# DICKSON GROUP HOLDINGS LIMITED

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

**(Stock Code: 313)**

## INTERIM RESULTS
## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The Board of Directors (the "Board") of Dickson Group Holdings Limited (the "Company") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2008 (the "Period"), together with the comparative figures for the six months ended 30 September 2007 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

| | | Six months ended 30 September | |
|---|---|---|---|
| | *Notes* | **2008** | 2007 |
| | | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (unaudited) |
| Revenue | 3 | **366** | 1,074 |
| Administrative and other operating expenses | | **(9,414)** | (1,197) |
| Operating loss | | **(9,048)** | (123) |
| Provision for bad and doubtful debts | | **–** | (3,665) |
| Loss before tax | 4 | **(9,048)** | (3,788) |
| Income tax charge | 5 | **–** | – |
| Loss for the Period | | **(9,048)** | (3,788) |
| Loss attributable to equity holders of the Company | | **(9,048)** | (3,788) |
| Loss per share | 6 | | |
| – Basic | | **(0.28) cents** | (1.14) cents |
| – Diluted | | **N/A** | N/A |

## CONDENSED CONSOLIDATED BALANCE SHEET

| | Notes | 30 September 2008 HK$'000 (unaudited) | 31 March 2008 HK$'000 (audited) |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **705** | 497 |
| **CURRENT ASSETS** | | | |
| Trade and other receivables | 8 | **76,963** | 2,201 |
| Cash and bank balances | | **208,323** | 40,323 |
| | | **285,286** | 42,524 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | **760** | 403,882 |
| Bank and other borrowings | | – | 171,207 |
| Convertible notes | | – | 4,183 |
| Tax payable | | – | 3,356 |
| | | **760** | 582,628 |
| **NET CURRENT ASSETS/(CURRENT LIABILITIES)** | | **284,526** | (540,104) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **285,231** | (539,607) |
| **NON-CURRENT LIABILITIES** | | | |
| Amounts due to unconsolidated subsidiaries | | – | 394 |
| **NET ASSETS/(LIABILITIES)** | | **285,231** | (540,001) |
| **CAPITAL AND RESERVES** | | | |
| Share capital | | **404,044** | 16,544 |
| Reserves | | **(118,813)** | (556,545) |
| **TOTAL EQUITY** | | **285,231** | (540,001) |

# NOTES TO THE FINANCIAL STATEMENTS

**1. Basis of preparation**

The interim financial statements are unaudited, condensed and have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The preparation of the condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2008, except for the adoption of the new Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") as disclosed in note 2 below. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 March 2008.

A restructuring proposal of the Group was submitted by the Investor and the Liquidators of the Company on 30 August 2007. The restructuring proposal involves cash injection by the Investor through subscription of new shares and placing of new shares of approximately HK$387.5 million in which the amount of HK$75 million would be used to settle the creditors of the Company, resulting in discharging and waiving the Group's indebtedness.

On 23 April 2008, all the resolutions regarding the implementation of the restructuring were duly and unanimously passed by the shareholders of the Company in the special general meeting.

During the Period, following the passing of the Hong Kong Scheme and the Bermuda Scheme by the requisite majorities of creditors of the Company, the Hong Kong Court and the Supreme Court of Bermuda Court sanctioned the Schemes.

The winding up order against the Company was permanently stayed effective on 23 July 2008 and the Liquidators of the Company were discharged with effect from 23 July 2008.

Upon completion of the restructuring proposal, the entire interest of all the Company's subsidiaries, except for Dickson Construction Engineering (Guang Dong) Limited, was transferred.

For further details, please refer to the Company's announcement dated 23 July 2008.

## 2. Adoption of new and revised Hong Kong financial reporting standards

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2008 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA as discussed below.

| | |
|---|---|
| HK(IFRIC)-Int 11 | HKFRS 2 – Group and Treasury Share Transactions |
| HK(IFRIC)-Int 12 | Service Concession Arrangements |
| HK(IFRIC)-Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |

The adoption of the above new and revised HKFRSs and did not have any significant impact on the Group's results and financial position.

The Group has not early applied the following new standards and revised HKFRSs, that have been issued but are not yet effective in the period covered by these interim condensed consolidated financial statements:

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| HKAS 1 (Revised) | Presentation of financial statements | 1 January 2009 |
| HKAS 23 (revised) | Borrowing Costs | 1 January 2009 |
| HKAS 27 (Revised) | Consolidation and separate financial statements | 1 July 2009 |
| HKAS 32 & 1 (Amendments) | Puttable financial instruments and obligations arising on liquidation | 1 January 2009 |
| HKFRS 8 (Revised) | Operating Segments | 1 January 2009 |
| HKFRS 3 (Revised) | Business Combinations | 1 July 2009 |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes | 1 July 2008 |
| HK(IFRIC)-Int 15 | Agreements for the Construction of Real Estate | 1 January 2009 |
| HK(IFRIC)-Int 16 | Hedges of a Net Investment in a Foreign Operation | 1 October 2008 |

## 3. Turnover, revenue and segment information

There was no operation during the period ended 30 September 2008 and 2007, and majority of assets of the Group was located in Hong Kong. Accordingly, no separate geographical segment information is presented.

The Group is engaged in the construction maintenance work business. Revenue recognised during the six months ended 30 September 2008 and 2007 is analysed as follows:

| | **Six months ended 30 September** | |
|---|---|---|
| | **2008** | 2007 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Revenue: | | |
| Interest income | **7** | 7 |
| Sundry income | **359** | 1,067 |
| Total revenue | **366** | 1,074 |

## 4. Loss before tax

| | **Six months ended 30 September** | |
|---|---|---|
| | **2008** | 2007 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Loss before tax is arrived at after charging: | | |
| Depreciation | **79** | – |
| Directors' remuneration | **642** | – |
| Impairment loss on trade receivables | **1,180** | – |
| Operating lease payments | **1,917** | – |
| Staff costs | | |
| Basic salaries and allowances | **2,485** | – |
| Pension and other schemes contributions | **93** | – |

## 5. Income tax charge

No provision had been made for Hong Kong profits tax as the Group does not have any assessable profit arising in Hong Kong and the PRC during the Period (six months ended 30 September 2007: Nil).

6. **Loss per share**

The calculation of the basic loss per share is based on the net loss for the Period of approximately HK$9,048,000 (six months ended 30 September 2007: HK$3,788,000) and the weighted average number of 3,253,005,450 ordinary shares (six months ended 30 September 2007: 330,874,303 ordinary shares) in issue during the Period.

The diluted loss per share for the six months ended 30 September 2008 and 2007 has not been disclosed as there is no diluting events existed during the Period and the six months ended 30 September 2007.

7. **Interim dividend**

No payment of interim dividend was recommended for the Period (30 September 2007: Nil).

8. **Trade and other receivables**

| | **30 September 2008** | 31 March 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| Trade receivables | – | 1,972 |
| Other receivables | **76,963** | 229 |
| | **76,963** | 2,201 |

Other receivables include a deposit of HK$75,000,000 paid for the Group's proposed investment in Dubella International Limited (note 10).

9. **Trade and other payables**

| | **30 September 2008** | 31 March 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| Trade payables | – | 380,639 |
| Other payables | **760** | 23,243 |
| | **760** | 403,882 |

**10. Post balance sheet event**

(a) On 11 September 2008, the Company entered into an acquisition agreement with an independent third parties to acquire the entire issued share capital and shareholder's loan of Dubella International Limited, a company incorporated in the British Virgin Islands with limited liability, which has an effective 35% interest in Huzhou Huachuang, a wholly foreign-owned enterprise holding the contractual interest in Huzhou Land. The Deposit of HK$75 million has been paid by the Company as part of the consideration.

On 15 October 2008, due to the unexpected change of circumstances, the Company and the vendor entered into the termination agreement to terminate the acquisition agreement. The Deposit will be returned to the Company, together with any interest accrued at 3% per annum calculated from the date of payment of the Deposit to the date of repayment of the Deposit, within 3 months from the date of signing of the termination agreement. The payment of the Deposit constitutes an advance to an entity pursuant to Rule 13.13 of the Listing Rules.

(b) On 4 December 2008, the Company announced that there would be a mandatory conditional general offer (the "Offer") to be undertaken. As at the date of this announcement, the Offer has not yet been completed.

## MANAGEMENT DISCUSSION AND ANALYSIS

## RESTRUCTURING OF THE GROUP

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 (the "Hong Kong Court") on 18 December 2006. The liquidators (the "Liquidators") were appointed on 29 May 2007 pursuant to an Order of the Hong Kong Court.

Trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 30 December 2005. The Company has been placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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 have been cancelled.

The Liquidators had been in discussion and negotiation with various potential investors with a view of restructuring the Company and submitting a viable resumption proposal to the Stock Exchange. The restructuring proposal submitted by an investor (the "Investor") on 30 August 2007 had been accepted by the Liquidators and in principle supported by the major creditors as it offers superior recovery terms for the creditors superior to other restructuring proposals received by the Company.

The restructuring was, amongst other things, resulted in:

(i) a restructuring of the share capital of the Company through the increase in authorised share capital, the subscription of 6,000,000,000 new shares of the Company by the Investor for HK$300 million and the placing of 1,750,000,000 new shares by the Company to independent placees for approximately HK$87.5 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) (the "Schemes") by payment of an amount of HK$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 for a nominal consideration; and

(iv) the resumption of trading in the shares of the Company upon completion of the restructuring (the "Completion"), i.e. 23 July 2008.

The special general meeting was convened on 23 April 2008 and all the resolutions regarding the implementation of the restructuring were duly and unanimously passed by the shareholders attending and eligible to vote at the meeting.

The creditors' meetings to approve the schemes of arrangement in Hong Kong (the "Hong Kong Scheme") and Bermuda (the "Bermuda Scheme") were held on 23 April 2008 and 26 May 2008 respectively. Both Schemes were duly and unanimously passed by the required majority of the creditors. The Hong Kong Scheme was sanctioned by the Hong Kong Court on 27 May 2008 and the Bermuda Scheme was sanctioned by the Supreme Court of Bermuda on 13 June 2008.

On 27 May 2008, the Hong Kong Court has ordered that all further proceedings in the winding up of the Company pursuant to the Order dated 18 December 2006 be stayed on condition that the restructuring is completed.

Both the Hong Kong Scheme and Bermuda Scheme became effective upon the Completion, i.e. 23 July 2008.

The Company's interests in the subsidiaries, except in Dickson Guangdong, had been transferred to a new company on 2 June 2008 and 18 June 2008. Meanwhile, the operation of Dickson Guangdong has been re-activated with the financing from the Investor.

Upon Completion, Mr. Lin Xiong, Mr. Chin Wai Kay, Geordie and Mr. Wong Ying Sheung resigned as executive directors and independent non-executive director respectively. Mr. He Guang, Mr. Sun Peng and Mr. Wong Kin Fai were appointed as executive directors, Mr. Ge Zemin was appointed as a non-executive director, Mr. Yue Kwai Wa, Ken, Mr. Lei Jian and Mr. Hei Xue Yan were appointed as independent non-executive directors upon Completion.

**BUSINESS REVIEW**

The main business activity of the Company is investment holding. Its main subsidiary was in the building construction and maintenance industry including building work, design and construction and building maintenance. Its operation was located in the People's Republic of China (the "PRC").

With the funds invested by the Investor to the Company, the Group's operation has been revived and the Group has continued to engage in the building construction and maintenance business in the property development industry. The payment of the outstanding registered capital of Dickson Guangdong took place in mid of September 2008 and the full business license was issued to Dickson Guangdong in November 2008. Dickson Guangdong only has its business license and does not have other contractor licenses. However, there is no impediment for Dickson Guangdong to undertake any construction project in the PRC as long as such project does not involve works which require the contractor to have a specialist license. At the moment, Dickson Guangdong can undertake construction projects in the PRC which does not require license of any specific class.

However, the real estate construction market in the PRC has been faltering in the second half of 2008 and it has become more and more difficult for Dickson Guangdong to secure new construction contracts since a number of property developers in the PRC have their own construction teams for the building and construction works for the development projects. Moreover, some of the construction contracts initially secured by Dickson Guangdong were put on hold.

The Board considered that, in view of the uncertainty on the construction industry in the PRC and the keen competition brought by the consolidation of construction players in the market, it is in the interest of the Group to diverse its business scope to include project development so as to expand the Group's business by providing comprehensive service from construction to project development, thereby strengthening the Group's earning base.

On 11 September 2008, the Company entered into the acquisition agreement with the vendor and the guarantor regarding the proposed acquisition of the entire issued share capital and shareholder's loan of Dubella International Limited ("Dubella"). Dubella has an effective 35% equity interest in湖州華創置業有限公司 ("Huzhou Huachuang"), a wholly foreign-owned enterprise holding the contractual interest in a piece of land situated in中國太湖旅遊度假區, which is close to Xin Dou Gang in the East, leading to Bin He Road in the West, neighbouring Bin He Avenue in the South and to Tai Hu in the North in Huzhou City, Jejiang Province, the PRC with a site area of approximately 254,604 square meters ("Huzhou Land"). Pursuant to the terms of the acquisition agreement, it was agreed that the consideration for the acquisition is HK$269,000,000, and would be settled as to HK$125,000,000 by cash and HK$144,000,000 by way of the issue of 1,200,000,000 consideration shares by the Company. A deposit of HK$75,000,000 (the "Deposit") has been paid by the Company on 11 September 2008 to the vendor as part of the consideration of the acquisition through internal resources.

According to the development scheme (subject to the approval of the relevant government authorities) on the Huzhou Land, it is originally planned to develop and construct on the Huzhou Land a composite project principally comprises hotel, convention and exhibition facilities, commercial and entertainment center, and apartments and townhouse with ancillary facilities.

However, based on the latest available information, the Company is informed that due to a modification of the overall zoning plan of the entire Taihu Tourist Resort district, the original development scheme on the Huzhou Land would need to be revised for other development scheme purpose. In light of the above, the Huzhou Land could not be developed as originally intended by the Company and the vendor at the time of signing of the acquisition agreement.

Due to the unexpected change of circumstances as described above, the Company and the vendor has discussed and mutually agreed not to proceed with the acquisition. On 15 October 2008, the Company and the vendor entered into the termination agreement to terminate the acquisition agreement.

Pursuant to the termination agreement, the vendor has agreed to repay the Deposit to the Company, together with any interest accrued at 3% per annum calculated from the date of payment of the Deposit by the Company to the date of repayment of the Deposit by the vendor to the Company, within 3 months from the date of signing of the termination agreement. The payment of the Deposit constitutes an advance to an entity pursuant to Rule 13.13 of the Listing Rules.

## FINANCIAL REVIEW

### Results

Turnover for the six months ended 30 September 2008 amounted to HK$nil as same as the corresponding period last year. Loss attributable to equity holders for the Period was HK$9,048,000 compared with a loss of HK$3,788,000 for the corresponding period last year. Loss per share for the Period was HK0.28 cents compared with a loss per share of HK1.14 cents for the corresponding period last year.

### Liquidity and Capital Resources

During the Period, the Company has completed the subscription of 6,000,000,000 new shares by the Investor and the issuance of 1,750,000,000 new shares to independent placees, raising net proceeds of approximately HK$300 million and HK$84 million respectively.

As at 30 September 2008, the Group's net assets amounted to HK$285,231,000 as compared with net liabilities amounted to HK$540,001,000 at 31 March 2008. As at 30 September 2008, the Group had net current assets of HK$284,526,000 including cash and cash equivalents of HK$208,323,000 as compared with net current liabilities HK$540,104,000 including cash and cash equivalents of HK$40,323,000 at 31 March 2008. The Group's gearing ratio measured on the basis of the Group's total borrowings over the equity as at 30 September 2008 was not applicable as the Group has no borrowings (31 March 2008: N/A).

The Group has no significant exposure to foreign currency fluctuation as cash balances, trade receivables and trade payables were denominated in Hong Kong dollars and Renminbi.

### Contingent Liabilities

The Group did not have significant contingent liabilities as at 30 September 2008.

### Employees

As at 30 September 2008, the Group employed a total of 8 employees (excluding all directors). The Group remunerates its employees based on their performance, working experience and prevailing market standards. Employee benefits include a medical insurance coverage and provident fund.

## PROSPECTS

Although the prevailing market condition is a high level of uncertainty on the potential ultimate impact to the economy, the Board is confident that, with its strong support in the business and financial aspects, the Group will be able to gain a strong foothold in the PRC construction industry and achieve a substantial level of operations within a reasonable period of time in future.

In the long run, the Company will continue to look for other investment opportunities which have promising potentials.

## INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 September 2008 (30 September 2007: Nil).

## AUDIT COMMITTEE

The Company set up an audit committee (the "Audit Committee") with written terms of reference in compliance with the Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group on 23 July 2008. The Audit Committee is comprised of three independent non-executive directors, namely, Mr. Yue Kwai Wa, Ken (Chairman), Mr. Lei Jian and Mr. Hei Xue Yan. The primary duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal control systems, the review of the Group's financial information and the monitoring of the appointment and function of the Group's external auditor.

The Group's unaudited consolidated financial statements for the six months ended 30 September 2008 have been reviewed by the Audit Committee.

## REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") was set up on 23 July 2008 and consists of one executive director, Mr Pang Yuet (Chairman), and three independent non-executive directors, Mr. Yue Kwai Wa, Ken, Mr. Lei Jian and Mr. Hei Xue Yan.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy for directors and senior management, and overseeing the remuneration packages of the executive directors and senior management.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The period from 1 April 2008 to 23 July 2008 was under the control of Liquidators, the Board is unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules (the "CG Code") throughout that period.

After 23 July 2008 up to 30 September 2008, the Company has complied with the CG Code as set out with the following deviations:

### Code Provision A.2.1

This provision states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Pang Yuet assumes the role of chairman, and there is no other person designated as chief executive officer. The Board believes that this structure helps maintain strong and effective leadership and leads to a highly efficient decision making process. The Board will review this situation periodically.

### Code Provision E.1.2

This provision requires the chairman of the Board to attend the annual general meeting (the "AGM") and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee to be available to answer questions at the AGM.

The chairman of the Board had not attended the AGM held on 29 August 2008 as he was engaged in an important business meeting overseas. The said AGM was chaired by an executive director.

## COMPLIANCE WITH THE MODEL CODE

The period from 1 April 2008 to 23 July 2008 was under the control of Liquidators, the Board is unable to confirm that all the resigned directors have complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code") throughout that period.

The Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Model Code after 23 July 2008 up to 30 September 2008.

## RESUMPTION 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 resumed for trading on 28 July 2008.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

## SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company's shares which are in the hands of the public is not less than 25% of the Company's total number of issued shares.

## PUBLICATION OF INTERIM RESULTS

This interim results announcement and interim report are available for viewing on the website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.equitynet.com.hk/dickson.

By Order of the Board
**Dickson Group Holdings Limited**
**Pang Yuet**
*Chairman*

Hong Kong, 22 December 2008

*As at the date of this announcement, the Board is comprised of Mr. Pang Yuet (Chairman), Mr. He Guang, Mr. Sun Peng, Mr. Wong Kin Fai and Mr. Zhang Yi as executive directors, Mr. Ge Zemin as non-executive director and Mr. Yue Kwai Wa, Ken, Mr. Lei Jian and Mr. Hei Xue Yan as independent non-executive directors.*