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**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 2015

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 2015, together with the comparative figures for the year ended 31 March 2014 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
REVENUE	3	850,198	984,190
Cost of sales		<u>(769,220)</u>	<u>(882,208)</u>
Gross profit		80,978	101,982
Other income and gains	3	67,602	53,845
Fair value gain on investment properties, net		141,436	122,554
Gain on disposal of a subsidiary	11	–	16,057
Administrative expenses		(126,415)	(93,522)
Other operating income/(expenses), net		(1,931)	371
Finance costs	4	(17,780)	(1,936)
Share of profits and losses of:			
A joint venture		–	(16)
Associates		577	679
PROFIT BEFORE TAX		144,467	200,014
Income tax expense	5	<u>(52,076)</u>	<u>(54,296)</u>
PROFIT FOR THE YEAR		<u>92,391</u>	<u>145,718</u>
Attributable to:			
Owners of the Company		94,476	145,712
Non-controlling interests		<u>(2,085)</u>	<u>6</u>
		<u>92,391</u>	<u>145,718</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	6		
Basic and diluted		<u>HK 16.60 cents</u>	<u>HK 26.25 cents</u>

Details of the dividends paid and proposed for the year are disclosed in note 7 to the financial statements.

\* For identification purpose only

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 March 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
PROFIT FOR THE YEAR		<b>92,391</b>	145,718
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		<b>(2,539)</b>	2,567
Exchange differences on translation of foreign operations		<b>(6,010)</b>	(1,428)
Release of exchange fluctuation reserve upon disposal of a subsidiary	<i>11</i>	–	(5,438)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		<b>(8,549)</b>	(4,299)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Surplus on revaluation of leasehold land and buildings		<b>17,636</b>	11,805
Income tax effect		<b>(2,942)</b>	(2,021)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		<b>14,694</b>	9,784
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>6,145</b>	5,485
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>98,536</b>	151,203
Attributable to:			
Owners of the Company		<b>100,388</b>	151,197
Non-controlling interests		<b>(1,852)</b>	6
		<b>98,536</b>	151,203

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		175,628	164,181
Investment properties		535,184	305,000
Goodwill		–	–
Investment in a joint venture		–	–
Investments in associates		1,035	3,785
Available-for-sale investments		21,641	21,641
Deposit		–	244
Pledged deposits		316,200	–
		<hr/>	<hr/>
Total non-current assets		1,049,688	494,851
<b>CURRENT ASSETS</b>			
Amounts due from associates		4,824	4,748
Amount due from an investee		100	100
Amount due from a related company		479	–
Properties held for sale under development and properties held for sale		1,350,608	1,054,613
Gross amount due from contract customers		25,655	7,563
Inventories		11,768	12,103
Accounts receivable	8	58,849	77,206
Prepayments, deposits and other receivables		97,626	94,935
Pledged deposits		69,901	51,797
Cash and cash equivalents		78,430	129,474
		<hr/>	<hr/>
Total current assets		1,698,240	1,432,539
<b>CURRENT LIABILITIES</b>			
Gross amount due to contract customers		88,455	87,845
Accounts payable	9	30,256	59,191
Other payables and accruals		140,313	172,564
Amounts due to associates		48	48
Amounts due to non-controlling shareholders		1,500	1,500
Amount due to a related company		–	2,193
Tax payable		87,137	86,520
Interest-bearing bank and other borrowings		521,613	304,488
		<hr/>	<hr/>
Total current liabilities		869,322	714,349
		<hr/>	<hr/>
NET CURRENT ASSETS		828,918	718,190

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

31 March 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NET CURRENT ASSETS		<b>828,918</b>	718,190
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>1,878,606</b>	1,213,041
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		<b>597,680</b>	157,041
Deferred tax liabilities		<b>111,855</b>	73,314
Total non-current liabilities		<b>709,535</b>	230,355
Net assets		<b>1,169,071</b>	982,686
EQUITY			
<b>Equity attributable to owners of the Company</b>			
Issued capital	10	<b>65,184</b>	55,321
Reserves		<b>1,081,033</b>	914,350
Proposed final dividend	7	<b>6,517</b>	7,192
		<b>1,152,734</b>	976,863
<b>Non-controlling interests</b>		<b>16,337</b>	5,823
Total equity		<b>1,169,071</b>	982,686

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39 HK(IFRIC)-Int 21	<i>Novation of Derivatives and Continuation of Hedge Accounting Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition<sup>1</sup></i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination<sup>1</sup></i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

<sup>1</sup> Effective from 1 July 2014

Other than explained below, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.
- (b) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- (d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.
- (e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

### 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, provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market.

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, 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, dividend income, gain on disposal of a subsidiary, finance costs, share of profits and losses of a joint venture and associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a joint venture, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. OPERATING SEGMENT INFORMATION (continued)

Segment liabilities exclude other unallocated head office and corporate liabilities, including certain 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.

During the year, the Group's operating segments changed as a result of the change in the Group's internal business reporting structure for more efficient use of the managerial resources. The corresponding information for the year ended 31 March 2014 has been re-presented accordingly.

#### Year ended 31 March 2015

	<b>Construction business HK\$'000</b>	<b>Property development and investment business HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>				
Sales to external customers	750,075	74,488	25,635	850,198
Other income and gains	4,598	57,907	882	63,387
Revenue	<u>754,673</u>	<u>132,395</u>	<u>26,517</u>	<u><u>913,585</u></u>
<b>Segment results</b>				
Operating profit	13,903	168,737	734	183,374
<i>Reconciliation:</i>				
Interest income				3,263
Dividend income				952
Unallocated expenses				(25,919)
Finance costs				(17,780)
Share of loss of a joint venture				–
Share of profits and losses of associates				577
Profit before tax				<u><u>144,467</u></u>
<b>Segment assets</b>	<b>128,697</b>	<b>2,106,047</b>	<b>24,119</b>	<b>2,258,863</b>
<i>Reconciliation:</i>				
Investments in associates				1,035
Corporate and other unallocated assets				488,030
Total assets				<u><u>2,747,928</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2015 (continued)

	Construction business HK\$'000	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment liabilities</b>	132,691	1,116,931	10,063	1,259,685
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				319,172
Total liabilities				<u>1,578,857</u>
<b>Other segment information:</b>				
Fair value gain of investment properties	(875)	(140,561)	–	(141,436)
Loss on disposal of items of property, plant and equipment	309	–	4	313
Impairment/(reversal of impairment) of other receivables	(625)	3,045	–	2,420
Reversal of impairment of accounts receivable	–	–	(51)	(51)
Provision for inventories	–	–	1,743	1,743
Depreciation	2,675	3,797	79	6,551
Capital expenditure	<u>282</u>	<u>381</u>	<u>30</u>	<u>693*</u>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2014

	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	825,379	121,068	37,743	984,190
Other income and gains	6,451	43,831	1,048	51,330
Revenue	831,830	164,899	38,791	<u>1,035,520</u>
<b>Segment results</b>				
Operating profit	14,612	168,597	9,153	192,362
<i>Reconciliation:</i>				
Interest income and unallocated gains				1,716
Dividend income				799
Unallocated expenses				(9,647)
Gain on disposal of a subsidiary				16,057
Finance costs				(1,936)
Share of loss of a joint venture				(16)
Share of profits and losses of associates				679
Profit before tax				<u>200,014</u>
<b>Segment assets</b>				
	248,594	1,444,177	27,107	1,719,878
<i>Reconciliation:</i>				
Investments in associates				3,785
Corporate and other unallocated assets				203,727
Total assets				<u>1,927,390</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2014 (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>
<b>Segment liabilities</b>	160,463	542,839	14,318	717,620
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				227,084
Total liabilities				<u>944,704</u>
<b>Other segment information:</b>				
Fair value gain of investment properties	(635)	(121,919)	–	(122,554)
Loss on disposal of items of property, plant and equipment	39	25	12	76
Impairment of other receivables	64	–	–	64
Reversal of impairment of accounts receivable	–	–	(18)	(18)
Provision for inventories	–	–	530	530
Depreciation	5,022	1,146	86	6,254
Capital expenditure	<u>259</u>	<u>274</u>	<u>113</u>	<u>646*</u>

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

#### Geographical information

(a) Revenue from external customers

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	510,863	600,240
Mainland China	339,335	383,950
	<u>850,198</u>	<u>984,190</u>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information (continued)

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	158,514	144,245
Mainland China	868,498	325,180
	<u>1,027,012</u>	<u>469,425</u>

The non-current assets information above is based on the locations of the assets and excludes investment in a joint venture, investments in associates and available-for-sale investments.

#### Information about a major customer

During the year, revenue of approximately HK\$191,203,000 (2014: HK\$123,717,000) was derived from sales by construction segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

### 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, the net invoiced value of goods sold after allowance for returns and trade discounts, and provision of related installation and maintenance services.

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

	2015 <i>HK\$'000</i>	Group 2014 <i>HK\$'000</i>
<b>Revenue</b>		
Income from construction contracting and related business	750,075	825,379
Income from property development and investment business	74,488	121,068
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market	25,635	37,743
	<u>850,198</u>	<u>984,190</u>
<b>Other income and gains</b>		
Bank interest income	3,263	1,216
Dividend income	952	799
Gross rental income	50,207	42,254
Others	13,180	9,576
	<u>67,602</u>	<u>53,845</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2015</b>	<b>Group</b>
	<i>HK\$'000</i>	2014 <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	<b>67,806</b>	37,837
Less: Interest capitalised	<b>(50,026)</b>	(35,901)
	<b>17,780</b>	1,936

### 5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2014: 16.5%), unless the Group's subsidiaries did not generate any assessable profit amount in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward in prior year to offset the assessable profits generated during the year. 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>2015</b>	<b>Group</b>
	<i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	<b>2,101</b>	506
Overprovision in prior years	<b>(38)</b>	(5)
Current – Elsewhere		
Charge for the year	<b>12,132</b>	14,685
Underprovision in prior years	<b>–</b>	5
Deferred	<b>35,856</b>	32,546
LAT in Mainland China	<b>2,025</b>	6,559
Total tax charge for the year	<b>52,076</b>	54,296

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 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 569,062,212 (2014: 555,104,267) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2015 and 2014 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during these years.

### 7. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim – HK1 cent (2014: HK1 cent) per ordinary share	5,532	5,532
Special interim dividend by way of distribution in specie ( <i>Note</i> )	7,006	–
Proposed final – HK1 cent (2014: HK1.3 cents) per ordinary share	6,517	7,192
	<u>19,055</u>	<u>12,724</u>

*Note:* In August 2014, the Company submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules in relation to the proposed spin-off of DCIHL by way of a separate listing of the ordinary shares of HK\$0.05 each of DCIHL (“DCIHL Shares”) on the GEM of the Stock Exchange.

On 10 September 2014, DCIHL submitted a listing application form (Form 5A) to the Stock Exchange in order to apply for the listing of, and permission to deal in, the DCIHL Shares on the GEM Board of the Stock Exchange. The listing of the DCIHL Shares would be by way of placing achieved by (a) a distribution in specie by the Company of 27.66% of the DCIHL Shares and (b) placing of 12.5% of the DCIHL Shares.

On 19 December 2014, the Board declared conditional special interim dividends (the “Conditional Dividends”) for the year ended 31 March 2015 of one DCIHL Shares for every five shares held in the Company to shareholders on the register of members as at the close of business on 24 December 2014. Fractional entitlements were disregarded and will be retained by the Company for sale in the market and the Company will keep the net proceeds of sale, after deduction of the related expenses. The Conditional Dividend became unconditional upon the listing of the DCIHL Shares under stock code 8268 on the GEM of the Stock Exchange on 8 January 2015.

The dividend amount of HK\$7,006,000 represents the net assets attributable to the distribution in specie of an aggregate of 110,642,053 DCIHL Shares.

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 8. ACCOUNTS RECEIVABLE

	2015 <i>HK\$'000</i>	Group 2014 <i>HK\$'000</i>
Accounts receivable	49,404	68,525
Impairment	(4,811)	(4,821)
	<u>44,593</u>	<u>63,704</u>
Retention monies receivable	14,256	13,502
	<u>58,849</u>	<u>77,206</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.

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:

	2015 <i>HK\$'000</i>	Group 2014 <i>HK\$'000</i>
Current to 90 days	39,616	61,298
91 to 180 days	2,237	1,285
181 to 360 days	1,328	64
Over 360 days	1,412	1,057
	<u>44,593</u>	<u>63,704</u>
Retention monies receivable	14,256	13,502
	<u>58,849</u>	<u>77,206</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. 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	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 90 days	14,820	49,594
91 to 180 days	2,781	14
181 to 360 days	511	2,807
Over 360 days	12,144	6,776
	<u>30,256</u>	<u>59,191</u>

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

### 10. SHARE CAPITAL

	Shares	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
1,500,000,000 (2014: 1,500,000,000) ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid:		
651,840,267 (2014: 553,210,267) ordinary shares of HK\$0.10 each	<u>65,184</u>	<u>55,321</u>

A summary of the transactions during the current and prior years with reference to the movements in the Company's issued ordinary share capital is as follows:

	<i>Notes</i>	Number of shares in issue	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2013		560,765,267	56,077	118,408	174,485
Repurchase of shares	<i>(i)</i>	(7,555,000)	(756)	(4,025)	(4,781)
Share repurchase expenses	<i>(i)</i>	–	–	(45)	(45)
At 31 March 2014 and 1 April 2014		553,210,267	55,321	114,338	169,659
Repurchase of shares	<i>(ii)</i>	(1,370,000)	(137)	(747)	(884)
Share repurchase expenses	<i>(ii)</i>	–	–	(4)	(4)
Issue of new shares	<i>(iii)</i>	100,000,000	10,000	62,000	72,000
Issue shares expenses	<i>(iii)</i>	–	–	(1,909)	(1,909)
At 31 March 2015		<u>651,840,267</u>	<u>65,184</u>	<u>173,678</u>	<u>238,862</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 10. SHARE CAPITAL (continued)

Notes:

- (i) In the prior year, the Company repurchased a total of 7,555,000 of its own shares on the Stock Exchange at a price ranging from HK\$0.59 to HK\$0.65 per share at a total consideration, before expenses, of HK\$4,781,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$756,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$4,025,000 paid on the repurchased shares and share repurchase expenses of HK\$45,000 were charged against the share premium account.
- (ii) During the year, the Company repurchased a total of 1,370,000 of its own shares on the Stock Exchange at a price ranging from HK\$0.61 to HK\$0.66 per share at a total consideration, before expenses, of HK\$884,000. The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$137,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$747,000 paid on the repurchased shares and share repurchase expenses of HK\$4,000 were charged against the share premium account.
- (iii) On 2 February 2015, the Company issued of 100,000,000 new shares at a price of HK\$0.72 per share through a private placing. The proceeds from the private placing received by the Company were HK\$72,000,000 (before share issue expenses of HK\$1,909,000).

### 11. DISPOSAL OF A SUBSIDIARY

On 1 February 2013, Yew Siang Limited (“Yew Siang”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with an independent third party to dispose of its entire interest in 美格菲(成都)康體發展有限公司, a wholly-owned subsidiary of Yew Siang, together with the shareholder’s loan for a total consideration of RMB56,453,000 (equivalent to HK\$70,531,000). The disposal was completed in the prior year on 29 May 2013.

	<i>Notes</i>	<b>2015</b> <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Net assets disposed of:			
Property, plant and equipment		–	4,066
Investment properties		–	67,691
Prepayments, deposits and other receivables		–	3
Other payables and accruals		–	(6,302)
Deferred tax liabilities		–	(7,074)
		–	58,384
Release of exchange fluctuation reserve		–	(5,438)
Legal and professional fee and transaction costs directly attributable to disposal		–	1,528
Gain on disposal of a subsidiary	6	–	16,057
		–	70,531
Satisfied by:			
Cash		–	70,531

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 11. DISPOSAL OF A SUBSIDIARY (continued)

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

	2015 HK\$'000	2014 HK\$'000
Cash consideration	–	70,531
Less: Legal and professional fee and transaction costs paid	–	(1,528)
	<hr/>	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	–	69,003
	<hr/> <hr/>	<hr/> <hr/>

### 12. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 17 April 2015, the board of directors of the Company announced that 40,000,000 share options to subscribe for a total of 40,000,000 ordinary shares of HK\$0.10 each of the Company are granted, subject to acceptance of the grantees, under the Company's share options scheme adopted on 15 August 2012. The exercise price of the share options granted is HK\$0.71. 10,000,000 of the share options will be exercisable during the period from 17 April 2015 to 16 April 2016 (both dates inclusive); 15,260,000 of the share options will be exercisable at any time commencing from 17 April 2016 to 16 April 2017 (both dates inclusive); and 14,740,000 of the share options will be exercisable at any time commencing from 17 April 2017 to 16 April 2018 (both dates inclusive). Details are disclosed in the announcement of the Company dated 17 April 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group's turnover for the year ended 31 March 2015 recorded at HK\$850,198,000, which represented a decrease of 14% as compared with last year. The net profit attributable to equity holders of the Company amounted to approximately HK\$94,476,000 representing a decrease of 35% as compared with last year. The decrease is mainly due to general slow down in the property market in the People's Republic of China (the "PRC"). Besides the decrease in the profit contribution from DCIHL and its subsidiaries due to the listing expenses of approximately HK\$15.4 million incurred also contributed to the decrease of net profit attributable to equity holders of the Company. Earnings per share is approximately HK16.60 cents.

The Group's major business segment during the period comprises (i) property development and investment; (ii) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market; and (iii) construction as a main contractor and decoration, as well as the provision of electrical and mechanical ("E&M") engineering services.

In current year, segment operating profit generated from the property development and investment business increased slightly by 0.1% as compared to the same period last year. This is mainly due to combined effect of the slow down of the PRC property market during the year and the increase in rental income and the increase in fair value gain of investment properties. Turnover generated from the sales of

property decreased by 40% from HK\$121,068,000 for the year ended 31 March 2014 to HK\$72,728,000 for the year ended 31 March 2015. However, the Group's rental income received during the year increased by 23% from HK\$42,254,000 for the year ended 31 March 2014 to HK\$51,967,000 for the year ended 31 March 2015. On the other hand, the Group has reclassified its properties at Haikou, Haina Province from "properties held for sales" to "investment properties" during the year. As at 31 March 2015, revaluation gain recorded during the year for all of the investment properties held by the Group is HK\$141,436,000 (2014: HK\$122,554,000). The increase in rental income and the increase of fair value gain of investment properties totally offset the effect of drop of sales of properties.

During the year ended 31 March 2015, the Group completed or substantially completed projects such as main contractor for four residential houses including E&M works at Stubbs Road, Hong Kong, main contractor for alternation and addition works for a factory building at Tsun Yip Street, Kwun Tong, Hong Kong, alteration and additions work for residential house at South Bay, Hong Kong, biennial term contract for maintenance and repair of, alternations and additions to, fire services installations for health services buildings in Kowloon and New Territories East region, Hong Kong, fitting-out works for Citistore at Yuen Long, 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, new school campus in Sai Kung for Hong Kong Academy, Hong Kong, fitting-out works for Miu Miu shop and Prada shop at Hong Kong International Airport, Tianjin and Shanghai, the PRC.

## **SPIN-OFF AND SEPARATE LISTING OF DCIHL**

This year marked an important milestone for the Group's development. On 8 January 2015, the Group has successfully spun off its business of construction and engineering contracting services through a separate listing of its subsidiary, DCIHL, on GEM. The spin off involved (i) among 350,000,000 ordinary share of the DCIHL in issue, 110,642,053 ordinary shares of the DCIHL in issue were distributed in species by the Company to its Qualifying Shareholders (as defined in the Prospectus) in proportion of one share of DCIHL for every five shares of the Company held by them; (ii) the placing of 50,000,000 shares of HK\$0.05 each by DCIHL at an placing price HK\$0.385 per share to certain places, raised a total cash proceeds of approximately HK\$16,600,000 (after deduction of any related expenses). Immediately following the completion of the DCIHL spin-off, the Group's equity interest in DCIHL was diluted from 100% to 51.18%.

The shares of DCIHL was listed under Stock Code 8268 on GEM on 8 January 2015.

## **FINANCIAL REVIEW**

### **Turnover**

For the year ended 31 March 2015, the Group's turnover amounted to HK\$850 million, decreased by 14% as compared to last year. The decrease was mainly contributed (i) the decrease of the sales of properties at the PRC; (ii) the completion of certain substantial projects for the electrical and mechanical engineering works in last year while the new contracts granted during the year were at the beginning stage, and had not yet brought a lot of turnover to the Group for the year; and (iii) the slow down of the sales of luxury brand products in China also cause the drop of turnover from fitting our works of

luxury brand shops. Turnover generated from property development and investment business, trading of medical equipment and home securities and automation products as well as trading of various granite and marble products, stone slabs and products for construction market and construction contracting business amounted to approximately HK\$75 million, HK\$25 million, HK\$750 million respectively, which represent a decrease by 38%, 32% and 9% respectively as compared to last year.

### **Gross profit margin**

During the year ended 31 March 2015, the Group's gross profit margin was approximately 9.5%, down by 0.8% as compared to last year's 10.3%, this is mainly driven from the decrease in the percentage of turnover generated from the property development and investment segment over the total turnover, from last year's 12% to this year's 9%, 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 2015, the Group had total assets of HK\$2,747,928,000, which was financed by total liabilities, shareholders' equity and non-controlling interests of HK\$1,578,857,000, HK\$1,152,734,000 and HK\$16,337,000, respectively. The Group's current ratio at 31 March 2015 was 1.95 compared to 2.01 at 31 March 2014.

The gearing ratio for the Group is 38% (31 March 2014: 19%). It was calculated based on the non-current liabilities of HK\$709,535,000 (31 March 2014: HK\$230,355,000) and long term capital (equity and non-current liabilities) of HK\$1,878,606,000 (31 March 2014: HK\$1,213,041,000).

### **Capital expenditure**

Total capital expenditure for the year ended 31 March 2015 was approximately HK\$693,000, which are mainly used in the purchase of office equipments.

### **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\$1,056,802,000 were pledged as security for the Group's banking facilities.

## **Treasury policies**

The Directors 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 mainly exposes to currency of Renminbi, which are arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

## **PROSPECT**

### **Property development and investment**

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 221,000 sq. metres. Up to now, gross floor area of 190,000 sq. metres had completed construction and the total sales contract sum achieved amounted to approximately RMB751 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2017.

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 104,000 sq. metres. It is expected the construction will be completed by 2016.

In September 2014, the Group has been granted another land use right in city of Kaifeng, the PRC, named as Zhu Ji Lane (“珠璣巷”). The Directors intend to develop a commercial street project with a total gross floor area of approximately 13,000 sq. meters. It was put in use in the 27th World Hakka Conference which was held in October 2014. Up to now, all the gross floor area had completed construction.

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 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.

### **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. To cope with the difficulties encountered in the construction and engineering industry, the Company has adopted a prudent strategy in project tendering.

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 licence 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 licences 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 fitting-out works for residential house at South Bay Road, Hong Kong, main contractor for development of a 12-storey residential building including construction of sub-structure, superstructure, building services and interior fitting-out works at Stubbs Road, Hong Kong, main contractor for development of eight residential house, clubhouses and associated external works including site formation, construction of sub-structure and superstructure works, building services and interior fitting-out work at Pik Sha Road, Sai Kung, Hong Kong, triennial term contract for the maintenance and repair of, alterations and additions to, fire service installations in General Engineering Services Division Venues in Hong Kong and Islands for the Government of the HKSAR, triennial term contract for the maintenance and repair of, alterations and additions to, fire services installations on Hong Kong and outlying islands for the Government of the HKSAR, triennial term contract for the maintenance and repair of, alterations and additions to, fire service installations in Venues of Hong Kong Police Force, Correctional Services Department and Independent Commission Against Corruption and Security Bureau in Kowloon and New Territories, building services installation for the construction of two 30-classroom primary schools at Kai Tak Development, Kowloon for the Government of the HKSAR, air-conditioning mechanical ventilation and electrical installation for the extension of PRC Ministry of Foreign Affairs Building at Borrett Road, Hong Kong for PRC Ministry of Foreign Affairs, alternation, addition and fitting-out works for Prada shop at Causeway Bay, Hong Kong, fitting-out works for Miu Miu shop and Prada shop at Beijing, the PRC, fitting-out works for bank at Beijing, the PRC were granted. As at the date of this announcement, the Group has contracts on hand with a total contract sum of over HK\$1,557 million.

With the Group's proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversifies its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers.

The Group is currently operating in the developed cities in the PRC. Urbanisation of the PRC is expected to continue at a rapid pace, in particular, in the third- and fourth-tier cities in the PRC. With the Group's long and established experience in the PRC market, the Directors believe that the Group could grasp such opportunities and selectively expand into the third- and fourth-tier cities in the PRC leveraging on our established expertise.

In order to provide comprehensive services to our customers, we intend to expand our services under the building construction works from time to time and apply for additional licences, permits or qualifications which may be required. For example, to increase our scope of services for building construction works to include site formation, we were approved as a Specialist Contractor (site formation works category) by the Buildings Department of Hong Kong in December 2014. The Directors believe our qualification in site formation will complement our other services.

### **Trading of medical equipment and home security and automation products**

With rising affluence especially in Hong Kong and the major cities in the 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 the PRC. In the coming year, we will expand our distribution channels and introducing a broader range of products to spur sales growth.

Also, with the increasing safety awareness in Hong Kong and the major cities in the PRC, we expect there will be high demand for wired and wireless security devices and systems, which are applicable to residential estates, commercial offices, shops, hotels, hospitals, museums and prisons.

Going forward, the uncertainty in the world economy and the slow down in economic growth in the mainland will continue to pose challenges to the business. 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, 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. The Directors will continue to dedicate their best effort to maximize the best interests for the shareholders of the Group.

## HUMAN RESOURCES

As at 31 March 2015, the Group had 315 employees, 113 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the year under review amounted to HK\$60 million as compared to HK\$50 million in the last year, the increase was mainly due to the increment under the yearly review and provide more discretionary bonus in current 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 30 May 2014, the Group has entered into a tenancy agreement with Fitness Concept Limited, a company wholly-owned by Mr. Tjia Boen Sien ("Mr. Tjia"), the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Hong Kong. The tenancy agreement is contracted for three years commencing 1 April 2014, and the monthly rent payable is HK\$25,500. The rental income earned during the year ended 31 March 2015 from this tenancy agreement was HK\$306,000.

On 29 March 2014, the Group has entered into a tenancy agreements with 上海美格菲健身中心有限公司, a company wholly-owned by Mr. Tjia, the Managing Director and Deputy Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group at Shanghai. The tenancy agreement is contracted for three years commencing from 1 April 2014, and the annual rent payable is RMB100,000. The rental income earned during the year ended 31 March 2015 from this tenancy agreement was RMB100,000.

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 50.53% 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 less than 5% and the total considerations involved were less than HK\$3,000,000, pursuant to Rule 14A.33 of the Listing Rules, the transactions were exempted from the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2015, 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 <i>HK\$'000</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
March 2015	<u>1,370,000</u>	0.660	0.610	<u>884</u>
	<u><u>1,370,000</u></u>			<u><u>884</u></u>

The repurchased shares were cancelled and an amount equivalent to the nominal value of these shares of HK\$137,000 was transferred from retained profits to the capital redemption reserve. The premium of HK\$747,000 paid on the repurchases shares and share repurchase expenses of HK\$4,000 were charged against the share premium account.

The purchase of the Company's shares during the year ended 31 March 2015 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 and as disclosed in the paragraph headed "Capital structure", 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 2015.

## CAPITAL STRUCTURE

On 2 February 2015, the Company allotted and issued 100,000,000 placing shares of HK\$0.10 each in the share capital of the Company, at the placing price of HK\$0.72 per placing share, pursuant to the placing agreement and the general mandate granted to the Directors at the annual general meeting of the Company held on 11 August 2014, details of which are disclosed in the announcement of the Company dated 21 January 2015. Total proceeds of approximately HK\$70 million, net of issuance expense, were raised: (i) HK\$50 million for property development project of the Group in Kaifeng City; and (ii) HK\$20 million for general working capital for the Group.

## **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 A.4.1, 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 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 of the Company and the Directors of the Company have confirmed that they have complied with the Model Code throughout the year ended 31 March 2015. 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 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. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

The audited annual results of the Company for the year ended 31 March 2015 have been reviewed by the audit committee members who have provided advice and comment thereon.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL**

Apart from the Group equity interest in DCIHL was diluted from 100% to 51.18% due to the spin off of business of construction and engineering contracting services, the Group did not have any other significant investment, material acquisition or disposals during the year.

## **ANNUAL GENERAL MEETING**

It is proposed that the forthcoming annual general meeting of the Company (the “2015 AGM”) will be held on Monday, 10 August 2015. A notice convening the AGM will be published and despatched to our shareholders in the manner required by the Listing Rules in due course.

## **DIVIDEND**

The Board of Directors recommends the payment of a final dividend of HK1 cent per ordinary share in issue for the year ended 31 March 2015 (2014: HK1.3 cents per share), the dividend will be payable on or around Friday, 28 August 2015 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 19 August 2015 subject to the approval of Shareholders at the forthcoming 2015 Annual General Meeting (the “2015 AGM”).

Taking together with the interim dividend of HK1 cent per share paid on 31 December 2014, this will make a total dividend for the year ended 31 March 2015 of HK2 cents per share (2014: HK2.3 cents per share).

Details of the special interim dividend for the spin-off of Deson Construction International Holdings Limited (“DCIHL”) are set out in note 7 to the financial statements.

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the 2015 AGM.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 17 August 2015 to Wednesday, 19 August 2015 both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer of shares in the Company accompanied by the relevant share certificates must lodged with the Company’s branch shares registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 14 August 2015.

## **PUBLICATION OF FURTHER FINANCIAL INFORMATION**

The annual results announcement is published on the Stock Exchange website (<http://www.hkexnews.hk>) and the Company's website (<http://www.deson.com>). The annual report for the year ended 31 March 2015 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  
**Deson Development International Holdings Limited**  
**Tjia Boen Sien**  
*Managing Director and Deputy Chairman*

Hong Kong, 22 June 2015

*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. Tjia Wai Yip, William and the independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.*