德信 DICKSON

DICKSON GROUP HOLDINGS LIMITED

(In Liquidation)

(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 313)

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2006

The joint and several liquidators (the "Liquidators") of Dickson Group Holdings Limited (In Liquidation) (the "company") announce the audited consolidated results of the company and its subsidiaries (collectively referred to as the "group") for the year ended 31 March 2006 together with comparative figures for the year ended 31 March 2005 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2006
(Expressed in Hong Kong dollars)

	Note	**2006** *$'000*	**2005** *$'000* (Restated)
Turnover	2	339,429	1,027,528
Cost of sales		(346,463)	(959,870)
Gross (loss)/profit		(7,034)	67,658
Other revenue	2	2,301	9,198
Administrative expenses		(39,839)	(50,328)
Other operating expenses		(124,517)	(491)
Operating (loss)/profit		(169,089)	26,037
Finance costs	3	(8,245)	(1,944)
Share of results of an associate and amortisation of goodwill		(301)	896
Share of results of a jointly controlled entity		32	152
Provision for interests in unconsolidated subsidiaries		(7,561)	–
Provision for bad and doubtful debts		(563,699)	(10,500)
Gain on disposal of subsidiaries		–	120
(Loss)/profit before taxation	4	(748,863)	14,761
Taxation	5(a)	(2,034)	(3,428)
(Loss)/profit for the year		(750,897)	11,333
Attributable to:			
Equity holders of the company		(750,894)	11,337
Minority interest		(3)	(4)
		(750,897)	11,333
Dividend		–	–
(Loss)/earnings per share attributable to the ordinary equity holders of the company – Basic	6	(2.307)	0.055

CONSOLIDATED BALANCE SHEET

As at 31 March 2006

(Expressed in Hong Kong dollars)

	2006	2005
	$'000	*$'000*
		(Restated)
ASSETS AND LIABILITIES		
Non-current assets		
Investment properties	–	17,000
Property, plant and equipment	–	6,456
Leasehold land	1,756	1,789
Goodwill	–	27,162
Interests in unconsolidated subsidiaries	–	–
Interest in an associate	8,856	9,883
Interest in a jointly controlled entity	220	188
Prepayment for acquisition of an investment property	–	6,561
Deferred tax asset	–	1,937
	10,832	**70,976**
Current assets		
Amounts due from customers for contract work	–	199,451
Leasehold land	33	33
Trade and other receivables	–	500,383
Amount due from a jointly controlled entity	1,896	4,387
Tax recoverable	–	127
Pledged bank deposits	–	8,200
Cash at banks and in hand	1,005	55,134
	2,934	**767,715**
Current liabilities		
Amounts due to customers for contract work	–	9,880
Trade and other payables	401,577	501,454
Amount due to a minority shareholder of a subsidiary	–	25
Bank and other borrowings	165,367	85,230
Obligations under finance leases – due within one year	139	189
Convertible notes	4,183	–
Tax payable	3,049	2,048
	574,315	**598,826**

	2006	2005
	$'000	*$'000*
		(Restated)
Net current (liabilities)/assets	(571,381)	168,889
Total assets less current liabilities carried forward	(560,549)	239,865
Non-current liabilities		
Bank and other borrowings	–	55,500
Obligations under finance leases	31	155
Amounts due to unconsolidated subsidiaries	394	–
	425	**55,655**
Net (liabilities)/assets	**(560,974)**	**184,210**
EQUITY		
Share capital	16,544	15,744
Reserves	(577,518)	168,463
Equity attributable to equity holders of the company	**(560,974)**	**184,207**
Minority interest	**–**	**3**
Total equity	**(560,974)**	**184,210**

Notes:

1.1 Basis of presentation

As at 31 March 2006, the group had consolidated net current liabilities of approximately $571,381,000 (2005: net current assets of $168,889,000) and consolidated net liabilities of approximately $560,974,000 (2005: net assets of $184,210,000). The group also incurred a net loss from ordinary activities attributable to shareholders for the year ended 31 March 2006 of approximately $750,894,000 (2005: net profit of $11,337,000). These financial statements are being prepared on a going concern basis as there are good prospects if the restructuring proposal as outlined below can be successfully implemented. In the opinion of the Liquidators, the group and the company would not be a going concern at the balance sheet date if the restructuring proposal is not successfully implemented.

A winding-up petition against the company was filed on 30 June 2006, and the company was subsequently wound up by the High Court of Hong Kong on 18 December 2006. The Liquidators were appointed on 29 May 2007, pursuant to an Order of the High Court of Hong Kong. As such, the Liquidators do not have the same knowledge of the financial affairs of the group as the directors of the company would have, particularly in relation to the transactions entered into by the group prior to the appointment date. The board of directors of the company has also authorised the Liquidators to approve, publish and do all such acts in connection with the publication of this announcement and annual report.

The Liquidators are responsible for the accuracy and completeness of the contents of these audited financial statements for the year ended 31 March 2006 in relation to: (i) the affairs of the group after the appointment of the Liquidators; and (ii) the preparation of the contents of these audited financial statements for the year ended 31 March 2006, based on the books and records made available to the Liquidators.

The Liquidators make no representation as to the completeness of the information contained in these financial statements.

Trading in the company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended as of 30 December 2005. The company was placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 7 June 2007. If no viable resumption proposal was submitted at least 10 business days before 6 December 2007, the listing status of the company would be cancelled.

The Liquidators have appointed Asian Capital (Corporate Finance) Limited as financial adviser to the company (the "Financial Adviser"). Since then, the Liquidators and the Financial Adviser have been in discussion and negotiation with various potential investors with a view to restructuring the company and submitting a viable resumption proposal to the Stock Exchange. The restructuring proposal submitted by an investor on 30 August 2007 has been accepted by the Liquidators and, in principle, supported by the major creditors as it offers recovery terms for the creditors superior to other restructuring proposals received by the company.

On 10 September 2007, a preliminary agreement and an exclusivity agreement were entered into amongst the Liquidators, the company and an investor (the "Parties"), and an escrow agreement was entered into amongst the Parties and an escrow agent on the same day. Pursuant to the exclusivity agreement, the Liquidators granted the investor an exclusive right up to 31 October 2007 to negotiate a legally binding agreement for the implementation of the restructuring proposal.

On 31 October 2007, an extension letter for the exclusivity agreement was executed amongst the Parties to extend the exclusivity period to 5 November 2007.

On 5 November 2007, the formal agreement was entered into amongst the Parties, and a convertible notes subscription agreement was entered into amongst the Liquidators, the company and a subscriber for the convertible notes. On 9 November 2007, a second escrow agreement was entered into amongst the Parties and the escrow agent.

On 21 November 2007, the company submitted a proposal to the Listing Division of the Stock Exchange (the "Listing Division"), setting out the principal terms of the proposed restructuring and requesting the Stock Exchange's conditional approval for the resumption of trading in the shares of the company (the " Resumption Proposal").

The proposed restructuring, if successfully implemented, will, among other things, result in:

(i) a restructuring of the share capital of the company through the increase in authorised share capital, issuance of new shares and convertible notes, which will give rise to an increase in working capital of approximately $435 million;

(ii) all the creditors of the company and creditors of its subsidiaries holding guarantees given by the company discharging and waiving their claims against the company by way of schemes of arrangement under section 166 of the Hong Kong Companies Ordinance (Cap 32 of the Laws of Hong Kong) and section 99 of the Companies Act 1981 of Bermuda (as amended from time to time) ("Schemes") by payment of $75 million;

(iii) the entire interest of the company in all its subsidiaries except for Dickson Construction Engineering (Guang Dong) Limited ("Dickson Guangdong") being disposed of to a new company to be held by the scheme administrators of the Schemes, being the Liquidators, for a nominal consideration; and

(iv) the resumption of trading in the shares of the company upon completion of the proposed restructuring (the "Completion") subject to the restoration of sufficient public float.

Meanwhile, the operation of Dickson Guangdong has been re-activated with the financing of an investor. Dickson Guangdong, as at the date of this announcement, has entered into contracts for a total gross contract value of RMB19.1 million and a letter of intent for a gross contract value of RMB197.8 million.

Having received and considered the operations and affairs of the company and its subsidiaries, the magnitude of the claims against the company and the third stage of delisting procedures, the Liquidators concluded that the proposed restructuring represents the best means available for the company to be returned to solvency and to continue with the development and enhancement of its business. As at the date of this announcement, the Liquidators have received, in principle, support from creditors representing more than 75% of the total indebtedness of the company.

The Liquidators have carefully considered and analysed the commercial and other aspects of each restructuring proposal received from potential investors, including the recovery to the creditors of the company, the returns to the shareholders of the company and the time required to complete the proposal. The Liquidators are of the view that, in the absence of unforeseen circumstances and subject to completion of the restructuring proposal, the restructuring proposal provides more favourable terms than the other proposals and, therefore, represents the best option currently available to the company, its creditors and shareholders as:

(i) all liabilities will be compromised and discharged through the Schemes; and

(ii) the restructured group will have sufficient working capital for its on-going operations following completion of the restructuring proposal.

Upon the Completion, the company's shares will resume trading on the Stock Exchange subject to the approval of the Listing Division. Based on the above, the Liquidators are of the opinion that the restructuring proposal will be successfully implemented, notwithstanding the fact that it is subject to the relevant approvals.

Should the group be unable to achieve a successful restructuring as mentioned above and continue in business as a going concern, adjustments might have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities, respectively.

1.2 Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to its operations and effective for the current accounting period of the group. The applicable HKFRSs are set out below.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenues
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related-Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

HKAS-Int 4	Lease – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets

(a) The adoption of new and revised HKFRSs did not result in substantial changes to the group's accounting policies except for the following:

Amortisation of positive and negative goodwill (HKFRS 3 – Business combinations and HKAS 36 – Impairment of assets)

In prior periods:

– positive goodwill which arose prior to 1 April 2001 was taken directly to reserves at the time it arose, and was not recognised in the income statement until disposal or impairment of the acquired business; and

– positive goodwill which arose on or after 1 April 2001 was amortised on a straight-line basis over its useful life, and was subject to impairment testing when there were indications of impairment.

Effective as of 1 April 2005, in accordance with HKFRS 3 and HKAS 36, the group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill had been allocated exceeds its recoverable amount.

The new policy in respect of the amortisation of positive goodwill has been applied prospectively after 1 April 2005, in accordance with the transitional arrangements under HKFRS 3. As detailed in notes 15 and 17 to the financial statements, the group's accumulated amortisation of goodwill of $4,483,000 and $1,730,000 arising from acquisition of subsidiaries and an associate, respectively, have been eliminated against the cost of goodwill as at 1 April 2005. The adoption of this new policy also reduced the amortisation of goodwill of $3,568,000, which would have been charged for the current year had the group not adopted this new policy.

Also effective as of 1 April 2005, and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e., an amount arises which would have been considered negative goodwill under the previous accounting policy), the excess is recognised immediately on the consolidated income statement as it arises.

(i) Amortisation of positive and negative goodwill (HKFRS 3 – Business combinations and HKAS 36 – Impairment of assets)

In accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserves (i.e., goodwill which arose before 1 April 2001) will not be recognised in the profit and loss account on disposal or impairment of the acquired business, or under any other circumstances. The transitional provision of HKFRS 3 also requires the group to derecognise the carrying amounts of the negative goodwill, if any, against retained profits.

(ii) Leasehold land and buildings held for own use (HKAS 17 – Lease)

In prior years, leasehold land and buildings held for own-use were stated at cost less accumulated depreciation and any accumulated impairment losses.

(b) Leasehold land and buildings held for own-use (HKAS 17 – Lease)

Upon the adoption of HKAS 17 as from 1 April 2005, the leasehold interest in the land held for own-use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be separately identified from the fair value of the leasehold interest in the land at the time the lease was first entered into by the group, or taken over from the previous lessee, or at the date of construction of those buildings, if later. In case the two elements cannot be allocated reliably, the entire lease is classified as a finance lease and carried at cost less accumulated depreciation and any accumulated impairment losses.

As a result of adopting this new policy, the leasehold land of $1,789,000 as at 31 March 2006 (2005: $1,822,000) has been reclassified from property, plant and equipment as leasehold land.

(c) Investment properties (HKAS 40 – Investment Property and HKAS-Int 21 – Income Taxes – Recovery of Revalued Non-Depreciable Assets)

In prior years, increases in valuations of investment properties were credited to investment properties revaluation reserve; whereas decreases in valuations were firstly set off against investment properties revaluation reserve and thereafter charged to the profit and loss account. Deferred tax was provided on the basis that the carrying amounts of investment properties would be recovered through sale.

Upon the adoption of HKAS 40 and HKAS-Int 21, changes in fair value of investment properties are included in the profit and loss account and deferred tax is provided on the basis that the carrying amounts of investment properties will be recovered through use. These changes in accounting policies have been applied retrospectively and comparatives presented have been restated to conform to the changed policy.

The effect of the change is to increase the consolidated net profit of the group for the year ended 31 March 2005 by $1,676,000, and to reduce the consolidated accumulated losses, the investment properties revaluation reserves and the deferred tax assets of the group as at 31 March 2005 by $1,676,000, $2,032,000 and $356,000, respectively. There is no impact of HKAS 40 and HKAS-Int 21 on the current year consolidated income statement and consolidated balance sheet of the group.

The group has not early adopted the following new or revised HKFRSs that have been issued but are not yet effective.

The Liquidators of the company anticipate that the application of these HKFRSs will have no material impact on the financial statements of the group.

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Capital Disclosures	1 January 2007
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2006
HKAS 21 (Amendment)	Net Investment in a Foreign Operation	1 January 2006
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions	1 January 2006
HKAS 39 (Amendment)	The Fair Value Option	1 January 2006
HKAS 39 and HKFRS 4 (Amendment)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts	1 January 2006
HKFRS 1 and HKFRS 6 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources	1 January 2006
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HKFRS – Int 4	Determining Whether an Arrangement Contains a Lease	1 January 2006
HKFRS – Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006
HK(IFRIC) – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 December 2005
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics	1 March 2006
HK(IFRIC) – Int 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives	1 June 2006
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment	1 November 2006

2. Turnover, other revenue and business and geographical segments

The group derived income from operation of construction and maintenance work in Hong Kong during the current and prior years. Turnover and other revenue are analysed as follows:

Turnover	**2006**	**2005**
	$'000	*$'000*
Construction and maintenance income	338,295	1,026,600
Others	1,134	928
	339,429	1,027,528

Other revenue	**2006**	**2005**
	$'000	*$'000*
		(Restated)
Management fee income	256	–
Consultancy fee income	50	–
Exchange gain	26	–
Rental income	880	–
Interest income	244	356
Increase in fair value of investment properties	–	5,000
Others	845	3,842
	2,301	9,198

Operation of construction and maintenance work in Hong Kong is the group's only business segment. The majority of assets and operations of the group for current and prior years are located in Hong Kong. Accordingly, no separate segment information is presented.

3. Finance costs

	2006	**2005**
	$'000	*$'000*
Interest expense:		
Bank borrowings wholly repayable within five years	4,687	1,692
Bank overdraft interest	2,656	–
Other loans wholly repayable within five years	799	206
Finance leases	14	46
Others	89	–
	8,245	1,944

4. (Loss)/profit before taxation

	2006	2005
	$'000	*$'000*
		(Restated)
(Loss)/profit before taxation is arrived at after charging/(crediting):		
Staff costs, including directors' emoluments		
– basic salaries and allowances	23,471	25,693
– retirement benefits scheme contributions, net of forfeited contributions of $278,842 (2005: $288,000)	916	905
	24,387	26,598
Amortisation of goodwill	–	3,077
Auditor's remuneration	265	800
Depreciation of property, plant and equipment	1,831	1,931
Amortisation of leasehold land	33	–
Loss on disposal of property, plant and equipment	77	196
Loss on disposal of investment properties	3,349	–
Goodwill of acquisition of subsidiaries and associate written off	27,888	–
Write-off of property, plant and equipment	4,848	–
Net rental income from investment properties under operating leases	(880)	(597)

5. Taxation

(a) Taxation in the consolidated income statement represents:

	2006	2005
	$'000	*$'000*
		(Restated)
Current tax – Hong Kong		
Provision for the year	–	2,021
Under-provision for the year	97	–
	97	2,021
Deferred taxation		
– Write-off of deferred tax assets	1,937	–
– Current	–	1,407
	2,034	3,428

No provision has been made for Hong Kong profits tax as the group sustained a loss for the year. Provision for Hong Kong profits tax was calculated at 17.5% on the estimated assessable profits for the prior year. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation prevailing in the relevant countries.

(b) Taxation for the year can be reconciled to the accounting (loss)/profit as follows:

	2006	2005
	$'000	*$'000*
		(Restated)
(Loss)/profit before taxation	(748,863)	14,761
Taxation (credit)/charge calculated at Hong Kong profits tax rate of 17.5%	(131,051)	2,583
Tax effect of non-taxable expenses	131,051	860
Tax effect of non-taxable items	–	(713)
Tax effect on unused tax losses not recognised	–	1,808
Utilisation of previously unrecognised tax losses	–	(1,077)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	(33)
Under-provision for the year	97	–
Write-off of deferred tax assets	1,937	–
Income tax for the year	2,034	3,428

The share of tax attributable to a jointly controlled entity amounting to $7,000 (2005: $38,000) and an associate amounting to $118,000 (2005: Nil) are included in "share of results of a jointly controlled entity" and "share of results of an associate", respectively, on the face of the consolidated income statement.

6. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to equity holders for the year of $750,894,000 (2005: restated profit of $11,337,000) and on the weighted-average number of approximately 325,541,000 (2005: 204,411,000) shares in issue during the year.

The calculation of diluted (loss)/earnings per share amounts is based on the net (loss)/profit for the year attributable to ordinary equity holders of the company, adjusted to reflect the interest on the convertible notes, where applicable (see below). The weighted-average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted-average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A diluted earnings per share amount for the years ended 31 March 2005 and 2006 has not been disclosed as no diluting events existed during the year ended 31 March 2005, and there was no dilutive effect during the year ended 31 March 2006.

AN EXTRACT OF AUDITOR'S REPORT

The company's auditor has qualified their report on the group's consolidated financial statements for the year ended 31 March 2006, an extract of which is as follows:

Basis for Disclaimer of Opinion

(1) As more fully explained in note 2.1 to the financial statements, trading of the company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended since 30 December 2005. On 29 May 2007, the High Court of Hong Kong (the "Court") appointed Mr. Stephen Liu Yiu Keung and Mr. Robert Armor Morris as the joint and several liquidators (the "Liquidators") of the company. On 10 September 2007, a preliminary agreement, exclusivity agreement and escrow agreement were entered into regarding the implementation of a restructuring proposal (the "Restructuring Proposal").

The Restructuring Proposal is subject to the approval of all relevant parties, including the court, regulatory authorities, creditors and shareholders.

The Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") require, *inter alia*, that companies whose shares are listed on the Stock Exchange submit audited financial statements to shareholders within four months after the balance sheet date. However, the audit of the final results of the company and its subsidiaries for the year ended 31 March 2006 was necessarily delayed while the Restructuring Proposal was being finalised.

The Liquidators were appointed on 29 May 2007 pursuant to an Order of the Court. Upon the appointment of the Liquidators, the powers of the directors were suspended with regard to the affairs and business of the company. We were appointed auditor on 12 September 2007. As further set out in note 2.1 to the financial statements, we were unable to obtain all the information that we required in relation to our audit for the year ended 31 March 2006. As a consequence, we were unable to carry out all of the auditing procedures necessary to obtain adequate assurance regarding the assets, liabilities, income and expenses appearing in the financial statements of the company and of the group, and the adequacy and sufficiency of disclosures in these financial statements. There were no satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the accuracy and completeness of the assets, liabilities, income and expenses of the company and of the group, and the adequacy and sufficiency of disclosures in these financial statements.

(2) Hong Kong Standard on Auditing 510 Initial Engagements-Opening Balances issued by Hong Kong Institute of Certified Public Accountants requires the auditor to obtain sufficient audit evidence that opening balances do not contain material misstatements which affect the financial statements for the current year. The Liquidators were appointed on 29 May 2007 pursuant to an order of the High Court. Upon the appointment of the Liquidators, the powers of the directors were suspended with regard to the affairs and business of the company. We were appointed auditor on 12 September 2007. We were unable to obtain all the information that we required in relation to opening balances of the financial statements, and it was not possible for us to perform auditing procedures necessary to obtain sufficient and appropriate audit evidence to determine whether or not the assets, liabilities, income and expenses were fairly stated in the preceding year's financial statements. Accordingly, we were unable to verify whether or not comparative figures as at 31 March 2005 and the year then ended are fairly stated.

(3) As further detailed in note 16 to the financial statements, proper group consolidated financial statements have not been prepared. The group's consolidated financial statements have not incorporated the results, assets and liabilities of certain subsidiaries, namely Interform Investment Company Limited and 德森建築科技(深圳)有限公司, as further detailed in note 16. This accounting treatment is not in accordance with the requirements of Hong Kong Accounting Standard 27 Consolidated and Separate Financial Statements. Moreover, no disclosures have been made in the consolidated financial statements in respect of: (a) the aggregate of the profits less losses of the unconsolidated subsidiaries for the year under review: and (b) the aggregate of the profits less losses of the unconsolidated subsidiaries for the financial years since they became subsidiaries as required by paragraph 18(4) of the Tenth Schedule of the Hong Kong Companies Ordinance. We were unable to quantify the effects of departure from these requirements.

Fundamental Uncertainty Relating to the Going Concern Basis

The consolidated financial statements show net current liabilities and net liabilities amounts attributable to equity holders of the company at 31 March 2006, which indicate the existence of a material uncertainty which may cast significant doubt on the group's and the company's ability to continue as a going concern. As disclosed in note 2.1 to the financial statements, the consolidated financial statements have been prepared on a going concern basis. In the opinion of the Liquidators, the group and the company would not continue as a going concern at the balance sheet date if the Restructuring Proposal is not successfully implemented.

If the Restructuring Proposal is not successfully implemented, adjustments might have to be made to further reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. We were unable to ascertain the appropriateness of preparing these financial statements under the going concern basis.

Disclaimer of Opinion: Disclaimer on View given by Financial Statements

Because of the significance of the matters described in the basis for disclaimer of opinion paragraph and the fundamental uncertainty relating to the going concern basis paragraph, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the company and of the group as at 31 March 2006, and of the group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on Matters under Sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the limitation on our work set out in the basis for disclaimer of opinion paragraph of this report:

– We have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

– We were unable to determine whether proper books of accounts have been kept.

BUSINESS REVIEW

The main business activity of the company is in investment holding. Its major subsidiaries were in the building construction and maintenance industry. The group undertook building construction projects for both the public and private sectors. Its construction business included building works, machine engineering/port works, design and construction and building maintenance. Its operations were located in Hong Kong and the People's Republic of China (the "PRC").

A winding up petition against the company was filed on 30 June 2006, and the company was subsequently wound up by the High Court of Hong Kong on 18 December 2006. The Liquidators were appointed on 29 May 2007 pursuant to an Order of the High Court of Hong Kong. As such, the Liquidators do not have the same knowledge of the financial affairs of the group as the directors of the company would have, particularly in relation to the transactions entered into by the group prior to the appointment date.

RESTRUCTURING OF THE GROUP

The company was placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 7 June 2007. If no viable resumption proposal was submitted at least 10 business days before 6 December 2007, the listing status of the company would be cancelled.

The Liquidators have appointed Asian Capital (Corporate Finance) Limited as a financial adviser to the company (the “Financial Adviser”). Since then, the Liquidators and the Financial Adviser have been in discussion and negotiation with various potential investors with a view to restructuring the company and submitting a viable resumption proposal to the Stock Exchange. The restructuring proposal submitted by an investor has been accepted by the Liquidators and, in principle, supported by the major creditors as it offers recovery terms for the creditors superior to other restructuring proposals received by the company.

On 10 September 2007, a preliminary agreement and an exclusivity agreement were entered into amongst the Liquidators, the company and an investor (the “Parties”), and an escrow agreement was entered into amongst the Parties and an escrow agent on the same day. Pursuant to the exclusivity agreement, the Liquidators granted the investor an exclusive right up to 31 October 2007 to negotiate a legally binding agreement for the implementation of the restructuring proposal.

On 31 October 2007, an extension letter for the exclusivity agreement was executed amongst the Parties to extend the exclusivity period to 5 November 2007.

On 5 November 2007, the formal agreement was entered into amongst the Parties, and a convertible notes subscription agreement was entered into amongst the Liquidators, the company and a subscriber for the convertible notes. On 9 November 2007, a second escrow agreement was entered into amongst the Parties and the escrow agent.

On 21 November 2007, the company submitted a proposal to the Listing Division of the Stock Exchange (the "Listing Division"), setting out the principal terms of the proposed restructuring and requesting the Stock Exchange's conditional approval for the resumption of trading in the shares of the company (the "Resumption Proposal").

The proposed restructuring, if successfully implemented, will, among other things, result in the following:

(a) a restructuring of the share capital of the company through an increase in authorised share capital, issuance of new shares and convertible notes, which will give rise to an increase in working capital of approximately $435 million;

(b) all the creditors of the company and creditors of its subsidiaries holding guarantees given by the company discharging and waiving their claims against the company by way of schemes of arrangement under section 166 of the Hong Kong Companies Ordinance (Cap 32 of the Laws of Hong Kong) and section 99 of the Companies Act 1981 of Bermuda (as amended from time to time) (the "Schemes") by payment in the amount of $75 million;

(c) the entire interest of the company in all its subsidiaries except for Dickson Construction Engineering (Guang Dong) Limited ("Dickson Guangdong") being disposed of to a new company to be held by the scheme administrators of the Schemes, being the Liquidators, for a nominal consideration; and

(d) the resumption of trading in the shares of the company upon completion of the proposed restructuring (the "Completion") subject to the restoration of sufficient public float.

Meanwhile, the operation of Dickson Guangdong has been re-activated with the financing from the investor. Dickson Guangdong, as at the date of this announcement, has entered into contracts for a total gross contract value of RMB19.1 million and a letter of intent for a contract value of RMB197.8 million.

Having received and considered the operations and affairs of the company and its subsidiaries, the magnitude of the claims against the company and the third stage of delisting procedures, the Liquidators concluded that the proposed restructuring represents the best means available for the company to be returned to solvency and to continue with the development and enhancement of its business. In the opinion of the Liquidators, the group and the company would not be a going concern at the balance sheet date if the restructuring proposal is not successfully implemented.

As at the date of this announcement, the Liquidators have received, in principle, support from creditors representing more than 75% of the total indebtedness of the company.

PROSPECTS

Subject to the approval of the Resumption Proposal by the Stock Exchange and upon the Completion, it is anticipated that the financial position of the group will be substantially improved as all liabilities arising from the creditors of the company and creditors of its subsidiaries holding guarantees given by the company will be compromised and discharged through the Schemes.

The investor is confident that the group's business can be revitalised by discharging the aforesaid liabilities and injecting sufficient working capital upon completion of the restructuring. The restructuring proposal has been structured to restore the company to a healthy financial position. The investor has thus far injected preliminary working capital to meet the group's working capital requirements for its operations prior to and after completion.

It is the investor's intention to revive and expand the group's existing business in the provision of construction and maintenance works through its major operating subsidiary, Dickson Guangdong, with its business focusing on the booming market in the PRC.

SUSPENSION OF TRADING

Trading in the shares of the company on the Main Board of the Stock Exchange has been suspended since 30 December 2005, and will remain suspended until further notice.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

To the best knowledge of the Liquidators, neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year.

SIGNIFICANT POST-BALANCE SHEET EVENTS

(1) On 30 June 2006, a winding-up petition was served on the company.

(2) On 18 December 2006, the winding-up petitions for both the company and Dickson Construction Company, Limited ("DCCL") were heard by the High Court of Hong Kong. By virtue of his office, the Official Receiver was constituted provisional liquidator of the company and DCCL on the same day.

(3) The leasehold land was disposed of by the mortgagee on 18 May 2006.

(4) On 29 May 2007, Mr. Stephen Liu Yiu Keung ("Mr. Liu") and Mr. Robert Armor Morris ("Mr. Morris") were appointed by the High Court of Hong Kong as the Liquidators of the company. It was further ordered by the High Court of Hong Kong that a committee of inspection be set up. Mr. Liu and Mr. Morris were also appointed as the joint and several liquidators of DCCL on the same day.

(5) On 7 June 2007, the company was placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules.

(6) The Liquidators appointed Asian Capital (Corporate Finance) Limited on 21 June 2007 as financial adviser to the company with a view to restructuring the company and submitting a resumption proposal to the Stock Exchange as soon as practicable.

(7) On 10 September 2007, a preliminary agreement and an exclusivity agreement were entered into amongst the Parties, and an escrow agreement was entered into amongst the Parties and an escrow agent on the same day. Pursuant to the exclusivity agreement, the Liquidators granted the investor an exclusive right up to 31 October 2007 to negotiate a legally binding agreement for the implementation of the restructuring proposal.

(8) On 31 October 2007, an extension letter for the exclusivity agreement was executed amongst the Parties to extend the exclusivity period to 5 November 2007.

(9) On 5 November 2007, the formal agreement was entered into amongst the Parties, and a convertible notes subscription agreement was entered into amongst the Liquidators, the company and a subscriber for the convertible notes. On 9 November 2007, a second escrow agreement was entered amongst the Parties and the escrow agent.

(10) On 21 November 2007, the company submitted a proposal to the Listing Division of the Stock Exchange, setting out the principal terms of the proposed restructuring and requesting the Stock Exchange's conditional approval for the resumption of trading in the shares of the company. As part of the Resumption Proposal, all subsidiaries of the company (including Interform Investment Company Limited and 德森建築科技(深圳)有限公司) except for Dickson Guangdong will be disposed of to a new company to be held by scheme administrators, being the Liquidators, for a nominal consideration.

(11) Commencing from 1 April 2006, the group did not appoint any director in the board of directors of Cardlink Technnology Group Limited ("Cardlink") and therefore had lost its significant influence over Cardlink. Accordingly, the equity interest in Cardlink became an available-for-sale investment for the group since 1 April 2006. Between October and December 2007, the short-term loan facility of $3,000,000 obtained by a wholly-owned subsidiary was repaid and the available-for-sale investment was fully disposed of.

CORPORATE GOVERNANCE

The Liquidators were appointed on 29 May 2007 pursuant to an Order of the High Court of Hong Kong. Consequently, the Liquidators are unable to comment as to whether the company complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2006.

AUDIT COMMITTEE

After the resignation of Mr. Yu Li Chi and Mr. Yu Chi Wai as the company's Independent non-Executive Directors, the company has only one Independent non-Executive Director and, thus, the audit committee has not been maintained as required by the Listing Rules and has not reviewed the annual results.

ANNUAL GENERAL MEETING

As the company is in the process of applying for the sanction from the Registrar of Companies in Bermuda to reconvene the annual general meeting, notice of the annual general meeting will be published and dispatched to the shareholders of the company in due course.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Hong Kong Exchange and Clearing Limited at www.hkex.com.hk and on the website of the Company at http://www.equitynet.com.hk/dickson.

For and on behalf of
Dickson Group Holdings Limited
(In Liquidation)
Stephen Liu Yiu Keung
Robert Armor Morris
Joint and Several Liquidators

Hong Kong, 17 December 2007

As at the date of this announcement, the board of directors of the company comprises Mr. Lin Xiong and Mr. Chin Wai Kay, Geordie, being the Executive Directors, and Mr. Wong Ying Sheung, being the Independent non-Executive Director.