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 2014

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 2014, together with the comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	3	**984,190**	788,095
Cost of sales		**(882,208)**	(654,975)
Gross profit		**101,982**	133,120
Other income and gains	3	**53,845**	44,961
Fair value gain on investment properties, net		**122,554**	218
Gain on disposal of a subsidiary	10	**16,057**	–
Administrative expenses		**(93,522)**	(84,901)
Other operating income/(expenses), net		**371**	(2,652)
Finance costs	4	**(1,936)**	(3,260)
Share of profits and losses of:			
A joint venture		**(16)**	(16)
Associates		**679**	450
PROFIT BEFORE TAX		**200,014**	87,920
Income tax expense	5	**(54,296)**	(39,131)
PROFIT FOR THE YEAR		**145,718**	48,789
Attributable to:			
Owners of the Company		**145,712**	49,135
Non-controlling interests		**6**	(346)
		145,718	48,789
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	6		
Basic and diluted		**HK26.25 cents**	HK8.62 cents

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 2014

	Note	**2014** ***HK$'000***	2013 *HK$'000*
PROFIT FOR THE YEAR		**145,718**	48,789
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**2,567**	1,532
Exchange differences on translation of foreign operations		**(1,428)**	5,067
Release of exchange fluctuation reserve upon disposal of a subsidiary	*10*	**(5,438)**	–
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**(4,299)**	6,599
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Surplus on revaluation of leasehold land and buildings		**11,805**	48,007
Income tax effect		**(2,021)**	(7,982)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**9,784**	40,025
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**5,485**	46,624
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**151,203**	95,413
Attributable to:			
Owners of the Company		**151,197**	95,728
Non-controlling interests		**6**	(315)
		151,203	95,413

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**164,181**	158,083
Investment properties		**305,000**	169,375
Goodwill		**–**	–
Investment in a joint venture		**–**	–
Investments in associates		**3,785**	939
Available-for-sale investments		**21,641**	21,641
Deposits		**244**	–
Total non-current assets		**494,851**	350,038
CURRENT ASSETS			
Amounts due from associates		**4,748**	4,707
Amount due from an investee		**100**	100
Properties held for sale under development and properties held for sale		**1,054,613**	942,959
Gross amount due from contract customers		**7,563**	8,682
Inventories		**12,103**	7,529
Accounts receivable	*8*	**77,206**	102,682
Prepayments, deposits and other receivables		**94,935**	34,303
Pledged deposits		**51,797**	64,207
Cash and cash equivalents		**129,474**	97,931
		1,432,539	1,263,100
Assets of a disposal group classified as held for sale		**–**	70,659
Total current assets		**1,432,539**	1,333,759
CURRENT LIABILITIES			
Gross amount due to contract customers		**87,845**	58,222
Accounts payable	*9*	**59,191**	44,021
Other payables and accruals		**172,564**	183,195
Amounts due to associates		**48**	48
Amounts due to non-controlling shareholders		**1,500**	1,500
Amount due to a related company		**2,193**	761
Tax payable		**86,520**	111,582
Interest-bearing bank borrowings		**304,488**	231,460
		714,349	630,789
Liabilities directly associated with the assets classified as held for sale		**–**	15,180
Total current liabilities		**714,349**	645,969
NET CURRENT ASSETS		**718,190**	687,790

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 March 2014

	2014	2013
	HK$'000	*HK$'000*
NET CURRENT ASSETS	**718,190**	687,790
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,213,041**	1,037,828
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**157,041**	150,223
Deferred tax liabilities	**73,314**	39,098
Total non-current liabilities	**230,355**	189,321
Net assets	**982,686**	848,507
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**55,321**	56,077
Reserves	**914,350**	779,918
Proposed final dividend	**7,192**	6,695
	976,863	842,690
Non-controlling interests	**5,823**	5,817
Total equity	**982,686**	848,507

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.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of *Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011* Cycle, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled. The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

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

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011). The application of this new standard has no material financial impact on the Group.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. These amendments have no material impact on the Group.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. The application of this new standard has no material financial impact on the Group.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no material financial impact on the Group.

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

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 April 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011* Cycle issued in June 2012 sets out amendments to a number of standards. 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 have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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, 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 and unallocated gain, 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.

2. OPERATING SEGMENT INFORMATION *(continued)*

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.

Segment liabilities exclude other unallocated head office and corporate liabilities, including interest-bearing bank borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

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

Year ended 31 March 2014

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**833,887**	**121,068**	**29,235**	**984,190**
Other income and gains	**7,237**	**43,837**	**256**	**51,330**
Revenue	**841,124**	**164,905**	**29,491**	**1,035,520**
Segment results				
Operating profit	**16,242**	**173,600**	**2,520**	**192,362**
Reconciliation:				
Interest income and unallocated gain				**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				**200,014**
Segment assets	**261,460**	**1,438,428**	**20,202**	**1,720,090**
Reconciliation:				
Investments in associates				**3,785**
Corporate and other unallocated asset				**203,515**
Total assets				**1,927,390**

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2014 *(continued)*

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**172,907**	**139,614**	**5,774**	**318,295**
Reconciliation:				
Corporate and other unallocated liabilities				**626,409**
Total liabilities				**944,704**
Other segment information:				
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	**259**	**274**	**113**	**646***

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

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2013

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	561,191	199,661	27,243	788,095
Other income and gains	6,974	35,207	96	42,277
Revenue	568,165	234,868	27,339	830,372
Segment results				
Operating profit	9,090	85,116	100	94,306
Reconciliation:				
Interest income				2,247
Dividend income				437
Unallocated expenses				(6,244)
Finance costs				(3,260)
Share of loss of a joint venture				(16)
Share of profits and losses of associates				450
Profit before tax				87,920
Segment assets	232,551	1,183,529	11,780	1,427,860
Reconciliation:				
Investments in associates				939
Corporate and other unallocated asset				184,339
Assets of a disposal group classified as held for sale				70,659
Total assets				1,683,797

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 March 2013 *(continued)*

	Construction business *HK$'000*	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	122,498	158,702	4,397	285,597
Reconciliation:				
Liabilities directly associated with the assets of a disposal group classified as held for sale				15,180
Corporate and other unallocated liabilities				534,513
Total liabilities				835,290
Other segment information:				
Fair value (gain)/loss of investment properties	(1,353)	1,135	–	(218)
Loss on disposal of items of property, plant and equipment	68	–	19	87
Impairment of other receivables	–	2,761	–	2,761
Reversal of impairment of accounts receivable	(85)	–	(24)	(109)
Provision for inventories	–	–	980	980
Depreciation	3,695	1,142	97	4,934
Capital expenditure	601	429	114	1,144*

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

Geographical information

(a) Revenue from external customers

	2014 *HK$'000*	2013 *HK$'000*
Hong Kong	**600,240**	360,374
Mainland China	**383,950**	427,721
	984,190	788,095

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

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
Hong Kong	**144,245**	137,625
Mainland China	**325,180**	189,833
	469,425	327,458

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$123,717,000 was derived from sales by construction segment to a single customer. In the prior year, revenue of approximately HK$89,508,000 was derived from sales by property development and investment segment to a single 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, 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	
	2014	2013
	HK$'000	*HK$'000*
Revenue		
Income from construction contracting and related business	**833,887**	561,191
Income from property development and investment business	**121,068**	199,661
Income from trading of medical equipment and home security and automation products, and provision of related installation and maintenance services	**29,235**	27,243
	984,190	788,095
Other income and gains		
Bank interest income	**1,216**	2,247
Dividend income	**799**	437
Gross rental income	**42,254**	34,546
Others	**9,576**	7,731
	53,845	44,961

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
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	**37,837**	30,177
Less: Interest capitalised	**(35,901)**	(26,917)
	1,936	3,260

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. No Hong Kong profits tax had been provided in last year as the Group's subsidiaries either did not generate any assessable profits arising in Hong Kong during that year or have available tax losses brought forward from prior years to offset the assessable profits generated during that 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.

	Group	
	2014	2013
	HK$'000	*HK$'000*
Hong Kong		
Charge for the year	**506**	–
Overprovision in prior years	**(5)**	(14)
Current-Elsewhere		
Charge for the year	**14,685**	17,048
Underprovision in prior years	**5**	329
Deferred	**32,546**	4,480
LAT in Mainland China	**6,559**	17,288
Total tax charge for the year	**54,296**	39,131

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 555,104,267 (2013: 569,893,267) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2014 and 2013 in respect of a dilution as the Group has no potential dilutive ordinary shares in issue during these years.

7. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim – HK1 cent (2013: HK1 cent) per ordinary share	**5,532**	5,693
Proposed final – HK1.3 cent (2013: HK1.2 cent) per ordinary share	**7,192**	6,695
	12,724	12,388

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

8. ACCOUNTS RECEIVABLE

	Group	
	2014	2013
	HK$'000	*HK$'000*
Accounts receivable	**68,525**	99,664
Impairment	**(4,821)**	(4,866)
	63,704	94,798
Retention monies receivable	**13,502**	7,884
	77,206	102,682

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.

8. 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	
	2014	2013
	HK$'000	*HK$'000*
Current to 90 days	**61,298**	87,625
91 to 180 days	**1,285**	1,637
181 to 360 days	**64**	3,998
Over 360 days	**1,057**	1,538
	63,704	94,798
Retention monies receivable	**13,502**	7,884
Total	**77,206**	102,682

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	
	2014	2013
	HK$'000	*HK$'000*
Current to 90 days	**49,594**	28,453
91 to 180 days	**14**	3,045
181 to 360 days	**2,807**	6,056
Over 360 days	**6,776**	6,467
	59,191	44,021

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

10. DISPOSAL OF A SUBSIDIARY

	2014
	HK$'000
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 the disposal	**1,528**
Gain on disposal of a subsidiary	**16,057**
	70,531
Satisfied by:	
Cash	**70,531**

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

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

Note:

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 (the "Disposal Group"), 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 Group is principally engaged in property investment at the date of disposal. Details of the disposal are set out in the announcement of the Company dated 4 February 2013.

The disposal was completed on 29 May 2013.

DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK1.3 cent per ordinary share in issue for the year ended 31 March 2014 (2013: HK1.2 cents per share), the dividend will be payable on or around Friday, 29 August 2014 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 20 August 2014 subject to the approval of Shareholders at the forthcoming 2014 Annual General Meeting (the “2014 AGM”).

Taking together with the interim dividend of HK1 cent per share paid on 31 December 2013, this will make a total dividend for the year ended 31 March 2014 of HK2.3 cents per share (2013: HK2.2 cents per share).

The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the 2014 AGM.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 18 August 2014 to Wednesday, 20 August 2014 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 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, 15 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group’s turnover for the year ended 31 March 2014 surged to the highest in history and recorded at HK$984,190,000, which represented an increase of 25% as compared with last year. The net profit attributable to equity holders of the Company amounted to approximately HK$145,712,000 representing an increase of 197% as compared with last year. The increase is mainly because there were significant increases in fair value of investment properties (after deferred taxation) in the amount of HK$91,916,000 (2013: HK$163,000), also in current year the Group makes a gain on disposal of a subsidiary in the amount of HK$16,057,000, no similar gain was generated in last year. Earnings per share is approximately HK26.25 cents.

The Group’s major business segment during the period 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 2014, the Group completed or substantially completed projects such as main contractor for redevelopment of a 21-storey industrial building at Tsuen Wan, Hong Kong, alternation and addition and fitting out works for Miu Miu shops at Peking Road, Tsim Sha Tsui, Hong Kong, fitting out works for Miu Miu shops at Chengdu and Nanjing, PRC and fitting out works for Prada shop at Nanjing and Tianjin, PRC. In current year, turnover generated from the construction business segment surged to the highest in history, this is mainly because more E&M engineering contracts and decoration contracts are granted to the Group, and also certain E&M engineering contracts granted in last year were at the beginning stage, and had not yet bring a lot of turnover to the Group in last year.

On 1 February 2013, Yew Siang Limited ("Yew Siang"), an indirect wholly owned subsidiary of the Company entered into a 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(the "Disposal Group"), a wholly-owned subsidiary of Yew Siang, together with the shareholder's loan for a total consideration of RMB56,453,000. The disposal was completed on 29 May 2013 and contributed a gain on disposal of a subsidiary of HK$16,057,000 for the year ended 31 March 2014.

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)房地產領袖峰会. In December 2009, the Company was awarded one of the "Chinese businessman top 500 in 2009" by 華商中国市場500強評選活動組委會.

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2014, the Group's turnover amounted to HK$984 million, increased by 25% as compared to last year. The increase was mainly contributed by the construction business segment, which more E&M engineering contracts and decoration contracts are granted to the Group during the year, and also certain contracts granted in last year were at the beginning stage, and had not yet bring a lot of turnover to the Group for the same period in last year. The above increase is partly offset by the 39% decrease in turnover in property development and investment segment, which the decrease is mainly due to no new properties under development is completed during this year, and we are only selling the remaining completed properties of section B, D to F of Phase II of Century Place, Kaifeng, PRC. Turnover generated from construction contracting business, property development and investment business and other business amounted to approximately HK$834 million, HK$121 million, HK$29 million respectively, which represent an increase by 49%, a decrease by 39% and an increase by 7% respectively as compared to last year.

Gross profit margin

During the year ended 31 March 2014, the Group's gross profit margin was approximately 10%, down by 7% as compared to last year's 17%, 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 25% to this year's 12%, where the gross profit margin of property development and investment 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 2014, the Group had total assets of HK$1,927,390,000, which is financed by total liabilities, shareholders' equity and non-controlling interests of HK$944,704,000, HK$976,863,000 and HK$5,823,000, respectively. The Group's current ratio at 31 March 2014 was 2.01 compared to 2.06 at 31 March 2013.

The gearing ratio for the Group is 19% (31 March 2013: 18%). It was calculated based on the non-current liabilities of HK$230,355,000 (31 March 2013: HK$189,321,000) and long term capital (equity and non-current liabilities) of HK$1,213,041,000 (31 March 2013: HK$1,037,828,000).

Capital expenditure

Total capital expenditure for the year ended 31 March 2014 was approximately HK$646,000, 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$832,471,000 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'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 superstructure work for residential houses at Stubbs Road, Hong Kong, alternation and addition works for residential development at South Bay Road, Hong Kong, electrical installation for residential building at Kwai Fong Street, Happy Valley, Hong Kong, refurbishment of addressable fire alarm system and visual fire alarm installation at a divisional police station, Hong Kong, air-conditioning & mechanical ventilation installation for construction of public rental housing development at Tung Chung, fitting out works for Citistore at Yeun Long, Hong Kong, fitting out works for Miu Miu shop and Prada shop at Tianjin and Shanghai, PRC, fitting out works for a police hostel at Beijing, PRC were granted. As at the date of this announcement, the Group has contracts on hand with a total contract sum of over HK$1,172 million.

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 RMB700 million. The remaining of the land is under construction, processing smoothly, and it is expected the construction will be completed by 2015.

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.

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.

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.

Also, with the increasing safety awareness in Hong Kong and the major cities in 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 2014, the Group has 139 employees, 10 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the year under review amounted to HK$49 million as compared to HK$41 million in the last year, the increase is 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 option 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. As discussed above, the Group had disposed of its entire shareholding interest in the Disposal Group which hold the above mentioned properties at Sichuan, PRC. Due to the disposal, the Group had early terminated the leasing arrangement with上海美格菲健身中心有限公司commencing November 2012, and the rental income earned during the year ended 31 March 2014 from the remaining tenancy agreement was HK$306,000 only.

Upon the expiry of the above mentioned tenancy agreement for the leasing of a property in Hong Kong on 31 March 2014, on 30 May 2014, the Group has entered into a new tenancy agreement with Fitness Concept Limited to renew the tenancy agreement for another three years commencing 1 April 2014, and the monthly rent payable is HK$25,500.

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 48.44% and 50.44% equity interest in the Company at the time entering into the tenancy agreements in 2011 and 2014, 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 remaining tenancy agreement was less than 5% and the total considerations involved were less than HK$1,000,000, pursuant to Rule 14A.33 of the Listing Rules, the transaction was exempted from the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 March 2014, the Company purchased certain of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company. The Company considered that it is the best way of enhancing shareholder value and that it is in the best interest of the shareholders to return a substantial part of the surplus funds to them. The summary details of those transactions are as follows:

	Number of Shares repurchased	**Price per share**		**Total price paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$'000*
April 2013	2,875,000	0.650	0.610	1,864
June 2013	980,000	0.630	0.610	609
July 2013	1,440,000	0.640	0.610	906
August 2013	315,000	0.630	0.620	198
September 2013	1,080,000	0.640	0.620	685
November 2013	200,000	0.600	0.600	120
December 2013	665,000	0.600	0.590	399
	7,555,000			4,781

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 repurchases shares and share repurchase expenses of HK$45,000 were charged against the share premium account.

The purchase of the Company's shares during the year ended 31 March 2014 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 2014.

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 and A.6.7, 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

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.

Code Provision A.6.7

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive director should attend general meetings and develop a balance understanding of the views of shareholders. All non-executive directors were unable to attend the annual general meeting of the Company held in 2013 due to their engagement in their own official business.

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 2014.

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 2014, 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.

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. Siu Kam Chau. Mr. Siu Kam Chau 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. Siu Kam Chau. Mr. Siu Kam Chau 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 2014 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, 16 June 2014

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, the non-executive Director of the Company is Mr. Wong Shing Kay, Oliver, the independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.