



DICKSON GROUP HOLDINGS LIMITED

(In Liquidation)

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

(Stock Code: 313)

Interim Report 2007

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LIQUIDATORS' REPORT

The Joint and Several Liquidators (the "Liquidators") announce the unaudited condensed consolidated interim results of Dickson Group Holdings Limited (In Liquidation) (the "company") and its subsidiaries (the "group") for the six months ended 30 September 2007 (the "period"), together with comparative figures for the corresponding period in 2006.

The board has authorised the Liquidators to sign, approve, publish and do all such acts in connection with this report. The Liquidators are responsible for the accuracy and completeness of the contents of this report and the unaudited condensed consolidated interim financial statements of the group for the six months ended 30 September 2007 in relation to (a) the affairs of the group after the appointment of the Liquidators; and (b) the preparation of the contents of this report and unaudited condensed consolidated interim results of the group for the six months ended 30 September 2007 based on the books and records made available to the Liquidators.

The Liquidators make no representation as to the completeness of the information contained in this report.

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 the design, construction and maintenance of buildings. 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 \$3,744,000 as compared to a net cash outflow of \$829,000 in the previous period. Cash and cash equivalents at 30 September 2007 amounted to \$5,788,000 (2006: cash and cash

LIQUIDATORS' REPORT

equivalents of \$1,853,000). The group's gearing ratio measured on the basis of the group's total borrowings over the shareholders' funds as at 30 September 2007 was not applicable as the group has a negative shareholder's fund (2006: N/A).

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.

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 during the period.

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 have been 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.

LIQUIDATORS' REPORT

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, a 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.

LIQUIDATORS' REPORT

Meanwhile, the operation of Dickson Guangdong has been re-activated with the financing from the investor. Dickson Guangdong, as at the date of this report, has entered into contracts for a total gross contract value of RMB117.4 million and a letter of intent for a contract value of RMB197.8 million.

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

As at the date of this report, 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 its aforesaid liabilities and injecting sufficient working capital. 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 RESULTS AND DIVIDENDS

The loss of the group for the six months ended 30 September 2007 and the state of affairs of the company and of the group at that date are set out on pages 7 to 21.

LIQUIDATORS' REPORT

There will not be a payment of an interim dividend for the six months ended 30 September 2007 (2006: Nil).

PLEDGE OF ASSETS

Details are set out in note 15 to the financial statements.

CONTINGENT LIABILITIES

Details are set out in note 14 to the financial statements.

For and on behalf of
Dickson Group Holdings Limited
(In Liquidation)

Stephen Liu Yiu Keung
Robert Armor Morris
Joint and Several Liquidators
who act without personal liabilities

15 January 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

(Expressed in Hong Kong dollars)

	<i>Note</i>	30 September 2007 \$'000 (Unaudited)	30 September 2006 \$'000 (Unaudited)
Turnover	3	–	36
Cost of sales		–	(5,424)
Gross loss		–	(5,388)
Other revenue		1,074	207
Administrative expenses		(1,197)	(3,121)
Other operating expenses		–	(1,789)
Operating loss		(123)	(10,091)
Share of results of a jointly-controlled entity		–	(220)
(Provision for)/write-back of provision for bad and doubtful debts		(3,665)	5,870
Loss before taxation	4	(3,788)	(4,441)
Taxation	5	–	(3)
Loss for the period		<u>(3,788)</u>	<u>(4,444)</u>
Attributable to:			
Equity holders of the company		(3,788)	(4,444)
Minority interest		–	–
		<u>(3,788)</u>	<u>(4,444)</u>
Dividend	6	–	–
Loss per share attributable to the ordinary equity holders of the company – Basic	7	<u>(0.011)</u>	<u>(0.013)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

(Expressed in Hong Kong dollars)

	Note	30 September 2007 \$'000 (Unaudited)	31 March 2007 \$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Available-for-sale investments	8	63,584	8,176
Current assets			
Amount due from a jointly-controlled entity		1,896	1,896
Cash at banks and in hand		5,788	3,274
		7,684	5,170
Current liabilities			
Trade and other payables	9	405,104	402,433
Bank and other borrowings	10	167,214	168,635
Convertible notes	11	4,183	4,183
Tax payable		3,356	3,356
		579,857	578,607
Net current liabilities		(572,173)	(573,437)
Total assets less current liabilities carried forward		(508,589)	(565,261)
Non-current liabilities			
Amounts due to unconsolidated subsidiaries		394	394
Net liabilities		(508,983)	(565,655)
EQUITY			
Share capital	12	16,544	16,544
Reserves		(525,527)	(582,199)
Equity attributable to equity holders of the company		(508,983)	(565,655)
Minority interest		–	–
Total equity		(508,983)	(565,655)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

(Expressed in Hong Kong dollars)

	Share capital (Note 12)	Share premium	Contributed surplus	Capital redemption reserve	Translation reserve	Merger reserve	Available- for-sale investments revaluation reserve	Convertible notes reserve	Accumulated losses	Total	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2006	16,544	142,131	69,476	109	279	1,650	-	867	(792,030)	(560,974)	-	(560,974)
Exchange differences arising on translation of overseas operations	-	-	-	-	52	-	-	-	-	52	-	52
Revaluation of available-for-sale investments	-	-	-	-	-	-	(2,432)	-	-	(2,432)	-	(2,432)
Transfer	-	-	-	-	-	-	-	(867)	867	-	-	-
Net loss for the period	-	-	-	-	-	-	-	-	(4,444)	(4,444)	-	(4,444)
Balance at 30 September 2006	<u>16,544</u>	<u>142,131</u>	<u>69,476</u>	<u>109</u>	<u>331</u>	<u>1,650</u>	<u>(2,432)</u>	<u>-</u>	<u>(795,607)</u>	<u>(567,798)</u>	<u>-</u>	<u>(567,798)</u>

	Share capital (Note 12)	Share premium	Contributed surplus	Capital and capital redemption reserve	Translation reserve	Merger reserve	Available- for-sale investments revaluation reserve	Accumulated losses	Total	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2007	16,544	142,131	69,476	109	391	1,650	(680)	(795,276)	(565,655)	-	(565,655)
Exchange differences arising on translation of overseas operations	-	-	-	-	52	-	-	-	52	-	52
Revaluation of available-for-sale investments	-	-	-	-	-	-	55,408	-	55,408	-	55,408
Non-refundable contribution from a potential investor for proposed issue of shares upon completion on restructuring of the group	-	-	-	5,000	-	-	-	-	5,000	-	5,000
Net loss for the period	-	-	-	-	-	-	-	(3,788)	(3,788)	-	(3,788)
Balance at 30 September 2007	<u>16,544</u>	<u>142,131</u>	<u>69,476</u>	<u>5,109</u>	<u>443</u>	<u>1,650</u>	<u>54,728</u>	<u>(799,064)</u>	<u>(508,983)</u>	<u>-</u>	<u>(508,983)</u>

The share premium reserve represents the difference between the nominal amount of share capital and amounts received on issue of shares.

The merger reserve of the group represents the difference between the nominal value of the share capital of the subsidiaries at the date on which they were acquired by the group and the nominal value of the company's shares issued in exchange therefor, pursuant to the group reorganisation in 1991.

The contributed surplus reserve represents the surplus arising on reduction of paid up capital during the year ended 31 March 2004.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

(Expressed in Hong Kong dollars)

	30 September 2007	30 September 2006
	<i>\$'000</i>	<i>\$'000</i>
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(3,744)	(829)
Net cash generated from investing activities	6	–
Net cash generated from financing activities	7,673	3,375
	<hr/>	<hr/>
Net increase in cash and cash equivalents	3,935	2,546
Cash and cash equivalents at beginning of the period	1,853	(693)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	<u>5,788</u>	<u>1,853</u>
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	5,788	3,274
Bank overdrafts	–	(1,421)
	<hr/>	<hr/>
	<u>5,788</u>	<u>1,853</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. Basis of presentation

Except for the 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 2007 to 30 September 2007, 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 2007. 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 2007.

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2. Principal accounting policies (continued)

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
HKFRS 8	Operating Segments	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008

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	
	2007 \$'000 (Unaudited)	2006 \$'000 (Unaudited)
Construction and maintenance income	–	36

There was no operation during the period and majority of assets of the group was located in Hong Kong. Construction and maintenance work in Hong Kong is the group's only business segment for prior period. The majority of the assets and operations of the group for prior periods were located in Hong Kong. Accordingly, no separate segment information is presented.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4. Loss before taxation

	For the six months ended 30 September	
	2007	2006
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Loss before taxation is arrived at after charging:		
Depreciation	—	—
	<u> </u>	<u> </u>

5. Taxation

Taxation in the unaudited condensed consolidated income statement represents:—

	For the six months ended 30 September	
	2007	2006
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong		
Provision for the period	—	3
Deferred taxation		
– Write-off of deferred tax assets	—	—
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	—	3
	<u> </u>	<u> </u>

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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6. Dividend

No dividend was paid during the period. No payment of interim dividend was recommended for the six months ended 30 September 2007 (six months ended 30 September 2006: 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 \$3,755,000 (six months ended 30 September 2006: \$4,444,000) and on the weighted average number of 330,874,303 (30 September 2006: 330,874,303) shares in issue during the period.

A diluted loss per share amount for the six months ended 30 September 2006 and 2007 has not been disclosed as there was no dilutive effect during the six months ended 30 September 2006 and no diluting events existed during the six months ended 30 September 2007.

8. Available-for-sale investments

	30 September 2007	31 March 2007
	<i>\$'000</i>	<i>\$'000</i>
	(Unaudited)	(Audited)
Listed equity investment in Hong Kong, fair value	<u>63,584</u>	<u>8,176</u>

The investment above represents investment in listed equity securities that offer the group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of the securities is based on quoted market prices.

The investment was pledged to a third party to secure a short-term facility obtained by a wholly-owned subsidiary of the company. Subsequent to the balance sheet date, the investment was sold and the short-term facility was fully repaid. Details are set out in note 17(4) to these unaudited condensed financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

9. Trade and other payables

	30 September 2007	31 March 2007
	<i>\$'000</i>	<i>\$'000</i>
	(Unaudited)	(Audited)
Trade payables	286,306	286,306
Other payables	118,798	116,127
	<hr/>	<hr/>
	405,104	402,433
	<hr/> <hr/>	<hr/> <hr/>

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs and all amounts are current.

10. Bank and other borrowings

	30 September 2007	31 March 2007
	<i>\$'000</i>	<i>\$'000</i>
	(Unaudited)	(Audited)
Repayable within one year or on demand:		
Bank overdrafts	–	1,421
Bank loans and import and export loans	130,834	130,834
Other loans	36,380	36,380
	<hr/>	<hr/>
	167,214	168,635
	<hr/> <hr/>	<hr/> <hr/>
Analysed as follows:		
Secured bank loans, import and export loans and overdrafts	130,834	132,255
Unsecured other loans	36,380	36,380
	<hr/>	<hr/>
	167,214	168,635
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10. Bank and other borrowings (continued)

Other loans are unsecured, interest bearing at Hong Kong dollar prime rate and have no fixed terms of repayment.

All of the group's bank and other borrowings were denominated in Hong Kong dollars and bore floating interest rates ranging 6.5% to 11.6% per annum.

Prior to the period, certain banks made formal repayment requests upon the group for repayment of loans and overdrafts in full.

11. Convertible notes

On 5 September 2005, the company issued convertible notes in the principal amount of \$5,050,000. There was no movement in the number of these convertible notes during the period. The notes are convertible on any business day at the option of the noteholders into ordinary shares prior to its maturity on 4 September 2010. Upon full conversion of the convertible notes, 5% of the then issued share capital of the company will be issued to the noteholders. Any convertible notes not converted will be redeemed on 4 September 2010 at the principal amount outstanding together with accrued interest thereon up to and including 4 September 2010. The notes carry interest at prime rate as quoted by The Hongkong and Shanghai Banking Corporation Limited minus 1.5% per annum on the principal amount of the notes outstanding from time to time accruing from the date of issue on a daily basis, which is payable annually in arrears.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

11. Convertible notes (continued)

The convertible notes issued have been split as to the liability and equity components, as follows:

	30 September 2007	31 March 2007
	<i>\$'000</i>	<i>\$'000</i>
	(Unaudited)	(Audited)
Nominal value of convertible notes issued	5,050	5,050
Equity component	(867)	(867)
	<hr/>	<hr/>
Liability component at the issuance date and at end of period/year	4,183	4,183
	<hr/> <hr/>	<hr/> <hr/>

The company's inability to repay certain debts is an event of default under the terms of the convertible notes and therefore the liabilities of the convertible notes are classified under current liabilities.

12. Share capital

	30 September 2007	31 March 2007
	<i>\$'000</i>	<i>\$'000</i>
	(Unaudited)	(Audited)
Authorised:		
4,000,000,000 ordinary shares of \$0.05 each	200,000	200,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
330,874,303 ordinary shares of \$0.05 each	16,544	16,544
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

13. Capital commitments

	30 September 2007 \$'000 (Unaudited)	31 March 2007 \$'000 (Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of capital injection to a subsidiary	30,169	30,169

14. Contingent liabilities

- (a) At the balance sheet date, there were contingent liabilities in respect of the following:–

	30 September 2007 \$'000 (Unaudited)	31 March 2007 \$'000 (Audited)
Guarantees given to a bank to guarantee banking facilities and a financial institution to guarantee a performance bond in respect of a property services contract undertaken by a jointly-controlled entity	5,300	5,300

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14. Contingent liabilities (continued)

- (b) On 16 December 2005, the company issued a letter of guarantee in favour of the Hong Kong Housing Authority (“HKHA”) to guarantee unconditionally the performance of three construction projects undertaken by its subsidiary, Dickson Construction Company, Limited (“DCCL”) and indemnifies HKHA against all losses, damages, costs and expenses suffered or incurred by HKHA in respect of these three projects.

DCCL has contractual disputes with the HKHA and Architectural Services Department (“ASD”) as DCCL has seriously delayed the progress of several existing projects. HKHA terminated three building construction contracts with DCCL and re-entered the respective sites under these contracts on 17 February 2006 and filed claims against DCCL and the company on all losses incurred on DCCL’s performance and loss arising from the re-tender of construction contracts. ASD has also filed a claim against DCCL on all losses incurred on DCCL’s performance and outstanding works. In the absence of any further information, the group is unable to determine, on a reasonable and proper basis, the financial impact that might arise in respect of the disputes with HKHA and ASD.

15. Pledge of assets

On 30 September 2007, certain banking facilities granted to the group or to secure issuance of performance bonds in respect of construction contracts were secured by the pledge of the group’s leasehold land. Such leasehold land was disposed by the mortgagee during the prior period. The available-for-sale investment was pledged to a third party to secure a short-term facility obtained by a wholly-owned subsidiary. Subsequent to the balance sheet date, the short-term facility was fully settled. Details are set out in notes 8 and 17(4) to the financial statements.

16. Related party transactions

Except for the amounts with the jointly-controlled entity and unconsolidated subsidiaries, there was no significant transaction with related parties during the period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

17. Significant post balance sheet events

- (1) On 31 October 2007, an extension letter for the exclusivity agreement was executed by the Liquidators, the company and an investor to extend the exclusivity period to 5 November 2007.
- (2) On 5 November 2007, the formal agreement and convertible notes subscription agreement were entered into and the second escrow agreement was entered into on 9 November 2007.
- (3) 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 and 德森 (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.
- (4) Between October and December 2007, the short-term facility of \$3,000,000 obtained by a wholly-owned subsidiary was fully repaid and the available-for-sale investment was fully disposed of.
- (5) 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 were placed into voluntary liquidation on either 18 or 19 December 2007.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18. Approval of the Interim Financial Report

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2007 were approved and authorised for issue by the Liquidators on 15 January 2008.

OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2007, other than certain nominee shares in subsidiaries held by the directors in trust for the company, none of the directors or chief executive of the company had registered any interest or short position in the shares, underlying shares or debentures of the company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which was required to be (i) notified to the company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) recorded pursuant section 352 of the SFO; or (iii) notified to the company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, the following interests of 5% or more of the issued share capital of the company were recorded in the register of interests required to be kept by the company pursuant to Section 336 of the SFO:

Long positions:

Name of shareholder	<i>Notes</i>	Number of ordinary shares Held	Number and description of equity derivatives	Number of underlying Shares	Percentage of issued share capital
Well Peace Limited	(a)	60,805,590	—	—	18.38%
Wisdom Top International Limited	(b)	23,142,857	—	—	6.99%

Notes:

- (a) Well Peace Limited is a company incorporated in the British Virgin Islands with limited liability and whose entire issued share capital is ultimately owned by Mr. Lam Chin Wang ("Mr. Lam").
- (b) Wisdom Top International Limited is a company incorporated in Hong Kong with limited liability and whose entire issued share capital is ultimately owned by Sky Realty Holdings Limited. Sky Realty Holdings Limited is beneficially owned as to 56.00% by Mr. Lam. Accordingly, Mr. Lam is deemed to be interested in 25.37% of the existing issued share capital of the company.

OTHER INFORMATION

Save as disclosed above, as at 30 September 2007, no person, other than the directors and chief executive of the company, whose interests are set out in the section “Directors’ interests and short positions in shares and underlying shares and debentures” above, had registered an interest or short position in the shares or underlying shares of the company that was required to be recorded pursuant to Section 336 of the Securities and Futures Ordinance (“SFO”).

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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 2007.

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 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 2007.

AUDIT COMMITTEE

After the resignation of Mr. Yu Li Chi and Mr. Yu Chi Wai as the company’s independent non-executive directors, the company has only one independent non-executive director and, thus, the audit committee has not been maintained as required by the Listing Rules and the interim report of the group for the six months ended 30 September 2007 has not been reviewed by the Audit Committee and the company’s auditor.

CORPORATE INFORMATION

Joint and Several Liquidators

Stephen LIU Yiu Keung
*(appointed by the High Court of
the HKSAR on 29 May 2007)*

Robert Armor MORRIS
*(appointed by the High Court of
the HKSAR on 29 May 2007)*

Executive Directors

LIN Xiong *(Chairman)*
CHIN Wai Kay, Geordie

Independent Non-Executive Directors

WONG Ying Sheung
YU Li Chi
(resigned on 16 December 2006)

YU Chi Wai
(resigned on 16 December 2006)

Company Secretary

LEE Ling Ling
(resigned on 15 December 2006)

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal Office in Hong Kong

18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Auditor

Shu Lun Pan Horwath Hong Kong
CPA Limited

Hong Kong Share Registrars and Transfer Office

Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Bankers (before commencement of Liquidation)

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited
Nanyang Commercial Bank, Limited
CITIC Ka Wah Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited

Solicitors

Appleby
P. C. Woo & Co.

Internet Address

<http://www.equitynet.com.hk/dickson>

Stock Code

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