德信 DICKSON

DICKSON GROUP HOLDINGS LIMITED

(In Liquidation)

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

(Stock Code: 313)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

The joint and several liquidators (the "Liquidators") of Dickson Group Holdings Limited (In Liquidation) (the "company") announce the unaudited condensed consolidated interim results of the company and its subsidiaries (collectively referred to as the "group") for the six months ended 30 September 2006 together with comparative figures for the six months ended 30 September 2005 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2006
(Expressed in Hong Kong dollars)

	Note	**30 September 2006** *$'000* (Unaudited)	**30 September 2005** *$'000* (Unaudited)
Turnover	3	36	225,452
Cost of sales		(5,424)	(242,516)
Gross loss		(5,388)	(17,064)
Other revenue		207	272
Administrative expenses		(3,121)	(14,847)
Other operating expenses		(1,789)	(67,508)
Operating loss		(10,091)	(99,147)
Finance costs		–	(3,643)
Loss on deemed disposal of an associate		–	(3,343)
Negative goodwill on acquisition of a subsidiary		–	883
Share of results of a jointly-controlled entity		(220)	170
Write-back of provision for bad and doubtful debts		5,870	–
Loss before taxation	4	(4,441)	(105,080)
Taxation	5	(3)	(3,790)
Loss for the period		(4,444)	(108,870)
Attributable to:			
Equity holders of the company		(4,444)	(108,869)
Minority interest		–	(1)
		(4,444)	(108,870)
Dividend	6	–	–
Loss per share attributable to the ordinary equity holders of the company – Basic	7	(0.013)	(0.342)

CONDENSED CONSOLIDATED BALANCE SHEET
At 30 September 2006
(Expressed in Hong Kong dollars)

	30 September 2006 $'000 (Unaudited)	31 March 2006 $'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Leasehold land	–	1,756
Interest in an associate	–	8,856
Interest in a jointly-controlled entity	–	220
Available-for-sale investments	6,424	–
	6,424	10,832
Current assets		
Leasehold land	–	33
Amount due from a jointly-controlled entity	1,896	1,896
Cash at banks and in hand	3,274	1,005
	5,170	2,934
Current liabilities		
Trade and other payables	402,824	401,577
Bank and other borrowings	168,635	165,367
Obligations under finance leases		
– due within one year	–	139
Convertible notes	4,183	4,183
Tax payable	3,356	3,049
	578,998	574,315

	30 September 2006 $'000 (Unaudited)	31 March 2006 $'000 (Audited)
Net current liabilities	(573,828)	(571,381)
Total assets less current liabilities carried forward	(567,404)	(560,549)
Non-current liabilities		
Obligations under finance leases	–	31
Amounts due to unconsolidated subsidiaries	394	394
	394	425
Net liabilities	(567,798)	(560,974)
EQUITY		
Share capital	16,544	16,544
Reserves	(584,342)	(577,518)
Equity attributable to equity holders of the company	(567,798)	(560,974)
Minority interest	–	–
Total equity	(567,798)	(560,974)

Notes:

1. Basis of presentation

Except for failure to consolidate the financial statements of two subsidiaries, namely Interform Investment Company Limited ("Interform") and 德森建築科技(深圳)有限公司 ("德森") for the period from 1 April 2006 to 30 September 2006, these unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). As a result of the incomplete accounting records, the group's unaudited condensed consolidated financial statements have not incorporated the results, assets and liabilities of Interform and 德森.

2. Principal accounting policies

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the group for the year ended 31 March 2006. Except for the group's accounting treatments on Interform and 德森 as mentioned above, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the audited financial statements of the group for the year ended 31 March 2006.

In the current interim period, the group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA, which are effective for the current accounting period. The adoption of the new standards, amendments and interpretations had no material effect on how the results for the current and/or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Potential impact arising from the recently issued Accounting Standards

The group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. It is anticipated that the application of these standards, amendments or interpretations 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
HKFRS 7	Financial instruments: Disclosures	1 January 2007
HK(IFRIC) – INT 8	Scope of HKFRS 2	1 May 2006
HK(IFRIC) – INT 9	Reassessment of embedded derivatives	1 June 2006

3. Turnover and business and geographical segments

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

Turnover	For the six months ended 30 September 2006	2005
	$'000	*$'000*
	(Unaudited)	(Unaudited)
Construction and maintenance income	36	225,077
Others	–	375
	36	225,452

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

4. Loss before taxation

	For the six months ended 30 September 2006	2005
	$'000	*$'000*
	(Unaudited)	(Unaudited)
Loss before taxation is arrived at after charging:–		
Depreciation	–	911
Loss on disposal of property, plant and equipment	–	65

5. Taxation

Taxation in the unaudited condensed consolidated income statement represents:–

	Six months ended 30 September 2006 $'000 (Unaudited)	Six months ended 30 September 2005 $'000 (Unaudited)
Current tax – Hong Kong		
Provision for the period	3	–
Under-provision for the period	–	1,497
	3	1,497
Deferred taxation		
– Write-off of deferred tax assets	–	2,293
	3	3,790

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

6. Dividend

No dividend was paid during the period. No payment of interim dividend was recommended for the six months ended 30 September 2006 (six months ended 30 September 2005: Nil).

7. Loss per share

The calculation of the basic loss per share is based on the loss attributable to equity holders for the period of $4,444,000 (six months ended 30 September 2005: $108,869,000) and on the weighted average number of approximately 330,874,303 (30 September 2005: 318,742,000) shares in issue during the period.

A diluted loss per share amount for the six months ended 30 September 2005 and 2006 has not been disclosed as there was no dilutive effect during the six months ended 30 September 2005 and 2006.

8. **Approval of the Interim Results**

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2006 were approved and authorised for issue by the Liquidators on 15 January 2008.

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 work, 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.

LIQUIDITY AND FINANCIAL RESOURCES

The net cash outflow from operating activities for the period was $829,000 as compared to a net cash outflow of $67,408,000 in the previous period. Cash and cash equivalents at 30 September 2006 amounted to $1,853,000 (2005: deficit of cash and cash equivalents of $34,499,000). The group's gearing ratio measured on the basis of the group's total borrowings over the shareholders' funds as at 30 September 2006 was not applicable as the group has a negative shareholder's fund (2005: 205.6%).

CAPITAL STRUCTURE

The group had no significant exposure to foreign currency fluctuation as financial borrowings, cash balance, trade receivables, and trade payables were denominated in Hong Kong dollars. The group's borrowings bore interest at floating rates.

During the period, the Liquidators are not aware of any evidence which indicates that the group had engaged in any derivative activities and did not commit any financial instruments to hedge its balance sheet exposures.

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 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 HK$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 HK$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 approximately RMB117.4 million and a letter of intent for a contract value of approximately 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 Completion, it is anticipated that the financial position of the group will be substantially improved as all liabilities arising from 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.

INTERIM DIVIDEND

There will not be a payment of an interim dividend for the six months ended 30 September 2006 (2005: Nil).

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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

SIGNIFICANT POST-BALANCE SHEET EVENTS

(1) On 18 December 2006, the winding up petitions for both the company and 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.

(2) 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.

(3) 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.

(4) The Liquidators have 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.

(5) 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.

(6) 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.

(7) 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.

(8) 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 ("Interform") and 德森建築科技（深圳）有限公司 (Note 1)) 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.

(9) Commencing from 1 April 2006, the group did not appoint any director to the board of directors of 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 facility of HK$3,000,000 obtained by a wholly-owned subsidiary was fully repaid and the available-for-sale investment was fully disposed of.

(10) Dickson Construction (Housing) Limited, Active Town Limited, Joint Wealthy Holdings Limited, Bright Town Investment Limited, Uni-Technic Company Limited, Build Sky Development Consultancy Limited, Dickson Properties Limited, Henly Engineering Limited, Polywin Engineering Limited, Winshan Construction Company Limited, Longway Construction Engineering Limited, Dickson (China) Enterprises Limited, Zotos Investments Limited, Pattern Enterprises (International) Limited, Interform and Colour Paint Limited have been placed into voluntary liquidation on either 18 or 19 December 2007.

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 has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2006.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 whether the company complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the code of conduct regarding the securities transactions by the then directors throughout the six months ended 30 September 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. The interim results of the group for the six months ended 30 September 2006 has not been reviewed by the Audit Committee and the company's auditor.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim 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. The interim report containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the company and available on the above websites in due course.

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

Hong Kong, 15 January 2008

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.