Deson Development International Holdings Limited
迪臣發展國際集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 262)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of Deson Development International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010, together with the comparative figures for the six months ended 30 September 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000* (Restated)
REVENUE	*3*	**154,845**	251,971
Cost of sales		**(126,201)**	(197,437)
Gross profit		**28,644**	54,534
Other income and gains	*3*	**314,672**	7,172
Administrative expenses		**(44,791)**	(29,224)
Other operating incomes, net		**3,037**	2,469
Finance costs	*5*	**(4,809)**	(4,208)
Share of profits and losses of:			
A jointly-controlled entity		**38**	(13)
Associates		**77**	(172)
PROFIT BEFORE TAX	*4*	**296,868**	30,558
Income tax expense	*6*	**(34,586)**	(16,886)
PROFIT FOR THE PERIOD		**262,282**	13,672

* *for identification only.*

CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

For the six months ended 30 September 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
			(Restated)
Attributable to:			
Owners of the Company		**156,096**	12,783
Minority interests		**106,186**	889
		262,282	13,672
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic			
– For profit for the period		**27.72 cents**	2.25 cents
Diluted			
– For profit for the period		**27.72 cents**	2.25 cents

Details of the interim dividend proposed for the six months ended 30 September 2010 are disclosed in note 7 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE PERIOD	**262,282**	13,672
OTHER COMPREHENSIVE INCOME		
Share of other comprehensive income of associates	**79**	633
Release of capital reserve upon disposal of an associate	**–**	(119)
Release of exchange fluctuation reserve upon disposal of an associate	**–**	(484)
Release of exchange fluctuation reserve upon disposal of subsidiaries	**4,000**	–
Exchange differences on translating foreign operations	**(594)**	2,256
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**3,485**	2,286
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**265,767**	15,958
Attributable to:		
Owners of the Company	**158,270**	14,886
Minority interests	**107,497**	1,072
	265,767	15,958

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010

	Notes	**30 September 2010 HK$'000**	31 March 2010 HK$'000 (Restated)	1 April 2009 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**98,033**	100,212	81,232
Investment properties	*9*	**214,020**	210,330	181,704
Interest in a jointly-controlled entity		**(29)**	–	–
Interests in associates		**16,705**	3,772	(2,408)
Financial assets at fair value through profit or loss		**2,320**	2,280	2,260
Total non-current assets		**331,049**	316,594	262,788
CURRENT ASSETS				
Amounts due from associates		**27,214**	27,108	26,650
Amounts due from minority shareholders		**99,013**	–	–
Properties held for sale	*10*	**597,073**	486,262	520,064
Gross amount due from contract customers		**53,676**	2,641	5,247
Inventories		**1,747**	1,526	1,497
Accounts receivable	*11*	**45,771**	71,294	59,472
Prepayments, deposits and other receivables		**112,918**	29,410	30,151
Cash and cash equivalents		**177,111**	73,608	53,807
Pledged deposits		**31,337**	31,324	31,331
		1,145,860	723,173	728,219
Assets of disposal groups/non-current asset classified as held for sale		–	172,703	9,295
Total current assets		**1,145,860**	895,876	737,514
CURRENT LIABILITIES				
Gross amount due to contract customers		**103,294**	42,677	38,626
Accounts payable	*12*	**14,587**	20,948	44,269
Other payables and accruals		**214,412**	157,515	171,116
Amounts due to associates		**62**	54	262
Amounts due to minority shareholders		**3,802**	24,465	19,529
Amounts due to related companies		**9,605**	18,444	27,166
Tax payable		**97,164**	63,514	45,914
Convertible notes		**–**	–	15,721
Interest-bearing bank and other borrowings		**57,678**	133,949	97,563
		500,604	461,566	460,166
Liabilities directly associated with the assets of disposal groups classified as held for sale		–	120,567	–
Total current liabilities		**500,604**	582,133	460,166
NET CURRENT ASSETS		**645,256**	313,743	277,348

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 September 2010

	30 September 2010 *HK$'000*	31 March 2010 *HK$'000* (Restated)	1 April 2009 *HK$'000* (Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	**976,305**	630,337	540,136
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	**162,378**	64,499	32,205
Deferred tax liabilities	**28,463**	28,592	21,071
Total non-current liabilities	**190,841**	93,091	53,276
Net assets	**785,464**	537,246	486,860
EQUITY			
Equity attributable to owners of the Company			
Issued capital	**55,571**	56,697	56,697
Reserves	**603,568**	464,301	425,297
Equity component of convertible notes	**–**	–	1,259
Proposed dividends	**16,602**	11,315	–
	675,741	532,313	483,253
Minority interests	**109,723**	4,933	3,607
Total equity	**785,464**	537,246	486,860

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

These unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for leasehold buildings, investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These unaudited condensed financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2010.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 March 2010, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards ("HKFRS") (which also include HKASs and Interpretations) for the first time in the current period.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards-Additional Exemptions for First-time Adopters* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment-Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation-Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement-Eligible Hedged Items* [1]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations-Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases-Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

1 BASIS OF PREPARATION (continued)

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010

HKAS 17 – Leases

The adoption of amendment to HKAS 17 "*Leases*" has resulted in a change in accounting policy for the classification of leasehold land of the Group. Previously, leasehold land was classified as an operating lease and stated at cost less accumulated amortisation. In accordance with the amendment, leasehold land is classified as a finance lease and stated at cost less accumulated depreciation of substantially all risks and rewards of the leasehold land have been transferred to the Group. As the present value of the minimum lease payments (i.e. the transaction price) of the land held by the Group amounted to substantially all of the fair value of the land as if it was freehold, the leasehold land of the Group has been classified as a finance lease. The amendment has been applied retrospectively to unexpired leases at the date of adoption of the amendment on the basis of information existing at the inception of the leases. The amendment does not apply to the leasehold land disposed of by the Group in prior years.

Effect of changes on accounting policies on condensed consolidated income statement

	Effect of adopting HKAS 17	
	30 September 2010	30 September 2009
	HK$'000	*HK$'000*
Increase in depreciation	**433**	214
Decrease in recognition of prepaid land lease payments	**(69)**	(69)
Total decrease in profit	**364**	145

1 BASIS OF PREPARATION (continued)

Effect of changes on accounting policies on condensed statement of financial position

	Effect of adopting HKAS 17		
	At 30 September 2010	At 31 March 2010	At 1 April 2009
	HK$'000	*HK$'000*	*HK$'000*
Increase/(decrease) in assets (current and non-current)			
Property, plant and equipment	**33,466**	33,900	16,882
Prepaid land lease payments	**(5,510)**	(5,579)	(5,718)
Prepayments, deposits and other receivables	**(139)**	(139)	(139)
Increase/(decrease) in liabilities/equity			
Deferred tax liabilities	**4,697**	4,698	1,819
Property revaluation reserve	**23,242**	23,538	9,206
Retained profits	**(122)**	(54)	–

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the construction business segment is engaged in construction contract works as a main contractor as well as the provision of contracting intelligent building engineering and electrical and mechanical engineering services;

(b) the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and

(c) the "others" segment comprises, principally, trading of medical equipment and provision of related installation and maintenance services.

2. OPERATING SEGMENT INFORMATION (continued)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, gain on disposal of associates, gain on disposal of subsidiaries, finance costs, excess over the cost of business combinations, share of profits and losses of a jointly-controlled entity and associates as well as head office and corporate expenses are excluded from such measurement.

	For the six months ended 30 September							
	Construction business		Property development and investment business		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**119,827**	121,575	**31,976**	125,934	**3,042**	4,462	**154,845**	251,971
Other income and gains	**1,441**	991	**6,839**	1,750	**–**	–	**8,280**	2,741
Total	**121,268**	122,566	**38,815**	127,684	**3,042**	4,462	**163,125**	254,712
Segment results	**(9,358)**	(6,119)	**7,459**	38,972	**(798)**	(96)	**(2,697)**	32,757
Reconciliation:								
Interest income							**283**	2,249
Gain on disposal of an associate							**–**	2,109
Gain on disposal of partial interest in subsidiaries							**–**	42
Gain on disposal of subsidiaries							**306,109**	31
Unallocated expenses							**(2,133)**	(2,237)
Finance costs							**(4,809)**	(4,208)
Share of profits and losses of:								
A jointly-controlled entity							**38**	(13)
Associates							**77**	(172)
Profit before tax							**296,868**	30,558
Income tax expense							**(34,586)**	(16,886)
Profit for the period							**262,282**	13,672
Other segment information:								
Loss on disposal of items of property, plant and equipment	**–**	–	**–**	2	**9**	10	**9**	12
Impairment of accounts receivable	**–**	–	**–**	2,482	**–**	–	**–**	2,482
Reversal of impairment of accounts receivable	**–**	–	**(3,108)**	(1,909)	**–**	–	**(3,108)**	(1,909)
Reversal of impairment of other receivables	**–**	(798)	**–**	–	**–**	–	**–**	(798)
Reversal of provision for inventories	**–**	–	**–**	–	**(71)**	–	**(71)**	–
Depreciation	**1,430**	1,057	**868**	1,039	**40**	40	**2,338**	2,136

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue from construction contracts, income from property development and investment business, trading of medical equipment, provision of related installation and maintenance services.

An analysis of revenue, other income and gains is as follows:

	Note	2010 HK$'000	2009 HK$'000
Revenue			
Income from construction contracting and related business		**119,827**	121,575
Income from property development and investment business		**31,976**	125,934
Income from trading of medical equipment, provision of related installation and maintenance services		**3,042**	4,462
		154,845	251,971
Other income and gains			
Bank interest income		**151**	134
Other interest income		**132**	2,115
Gain on disposal of an associate		**–**	2,109
Gain on disposal of partial interest in subsidiaries		**–**	42
Gain on disposal of subsidiaries	*13*	**306,109**	31
Gross rental income		**6,005**	1,595
Others		**2,275**	1,146
		314,672	7,172

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Cost of properties sold	**13,085**	80,967
Cost of construction contracting	**111,033**	113,579
Cost of inventories sold and services provided	**2,083**	2,891
Depreciation	**2,338**	2,136
Minimum lease payments under operating leases on land and buildings	**997**	1,417
Loss on disposal of items of property, plant and equipment^	**9**	12
Employee benefits expense (including directors' emoluments):		
Wages and salaries	**20,952**	15,871
Equity-settled share option expense	**2,756**	–
Pension schemes contributions *	**421**	398
Less: Amount capitalised	**(1,356)**	(1,927)
	22,773	14,342
Directors remuneration:		
Fee	**156**	156
Salaries and allowances	**1,656**	1,673
Equity-settled share option expense	**539**	–
Pension scheme contributions	**29**	29
	2,380	1,858
Foreign exchange differences, net^	**62**	(2,256)
Impairment of accounts receivable^	**–**	2,482
Reversal of impairment of accounts receivable^	**(3,108)**	(1,909)
Reversal of impairment of other receivables^	**–**	(798)

* At 30 September 2010, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2009: Nil).

^ These amounts are included in "Other operating income, net" on the face of the condensed consolidated income statement.

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	**10,868**	6,717
Interest on convertible notes	**–**	67
Total interest expense on financial liabilities not at fair value through profit or loss	**10,868**	6,784
Less: Interest capitalised	**(6,059)**	(2,576)
	4,809	4,208

6. INCOME TAX

No Hong Kong profits tax has been provided as the Group's subsidiaries either did not generate any assessable profits arising in Hong Kong during the period or have available tax losses brought forward from prior years to offset the assessable profits generated during the period (2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax ("LAT") in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2010	2009
	HK$'000	*HK$'000*
Current-Elsewhere		
Charge for the period	**32,678**	4,814
Underprovision/(overprovision) in prior periods	**7**	(32)
Deferred	**(218)**	124
LAT in Mainland China	**2,119**	11,980
Total tax charge for the period	**34,586**	16,886

7. INTERIM DIVIDEND

	2010	2009
	HK$'000	*HK$'000*
Proposed interim – HK3 cents (2009: Nil) per ordinary share	**16,602**	–

The Board of Directors has resolved to declare an interim dividend of HK3 cents in respect of the six months ended 30 September 2010 (2009: Nil) per ordinary share in issue payable on or around 23 December 2010 to shareholders whose names appear on the register of members of the Company on Monday, 13 December 2010.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 563,034,356 (2009: 566,973,017) in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**156,096**	12,783

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**563,034,356**	566,973,017
Effect of dilution-weighted average number of ordinary shares:		
Share options	**–**	–
	563,034,356*	566,973,017

* Because the diluted earnings per share amount is increased when taking the share options into account, the share options had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amounts were based on the profit for the period of HK$156,096,000 and the weighted average number of ordinary shares of 563,034,356 in issue during the period.

9. INVESTMENT PROPERTIES

	30 September 2010 *HK$'000*	31 March 2010 *HK$'000*
Carrying amount at 1 April	**210,330**	181,704
Additions	**–**	15,134
Net profit from fair value adjustment	**–**	9,167
Transfer from property, plant and equipment	**–**	2,717
Exchange realignment	**3,690**	1,608
Carrying amount at 30 September/31 March	**214,020**	210,330

The Group's investment properties are situated in Mainland China and are held under the following lease terms:

	30 September 2010 *HK$'000*	31 March 2010 *HK$'000*
Long term lease	**156,600**	153,900
Medium term lease	**57,420**	56,430
	214,020	210,330

The Group's investment properties were revalued on 31 March 2010 by B.I. Appraisals Limited, independent professionally qualified valuers, at HK$210,330,000 on an open market, existing use basis.

As at 30 September 2010, the investment properties of the Group with aggregate carrying amounts of HK$214,020,000 (31 March 2010: HK$210,330,000) were pledged to secure certain banking facilities granted to the Group.

10. PROPERTIES HELD FOR SALE

	30 September 2010 HK$'000	31 March 2010 HK$'000
Completed properties	**203,281**	214,894
Properties under development	**393,792**	271,368
	597,073	486,262

As at 30 September 2010, certain completed properties held for sale of the Group with aggregate carrying amounts of HK$34,404,000 (31 March 2010: HK$38,528,000) were pledged to secure certain banking facilities granted to the Group.

In addition, as at 31 March 2010, certain completed properties held for sale of the Group with aggregate carrying amounts of HK$33,071,000 were pledged through the equity interest in a subsidiary to secure other loans amounting to HK$15,000,000 granted to the Group.

11. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days for the sale of trading goods and up to 180 days for the sale of completed properties held for sale. For retention monies receivable in respect of construction works carried out by the Group, the due dates are usually one year after the completion of the construction work. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	30 September 2010 HK$'000	31 March 2010 HK$'000
Current to 90 days	**23,693**	31,053
91 to 180 days	**3,505**	13,889
181 to 360 days	**8,239**	10,153
Over 360 days	**5,514**	9,886
	40,951	64,981
Retention monies receivable	**4,820**	6,313
Total	**45,771**	71,294

12. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2010 *HK$'000*	31 March 2010 *HK$'000*
Current to 90 days	**5,414**	12,469
91 to 180 days	**1,409**	4
181 to 360 days	**1,237**	597
Over 360 days	**6,527**	7,878
	14,587	20,948

Accounts payable are non-interest-bearing and are normally settled on 30-day terms.

13. DISPOSAL OF SUBSIDIARIES

	30 September 2010 *HK$'000*
Net assets disposed of:	
Property, plant and equipment	**128,207**
Properties held for sales	**43,541**
Accounts receivable	**23**
Prepayment, deposits and other receivables	**83,982**
Cash and cash equivalents	**16,092**
Accounts payable	**(303)**
Other payables and accruals	**(52,846)**
Interest-bearing bank and other borrowings	**(169,600)**
Exchange fluctuation reserve	**(4,000)**
Minority interests	**(2,707)**
	42,389
Legal and professional fee incurred	**42,459**
Gain on disposal of subsidiaries	**306,109**
	390,957
Satisfied by:	
Cash	**390,957**

13. DISPOSAL OF SUBSIDIARIES (continued)

An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	30 September 2010 *HK$'000*
Cash consideration	**390,957**
Cash and bank balances disposed of	**(16,092)**
	374,865
Less: Legal and professional fee incurred	**(42,459)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**332,406**

14. COMPARATIVE AMOUNTS

Due to the adoption of the new and revised HKFRSs during the current period, certain comparative amounts have been adjusted to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2010 was HK$155 million which represented a decrease of 39% as compared with the same period last year. The net profit attributable to equity holders of the Company amounted to approximately HK$156 million representing an increase of 1,121% as compared with the same period last year. Earning per share is approximately HK27.72 cents.

The Group's major business segment during the period comprises (i) construction, as a main contractor, as well as the provision of contracting intelligent building engineering, and electrical and mechanical ("E&M") services; (ii) property development and investment; and (iii) trading of medical equipment, provision of related installation and maintenance services.

During the six months ended 30 September 2010, the Group completed projects such as fitting out works for Prada shop at Tsimshatsui, Hong Kong, electrical, mechanical ventilation air conditioning, fire services for Asia Society Hong Kong Center at Admiralty, Hong Kong, new annex building and swimming pool in Tsung Tsin Christian Academy at Cheung Sha Wan, Hong Kong, and building services installation for the extension to Jockey Club Elaine Field School in Tai Po, Hong Kong. In current period, turnover generated from the property development and investment business decreased by 75% as compared to the same period last year, this is mainly due to the property development project, Phase II of Century Place, Kaifeng, PRC have not yet completed as at the end of the reporting period, and we were only selling remaining units of Phase I of Century Place, Kaifeng, PRC and Asian Villas City Square, Haikou, PRC, whereas in last period Phase I of Century Place, Kaifeng and Phase IV of Asian Villas City Square, Haikou were just completed for a short period of time and many units were available for sales.

On 7 April 2010, Interpath Profits Limited ("Interpath Profits"), an indirect non wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Lead Joy Agreement") with Bond Light Limited ("Bond Light"), an independent third party, in relation to the disposal to Bond Light of the entire issued share capital of Lead Joy Investments Limited ("Lead Joy", a wholly-owned subsidiary of Interpath Profits and an indirect 60% owned subsidiary of the Company) and the rights to a shareholder's loan due to Interpath Profits from Lead Joy. The total consideration of the Lead Joy disposal is RMB99.5 million.

On 7 April 2010, Interpath Profits also entered into a sale and purchase agreement (the "Measure Up Agreement") with Big Meg Limited ("Big Meg"), an independent third party, in relation to the disposal to Big Meg of the entire issued share capital of Measure Up Profits Limited ("Measure Up", a wholly-owned subsidiary of Interpath Profits and an indirect 60% owned subsidiary of the Company) and the assumption by Big Meg of the liabilities under the indebtedness due to Measure Up from Interpath Profits. The total consideration of the Measure Up disposal is RMB242 million.

The Lead Joy disposal constitutes a major transaction, and the Measure Up disposal constitutes a very substantial disposal, for the Company under the Listing Rules. The Lead Joy Agreement, the Measure Up Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders by way of poll at the special general meeting ("SGM"). The Lead Joy Agreement and the Measure Up Agreement were approved by the Shareholders at the SGM held on 12 August 2010, and the gain on disposal of subsidiaries generated from these two agreements amounted to HK$306 million.

In September 2007, Asian Villas City Square was awarded one of the "Top 100 Best Property in China for year 2007 (third anniversary)". In May 2008, the Company was awarded one of the "Top 500 Most Influential Property Development Enterprise in China" for year 2008, by 2008 亞洲(博鰲)房地產領袖峰會. In December 2009, the Company was awarded one of the "Chinese businessman top 500 in 2009" by 華商中國市場500強評選活動組委會.

FINANCIAL REVIEW

Turnover

During the six months ended 30 September 2010, the Group's turnover amounted to HK$155 million, decreased by 39% as compared to the same period last year. The decrease was mainly due to this is mainly due to the property development project, Phase II of Century Place, Kaifeng, PRC have not yet completed as at the end of the reporting period, and we were only selling remaining units of Phase I of Century Place, Kaifeng, PRC and Asian Villas City Square, Haikou, PRC, whereas in last period Phase I of Century Place, Kaifeng and Phase IV of Asian Villas City Square, Haikou were just completed for a short period of time and many units were available for sales.. Turnover generated from construction contracting business, property development and investment business and other business amounted to approximately HK$120 million, HK$32 million, HK$3 million respectively, which represent decrease by 1%, 75% and 32% respectively as compared to the same period last year.

Gross profit margin

During the six months ended 30 September 2010, the Group's gross profit margin was approximately 18%, down by 4% as compared to last period's 22%, this is mainly driven from the decrease in the percentage of turnover from the property development and investment segment over the total turnover, from last period's 50% to this period's 21%, where the gross profit margin of this segment generally have a much higher gross profit margin than the other main segment-construction contracting segment, as a result, the overall gross profit margin is lower than last period.

Liquidity and financial resources

As at 30 September 2010, the Group had total assets of HK$1,476,909,000, which is financed by total liabilities, shareholders' equity and minority interests of HK$691,445,000, HK$675,741,000 and HK$109,723,000, respectively. The Group's current ratio at 30 September 2010 was 2.29 compared to 1.54 at 31 March 2010.

The gearing ratio for the Group is 20% (2010: 15%). It was calculated based on the non-current liabilities of HK$190,841,000 (2010: HK$93,091,000) and long term capital (equity and non-current liabilities) of HK$976,305,000 (2010: HK$630,337,000). The increment was mainly a result of the long term construction loans obtained from bank for the property development business during the period.

Capital expenditure

Total capital expenditure for the six months ended 30 September 2010 was approximately HK$154,000, which are mainly used in the purchase of office equipments and motor vehicles.

Contingent liabilities

At the end of the reporting date, there were no significant contingent liabilities for the Group.

Commitments

At the end of the reporting date, there were no significant capital commitments for the Group.

Charges on group assets

The Group's banking facilities are secured by:

(i) the pledge of certain of the Group's leasehold buildings and land situated in Hong Kong of HK$75,608,000 (31 March 2010: HK$76,800,000);

(ii) the pledge of the Group's investment properties situated in Mainland China of HK$214,020,000 (31 March 2010: HK$210,330,000);

(iii) the pledge of one of the Group's financial assets at fair value through profit or loss of HK$1,160,000 (31 March 2010: HK$1,140,000);

(iv) the pledge of certain of the Group's completed properties held for sale situated in Mainland China of HK$34,403,000 (31 March 2010: HK$38,528,000); and

(v) the pledge of the Group's deposits of HK$31,337,000 (31 March 2010: HK$31,324,000).

In addition, as at 31 March 2010, an other loan was secured by the Group's equity interest in a subsidiary which held completed properties held for sale of HK$33,071,000.

Treasury policies

The Director will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. In view of the expected development for the property development project in Kaifeng, PRC, the Group will take consideration on the Renminbi fund planning to adequately finance this project. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings were principally denominated in Hong Kong dollars and Renminbi, hence, there is no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

The Group's receivables and payables were denominated mainly in Hong Kong dollar and Renminbi. Since some of the Group's business are based in the PRC, the continuing appreciation of RMB inevitably increase the development cost and operating cost, however, the fluctuation in RMB is still mild for the time being and the PRC operation is naturally hedged by the future RMB receivables, therefore the management does not foresee any significant foreign currency exposure.

PROSPECT

Construction business (including E&M works)

The Group will uphold an on-going parallel development of its construction business (including E&M works) in both the PRC and Hong Kong. With its proven track records and adequate expertise in the main contracting business, in April 2006, the Group had been promoted from “List of Approved Contractors for Public Works under Group C (on probation) of the Building Category under Environment, Transport and Works Bureau of the HKSAR” to “List of Approved Contractors for Public Works under Group C of the Building Category under Environment, Transport and Works Bureau of the HKSAR”. Together with the license in Group II under the “Turn-key Interior Design and Fitting-out Works” under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” and the 11 licenses held under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Environment, Transport and Works Bureau of the Government of the HKSAR”, enables the Group to take an active part in the construction business development (including E&M works).

During the period, new projects such as addition and alteration works for house 1 & 2 of Belleview Place, Repulse Bay Road, Hong Kong, mechanical ventilation air conditioning services nominated sub-contract works for the Proposed Student Hall VIII & IX development at Clear Water Bay for the Hong Kong University of Science & Technology, Hong Kong, proposed warehouse development at Yuen Long, Hong Kong, biennial term contract for the maintenance and repair of, alternations and additions to, fire services installations for health services buildings in Kowloon, Hong Kong, installation of ammonium and nitrate online monitoring system for aeration tank, Shatin, Hong Kong, provision of modification, maintenance, calibration and engineering works for electronic sensor and outstation electronics equipment at various sewage treatment works & gauging stations for DSD, Hong Kong, fitting out works for Prada shop at Chengdu, PRC and fitting out works for Miu Miu shop at Shanghai, PRC were granted. As at the date of this announcement, the Group has contracts on hand with a total contract sum of over HK$966 million.

Property development and investment

Asian Villas City Square, Haikou, Hainan Province is developed into a residential and commercial complex with a total gross floor area of approximately 117,000 sq. metres. Construction was completed in prior year. Up to the date of this announcement, the total sales contract sum achieved amounted to approximately RMB348 million. The Group have also lease out certain completed commercial properties for sale before sales is made, so that the Group can generate temporary extra rental income before the sales.

On 9 June 2005, the Group has been granted the land use rights of a development site in Long Ting district of the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 202,000 sq. metres. Up to now, gross floor area of 30,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB118 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2012.

Mainland China surpassed Japan as the world's second-largest economy according to the economic output data in the second quarter of 2010 and its gross domestic product recorded a growth of 9.6% in the third quarter. Nevertheless, inflation rate reached 4.4% in October against September's 3.6%, the fastest upsurge in two years and well above the government's target rate of 3%. In order to curb the rising inflation and soaring property prices, the People's Bank of China raised the benchmark lending rate by 0.25% last month for the first time in almost three years. In addition, the newly raise of reserve requirement ratio by 0.5% twice within ten days to 18.5% for major banks and coupled with the recent promulgation by the Central Government of tougher measures such as tightening of property lending and proposal to levy property taxes shortly throughout the country, resulted in drop in property transactions across major cities. However, property prices stubbornly remained at the present level albeit with reduced transactions.

Barring introduction of further austerity measures by the Central Government, property prices are not expected to decrease substantively. In anticipation of progressive appreciation of Renminbi as well as enormous domestic demand, the Board remains optimistic to the property market in Mainland China and the Group will continue to place emphasis on strengthening the property development and investment business, and may acquire additional land bank to richen its land reserve, specifically in the second and third tier cities in PRC which the market trend and growth potential is consistently increasing, however, the Group has no specific investment plan in relation to any particular project currently.

Trading of medical equipment

With rising affluence especially in Hong Kong and the major cities in PRC, the consumers' increasing health awareness, especially among higher-income urban consumers, continued to create higher demand for medical equipments, and our effort in trading of medical equipment should continue to pay off in terms of sales growth and market penetration in PRC. In the coming year, we will expand our distribution channels and introducing a broader range of products to spur sales growth.

The Group remains optimistic of the medium to longer term prospects of the property sector in the PRC and continues to be committed to those projects that are being undertaken by the Group. On the other hand, the Group will continue to adopt efficacious cost management strategies and maintain tight credit control to cope with challenges and enhance competitiveness under the fluctuated operating environment.

HUMAN RESOURCES

As at 30 September 2010, the Group has 129 employees, 14 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the period under review amounted to HK$23 million as compared to HK$14 million in the same period last year.

The remuneration policy and package of the Group's employees are reviewed and approved by the directors. Apart from pension funds, in order to attract and retain a high caliber of capable and motivated workforce, the Company offers discretionary bonus and share options to staff based on the individual performance and the achievements of the Company's targets.

CONTINUING CONNECTED TRANSACTIONS

On 19 March 2008, the Group has entered into two tenancy agreements with 上海美格菲健身中心有限公司 and Fitness Concept Limited, companies owned as to 99.4% and 100% respectively by Mr. Tjia, the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of two properties of the Group at Sichuan, PRC and Hong Kong. The two tenancy agreements are contracted for three years commencing 1 April 2008, and the monthly rent payable are RMB150,000 and HK$45,500 respectively. The rental income earned during the six months ended 30 September 2010 from the above tenancy agreements were HK$1,308,000.

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 46.75% equity interest in the Company at that time, Mr. Tjia is a connected person of the Company within the meaning of the Listing Rules. The transaction therefore constitutes a connected transaction of the Company. As each of the applicable percentage ratios of the transaction was more than 2.5% but less than 25% and the total consideration involved was less than HK$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the transaction was exempted from the independent shareholders' approval requirement and was only subject to the reporting and disclosure requirements of the Listing Rules. The transaction also constituted a discloseable transaction for the Company under the Listing Rules.

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that this continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

INTERIM DIVIDEND

The Board is pleased to recommend the payment of an interim dividend of HK3 cents (2009: Nil) per ordinary share in issue for the six months ended 30 September 2010 to be payable on or around Thursday, 23 December 2010 to the shareholders whose names appear on the register of members of the Company at the close of business on Monday, 13 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 7 December 2010 to Monday, 13 December 2010 both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend mentioned above, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 6 December 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30 September 2010, the Company purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The Company considered that it is the best way of enhancing shareholder value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The summary details of those transactions are as follows:

	Number of Shares repurchased	**Price per share**		**Total price paid**
		Highest	**Lowest**	
		HK$'	*HK$'*	*HK$'000*
April 2010	1,245,000	0.60	0.59	746
July 2010	5,645,000	0.56	0.52	3,062
August 2010	500,000	0.53	0.52	261
September 2010	3,875,000	0.59	0.52	2,181
	11,265,000			6,250

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK$1,126,000 was transferred from retained profits to the capital redemption reserve. The premium of HK$5,124,000 paid on the repurchases shares and share repurchase expenses of HK$33,000 were charged against the share premium account.

The purchase of the Company's shares during the period was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Except as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

Corporate governance

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2010, the Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Directors consider that the Company has complied with most of the Code Provisions throughout the six months ended 30 September 2010, save for the deviation from the Code Provision A4.1, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Summary of deviation of the CG Code:

Code Provision A4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation once every three years in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

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 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2010.

The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's internal controls, risk management system, financial reporting matters including the review of the interim results for the six months ended 30 September 2010, and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprise of three independent non-executive directors of the Company, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver. Mr. Wong Shing Kay, Oliver is the Chairman of the committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the remuneration policy and fixing the remuneration packages for all Directors and chief executives. The remuneration committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien, Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver. Mr. Tjia Boen Sien is the Chairman of the committee.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The interim results announcement is published on the Stock Exchange website (http://www.hkex.com.hk) and the Company's website (http://www.deson.com). The interim report for the six months ended 30 September 2010 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange website and the Company's website in due course.

By Order of the Board
Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong, 30 November 2010.

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Ke Duan, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Keung Kwok Cheung, and the independent non-executive Directors are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po,and Mr. Wong Shing Kay, Oliver.