfolios for the insurance business and the Company, recorded an increase from HK\$504 million (restated) to HK\$538 million, representing a growth of 6.7% as compared to last year, benefiting from the employees' compensation insurance business derived from the large-scale residential and infrastructure projects in Hong Kong, in addition to the contribution from the interest income, and dividends from securities investment when compared to last year. The Group will remain cautious in underwriting new business, maintain prudent claims provisioning, enhance operational efficiency and provide reliable services to customers.

The Group's employees' compensation insurance business continues to make a significant contribution to the segment's revenue. During the period under review, the segment underwrote employees' compensation insurance for several large projects.

Segment profit substantially increased from HK\$73 million (restated) to HK\$114 million, representing a growth of 56.2%. Increase in segment profit was mainly contributed by the underwriting profit, interest income, dividends from securities investment and a reduction of fair value loss on financial instruments when compared to last year.

Investment portfolios of insurance business and the Company, to achieve steady return in the midst of higher-than-normal market volatility across the world during the financial year 2023/24, the Group invested in a combination of mostly fixed income securities that are of investment grade which offer attractive yield and longer duration, a portfolio of blue chip equities and several small size private fund investments. The portfolios achieved an overall improved positive return for the year including the unrealised mark to market movement as of 31 March 2024. The Group's investment policy is to deploy a prudent approach to achieve a steady return over a longer time horizon.

OTHERS

After taking out the revenue and contribution of the insurance and investment business from this segment, the segment's revenue decreased from HK\$654 million (restated) to HK\$592 million, representing a decline of 9.5% as compared to last year. Segment loss before net finance costs recorded from a loss of HK\$6 million (restated) to a loss of HK\$46 million due to unsatisfactory business performance.

The global economy downturn and geopolitical factors affected Hong Kong's logistic industry throughout, while rising operational costs due to inflation also impacted results. Notwithstanding we have been successful in retaining our customers, our customers' consumption has decreased. To address the lack of demand, Chevalier AOC Freight Express Holdings Limited expanded its services to transport Chinese e-commerce merchandises globally and increased oversea agency relationships.

Over the past year, the information and technology division was awarded projects by various HKSAR Government departments and launched significant IT initiatives with entities such as SideBySide and the Hong Kong Observatory. To share expertise in Natural Language Processing (NLP) and AI technologies, the division joined the 18th Technology Forum organized by the Office of the Government Chief Information Officer (OGCIO) to share experiences in implementing Natural Language Processing (NLP) and innovative AI technologies. This division continues to deliver digital transformation solutions and is expanding into conversational artificial intelligence technologies. The division aims to forge strategic partnerships to capitalise on opportunities and provide tailored, comprehensive IT solutions to supporting clients' digital transformation.

Looking ahead, persistent global economic uncertainties and volatility, together with unyielding high interest rate, pose headwinds. The HKSAR Government has implemented measures to support the economy, such as attracting talent and tourists to stimulate consumer spending and sentiment, as well as measures to stabilise the property market. The Group remains confident in Hong Kong's economy, given the low tax rate, free trade and stable political environment and limited government interference, and will continue to take a pragmatic mindset and implement measures to optimise resources in response to the uncertainties ahead.

FINANCIAL REVIEW

As of 31 March 2024, the Group's net assets attributable to the Company's shareholders amounted to HK\$9,785 million, representing a decrease of HK\$642 million from the previous year's figure of HK\$10,427 million (restated). The decline was primarily due to a loss attributable to the Company's shareholders of HK\$370 million, exchange difference on translation of operations of overseas subsidiaries, associates and joint ventures amounting to HK\$180 million and dividend payments of HK\$103 million.

As at 31 March 2024, bank balances and cash decreased to HK\$2,472 million (2023: HK\$2,503 million). Bank and other borrowings increased to HK\$4,471 million as at 31 March 2024 (2023: HK\$3,881 million) as a result of drawn down of bank loans during the year. 80.5%, 10.7% and 6.5% of the balance as at 31 March 2024 (2023: 62.8%, 22.1% and 9.9%) were denominated in Hong Kong dollar, United States dollar and British Pound respectively.

The portion of the Group's bank and other borrowings due within one year increased from 23.2% as at 31 March 2023 to 23.4% as at 31 March 2024.

EMPLOYEES AND REMUNERATION POLICIES

The Group employed approximately 3,600 full-time staff globally as at 31 March 2024. Total staff costs amounted to HK\$1,521 million for the year ended 31 March 2024. 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 PRACTICES

The Company has adopted the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the Directors, the Company has complied with the code provisions throughout the year ended 31 March 2024, except for the following deviations:

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. The Chairman is responsible for overseeing the Board while the Managing Director is responsible for managing the Group's businesses. Mr. Kuok Hoi Sang serves as both the Chairman and Managing Director of the Company. The Board believes that with Mr. Kuok's comprehensive knowledge in the history of 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 C.1.6 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of the Company's shareholders. Mr. Yang Chuen Liang, Charles, an Independent Non-Executive Director was unable to attend the annual general meeting of the Company held on 28 August 2023 due to other commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 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 year.

AUDIT COMMITTEE

The Audit Committee comprises four Independent Non-Executive Directors of the Company, namely Ms. Kwan Angelina Agnes as committee chairman, Professor Poon Chung Kwong, Mr. Irons Sze and Mr. Sun Leland Li Hsun as committee members.

During the year, the Audit Committee reviewed with the management the whistle-blower policy and the accounting policies and practices adopted by the Group, and discussed auditing, risk management, internal controls systems and financial reporting matters including the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2023, and the audited consolidated financial statements of the Group for the year ended 31 March 2024 at the Audit Committee Meeting held on 20 June 2024. They also reviewed and approved the engagement of external auditors for providing non-audit services, the remuneration in respect of audit and non-audit services provided by external auditors, risk management and internal control systems and the effectiveness of the internal audit function.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement of the Company for the year ended 31 March 2024 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 2024 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

I would like to express our utmost appreciation and heartfelt gratitude to the management team, shareholders, business partners for their ongoing support and all staff who have worked relentlessly, with steadfast effort, to overcome challenges during difficult times.

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

Hong Kong, 26 June 2024

As at the date of this announcement, the Board 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; Professor Poon Chung Kwong, Mr. Irons Sze, Mr. Sun Leland Li Hsun and Ms. Kwan Angelina Agnes as Independent Non-Executive Directors; Mr. Chow Vee Tsung, Oscar as Non-Executive Director.

* *For identification purpose only*