



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 2012

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 2012, together with the comparative figures for the year ended 31 March 2011 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2012

	Notes	2012 HK\$'000	2011 HK\$'000
REVENUE	3	817,580	446,548
Cost of sales		(669,638)	(387,445)
Gross profit		147,942	59,103
Other income and gains	3	31,765	22,149
Fair value gain/(loss) on investment properties, net		1,722	(5,314)
Gain/(loss) on disposal of subsidiaries	10	(60)	296,128
Administrative expenses		(81,007)	(78,355)
Other operating income, net		2,621	2,978
Finance costs	4	(2,782)	(6,107)
Share of profits and losses of:			
A jointly-controlled entity		(9)	33
Associates		6,340	(82)
PROFIT BEFORE TAX		106,532	290,533
Income tax expense	5	(34,161)	(13,383)
PROFIT FOR THE YEAR		<u>72,371</u>	<u>277,150</u>
Attributable to:			
Owners of the Company		72,184	162,216
Non-controlling interests		187	114,934
		<u>72,371</u>	<u>277,150</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	6		
Basic			
– For profit for the year		<u>12.71 cents</u>	<u>28.97 cents</u>
Diluted			
– For profit for the year		<u>12.70 cents</u>	<u>28.91 cents</u>

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 2012*

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
PROFIT FOR THE YEAR	72,371	277,150
OTHER COMPREHENSIVE INCOME		
Surplus on revaluation of leasehold land and buildings	16,164	12,077
Income tax effect	(3,225)	(2,239)
	12,939	9,838
Share of other comprehensive income of associates	111	851
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	(4,000)
Exchange differences on translation of foreign operations	14,649	14,505
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	27,699	21,194
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	100,070	298,344
Attributable to:		
Owners of the Company	98,197	181,954
Non-controlling interests	1,873	116,390
	100,070	298,344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2012

	<i>Notes</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		126,757	114,407
Investment properties		225,060	214,319
Goodwill		–	–
Investment in a jointly-controlled entity		–	–
Investments in associates		5,328	17,318
Available-for-sale investments		21,675	11,584
		<hr/>	<hr/>
Total non-current assets		378,820	357,628
CURRENT ASSETS			
Amounts due from associates		4,636	27,763
Amount due from an investee		115	–
Amounts due from non-controlling shareholders		–	6,524
Amount due from a related company		70	2,223
Properties held for sale under development and properties held for sale		871,158	722,056
Financial assets at fair value through profit or loss		–	2,380
Gross amount due from contract customers		5,638	4,282
Inventories		4,239	1,611
Accounts receivable	7	37,596	42,661
Prepayments, deposits and other receivables		41,834	40,497
Cash and cash equivalents		33,549	224,551
Pledged deposits		93,418	31,364
		<hr/>	<hr/>
Total current assets		1,092,253	1,105,912
CURRENT LIABILITIES			
Gross amount due to contract customers		29,577	56,311
Accounts payable	8	21,104	29,128
Other payables and accruals		186,663	332,567
Amounts due to associates		5,924	59
Amounts due to non-controlling shareholders		3,540	3,573
Amount due to a related company		–	5,000
Tax payable		79,570	61,055
Interest-bearing bank and other borrowings		323,840	47,969
		<hr/>	<hr/>
Total current liabilities		650,218	535,662
		<hr/>	<hr/>
NET CURRENT ASSETS		442,035	570,250
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		820,855	927,878
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 March 2012

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>820,855</u>	<u>927,878</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	14,880	207,060
Deferred tax liabilities	<u>35,877</u>	<u>29,625</u>
Total non-current liabilities	<u>50,757</u>	<u>236,685</u>
Net assets	<u><u>770,098</u></u>	<u><u>691,193</u></u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	57,272	56,011
Reserves	702,455	610,888
Proposed final dividend	<u>5,719</u>	<u>18,076</u>
	765,446	684,975
Non-controlling interests	<u>4,652</u>	<u>6,218</u>
Total equity	<u><u>770,098</u></u>	<u><u>691,193</u></u>

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 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters</i>
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
<i>Improvements to HKFRSs 2010</i>	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

NOTES TO FINANCIAL STATEMENTS *(continued)*

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

(b) *(continued)*

- *HKAS 1 Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.
- *HKAS 27 Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 and decoration, as well as the provision of 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 home security and automation products, 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/(loss) on disposal of subsidiaries, gain on disposal of an associate, finance costs, impairment/reversal of impairment of an amount due from a jointly-controlled entity, 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.

Segment assets exclude investment in a jointly-controlled entity, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude 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.

NOTES TO FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2012

	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>
Segment revenue:				
Sales to external customers	475,091	322,294	20,195	817,580
Other income and gains	4,240	18,826	165	23,231
Revenue	479,331	341,120	20,360	<u>840,811</u>
Segment results				
Operating profit	9,960	89,672	1,093	100,725
<i>Reconciliation:</i>				
Interest income				2,070
Loss on disposal of a subsidiary				(60)
Gain on disposal of an associate				6,464
Unallocated expenses				(6,202)
Finance costs				(2,782)
Impairment of an amount due from a jointly-controlled entity				(14)
Share of loss of a jointly-controlled entity				(9)
Share of profits and losses of associates				6,340
Profit before tax				<u>106,532</u>
Segment assets	143,388	1,165,501	7,651	1,316,540
<i>Reconciliation:</i>				
Investments in associates				5,328
Corporate and other unallocated assets				149,205
Total assets				<u>1,471,073</u>

NOTES TO FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2012 (continued)

	Construction business HK\$'000	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
Segment liabilities	82,299	161,217	1,272	244,788
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				456,187
Total liabilities				<u>700,975</u>
Other segment information:				
Fair value gain of investment properties	–	1,722	–	1,722
Loss on disposal of items of property, plant and equipment	97	(21)	33	109
Impairment of other receivables	109	–	–	109
Reversal of impairment of accounts receivable	1,625	–	989	2,614
Provision for inventories	–	–	512	512
Impairment of goodwill	–	–	606	606
Depreciation	3,643	1,355	92	5,090
Capital expenditure	269	664	55	988*

* 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 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>
Segment revenue:				
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>
Segment results				
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>
Segment assets				
	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 <i>HK\$ '000</i>	Property development and investment business <i>HK\$ '000</i>	Others <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Segment liabilities	151,576	258,235	1,185	410,996
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				361,351
Total liabilities				<u>772,347</u>
Other segment information:				
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.

Geographical information

(a) Revenue from external customers

	2012 <i>HK\$ '000</i>	2011 <i>HK\$ '000</i>
Hong Kong	299,073	202,557
Mainland China	518,507	243,991
	<u>817,580</u>	<u>446,548</u>

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

NOTES TO FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	2012 HK\$'000	2011 HK\$'000
Hong Kong	93,282	78,292
Mainland China	258,535	250,434
	<u>351,817</u>	<u>328,726</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 and available-for-sale investments.

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 (2011: Nil).

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 home security and automation products, and provision of related installation and maintenance services.

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

	Group	
	2012 HK\$'000	2011 HK\$'000
Revenue		
Income from construction contracting and related business	475,091	350,680
Income from property development and investment business	322,294	88,091
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services	20,195	7,777
	<u>817,580</u>	<u>446,548</u>
Other income and gains		
Bank interest income	2,070	858
Gross rental income	17,812	11,043
Gain on disposal of an associate	6,464	–
Others	5,419	10,248
	<u>31,765</u>	<u>22,149</u>

NOTES TO FINANCIAL STATEMENTS (continued)

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	18,455	20,987
Less: Interest capitalised	(15,673)	(14,880)
	2,782	6,107

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 (2011: 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.

	Group	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current-Elsewhere		
Charge for the year	13,186	11,060
(Overprovision)/underprovision in prior years	(88)	8
Deferred	2,747	(1,428)
LAT in Mainland China	18,316	3,743
Total tax charge for the year	34,161	13,383

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 568,102,732 (2011: 559,936,291) 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 weighted average 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.

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	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	72,184	162,216
	<u>72,184</u>	<u>162,216</u>
	Number of shares	
	2012	2011
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	568,102,732	559,936,291
Effect of dilution-weighted average number of ordinary shares: Share options	94,875	1,246,366
	<u>94,875</u>	<u>1,246,366</u>
	568,197,607	561,182,657
	<u>568,197,607</u>	<u>561,182,657</u>

7. ACCOUNTS RECEIVABLE

	Group	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable	42,642	53,128
Impairment	(12,963)	(16,307)
	<u>29,679</u>	<u>36,821</u>
Retention monies receivable	7,917	5,840
	<u>7,917</u>	<u>5,840</u>
	37,596	42,661
	<u>37,596</u>	<u>42,661</u>

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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Accounts receivable are non-interest-bearing.

NOTES TO FINANCIAL STATEMENTS (continued)

7. ACCOUNTS RECEIVABLE (continued)

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	
	2012	2011
	HK\$'000	HK\$'000
Current to 90 days	12,668	24,257
91 to 180 days	1,053	5,606
181 to 360 days	10,154	3,605
Over 360 days	5,804	3,353
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Retention monies receivable	29,679	36,821
	<hr/>	<hr/>
Total	<u>37,596</u>	<u>42,661</u>

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	
	2012	2011
	HK\$'000	HK\$'000
Current to 90 days	7,409	21,076
91 to 180 days	15	988
181 to 360 days	4,677	–
Over 360 days	9,003	7,064
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	<u>21,104</u>	<u>29,128</u>

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

9. BUSINESS COMBINATION

On 12 August 2011, the Group acquired an additional 50% equity interest in an associate, Deson Innovative Limited (“Deson Innovative”) (formerly known as Visonic Deson Limited) and shareholder’s advance of HK\$3,883,000, for cash consideration of HK2,428,000. After the acquisition, Deson Innovative has become a wholly-owned subsidiary of the Group. The principal activity of Deson Innovative is selling, distribution and marketing of home security and automation products. The purchase consideration for the acquisition was in form of cash and paid on 12 August 2011.

NOTES TO FINANCIAL STATEMENTS (continued)

9. BUSINESS COMBINATION (continued)

The fair value of the identifiable net assets and liabilities of Deson Innovative at the date of acquisition are as follows:

	Fair value recognised on acquisition HK\$'000
Net assets acquired:	
Property, plant and equipment	139
Accounts receivable	1,738
Prepayments, deposits and other receivables	399
Inventories	2,120
Cash and bank balances	1,836
Deferred tax liabilities	(15)
Other payables	(1,181)
Advance from a shareholder of Deson Innovative	(3,883)
	<hr/>
	1,153
Advance from a shareholder acquired	3,883
Goodwill on acquisition	606
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	5,642
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Satisfied by:	
Cash	2,428
Fair value of equity interest previously held as investment of associate	3,214
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	5,642
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An analysis of net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	HK\$'000
Cash consideration	(2,428)
Cash and bank balances acquired	1,836
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Net outflow of cash and cash equivalents included in cash flows from investing activities	(592)
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Since the acquisition, Deson Innovative contributed HK\$6,427,000 to the Group's revenue and HK\$627,000 to the consolidated profit for the year ended 31 March 2012.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK\$820,701,000 and HK\$72,871,000, respectively.

NOTES TO FINANCIAL STATEMENTS *(continued)*

10. DISPOSAL OF SUBSIDIARIES

	2012 <i>HK\$'000</i>	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	100	16,092
Prepayments, deposits and other receivables	1	83,982
Accounts payable	–	(303)
Other payables and accruals	–	(52,865)
Interest-bearing bank and other borrowings	–	(169,600)
Non-controlling interests	(40)	(2,707)
	61	46,370
Exchange fluctuation reserve	–	(4,000)
Legal and professional fee and transaction costs directly attributable to disposals	–	52,459
Gain/(loss) on disposal of subsidiaries	(60)	296,128
	1	390,957
Satisfied by:		
Cash	1	390,957

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Cash consideration	1	390,957
Cash and bank balances disposed of	(100)	(16,092)
	(99)	374,865
Less: Legal and professional fee and transaction costs paid	–	(42,459)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal subsidiaries	(99)	332,406

NOTES TO FINANCIAL STATEMENTS *(continued)*

10. DISPOSAL OF SUBSIDIARIES *(continued)*

Notes:

- (a) Pursuant to a sale and purchase agreement dated 10 August 2011 entered into between the Group and a non-controlling shareholder of Interpath Profits Limited (“Interpath Profits”), the Group disposed of its 60% equity interest in Interpath Profits at US\$1. Interpath Profits is principally engaged in investment holding at the date of disposal.
- (b) On 7 April 2010, Interpath Profits, a former 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 considerations 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 owned a 100% equity interest in the 惠州怡海房地產開發有限公司. Details of the disposals were set out in the announcement of the Company dated 14 April 2010.

The disposals were approved by the shareholders on 12 August 2010 and completed on the same date.

- (c) 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 HK1 cent per share for the year ended 31 March 2012 (2011: HK3.2 cents per share) to shareholders whose names appear on the Registers of Members on Friday, 24 August 2012 subject to the approval of Shareholders at the forthcoming 2012 Annual General Meeting (the “2012 AGM”).

Taking together with the interim dividend of HK1 cent per share paid on 30 December 2011, this will make a total dividend for the year ended 31 March 2012 of HK2 cents per share (2011: HK6.2 cents per share).

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the 2012 AGM.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 August 2012 to 24 August 2012, 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 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 21 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are pleased to announce another remarkable result for the Group during the year under review despite a volatile market. The Group’s turnover for the year ended 31 March 2012 surged to the highest in history and recorded at HK\$817,580,000, which represented an increase of 83% as compared with last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$72,184,000 representing a decrease of 56% as compared with last year, the significant drop is mainly due to the Group had disposed of two subsidiaries in last year, and the related non-recurrent gain on disposal of subsidiaries generated amounted to HK\$306 million. Earning per share is approximately HK12.71 cents.

The Group’s major business segment during the year comprises (i) construction as a main contractor and decoration, as well as the provision of electrical and mechanical (“E&M”) engineering services; (ii) property development and investment; and (iii) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services.

During the year ended 31 March 2012, the Group completed or substantially completed projects such as alteration and addition works for Belleview Place, Repulse Bay, Hong Kong, alteration and addition works for Anfield International School, Shatin, Hong Kong, fitting out works for a residential house at Kowloon Tong, Hong Kong, subcontract works for E&M installation for student hostel development

phase 4, City University of Hong Kong at Cornwall Street, Kowloon Tong, Hong Kong, E&M installation, plumbing and drainage for proposed warehouse development at Ping Tong Street South, Yuen Long, Hong Kong and fitting out works for Prada shop at Chengdu, PRC. In current year, segment operating profit generated from the property development and investment business increased by 362% as compared to last year, this is mainly due to the Group had completed and sold certain residential units in section B of Phase II of Century Place, Kaifeng, PRC, which generated tremendous turnover and satisfactory gross profit to the Group, whereas in last year, section B of Phase II of Century Place, Kaifeng, PRC have not yet completed, and we were only selling remaining units of Phase I and section D of Phase II of Century Place, Kaifeng, PRC and Asian Villas City Square, Haikou, PRC.

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

For the year ended 31 March 2012, the Group’s turnover surged to the highest in history and recorded at HK\$818 million, increased by 83% as compared to last year. All three segments recorded at least 35% increment as compared to last year. The increase was mainly due to certain new construction contracting contracts were granted to the Group in last year, and those contracts contributed a lot of contract income to the Group in current year. Also, for the property development project, Phase II of Century Place, Kaifeng, PRC, the Group had completed and sold certain residential units in section B of Phase II of Century Place, which contributed tremendous turnover to the Group, whereas in last year, section B of Phase II of Century Place have not yet completed, and we were only selling remaining units of Phase I and section D of Phase II of Century Place, and Asian Villas City Square, Haikou, PRC. Turnover generated from construction contracting business, property development and investment business and other business amounted to approximately HK\$475 million, HK\$322 million, HK\$20 million respectively, which represent increase by 35%, 266% and 160% respectively as compared to last year.

Gross profit margin

During the year ended 31 March 2012, the Group’s gross profit margin was approximately 18%, up by 5% as compared to last year’s 13%, this is mainly driven from the increase in the percentage of turnover generated from the property development and investment segment over the total turnover, from last year’s 20% to this year’s 39%, 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 higher than last year.

Liquidity and financial resources

As at 31 March 2012, the Group had total assets of HK\$1,471,073,000, which is financed by total liabilities, shareholders' equity and non-controlling interests of HK\$700,975,000, HK\$765,446,000 and HK\$4,652,000, respectively. The Group's current ratio at 31 March 2012 was 1.68 compared to 2.06 at 31 March 2011.

The gearing ratio for the Group is 6% (31 March 2011: 26%). It was calculated based on the non-current liabilities of HK\$50,757,000 (31 March 2011: HK\$236,685,000) and long term capital (equity and non-current liabilities) of HK\$820,855,000 (31 March 2011: HK\$927,878,000).

Capital expenditure

Total capital expenditure for the year ended 31 March 2012 was approximately HK\$988,000, 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

Assets with carrying value of HK\$594,072,000 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 building construction and E&M works) in both the PRC and Hong Kong. With its proven track records and adequate expertise in the main contracting business, the Group obtained “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.

During the year, new projects such as main contractor for redevelopment of a 18-storey industrial building at Tsuen Wan, Hong Kong, mechanical ventilation air conditioning for a proposed composite redevelopment at Kennedy, Hong Kong, mechanical ventilation air conditioning for a proposed research and academic building for the Hong Kong University of Science & Technology, Hong Kong, electrical, mechanical ventilation air conditioning and fire services for transformation of the former married quarters on Hollywood Road into a creative industries landmark at Central, Hong Kong, and fitting out works for a Prada shop a Hangzhou, PRC were granted. As at the date of this announcement, the Group has contracts on hand with a total contract sum of over HK\$1,160 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 RMB352 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 170,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB435 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2013.

On 16 February 2012, the Group has successfully won a bid for the acquisition of land use right of a residential and commercial site in 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 95,510 sq. metres.

Although customer demand is affected by austerity measures posed by the Central Government and macro-economic uncertainties, 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 enrich 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 and home security and automation products

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.

In August 2011, the Group also acquired the remaining 50% shareholding interest in an associate from a joint venture partner, the said associate is principally engaged in trading of wired and wireless security devices and systems, which are applicable to residential estates, commercial offices, shops, hotels, hospitals, museums and prisons.

The Global economy remains full of uncertainties especially in some European countries due to the sovereign debt crisis, which generated concerns over the global economy and is likely to hit some Asian markets with a slowdown in economic growth. The tightening policies such as restrictions on home purchase as a part of its efforts to control inflation and maintain a stable and healthy economic growth, also caused certain negative impact on the mainland property market. However, with the recent decrease of interest rate and deposit reserve requirement ratio for major banks for PRC, it is expected the economy of the PRC will sustain a healthy growth, also, Hong Kong remains well positioned to benefit from the PRC's continuing growth and development, as such, the Group remains optimistic in the long run and has confidence in the growth momentum in the PRC and Hong Kong.

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 2012, the Group has 132 employees, 14 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the year under review amounted to HK\$38 million as compared to HK\$44 million in last year, the drop is mainly due to the Group granted share options to employees and provided more discretionary bonus 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.

CONTINUING CONNECTED TRANSACTIONS

On 23 March 2011, 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 wholly-owned by Mr. Tjia Boen Sien, 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 2011, and the monthly rent payable are RMB150,000 and HK\$25,500 respectively. The rental income earned during the year ended 31 March 2012 from the above tenancy agreements were HK\$2,502,000.

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 48.44% equity interest in the Company at the time entering into the tenancy agreements, Mr. Tjia is a connected person of the Company within the meaning of the Listing Rules. The transactions therefore constitute connected transactions of the Company. As each of the applicable percentage ratios of the transactions was more than 2.5% but less than 25% and the total considerations involved were less than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the transactions were exempted from the independent shareholders' approval requirement and were only subject to the reporting and disclosure requirements of the Listing Rules. The transactions also constituted discloseable transactions 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 transactions were 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2012, 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\$	
July 2011	2,810,000	0.650	0.610	1,763
October 2011	825,000	0.550	0.500	440
November 2011	2,260,000	0.485	0.520	1,128
December 2011	585,000	0.485	0.500	291
February 2012	580,000	0.495	0.480	284
March 2012	785,000	0.550	0.490	420
	<u>7,845,000</u>			<u>4,326</u>

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$784,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$3,542,000 paid on the repurchases shares and share repurchase expenses of HK\$40,000 were credited to/charged against the share premium account.

The purchase of the Company's shares during year ended 31 March 2012 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 ended 31 March 2012.

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 2012.

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 and financial reporting matters including the review of the annual results for the year ended 31 March 2012, 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.

NOMINATION COMMITTEE

The Company has a nomination committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant blend of skills, knowledge and experience. The nomination 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. 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. Wong Shing Kay, Oliver 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 2012 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 2012

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