



*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)

**ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011**

The board of directors (the “Board”) of Deson Development International Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2011, together with the comparative figures for the year ended 31 March 2010 as follows:

**CONSOLIDATED INCOME STATEMENT**

*Year ended 31 March 2011*

	<i>Notes</i>	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
REVENUE	3	<b>446,548</b>	498,747
Cost of sales		<b>(387,445)</b>	(378,246)
Gross profit		<b>59,103</b>	120,501
Other income and gains	3	<b>22,149</b>	12,110
Fair value gain/(loss) on investment properties, net		<b>(5,314)</b>	9,167
Gain on disposal of subsidiaries	9	<b>296,128</b>	–
Gain on bargain purchase		–	2,893
Administrative expenses		<b>(78,355)</b>	(62,033)
Other operating income/(expenses), net		<b>2,978</b>	(10,902)
Finance costs	4	<b>(6,107)</b>	(8,455)
Share of profits and losses of:			
A jointly-controlled entity		<b>33</b>	(620)
Associates		<b>(82)</b>	(227)
<b>PROFIT BEFORE TAX</b>		<b>290,533</b>	62,434
Income tax expense	5	<b>(13,383)</b>	(34,139)
<b>PROFIT FOR THE YEAR</b>		<b>277,150</b>	28,295
Attributable to:			
Owners of the Company		<b>162,216</b>	26,662
Non-controlling interests		<b>114,934</b>	1,633
		<b>277,150</b>	28,295
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b>6</b>		
Basic			
– For profit for the year		<b>28.97 cents</b>	4.70 cents
Diluted			
– For profit for the year		<b>28.91 cents</b>	4.70 cents

Details of the dividends paid and proposed for the year are disclosed in the section “Dividend” below.

\* *for identification purpose only*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 March 2011*

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
PROFIT FOR THE YEAR	<b>277,150</b>	28,295
OTHER COMPREHENSIVE INCOME		
Surplus on revaluation of leasehold land and buildings	<b>12,077</b>	25,041
Income tax effect	<b>(2,239)</b>	(4,287)
	<b>9,838</b>	20,754
Share of other comprehensive income of associates	<b>851</b>	214
Release of capital reserve upon disposal of an associate	–	(119)
Release of exchange fluctuation reserve upon disposal of an associate	–	(524)
Release of exchange fluctuation reserve upon disposal of subsidiaries	<b>(4,000)</b>	–
Exchange differences on translation of foreign operations	<b>14,505</b>	2,250
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<b>21,194</b>	22,575
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>298,344</b>	50,870
Attributable to:		
Owners of the Company	<b>181,954</b>	49,060
Non-controlling interests	<b>116,390</b>	1,810
	<b>298,344</b>	50,870

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	<i>Notes</i>	<b>31 March 2011 HK\$'000</b>	31 March 2010 HK\$'000 (Restated)	1 April 2009 HK\$'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment		114,407	100,212	81,232
Investment properties		214,319	210,330	181,704
Investment in a jointly-controlled entity		–	–	–
Investments in associates		17,318	3,772	(2,408)
Financial assets at fair value through profit or loss		–	2,280	2,260
Available-for-sale investment		11,584	–	–
<b>Total non-current assets</b>		<b>357,628</b>	<b>316,594</b>	<b>262,788</b>
<b>CURRENT ASSETS</b>				
Amounts due from associates		27,763	27,108	26,650
Amounts due from non-controlling shareholders		6,524	–	–
Amount due from a related company		2,223	–	–
Properties held for sale		722,056	486,262	520,064
Financial assets at fair value through profit or loss		2,380	–	–
Gross amount due from contract customers		4,282	2,641	5,247
Inventories		1,611	1,526	1,497
Accounts receivable	7	42,661	71,294	59,472
Prepayments, deposits and other receivables		40,497	29,410	30,151
Cash and cash equivalents		224,551	73,608	53,807
Pledged deposits		31,364	31,324	31,331
		<b>1,105,912</b>	<b>723,173</b>	<b>728,219</b>
Assets of disposal groups/non-current asset classified as held for sale		–	172,703	9,295
<b>Total current assets</b>		<b>1,105,912</b>	<b>895,876</b>	<b>737,514</b>
<b>CURRENT LIABILITIES</b>				
Gross amount due to contract customers		56,311	42,677	38,626
Accounts payable	8	29,128	20,948	44,269
Other payables and accruals		332,567	157,515	171,116
Amounts due to associates		59	54	262
Amounts due to non-controlling shareholders		3,573	24,465	19,529
Amounts due to related companies		5,000	18,444	27,166
Tax payable		61,055	63,514	45,914
Convertible notes		–	–	15,721
Interest-bearing bank and other borrowings		47,969	133,949	97,563
		<b>535,662</b>	<b>461,566</b>	<b>460,166</b>
Liabilities directly associated with the assets of disposal groups classified as held for sale		–	120,567	–
<b>Total current liabilities</b>		<b>535,662</b>	<b>582,133</b>	<b>460,166</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)*

31 March 2011

	<b>31 March 2011 HK\$'000</b>	31 March 2010 HK\$'000 (Restated)	1 April 2009 HK\$'000 (Restated)
<b>NET CURRENT ASSETS</b>	<b>570,250</b>	313,743	277,348
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>927,878</b>	630,337	540,136
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<b>207,060</b>	64,499	32,205
Deferred tax liabilities	<b>29,625</b>	28,592	21,071
Total non-current liabilities	<b>236,685</b>	93,091	53,276
Net assets	<b>691,193</b>	537,246	486,860
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	<b>56,011</b>	56,697	56,697
Reserves	<b>610,888</b>	464,301	425,297
Equity component of convertible notes	–	–	1,259
Proposed final dividend	<b>18,076</b>	11,315	–
	<b>684,975</b>	532,313	483,253
<b>Non-controlling interests</b>	<b>6,218</b>	4,933	3,607
Total equity	<b>691,193</b>	537,246	486,860

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HKFRS 5 Amendments included in <i>Improvements to HKFRSs issued in October 2008</i>	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary</i>
<i>Improvements to HKFRSs 2009</i>	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	<i>Amendment to HK Interpretation 4 Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK Interpretation 5	<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in Improvements to HKFRSs 2009, HK Interpretation 4 (Revised in December 2009), the adoption of the new and revised HKFRSs has had no significant financial effect on the financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

**(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements***

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 1. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

#### (a) (continued)

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

#### (b) *Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:*

- *HKAS 7 Statement of Cash Flows:* Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.
- *HKAS 17 Leases:* Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term* in respect of Hong Kong Land Leases is revised as a consequence of the amendment to HKAS 17 *Leases included in Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16, HKAS 17 and HKAS 40.

The Group has reassessed its leases in Hong Kong and Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases. As substantially all the risks and rewards associated with the leases in Hong Kong have been transferred to the Group, the leases in Hong Kong have been reclassified from operating leases under “prepaid land lease payments” which are stated at cost to finance leases under leasehold land and buildings category of “property, plant and equipment” which is stated at revaluation. The corresponding amortisation has also been reclassified to depreciation. The effects of the above changes are summarised below:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<i>Consolidated income statement for the year ended 31 March</i>		
Decrease in amortisation of prepaid land lease payments	(139)	(139)
Increase in depreciation of property, plant and equipment	866	428
	<hr/>	<hr/>
	727	289
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**NOTES TO FINANCIAL STATEMENTS** *(continued)*

**1. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES** *(continued)*

**(b) (continued)**

	<b>2011</b> <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<i>Consolidated statement of comprehensive income</i> <i>for the year ended 31 March</i>		
Increase in property revaluation reserve		
Surplus arising from revaluation of leasehold land and buildings	<b>2,866</b>	17,446
Income tax effect	<b>(473)</b>	(2,879)
	<u><b>2,393</b></u>	<u>14,567</u>
<i>Consolidated statement of financial position at 31 March</i>		
Increase/(decrease) in assets (current and non-current)		
Property, plant and equipment	<b>35,900</b>	33,900
Prepaid land lease payments	<b>(5,440)</b>	(5,579)
Prepayments, deposits and other receivables	<b>(139)</b>	(139)
	<u><b>30,321</b></u>	<u>28,182</u>
Increase/(decrease) in liabilities/equity		
Deferred tax liabilities	<b>5,170</b>	4,698
Property revaluation reserve	<b>25,339</b>	23,538
Retained profits	<b>(188)</b>	(54)
	<u><b>30,321</b></u>	<u>28,182</u>

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 1. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(continued)*

#### (b) *(continued)*

2009  
HK\$'000

#### *Consolidated statement of financial position at 1 April*

##### Increase/(decrease) in assets (current and non-current)

Property, plant and equipment	16,882
Prepaid land lease payments	(5,718)
Prepayments, deposits and other receivables	(139)

11,025

##### Decrease in liabilities/equity

Deferred tax liabilities	1,819
Property revaluation reserve	9,206

11,025

Due to the retrospective application of the amendments which has resulted in the restatement of items in the statement of financial position, a statement of financial position as at 1 April 2009, and the related notes affected by the amendments have been presented in the financial statements.

### 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:

- 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;
- the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and
- the “others” segment comprises, principally, trading of medical equipment and provision of related installation and maintenance services.

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 subsidiaries, gain on disposal of associates, finance costs, impairment/reversal of impairment of an amount due from a jointly-controlled entity, impairment of an amount due from an associate, gain on bargain purchase, 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 2. OPERATING SEGMENT INFORMATION (continued)

Segment assets exclude investment in a jointly-controlled entity, investments in associates, assets of disposal groups classified as held for sale, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude liabilities directly associated with the assets of disposed groups classified as held for sale, other unallocated head office and corporate liabilities, including interest-bearing bank and other borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

#### Year ended 31 March 2011

	Construction business <i>HK\$'000</i>	Property development and investment business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	350,680	88,091	7,777	446,548
Other income and gains	3,391	17,900	–	21,291
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue	354,071	105,991	7,777	<u>467,839</u>
<b>Segment results</b>				
Operating profit/(loss)	2,554	19,427	(514)	21,467
<i>Reconciliation:</i>				
Interest income				858
Gain on disposal of subsidiaries				296,128
Unallocated expenses				(21,797)
Finance costs				(6,107)
Reversal of impairment of an amount due from a jointly-controlled entity				33
Share of profit of a jointly-controlled entity				33
Share of profits and losses of associates				(82)
				<hr/>
Profit before tax				<u>290,533</u>
<b>Segment assets</b>				
	175,513	999,919	2,966	1,178,398
<i>Reconciliation:</i>				
Investments in associates				17,318
Corporate and other unallocated assets				267,824
				<hr/>
Total assets				<u>1,463,540</u>

NOTES TO FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2011 (continued)

	Construction business HK\$'000	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
Segment liabilities	151,576	258,235	1,185	410,996
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				361,351
Total liabilities				772,347
<b>Other segment information:</b>				
Fair value loss of investment properties, net	–	5,314	–	5,314
Loss on disposal of items of property, plant and equipment	96	–	9	105
Impairment of accounts receivable	2,672	–	–	2,672
Reversal of impairment of accounts receivable	(67)	(5,303)	(185)	(5,555)
Provision for inventories	–	–	64	64
Depreciation	3,001	1,758	77	4,836
Capital expenditure	6,208	573	18	6,799*

\* Capital expenditure represents additions to property, plant and equipment and investment properties.

NOTES TO FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2010

	Construction business HK\$ '000 (Restated)	Property development and investment business HK\$ '000	Others HK\$ '000	Total HK\$ '000 (Restated)
<b>Segment revenue:</b>				
Sales to external customers	249,470	241,016	8,261	498,747
Other income and gains	2,392	5,278	14	7,684
Revenue	251,862	246,294	8,275	506,431
<b>Segment results</b>				
Operating profit/(loss)	2,303	91,449	(1,507)	92,245
<i>Reconciliation:</i>				
Interest income				2,271
Gain on disposal of associates				2,155
Unallocated expenses				(12,117)
Finance costs				(8,455)
Impairment of an amount due from a jointly-controlled entity				(2,851)
Impairment of an amount due from an associate				(12,860)
Gain on bargain purchase				2,893
Share of loss of a jointly-controlled entity				(620)
Share of profits and losses of associates				(227)
Profit before tax				62,434
<b>Segment assets</b>				
	156,080	770,890	3,735	930,705
<i>Reconciliation:</i>				
Investments in associates				3,772
Assets of disposal groups classified as held for sale				172,703
Corporate and other unallocated assets				105,290
Total assets				1,212,470

NOTES TO FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2010 (continued)

	Construction business HK\$ '000 (Restated)	Property development and investment business HK\$ '000	Others HK\$ '000	Total HK\$ '000 (Restated)
<b>Segment liabilities</b>	106,834	153,895	1,131	261,860
<i>Reconciliation:</i>				
Liabilities directly associated with the assets of disposal groups classified as held for sale				120,567
Corporate and other unallocated liabilities				292,797
Total liabilities				<u>675,224</u>
<b>Other segment information:</b>				
Fair value gain of investment properties	–	(9,167)	–	(9,167)
Loss on disposal of items of property, plant and equipment	47	4	10	61
Impairment of accounts receivable	231	2,727	171	3,129
Reversal of impairment of accounts receivable	(2,246)	(2,556)	–	(4,802)
Reversal of impairment of other receivables	(798)	–	–	(798)
Provision for inventories	–	–	133	133
Depreciation	2,171	2,014	80	4,265
Capital expenditure	<u>1,005</u>	<u>15,470</u>	<u>52</u>	<u>16,527*</u>

\* Capital expenditure represents additions to property, plant and equipment and investment properties.

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 2. OPERATING SEGMENT INFORMATION *(continued)*

#### Geographical information

##### (a) Revenue from external customers

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Hong Kong	202,557	140,412
Mainland China	243,991	358,335
	<u>446,548</u>	<u>498,747</u>

The revenue information above is based on the location of the customers.

##### (b) Non-current assets

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (Restated)
Hong Kong	78,292	78,409
Mainland China	250,434	232,133
	<u>328,726</u>	<u>310,542</u>

The non-current assets information above is based on the location of assets and excludes investment in a jointly-controlled entity, investments in associates, financial assets at fair value through profit or loss and available-for-sale investment.

#### Information about a major customer

During the year, no transactions with any individual external customer derived revenue that amounted to 10% or more of the Group's revenue (2010: Nil).

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 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, and provision of related installation and maintenance services.

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

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Income from construction contracting and related business	<b>350,680</b>	249,470
Income from property development and investment business	<b>88,091</b>	241,016
Income from trading of medical equipment, and provision of related installation and maintenance services	<b>7,777</b>	8,261
	<u><b>446,548</b></u>	<u>498,747</u>
<b>Other income and gains</b>		
Bank interest income	<b>858</b>	231
Other interest income	–	2,040
Gross rental income	<b>11,043</b>	3,046
Gain on disposal of associates	–	2,155
Others	<b>10,248</b>	4,638
	<u><b>22,149</b></u>	<u>12,110</u>

### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	<b>20,987</b>	15,257
Interest on convertible notes	–	67
Total interest expense on financial liabilities not at fair value through profit or loss	<b>20,987</b>	15,324
Less: Interest capitalised	<b>(14,880)</b>	(6,869)
	<u><b>6,107</b></u>	<u>8,455</u>

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 5. 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 year or have available tax losses brought forward from prior years to offset the assessable profits generated during the year (2010: 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.

	<b>Group</b>	
	<b>2011</b>	2010
	<b>HK\$'000</b>	HK\$'000
Current-Hong Kong		
Charge for the year	–	–
Current-Elsewhere		
Charge for the year	<b>11,060</b>	9,954
Underprovision/(overprovision) in prior years	<b>8</b>	(2,184)
Deferred	<b>(1,428)</b>	3,200
LAT in Mainland China	<b>3,743</b>	23,169
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Total tax charge for the year	<b>13,383</b>	34,139
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### 6. 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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 559,936,291 (2010: 566,973,017) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year 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 year, 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 or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment had been made to the basic earnings per share amounts presented for the year ended 31 March 2010 in respect of a dilution as the Group had no dilutive ordinary shares in issue during 31 March 2010.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

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

	Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>162,216</u>	<u>26,662</u>
	<b>Number of shares</b>	
	2011	2010
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	559,936,291	566,973,017
Effect of dilution-weighted average number of ordinary shares:		
Share options	<u>1,246,366</u>	—
	<u>561,182,657</u>	<u>566,973,017</u>

### 7. 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 work 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:

	Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 90 days	24,257	31,053
91 to 180 days	5,606	13,889
181 to 360 days	3,605	10,153
Over 360 days	<u>3,353</u>	<u>9,886</u>
	36,821	64,981
Retention monies receivable	<u>5,840</u>	<u>6,313</u>
Total	<u>42,661</u>	<u>71,294</u>

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 8. 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:

	Group	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 90 days	21,076	12,469
91 to 180 days	988	4
181 to 360 days	–	597
Over 360 days	7,064	7,878
	<u>29,128</u>	<u>20,948</u>

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

### 9. DISPOSAL OF SUBSIDIARIES

	2011
	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	97,695
Prepaid land lease payments	30,512
Properties held for sale	43,541
Accounts receivable	23
Cash and cash equivalents	16,092
Prepayments, deposits and other receivables	83,982
Accounts payable	(303)
Other payables and accruals	(52,865)
Interest-bearing bank and other borrowings	(169,600)
Non-controlling interests	(2,707)
	<u>46,370</u>
Exchange fluctuation reserve	(4,000)
Legal and professional fee and transaction costs directly attributable to the disposal	52,459
Gain on disposal of subsidiaries	296,128
	<u>390,957</u>
Satisfied by:	
Cash	<u>390,957</u>

## NOTES TO FINANCIAL STATEMENTS *(continued)*

### 9. DISPOSAL OF SUBSIDIARIES *(continued)*

*Notes:*

- (a) On 7 April 2010, Interpath Profits Limited (“Interpath Profits”), an indirect 60% owned subsidiary of the Company, entered into two sale and purchase agreements (the “Sale and Purchase Agreements”) with two independent third parties, Bond Light Limited (“Bond Light”) and Big Meg Limited (“Big Meg”), respectively. Pursuant to the Sale and Purchase Agreements, Interpath Profits shall dispose of the entire issued share capital and the related shareholders’ loans of two wholly-owned subsidiaries of Interpath Profits, namely Lead Joy Investments Limited (“Lead Joy”) and Measure Up Profits Limited (“Measure Up”), to Bond Light and Big Meg, respectively. The consideration for the Lead Joy disposal and Measure Up disposal amounted to RMB99,500,000 and RMB242,000,000, respectively. Lead Joy indirectly owned a 90% equity interest in the 惠州高爾夫球場有限公司 and Measure Up owns a 100% equity interest in the 惠州怡海房地產開發有限公司. Pursuant to the supplementary agreements to the Sale and Purchase Agreements, Bond Light and Big Meg agreed to undertake all taxes in Mainland China arising from the disposals. Details of the disposals were set out in the announcement of the Company dated 14 April 2010.
- (b) Pursuant to a sale and purchase agreement dated 5 July 2010 entered into between the Group and an independent third party, the Group disposed of its 70% equity interest in 上海迪勝物業管理有限公司 at a consideration of RMB160,000. 上海迪勝物業管理有限公司 and its subsidiary, 開封迪勝物業管理有限公司, engaged in provision of property management at the date of disposal.

## **DIVIDEND**

The Board of Directors recommends the payment of a final dividend of HK3.2 cents per share for the year ended 31 March 2011 (2010: HK2 cents per share) to Shareholders whose names appear on the Registers of Members on Wednesday, 18 August 2011 subject to the approval of Shareholders at the forthcoming 2011 Annual General Meeting (the “2011 AGM”).

Taking together with the interim dividend of HK3 cents per share paid on 30 December 2010, this will make a total dividend for the year ended 31 March 2011 of HK6.2 cents per share (2010: HK2 cents per share).

Shareholders will be given the option to receive the final dividend in new shares in lieu of cash (“Scrip Dividend Arrangement”). The Scrip Dividend Arrangement is subject to: (1) the approval of proposed final dividend at the 2011 AGM; and (2) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing the details of the Scrip Dividend Arrangement and the form of election for scrip dividend will be dispatched to Shareholders after the 2011 AGM. Dividend warrants and/or share certificates for the scrip shares are expected to be sent to the Shareholders on or around 21 September 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 16 August 2011 to 18 August 2011, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to qualify for the proposed final dividend, all transfer of shares in the Company accompanied by the relevant share certificates must be lodged with the Company’s branch shares 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 15 August 2011.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group’s turnover for the year was HK\$446,548,000 which represented a decrease of 10% as compared with last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$162,216,000 representing an increase of 508% as compared with last year. Earning per share is approximately HK28.97 cents.

The Group’s major business segment during the year 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, and provision of related installation and maintenance services.

During the year, 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 year, turnover generated from the property development and investment business decreased by 63% as compared to last year, this is mainly due to the property development project, section B of Phase II of Century Place, Kaifeng, PRC have not yet completed as at the end of the reporting period, and only gross floor area of 11,598 sq.m.-section D of Phase II of Century Place, Kaifeng, PRC is newly launched to the market, other than that, we were only selling the remaining units of Phase I of Century Place, Kaifeng, PRC and Asian Villas City Square, Haikou, PRC, whereas in last year 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\$296 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 year, the Group's turnover amounted to HK\$447 million, decreased by 10% as compared to last year. The decrease was mainly due to the property development project, section B of Phase II of Century Place, Kaifeng, PRC have not yet completed as at the end of the reporting period, and only gross floor area of 11,598 sq.m.-section D of Phase II of Century Place, Kaifeng, PRC is newly launched to the market, other than that, we were only selling remaining units of Phase I of Century Place, Kaifeng, PRC and Asian Villas City Square, Haikou, PRC, whereas in last year 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\$351 million, HK\$88 million, HK\$8 million respectively, which represent an increase by 41%, a decrease by 63% and a decrease by 6% respectively as compared to last year.

### Gross profit margin

During the year under review, the Group's gross profit margin was approximately 13%, down by 11% as compared to last year's 24%, 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 year's 48% to this year's 20%, 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 year.

### Liquidity and financial resources

As at 31 March 2011, the Group had total assets of HK\$1,463,540,000, which is financed by total liabilities, shareholders' equity and non-controlling interests of HK\$772,347,000, HK\$684,975,000 and HK\$6,218,000, respectively. The Group's current ratio at 31 March 2011 was 2.06 compared to 1.54 at 31 March 2010.

The gearing ratio for the Group is 26% (2010: 15%). It was calculated based on the non-current liabilities of HK\$236,685,000 (2010: HK\$93,091,000) and long term capital (equity and non-current liabilities) of HK\$927,878,000 (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 year.

### Capital expenditure

Total capital expenditure for the year was approximately HK\$18 million, which are mainly used in the purchase of an office in connection with the construction business in Beijing, PRC and the acquisition of an available-for-sale investment.

## **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**

Assets with carrying value of HK\$412,964,000 were pledged as security for the Group's banking facilities.

## **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 year, new projects such as addition and alteration works for house 1 & 2 of Belleview Place, Repulse Bay Road, Hong Kong, addition and alteration works for Anfield International School, 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 and New Territories East Region, Hong Kong, term contract for the design and construction of fitting-out works to buildings and lands and other properties for which the Architectural Services Department is responsible in Hong Kong, fitting out works for Asia Society Hong Kong Center at Former Explosive Magazine at Justice Drive, Admiralty, 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\$1,009 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 RMB326 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 198,000 sq. metres. Up to now, gross floor area of 42,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB167 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2013.

After prolonged period of low interest environment, the global economy is on the road to recovery albeit at a different pace for different regions. Interest rate in most regions is moving upward in tandem with the increasing inflationary pressure especially from the fluctuation of oil and commodity prices at high level. These factors may have a dampening effect on consumer sentiment. Meanwhile the Central Government continues to impose restrictive monetary policy and pricing restraints to avoid overheating in the economy especially in the housing and consumer products sectors. However, 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 31 March 2011, the Group has 130 employees, 15 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the year under review amounted to HK\$44 million as compared to HK\$32 million in 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.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2011, 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 HK\$'000
		Highest HK\$	Lowest HK\$	
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
October 2010	2,305,000	0.63	0.60	1,427
December 2010	740,000	0.69	0.68	509
January 2011	505,000	0.70	0.65	342
February 2011	155,000	0.67	0.63	102
March 2011	250,000	0.66	0.61	159
	<u>15,220,000</u>			<u>8,789</u>

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$1,522,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$7,267,000 paid on the repurchases shares and share repurchase expenses of HK\$52,000 were charged against the share premium account.

The purchase of the Company's shares during the year 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 year.

## CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with most of 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") 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 year ended 31 March 2011.

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 and financial reporting matters including the review of the annual results for the year ended 31 March 2011, 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 annual results announcement is published on the Stock Exchange website (<http://www.hkex.com.hk>) and the Company's website (<http://www.deson.com>). The annual report for the year ended 31 March 2011 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, 29 June 2011.

*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, the independent non-executive Directors are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po, and Mr. Wong Shing Kay, Oliver.*