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迪臣建設國際集團有限公司
Deson Construction International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8268)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Deson Construction International Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “**Group**”, “**we**”, “**us**”, or “**our**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE	4	750,075	825,379
Cost of sales		<u>(707,288)</u>	<u>(778,333)</u>
Gross profit		42,787	47,046
Other income	4	5,077	12,287
Fair value gain on investment properties, net		875	635
Administrative expenses		(49,919)	(39,468)
Other operating income/(expenses), net		336	(118)
Finance costs	6	<u>(492)</u>	<u>(22)</u>
PROFIT/(LOSS) BEFORE TAX	5	(1,336)	20,360
Income tax expense	7	<u>(3,447)</u>	<u>(4,408)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>(4,783)</u>	<u>15,952</u>
Attributable to:			
Owners of the Company		(3,977)	15,946
Non-controlling interests		<u>(806)</u>	<u>6</u>
		<u>(4,783)</u>	<u>15,952</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK(0.50) cent</u>	<u>HK1.99 cents</u>

Details of the dividends paid and proposed for the year are disclosed in note 9 to the financial statements.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	(4,783)	15,952
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(285)	(55)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of leasehold land and buildings	9,411	10,944
Income tax effect	(1,553)	(1,806)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	7,858	9,138
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	7,573	9,083
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,790	25,035
Attributable to:		
Owners of the Company	3,647	25,029
Non-controlling interests	(857)	6
	2,790	25,035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		19,159	143,850
Investment properties		11,656	10,875
Total non-current assets		30,815	154,725
CURRENT ASSETS			
Gross amount due from contract customers		25,304	7,563
Amounts due from related companies		6,196	5,115
Amounts due from fellow subsidiaries		28	943,410
Accounts receivable	10	54,626	68,906
Prepayments, deposits and other receivables		13,467	12,952
Pledged deposits		29,674	27,863
Cash and cash equivalents		30,812	69,263
Total current assets		160,107	1,135,072
CURRENT LIABILITIES			
Gross amount due to contract customers		88,455	87,845
Accounts payable	11	18,994	44,895
Other payables and accruals		25,806	22,607
Amount due to a non-controlling shareholder		1,500	1,500
Amounts due to fellow subsidiaries		30	793,641
Tax payable		2,083	1,278
Interest-bearing bank borrowings		20,761	48,182
Total current liabilities		157,629	999,948
NET CURRENT ASSETS		2,478	135,124
TOTAL ASSETS LESS CURRENT LIABILITIES		33,293	289,849
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		—	15,117
Deferred tax liabilities		5,035	22,968
Total non-current liabilities		5,035	38,085
Net assets		28,258	251,764

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	20,000	—
Reserves		(708)	245,941
Proposed final dividend	9	4,000	—
		23,292	245,941
Non-controlling interests		4,966	5,823
Total equity		28,258	251,764

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND GROUP REORGANISATION

Deson Construction International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Islands as an exempted company with limited liability on 18 July 2014. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally involved in the construction business, as a main contractor and fitting-out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong and Mainland China and other construction related business.

Pursuant to the reorganisation (the “**Reorganisation**”) of the Company in connection with the listing of the shares of the Company on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of the companies now comprising the Group on 16 December 2014. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 24 December 2014 (the “**Prospectus**”).

In the opinion of the directors of the Company, Deson Development Holdings Limited, a company incorporated in the British Virgin Islands is the immediate holding company of the Company, and Deson Development International Holdings Limited (“**DDIHL**”), a company incorporated in Bermuda and listed on the Main Board of the Stock Exchange, is the ultimate holding company of the Company.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, the companies now comprising the Group were under the common control of the controlling shareholder before and after the Reorganisation. Accordingly, these financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the financial periods presented.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which, because the Company has not early adopted the revised Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) issued by the Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 March 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if it this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 BASIS OF PRESENTATION (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) — Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

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

- (a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (b) The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.
- (c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.
- (d) HK(IFRIC) — Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC) — Int 21.
- (e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.
- (f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.
- (g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. OPERATING SEGMENT INFORMATION

For management purpose, the Group has only one reportable operating segment which is the construction contracting and related business. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	583,618	644,825
Mainland China	164,299	158,331
Macau	2,158	22,223
	<u>750,075</u>	<u>825,379</u>

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

(b) Non-current assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	19,034	143,732
Mainland China	11,781	10,993
	<u>30,815</u>	<u>154,725</u>

The non-current assets information above is based on the locations of the assets.

Information about a major customer

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue from construction contracting and related business.

An analysis of revenue and other income is as follows:

	Group 2015 HK\$'000	2014 HK\$'000
Revenue		
Income from construction contracting and related business	<u>750,075</u>	<u>825,379</u>
Other income		
Bank interest income	299	192
Management fee income	213	6,156
Gross rental income	879	907
Others	<u>3,686</u>	<u>5,032</u>
	<u>5,077</u>	<u>12,287</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2015 HK\$'000	2014 HK\$'000
Cost of construction contracting	707,288	778,333
Auditors' remuneration	2,110	902
Depreciation	2,675	5,010
Minimum lease payments under operating leases on land and buildings	1,508	995
Loss on disposal of items of property, plant and equipment [^]	309	39
Rental income on investment properties	(675)	(601)
Less: outgoings	<u>35</u>	<u>36</u>
Rental income	<u>(640)</u>	<u>(565)</u>
Employee benefit expense (including directors' remuneration):		
Wages and salaries	32,771	30,811
Pension scheme contributions*	1,019	870
Less: Amount capitalised	<u>(10,759)</u>	<u>(7,792)</u>
	<u>23,031</u>	<u>23,889</u>
Listing and related expenses (including HK\$1,000,000 included in "Auditors' remuneration" above)	12,621	—
Foreign exchange differences, net [^]	(20)	—
Reversal of unclaimed liabilities	(2,460)	(4,188)
Impairment of accounts receivable [^]	—	15
Impairment/(reversal of impairment) of other receivables [^]	<u>(625)</u>	<u>64</u>

* At 31 March 2015, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2014: Nil).

[^] These amounts are included in "Other operating income/(expenses), net" on the face of the consolidated statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group 2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss	2,123	826
Less: Interest capitalised	(1,631)	(804)
	492	22

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2014: 16.5%), unless the Group's subsidiaries did not generate any assessable profit arising in Hong Kong during the year or the Group's subsidiaries had available tax losses brought forward from previous years to offset the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Group 2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the year	2,144	1,646
Overprovision in prior years	(32)	—
Current — Elsewhere		
Charge for the year	916	2,603
Underprovision in prior years	194	—
Deferred	225	159
Total tax charge for the year	3,447	4,408

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company, and the number of ordinary shares of 800,000,000 (2014: 800,000,000) in issue during the year after taking into account the Share Subdivision which was effective from 4 June 2015, and as if the Reorganisation had been effective since 1 April 2013.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
First special interim (<i>Note (a)</i>)	200,000	—
Second special interim (<i>Note (b)</i>)	35,000	—
Proposed final – HK0.5 cent per Subdivided Share	4,000	—
	<u>239,000</u>	<u>—</u>

Notes:

- (a) On 4 December 2014, a subsidiary of the Group declared and paid a dividend of HK\$200,000,000 to a former immediate holding company (before the Reorganisation) pursuant to the Reorganisation.
- (b) On 16 December 2014, the Company declared and paid a dividend of HK\$35,000,000 to a former immediate holding company (before the Reorganisation) pursuant to the Reorganisation.

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

10. ACCOUNTS RECEIVABLE

	Group 2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Accounts receivable	44,743	59,777
Impairment	(4,373)	(4,373)
	<u>40,370</u>	<u>55,404</u>
Retention monies receivable	14,256	13,502
	<u>54,626</u>	<u>68,906</u>

The Group's trading terms with its customers are mainly on credit. The credit period granted to the customers ranges from 14 days to 90 days. For retention monies receivable in respect of construction work carried out by the Group, the due dates are usually one year after the completion of the construction work. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Accounts receivable are non-interest-bearing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. ACCOUNTS RECEIVABLE (continued)

An aged analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current to 90 days	35,941	53,662
91 to 180 days	2,191	1,037
181 to 360 days	1,172	64
Over 360 days	1,066	641
	<hr/>	<hr/>
Retention monies receivable	40,370	55,404
	14,256	13,502
	<hr/>	<hr/>
Total	<u>54,626</u>	<u>68,906</u>

11. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Current to 90 days	13,536	40,940
91 to 180 days	1,562	—
181 to 360 days	—	—
Over 360 days	3,896	3,955
	<hr/>	<hr/>
	<u>18,994</u>	<u>44,895</u>

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

12. SHARE CAPITAL

	2015	2014
	HK\$'000	HK\$'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.05 each	<u>100,000</u>	<u>—</u>
Issued and fully paid:		
400,000,000 ordinary shares of HK\$0.05 each	<u>20,000</u>	<u>—</u>

There was no authorised and issued capital as at 31 March 2014 since the Company has not yet been incorporated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. SHARE CAPITAL (continued)

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

	<i>Notes</i>	Number of shares in issue	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
On incorporation	(i)	1	—	—	—
Subdivision of shares	(ii)	1	—	—	—
Allotment of shares	(ii)	349,999,998	17,500	—	17,500
Placing of shares	(iii)	50,000,000	2,500	16,750	19,250
Share issue expenses	(iii)	—	—	(2,369)	(2,369)
At 31 March 2015		<u>400,000,000</u>	<u>20,000</u>	<u>14,381</u>	<u>34,381</u>

Notes:

- (i) The Company was incorporated on 18 July 2014 with an initial authorised share capital of HK\$390,000 divided into 3,900,000 shares of a par value of HK\$0.1 each. On the date of incorporation, 1 ordinary share of HK\$0.1 was issued and allotted by the Company to its then shareholder.
- (ii) On 16 December 2014, a written resolution of the sole shareholder of the Company was passed pursuant to which (a) the Company underwent a subdivision of shares whereby each of the existing issued and unissued ordinary share of par value HK\$0.10 was subdivided into two ordinary shares of par value HK\$0.05 each, such that after the subdivision, the authorised share capital of the company became HK\$390,000 divided into 7,800,000 shares of par value HK\$0.05 each and the issued share capital of the Company became HK\$0.10 divided into two shares of par value HK\$0.05 each; (b) the authorised share capital of the Company was increased from HK\$390,000 divided into 7,800,000 shares of par value HK\$0.05 to the aggregate of HK\$100,000,000 divided into 2,000,000,000 shares of par value HK\$0.05 each by creation of 1,992,200,000 ordinary shares of HK\$0.05 each; and (c) the allotment of 315,349,998 ordinary shares of HK\$0.05 each to Deson Development Holdings Limited, the immediate holding company of the Company, and 34,650,000 ordinary shares of HK\$0.05 each to Huge Energy Holdings Limited as a result of the Reorganisation.
- (iii) On 7 January 2015, 50,000,000 ordinary shares of the Company were allotted at HK\$0.385 per placing share pursuant to the Placing (as defined in the Prospectus), the proceeds from the Placing received by the Company were HK\$19,250,000 (before share issue expenses of HK\$2,369,000), representing the par value of the shares of the Company of HK\$2,500,000 which were credited to the Company's share capital and the remaining proceeds of HK\$16,750,000 (before share issue expenses of HK\$2,369,000), which were credited to the Company's share premium account.

13. EVENT AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 8 May 2015, the board of directors of the Company proposed a share subdivision (the “**Share Subdivision**”) whereby each of the issued and unissued ordinary share with a par value of HK\$0.05 each in the share capital of the Company be subdivided into two ordinary shares with a par value of HK\$0.025 each (“**Subdivided Share(s)**”), such that the authorised share capital of the Company becomes HK\$100,000,000 divided into 4,000,000,000 shares with a par value of HK\$0.025 each, and the Subdivided Shares rank pari passu in all respects with each other in accordance with the memorandum and articles of association of the Company. The Share Subdivision was approved upon the passing of the ordinary resolution by the shareholders of the Company at the extraordinary general meeting held on 3 June 2015 and became effective on 4 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are principally engaged as a contractor in the building industry operating in Hong Kong and the People's Republic of China (the "PRC"). As a contractor, we provide one-stop comprehensive services with the following three major types of services: (a) building construction works; (b) electrical and mechanical ("E&M") engineering works; and (c) alternations, addition, renovation, refurbishment and fitting-out works.

The Group's turnover for the year ended 31 March 2015 recorded at approximately HK\$750,075,000 which represented a decrease of 9% from approximately HK\$825,379,000 for the year ended 31 March 2014.

(i) Building construction works:

For the year ended 31 March 2015, revenue recorded at this segment amounted to approximately HK\$294,577,000 (2014: HK\$234,752,000). The increase by 25% was because certain substantial projects were granted at the end of year and thus not much revenue can be recognised for the year ended 31 March 2014. The completion of these substantial projects in current year, contributed a significant portion of turnover for the year ended 31 March 2015. These contracts include superstructure work for residential houses at Stubbs Road, Hong Kong and alternation and addition works for residential development at South Bay Road, Hong Kong.

(ii) Electrical and mechanical engineering works:

For the year ended 31 March 2015, revenue recorded at this segment amounted to approximately HK\$198,215,000 (2014: HK\$270,691,000). The decrease by 27% was mainly due to the completion of several substantial contracts in last year, while those new contracts works awarded to the Group in 2015 are still in their early stage of development.

(iii) Fitting-out works:

For the year ended March 2015, revenue recorded at this segment amounted to approximately HK\$257,283,000 (2014: HK\$319,936,000). The decrease by 20% was mainly attributable to the decrease of new contracts works awarded and thus revenue drop accordingly from projects for new shops of luxury brands products in the PRC due to the slow down of the sales of luxury goods in PRC markets.

Due to the general increase in contracts costs and the non-recurring listing expenses of approximately HK\$12,600,000 incurred in relation to the listing of the Company's share on the GEM, the net loss attributable to equity holders of the Company amounted to approximately HK\$3,977,000 as compared with the net profit attributable to equity holders of the Company amounted to approximately HK\$15,946,000 for the year ended 31 March 2014. Losses per share is approximately HK0.50 cent.

During the year ended 31 March 2015, the Group completed or substantially completed projects such as main contractor for four residential houses including E&M works at Stubbs Road, Hong Kong, main contractor for alternation and addition works for a factory building at Tsun Yip Street, Kwun Tong, Hong Kong, alteration and additions work for residential house at South Bay Road, Hong Kong, biennial term contract for maintenance and repair of, alternations and additions to, fire services installations for health services buildings in Kowloon and New Territories East region, Hong Kong, fitting-out works for Citistore at Yuen Long, electrical, mechanical ventilation air conditioning and fire services for transformation of the former married quarters on Hollywood Road into a creative

industries landmark at Central, Hong Kong, new school campus in Sai Kung for Hong Kong Academy, Hong Kong, fitting-out works for Miu Miu shop and Prada shop at Hong Kong International Airport, Tianjin and Shanghai, the PRC.

This year marked an important milestone for the Group's development. On 8 January 2015, the shares of the Company were successfully listed on GEM. As stated in the Company's prospectus dated 24 December 2014 (the "**Prospectus**"), the Group's business objectives are to achieve sustainable growth in our current business and to create long-term shareholder's value by mainly focusing on the Hong Kong and the PRC markets in near term. Looking forward, the Group will continue to enhance competitiveness and management capabilities to bid more rewarding contracts in Hong Kong and the PRC and to further scale up the Group's business.

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2015, the Group's turnover amounted to approximately HK\$750 million, decreased by 9% as compared to last year. The drop in turnover was mainly due to the completion of certain substantial projects for the electrical and mechanical engineering works last year while the new contracts granted during the year were at the beginning stage, and had not yet been recognised as revenue by the Group for the year. On the other hand, because of the slow down of the sales of luxury brand products in China, less fitting-out works projects of luxury brand shops were granted in current year. It also caused the drop of revenue of the Group.

Gross profit margin

Our gross profit decreased by approximately HK\$4 million or 9%, from approximately HK\$47 million for the year ended 31 March 2014 to approximately HK\$43 million for the year ended 31 March 2015. During the year ended 31 March 2015, the gross profit margin was approximately 5.7%, which is similar as last year.

Other income

Other income decreased by approximately HK\$7 million from approximately HK\$12 million for the year ended 31 March 2014 to approximately HK\$5 million for the year ended 31 March 2015. The decrease was mainly because no staff was provided to assist or supervise Deson Development International Holdings Limited and its subsidiaries (other than the Group) ("**Remaining Group**"). Accordingly, no reimbursement of staff cost from the Remaining Group during this year (2014: HK\$5.6 million).

Administrative Expenses

Administrative expenses increased by approximately HK\$11 million or 26% from approximately HK\$39 million for the year ended 31 March 2014 to approximately HK\$50 million for the year ended 31 March 2015. The increase was attributable to the listing expenses of approximately HK\$12.6 million which was recognized as expenses in this year while no listing expenses was incurred for last year.

Liquidity and financial resources

As at 31 March 2015, the Group had total assets of HK\$190,922,000, which is financed by total liabilities, shareholders' equity and non-controlling interests of HK\$162,664,000, HK\$23,292,000 and HK\$4,966,000, respectively. The Group's current ratio at 31 March 2015 was 1.02 compared to 1.14 at 31 March 2014.

The gearing ratio for the Group is 15% (31 March 2014: 13%). It was calculated based on the non-current liabilities of HK\$5,035,000 (31 March 2014: HK\$38,085,000) and long term capital (equity and non-current liabilities) of HK\$33,293,000 (31 March 2014: HK\$289,849,000).

Capital expenditure

Total capital expenditure for the year ended 31 March 2015 was approximately HK\$282,000, which was mainly used in the purchase of property, plant and equipment.

Contingent liabilities

At the end of the reporting date, there were no significant contingent liabilities for the Group.

Commitments

At the end of the reporting date, there were no significant capital commitments for the Group.

Charges on group assets

Assets with a carrying value of HK\$46,874,000 were pledged as securities for the Group's banking facilities.

Treasury policies

The Directors will continue to follow a prudent policy in managing its cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business. Interest for the current bank borrowings were mainly on floating rate basis and the bank borrowings were principally denominated in Hong Kong dollars, hence, there is no significant exposure to foreign exchange rate fluctuations.

Exchange risk exposure

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

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

Capital structure of the Group

Details of the movements in the Company's share capital are set out in note 12 to the financial statements in this announcement.

PROSPECT

The Group will uphold an on-going parallel development of its construction business (including building construction and E&M works) in both the PRC and Hong Kong. To cope with the difficulties encountered in the construction and engineering industry, the Company has adopted a prudent strategy in project tendering.

With its proven track records and adequate expertise in the main contracting business, the Group obtained “List of Approved Contractors for Public Works under Group C of the Building Category under Environment, Transport and Works Bureau of the HKSAR”. Together with the licence in Group II under the “Turn-key Interior Design and Fitting-out Works” under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” and the 11 licences held under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Environment, Transport and Works Bureau of the Government of the HKSAR”, enables the Group to take an active part in the construction business development.

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

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

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

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

EVENTS AFTER THE REPORTING PERIOD

Details of events after reporting period are set out in note 13 to the financial statements in this announcement.

HUMAN RESOURCES

As at 31 March 2015, the Group had 127 employees, 76 of whom were based in the PRC. The total employee benefit expenses including directors' emoluments for the year ended 31 March 2015 amounted to HK\$34 million as compared to HK\$32 million for the year ended 31 March 2014, the increase is mainly due to the increment under the yearly salary review and the Group having given more discretionary bonus to its employees in the current year.

The remuneration policy and package of the Group's employees are reviewed and approved by the directors. Apart from pension funds, in order to attract and retain a high caliber of capable and motivated workforce, the Company offers discretionary bonus to staff based on individual performance and the achievements of the Company's targets.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As set out in the Prospectus, the overall business objectives of our Group are to (i) strengthen our position in the Hong Kong market and our capital base to support more capital intensive projects; (ii) further expand our business into the PRC; and (iii) continue to expand our scope of services in building construction works.

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress up to the date of this announcement is set out below:

Business objective as stated in the Prospectus	Actual business progress up to 31 March 2015
(i) Strengthen our position in the Hong Kong market and our capital base to support more capital intensive projects	The Group continues its effort in identifying suitable business opportunities with potential customers from time to time. A contract with contract sum amount HK\$298 million was granted to act as a main contractor for development of a 12-storey residential building including construction of sub-structure, superstructure, building services and interior fitting-out works.
(ii) Further expand our business into the PRC	The Group keeps good relationship with its existing customers. More tenders for contracts were made to broaden our customers' base.

On 6 May 2015, the Group and 江蘇樂生活電子商務有限公司 (“樂生活”) entered into a memorandum of understanding to provide fitting-out work services for 樂生活 to develop O2O service platform in the PRC. Details of which are disclosed in the announcement of the Company dated 6 May 2015.

(iii) Continue to expand our scope of services in building construction works

On 9 December 2014, the Group was approved by Buildings Department as Specialist Contractor (site formation). We have submitted a tender for a site formation and foundation works at Shau Kei Wan Road with the tender sum amounted to approximately HK\$35 million.

USE OF PROCEEDS FROM THE LISTING OF THE COMPANY'S SHARES BY WAY OF PLACING

On 7 January 2015, 50,000,000 ordinary shares of the Company were allotted at HK\$0.385 per placing share pursuant to the Placing (as defined in the Prospectus). The net proceeds from the Placing received by the Company were approximately HK\$16.6 million (after deduction of any related expenses). As at 31 March 2015, the unused proceeds of approximately HK\$4.1 million were deposited into licensed banks in Hong Kong.

As at 31 March 2015, the net proceeds had been utilized as follows:

	Actual net proceeds HK\$ million	Amount utilised up to 31 March 2015 HK\$ million	Balance as at 31 March 2015 HK\$ million
Operation of two existing projects	14.9	12.1	2.8
General working capital	1.7	0.4	1.3
Total	<u>16.6</u>	<u>12.5</u>	<u>4.1</u>

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this announcement, our Group did not have other plans for material investment or capital assets as at 31 March 2015.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2015, there was no significant investment held, no material acquisition and disposal of subsidiaries and affiliated companies by our Group.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 31 March 2015, save for the compliance adviser agreement dated 25 December 2014 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to 31 March 2015.

CONTINUING CONNECTED TRANSACTIONS

Administrative Services Agreement

On 16 December 2014, Grand On Enterprise Limited ("**Grand On**"), a wholly-owned indirect subsidiary of Deson Development Holdings Limited, which is a controlling shareholder of our Company, and Deson Development Limited ("**DDL**"), a wholly-owned indirect subsidiary of the Company, entered into an administrative services agreement ("**Administrative Services Agreement**"), pursuant to which DDL, as a service provider, has agreed to provide Grand On certain administrative services including provision of office facilities, utilities and equipment support, cleaning services, administrative support and information technology system and technical training support, for a term of three years with effect from 8 January 2015 and ending on 31 March 2017. In consideration of provision of such administrative services, Grand On shall pay to DDL a service fee, based on DDL's actual direct and indirect cost incurred in the supply and procuring of the supply of such services, including overheads, human and/or other resources. The annual service fee payable by Grand On to DDL for each of the financial years ending 31 March 2015, 2016 and 2017 is not expected to exceed HK\$600,000.

Lease of office in Hong Kong

On 21 November 2014, Grand On as landlord and DDL as tenant, entered into a tenancy agreement, for the rental of certain portions of the Nanyang Plaza property located at 11th Floor of Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong with an aggregate floor area of approximately 9,500 sq. ft. and the joint rights to occupy and use a common area with aggregate floor area of approximately 3,200 sq. ft. The term of tenancy is from 21 November 2014 to 31 March 2017, with a rental of HK\$143,000 per month payable in advance. The annual rental fee payable by DDL to Grand On for each of the financial years ending 31 March 2015, 2016 and 2017 is not expected to exceed HK\$1,716,000.

Lease of office in Shanghai, the PRC

上海迪申建築裝潢有限公司 (Shanghai Deson Decoration Engineering Co., Ltd.*) ("**Shanghai Deson**"), a wholly-owned subsidiary of the Company as tenant, and 華勝國際置業開發(上海)有限公司 ("**華勝**"), a wholly-owned indirect subsidiary of the DDIHL, as landlord, entered into a tenancy agreement dated 10 December 2014, for the rental of certain portion of 上海市徐匯區百色路206號天然居會所2樓 with an aggregate floor area of approximately 70 sq. m. The term of the tenancy is from on 8 January 2015 to 31 March 2017, with a rental of RMB51,600 (equivalent to approximately HK\$65,000)

per year payable in advance. The annual rental fee payable by Shanghai Deson to 華勝 is not expected to exceed RMB51,600 (equivalent to approximately HK\$65,000) for each of the financial years ending 31 March 2015, 2016 and 2017.

The above continuing connected transactions fall under the de minimis provision set forth in Rule 20.74(1)(c) of the GEM Listing Rules and are therefore fully exempt from the reporting, announcement and independent shareholders' approval requirements.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders.

The shares of the Company were listed on the GEM of the Stock Exchange on 8 January 2015 (the "**Listing Date**"). The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code during the period from the Listing Date to 31 March 2015.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Ong King Keung.

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

ANNUAL GENERAL MEETING

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

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK0.5 cent per ordinary share in issue for the year ended 31 March 2015 (2014: nil), the dividend will be payable on or around Friday, 28 August 2015 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 19 August 2015 subject to the approval of Shareholders at the forthcoming 2015 AGM.

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 August 2015 to Wednesday, 19 August 2015, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on Friday, 14 August 2015.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.deson-c.com. The annual report of the Company for the year ended 31 March 2015 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Deson Construction International Holdings Limited
Keung Kwok Cheung
Chief Executive Officer and Executive Director

Hong Kong, 22 June 2015

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Keung Kwok Cheung, Mr. Kwok Koon Keung and Mr. Lo Wing Ling as executive Directors; Mr. Tjia Boen Sien as non-executive Director; and Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Ong King Keung as independent non-executive Directors.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the Company's website at www.deson-c.com.