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**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The board of directors (the “**Board**”) of Deson Development International Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2020 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 September 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
REVENUE	3	46,783	224,108
Cost of sales		<u>(25,906)</u>	<u>(182,137)</u>
Gross profit		20,877	41,971
Other income and gains	3	9,111	6,633
Administrative expenses		(32,635)	(35,281)
Other operating expenses, net		(1,949)	(578)
Finance costs	5	(3,877)	(1,018)
Share of profits and losses of associates		<u>257</u>	<u>(1,507)</u>
PROFIT/(LOSS) BEFORE TAX	4	(8,216)	10,220
Income tax expense	6	<u>(1,673)</u>	<u>(5,301)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(9,889)</u>	<u>4,919</u>

* For identification purposes only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(CONTINUED)**

For the six months ended 30 September 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		(9,394)	5,202
Non-controlling interests		<u>(495)</u>	<u>(283)</u>
		<u>(9,889)</u>	<u>4,919</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>HK(0.96) cent</u>	<u>HK0.53 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD	<u>(9,889)</u>	<u>4,919</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	48,593	(76,991)
Share of other comprehensive income/(loss) of associates	1,526	(2,701)
Reclassification adjustment of exchange differences of associates disposed of during the period	—	(726)
Reclassification adjustment of exchange differences of a subsidiary dissolved during the period	<u>—</u>	<u>(1,184)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>50,119</u>	<u>(81,602)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>40,230</u>	<u>(76,683)</u>
Attributable to:		
Owners of the Company	40,677	(76,403)
Non-controlling interests	<u>(447)</u>	<u>(280)</u>
	<u>40,230</u>	<u>(76,683)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	<i>Notes</i>	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		355,675	352,089
Investment properties	9	981,540	947,100
Investments in associates		23,809	22,476
Equity investments at fair value through profit or loss	10	128,568	124,931
Total non-current assets		<u>1,489,592</u>	<u>1,446,596</u>
CURRENT ASSETS			
Due from associates		5,370	5,242
Due from related companies		1,410	1,291
Properties held for sale under development and properties held for sale	11	678,598	638,191
Inventories		15,858	12,729
Accounts receivable	12	30,852	34,442
Prepayments, deposits and other receivables		51,646	43,030
Tax recoverable		22,094	22,108
Pledged deposits		3,500	3,500
Cash and cash equivalents		19,715	20,099
Total current assets		<u>829,043</u>	<u>780,632</u>
CURRENT LIABILITIES			
Accounts payable	13	9,492	8,160
Other payables and accruals		73,398	71,260
Due to associates		3,243	8,280
Tax payable		19,900	19,715
Interest-bearing bank and other borrowings		244,242	191,423
Total current liabilities		<u>350,275</u>	<u>298,838</u>
NET CURRENT ASSETS		<u>478,768</u>	<u>481,794</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,968,360</u>	<u>1,928,390</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 September 2020

	<i>Note</i>	30 September 2020 HK\$'000	31 March 2020 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		225,720	231,550
Deferred tax liabilities		184,034	181,164
		<hr/>	<hr/>
Total non-current liabilities		409,754	412,714
		<hr/>	<hr/>
Net assets		1,558,606	1,515,676
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	97,788	97,788
Reserves		1,463,594	1,422,917
		<hr/>	<hr/>
Non-controlling interests		1,561,382	1,520,705
		(2,776)	(5,029)
		<hr/>	<hr/>
Total equity		1,558,606	1,515,676
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2020

	Attributable to owners of the Company														
	Note	Share		Contributed surplus	Other reserve	Property revaluation reserve	Fair value reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Reserve funds	Retained profits	Total	Non-controlling interests	Total equity
		Issued capital	premium account												
At 1 April 2019 (audited)		97,788	243,040	15,262	23,061	136,720	(2,184)	(9,240)	14,457	411	961	1,130,997	1,651,273	(3,932)	1,647,341
Profit for period		—	—	—	—	—	—	—	—	—	—	5,202	5,202	(283)	4,919
Other comprehensive loss for the period:															
Share of other comprehensive loss of associates		—	—	—	—	—	—	—	—	(2,701)	—	—	(2,701)	—	(2,701)
Reclassification adjustment of exchange differences of associates disposed of during the period		—	—	—	—	—	—	—	—	(726)	—	—	(726)	—	(726)
Exchange differences on translation of foreign operations		—	—	—	—	—	—	—	—	(76,994)	—	—	(76,994)	3	(76,991)
Reclassification adjustment of exchange differences of a subsidiary dissolved during the period		—	—	—	—	—	—	—	—	(1,184)	—	—	(1,184)	—	(1,184)
Total comprehensive loss for the period		—	—	—	—	—	—	—	—	(81,605)	—	5,202	(76,403)	(280)	(76,683)
Contributions from non-controlling interests		—	—	—	—	—	—	—	—	—	—	—	—	727	727
Release of revaluation reserve		—	—	—	—	(2,703)	—	—	—	—	—	2,703	—	—	—
Final 2019 dividend paid		—	—	—	—	—	—	—	—	—	—	(4,890)	(4,890)	—	(4,890)
Special 2019 dividend paid	7	—	—	—	—	—	—	—	—	—	—	(4,890)	(4,890)	—	(4,890)
Release of reserve funds of a subsidiary dissolved during the period		—	—	—	—	—	—	—	—	—	(961)	961	—	—	—
At 30 September 2019		97,788	243,040	15,262	23,061	134,017	(2,184)	(9,240)	14,457	(81,194)	—	1,130,083	1,565,090	(3,485)	1,561,605

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2020

	Attributable to owners of the Company											
	Share			Property		Capital		Exchange	Retained	Non-		Total equity
	Issued capital	premium account	Contributed surplus	Other reserve	revaluation reserve	Capital reserve	redemption reserve	fluctuation reserve	profits	Total	controlling interests	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2020 (audited)	97,788	243,040	15,262	23,061	125,543	(9,240)	14,457	(86,322)	1,097,116	1,520,705	(5,029)	1,515,676
Loss for the period	—	—	—	—	—	—	—	—	(9,394)	(9,394)	(495)	(9,889)
Other comprehensive income for the period:												
Share of other comprehensive income of associates	—	—	—	—	—	—	—	1,526	—	1,526	—	1,526
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	48,545	—	48,545	48	48,593
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	50,071	(9,394)	40,677	(447)	40,230
Contributions from non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	2,700	2,700
Release of revaluation reserve	—	—	—	—	(2,590)	—	—	—	2,590	—	—	—
At 30 September 2020	<u>97,788</u>	<u>243,040*</u>	<u>15,262*</u>	<u>23,061*</u>	<u>122,953*</u>	<u>(9,240)*</u>	<u>14,457*</u>	<u>(36,251)*</u>	<u>1,090,312*</u>	<u>1,561,382</u>	<u>(2,776)</u>	<u>1,558,606</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,463,594,000 (31 March 2020: HK\$1,422,917,000) in the condensed consolidated statement of financial position.

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange thereof, pursuant to the Group reorganisation on 21 May 1997.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China under the laws and regulations of the People's Republic of China (the "PRC"). The amount of the appropriation is at the discretion of these subsidiaries' boards of directors.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, equity investments which have been measured at fair value. These unaudited condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2020.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020, except for the standards, amendments and interpretations to the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA applicable to the annual period beginning on 1 April 2020.

The Group has initially adopted the following new and revised HKFRSs for the financial period beginning on or after 1 April 2020:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the property development and investment business segment is engaged in property development of residential and commercial properties and holding of investment properties; and
- (b) the “others” segment comprises, principally, trading of medical equipment and home security and automation products.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that interest income, dividend income, finance costs, share of profits and losses of associates, loss on disposal of associates as well as other unallocated head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Six months ended 30 September 2020

	Property development and investment business HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue (note 3)			
Income from external customers	23,823	22,960	46,783
Other income and gains	3,798	3,930	7,728
	<u>27,621</u>	<u>26,890</u>	<u>54,511</u>
Segment results			
Operating profit/(loss)	905	(1,065)	(160)
<u>Reconciliation:</u>			
Bank interest income			83
Dividend income from equity investments at fair value through profit or loss			1,300
Unallocated expenses			(5,819)
Finance costs			(3,877)
Share of profits and losses of associates			<u>257</u>
Loss before tax			<u>(8,216)</u>
Other segment information:			
Loss on disposal of items of property, plant and equipment	1	—	1
Reversal of impairment of accounts receivable	(209)	—	(209)
Reversal of provision for inventories	—	(229)	(229)
Depreciation	4,177	2,400	6,577
Capital expenditure*	<u>4</u>	<u>3,029</u>	<u>3,033</u>

* Capital expenditure represents additions of property, plant and equipment.

Six months ended 30 September 2019

	Property development and investment business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 3)			
Income from external customers	200,195	23,913	224,108
Other income and gains	<u>4,564</u>	<u>74</u>	<u>4,638</u>
	204,759	23,987	<u><u>228,746</u></u>
Segment results			
Operating profit	16,420	3,933	20,353
<i>Reconciliation:</i>			
Bank interest income			95
Dividend income from equity investments at fair value through profit or loss			1,900
Unallocated expenses			(9,110)
Finance costs			(1,018)
Loss on disposal of associates			(493)
Share of profits and losses of associates			<u>(1,507)</u>
Profit before tax			<u><u>10,220</u></u>
Other segment information:			
Loss on disposal of items of property, plant and equipment	133	—	133
Reversal of impairment of accounts receivable	(70)	—	(70)
Provision for inventories	—	259	259
Depreciation	4,342	48	4,390
Capital expenditure*	<u>—</u>	<u>250</u>	<u>250</u>

* Capital expenditure represents additions of property, plant and equipment.

Geographical information

(a) Revenue from external customers

	Hong Kong		Mainland China		Consolidated	
	2020	2019	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:						
Sales to external customers	<u>16,922</u>	<u>15,057</u>	<u>29,861</u>	<u>209,051</u>	<u>46,783</u>	<u>224,108</u>

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

Information about a major customer

There was no single external customer with revenue greater than 10% or more of the Group's revenue during the six months ended 30 September 2020. For the six months ended 30 September 2019, revenue of approximately HK\$170,667,000 was derived from sales by the property development and investment business segment to a single customer.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers:</i>		
Income from property development and investment business	13,550	188,191
Income from trading of medical equipment and home security and automation products	22,960	23,913
<i>Revenue from other sources:</i>		
Gross rental income	<u>10,273</u>	<u>12,004</u>
	<u>46,783</u>	<u>224,108</u>

(i) Disaggregated revenue information

For the six months ended 30 September 2020

	Property development and investment business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets:			
Hong Kong	—	16,922	16,922
Mainland China	13,550	6,038	19,588
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers recognised at a point in time	<u>13,550</u>	<u>22,960</u>	<u>36,510</u>

For the six months ended 30 September 2019

	Property development and investment business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets:			
Hong Kong	—	15,057	15,057
Mainland China	188,191	8,856	197,047
	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers recognised at a point in time	<u>188,191</u>	<u>23,913</u>	<u>212,104</u>

(ii) **Performance obligations**

Information about the Group's performance obligations is summarised below:

Sale of properties

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 days from delivery.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the income from property development and investment business are a part of contracts that have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other income and gains		
Bank interest income	83	95
Dividend income from an equity investment at fair value through profit or loss	1,300	1,900
Government grants*	955	—
Gross rental income	2,667	3,429
Others	4,106	1,209
	<u>9,111</u>	<u>6,633</u>

* The government grants are granted under the Employment Support Scheme of the Government of Hong Kong Special Administrative Region to retain employment and combat COVID-19. As at the end of each reporting period, there were no unfulfilled conditions or contingencies relating to these grants.

4. PROFIT/(LOSS) BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of properties sold	9,884	165,837
Cost of inventories sold	16,022	16,300
Provision/(reversal of provision) for inventories, included in cost of inventories sold above	(229)	259
Depreciation	6,577	4,390
Employee benefit expense (including directors' remuneration):		
Wages, salaries and allowances	16,651	12,690
Pension schemes contributions*	325	246
Less: Amount capitalised	(773)	(802)
	<u>16,203</u>	<u>12,134</u>
Directors' remuneration:		
Fees	300	300
Salaries and allowances	4,479	3,185
Pension schemes contributions	52	33
	<u>4,831</u>	<u>3,518</u>
Loss on disposal of an associate^	—	493
Loss on disposal of items of property, plant and equipment^	1	133
Reversal of impairment of accounts receivable^	(209)	(70)
Foreign exchange differences, net^	2,157	22
	<u><u>2,157</u></u>	<u><u>22</u></u>

* At 30 September 2020, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (31 March 2020: Nil).

^ These amounts were included in "Other operating expenses, net" on the face of the condensed consolidated statement of profit or loss.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank loans and other borrowings	15,481	14,040
Less: Interest capitalised	<u>(11,604)</u>	<u>(13,022)</u>
	<u><u>3,877</u></u>	<u><u>1,018</u></u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward from prior years to offset the assessable profits generated during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Land appreciation tax ("LAT") in Mainland China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current — Hong Kong		
Charge for the period	10	—
Current — Elsewhere		
Charge for the period	560	3,390
LAT in Mainland China	896	1,177
Deferred	<u>207</u>	<u>734</u>
Total tax charge for the period	<u><u>1,673</u></u>	<u><u>5,301</u></u>

7. DIVIDEND

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Special dividend — Nil (2019: HK0.5 cent per ordinary share)	—	4,890

During the period ended 30 September 2019, the special dividend of HK0.5 cent per ordinary share was approved at a special general meeting held on 11 June 2019.

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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 period attributable to owners of the Company, and the weighted average number of ordinary shares of 977,880,400 (30 September 2019: 977,880,400) in issue during the period.

No adjustment was made to the basic earnings/(loss) per share amounts presented for the six months ended 30 September 2020 and 2019 as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2020 and 2019.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	(9,394)	5,202

9. INVESTMENT PROPERTIES

	Six months ended 30 September 2020 <i>HK\$'000</i>	Year ended 31 March 2020 <i>HK\$'000</i>
Carrying amount at beginning of period/year	947,100	1,031,589
Net loss from fair value adjustment	—	(22,758)
Exchange realignment	<u>34,440</u>	<u>(61,731)</u>
Carrying amount at end of period/year	<u><u>981,540</u></u>	<u><u>947,100</u></u>

The investment properties are leased to third parties under operating leases.

As at 30 September 2020, certain investment properties of the Group with an aggregate carrying amount of HK\$558,600,000 (31 March 2020: HK\$539,000,000) were pledged to secure certain banking facilities granted to the Group.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Equity investments at fair value through profit or loss		
Unlisted equity investments, at fair value		
Century Rosy Limited	11,359	11,359
Deson Development International Holdings Investment Limited ("DDIHIL")	54,039	54,039
Excel Castle International Limited	53,807	50,407
Pamfleet Shanghai Real Estate Fund II, L.P.	4,229	3,992
Sky Fox Limited	<u>5,134</u>	<u>5,134</u>
	<u><u>128,568</u></u>	<u><u>124,931</u></u>

The above equity investments were irrevocably designated at fair value through profit or loss as the Group considers these investments to be strategic in nature.

During the six months ended 30 September 2020, the Group received dividend in the amounts of HK\$1,300,000 (six months ended 30 September 2019: HK\$1,900,000) from DDIHIL.

11. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND PROPERTIES HELD FOR SALE

	30 September 2020	31 March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Completed properties held for sale	500,152	493,153
Properties held for sale under development	178,446	145,038
	678,598	638,191
Properties held for sale under development — expected to be recovered:		
Within one year	178,446	145,038

As at 30 September 2020, certain completed properties held for sale and properties held for sale under development of the Group with an aggregate carrying amount of HK\$156,978,000 (31 March 2020: HK\$151,470,000) were pledged to secure certain banking facilities granted to the Group.

12. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days for the sale of trading goods and up to 180 days for the sale of completed properties held for sale. 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.

An ageing analysis of the accounts receivable as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 September 2020	31 March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	14,177	24,594
91 to 180 days	2,311	4,202
181 to 360 days	11,767	3,444
Over 360 days	2,597	2,202
Total	30,852	34,442

13. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Within 90 days	4,870	3,679
91 to 180 days	676	624
181 to 360 days	341	276
Over 360 days	<u>3,605</u>	<u>3,581</u>
Total	<u><u>9,492</u></u>	<u><u>8,160</u></u>

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

14. SHARE CAPITAL

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Authorised: 1,500,000,000 ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
Issued and fully paid: 977,880,400 ordinary shares of HK\$0.10 each	<u>97,788</u>	<u>97,788</u>

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these condensed financial statements, the Group had the following material transactions with related parties during the period:

	<i>Notes</i>	2020 HK\$'000	2019 HK\$'000
Management fee income from a related company	(i)	58	28
Management fee income from associates	(i)	163	—
Management fee to an associate	(ii)	—	25
Rental income from a related company	(iii)	153	153
Rental income from an associate	(iv)	<u>—</u>	<u>543</u>

Notes:

- (i) The management fee was charged by reference to actual costs incurred for the services provided by the Group.
 - (ii) In the prior period, the management fee was charged by reference to actual costs incurred for services provided by an associate.
 - (iii) During the period, rental income was charged to Fitness Concept Limited (“FCL”) at approximately HK\$26,000 (2019: HK\$26,000) per month. Mr. Tjia Boen Sien is a director of and has beneficial interests in the Company and FCL, while Mr. Tjia Wai Yip, William is a director of the Company and FCL.
 - (iv) In the prior period and up to the completion of disposal of the Deson Construction International Holdings Limited (“DCIHL”) and its subsidiaries on 18 June 2019, rental income was charged to a wholly-owned subsidiary of DCIHL at HK\$209,000 per month as mutually agreed between the parties.
- (b) Outstanding balances with related parties:
- The balances with associates, related companies and non-controlling shareholders are unsecured, interest-free and repayable on demand.
- (c) Compensation of key management personnel of the Group:
- The key management personnel of the Group are the directors and chief executive of the Company. Details of the remuneration of the directors of the Company are disclosed in note 4 to the financial statements.

Item (a) (iii) of the related party transactions above also constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>	30 September 2020 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Financial assets				
Equity investments at fair value through profit or loss	<u>128,568</u>	<u>124,931</u>	<u>128,568</u>	<u>124,931</u>
Financial liabilities				
Interest-bearing bank and other borrowings (with non-current portion)	<u>267,330</u>	<u>259,050</u>	<u>267,330</u>	<u>259,050</u>

The Group's corporate finance team is headed by the financial controller who is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the Directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs in the valuation. The valuation is reviewed and approved by the directors of the Company.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, accounts receivable, accounts payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to associates and related companies, and interest-bearing bank and other borrowings classified as current liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are supported by observable market prices or rates. As at 30 September 2020 and 31 March 2020, certain unlisted equity investments carry out property redevelopment projects and the fair values of the properties under these projects are considered in the fair value assessment by the directors; while an unlisted investment carries a listed equity investment and its quoted market price is also considered in the fair value assessment by the directors. A discount for lack of marketability is applied in the fair value assessment, representing the amounts of premium and discounts determined by the Group that market participants would take into account when pricing the investments. The adjusted multiple was applied to the corresponding equity and earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss and other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period. The fair values of interest-bearing bank and other borrowings repayable beyond one year after the end of the reporting period as assessed on an individual borrowing basis have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The Group did not have any financial liabilities measured at fair value as at 30 September 2020 and 31 March 2020.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2020

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
Equity investments at fair value through profit or loss	—	—	128,568	128,568

As at 31 March 2020

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investments at fair value through profit or loss	—	—	124,931	124,931

As at 30 September 2020, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank and other borrowings of HK\$267,330,000 (31 March 2020: HK\$259,050,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

During the Reporting Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 September 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major business segments during the Reporting Period comprise (i) property development and investment; and (ii) trading of medical equipment and home security and automation products, including provision of related installation and maintenance services.

For the six months ended 30 September 2020, the results of the Group has basically reflected the unfavourable factors of the macro economy during the second and third quarters of 2020.

The Group's turnover for the period ended 30 September 2020 recorded at approximately HK\$46,783,000 (six months ended 30 September 2019: HK\$224,108,000), representing a significant decrease of 79% compared with the corresponding period last year.

Property development and investment business

The Group's turnover for the period ended 30 September 2020 from this segment recorded at approximately HK\$23,823,000 (six months ended 30 September 2019: HK\$200,195,000), representing a significant decrease of 88% as compared with the corresponding period last year. The turnover from this segment is arising from sales of properties in the PRC and rental income from investment properties.

(i) Sales of properties

Turnover decreased significantly from approximately HK\$188,191,000 for the period ended 30 September 2019 to approximately HK\$13,550,000 for the period ended 30 September 2020, representing a significant decrease of 93%. There was a one-off sales noted in last reporting period for the entire Zhu Ji Lane (“**珠璣巷**”) project in Kaifeng (total saleable area of approximately 13,000 square metres (“**sq.m.**”)) to a single customer at a consideration of RMB152 million (equivalent to approximately HK\$171 million) which did not recur in the Reporting Period. In the Reporting Period, the sales was mainly contributed by the sales of certain units of residential blocks at World Expo Plaza (“**World Expo**”) in Kaifeng

The process of seeking for potential buyers for the remaining properties were delayed due to the general slow down in the property market in the PRC and the domestic property market was basically frozen due to the impact from the outbreak of 2019 coronavirus pandemic (the “**COVID-19 Outbreak**”). The Group has deferred the pre-sale arrangement for the residential area of Section G of Century Place, Kaifeng, the PRC. The pre-sale is expected to take place in early 2021, while any sales revenue may only be recognised during the years ending 31 March 2021 or 2022, subject to the progress of the construction and completion of sales.

For other remaining units in Haikou and Kaifeng, the PRC, the Group has been actively seeking for potential buyers, in particular, the commercial project located in Haikou City, the PRC. After taking into consideration of the rise and development of Hainan, the Group has planned to apply for the optimization and redevelopment of the project located in Haikou City from the local government corresponding department in order to create greater economic return to the Group. The outcome of the discussion regarding such plan has not been reached. In the event that any agreement or contract with any third party is reached, the Group will comply with the relevant requirements of the Listing Rules.

(ii) Rental income from investment properties

Turnover decreased from approximately HK\$12,004,000 for the six months ended 30 September 2019 to approximately HK\$10,273,000 for the Reporting Period, representing a decrease of 14%. The decrease was because of the rental concession granted by the Group to the tenants of certain commercial properties in Kaifeng, the PRC due to the COVID-19 Outbreak.

Segment operating profit generated from this segment for the Reporting Period amounted to approximately HK\$905,000 (six months ended 30 September 2019: HK\$16,420,000). The profit decreased because the Group only sold certain units under projects at Kaifeng and thus not much revenue was recorded in the Reporting Period.

Trading of medical equipment and home security and automation products, including the provision of the related installation and maintenance services business

The Group's turnover for the Reporting Period from this segment recorded at approximately HK\$22,960,000 (six months ended 30 September 2019: HK\$23,913,000), representing a slight decrease of 4% as compared with last reporting period. The decrease was mainly due to the decrease in sales of home security products in the PRC due to the drop in demand during the COVID-19 Outbreak. The decrease was partly offset by sales of the newly introduced wellness and pandemic prevention products, including surgical masks and air cleaner machines.

Segment operating loss generated from this segment for the Reporting Period amounted to approximately HK\$1,065,000 (six months ended 30 September 2019: profit of HK\$3,933,000). The decrease was due to the drop of sales and significant drop in gross profit margin for the sales of home security and automation product in PRC market during the Reporting Period.

The net loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$9,394,000 as compared with the net profit attributable to owners of the Company for the six months ended 30 September 2019 amounted to approximately HK\$5,202,000. The decrease was due to the significant drop in sales of properties and rental income during the Reporting Period.

Loss per share for the six months ended 30 September 2020 was approximately HK0.96 cent.

FINANCIAL REVIEW

Turnover

For the six months ended 30 September 2020, the Group's turnover amounted to approximately HK\$47 million, decreased by 79% as compared to the same period last year.

Turnover generated from property development and investment business, trading of medical equipment and home securities and automation products amounted to approximately HK\$24 million and approximately HK\$23 million, respectively, representing a decrease of 88% and a decrease of 4%, respectively as compared with the same period last year.

Gross profit margin

During the six months ended 30 September 2020, the Group's gross profit margin was approximately 45%, up by 26 percentage points as compared to 19% of the same period last year. This was mainly driven by the larger proportion of rental income included in turnover from property development and investment segment in the Reporting Period as compared with the same period last year, increasing from 6% to 43%. The gross profit margin of the rental income was much higher than the sales of properties. As a result, overall gross profit margin was higher in the Reporting Period.

Share of profits and losses of associates

For the six months ended 30 September 2020, the Group's share of profits of associates amounted to approximately HK\$0.3 million, as compared with a share of losses of associates of approximately HK\$1.5 million during the same period last year. It is because of the disposal of loss-making associates, DCIHL and its subsidiaries, in June 2019. No further loss of DCIHL was shared by the Group in the Reporting Period. On the other hand, in April 2018, we established an associate which is engaged in trading of software licensing. This new associate has contributed a share of profits to the Group in the Reporting Period, where a share of losses was noted in the same period last year.

Liquidity and financial resources

As at 30 September 2020, the Group had total assets of approximately HK\$2,318,635,000, which have been financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK\$760,029,000, approximately HK\$1,561,382,000 and debit balance of approximately HK\$2,776,000, respectively. The Group's current ratio at 30 September 2020 was 2.37 compared to 2.61 as at 31 March 2020.

As at 30 September 2020, the gearing ratio for the Group was 21% (31 March 2020: 21%). It was calculated based on the non-current liabilities of approximately HK\$409,754,000 (31 March 2020: HK\$412,714,000) and long term capital (equity and non-current liabilities) of approximately HK\$1,968,360,000 (31 March 2020: HK\$1,928,390,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2020 was approximately HK\$3,033,000, which were mainly used in the acquisition of items of property, plant and equipment for the hotel in Kaifeng, the PRC.

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, the Group had capital commitments contracted, but not provided for, of approximately HK\$9,442,000.

Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of certain of the Group's leasehold land and buildings situated in Hong Kong and the PRC of HK\$284,682,000 (31 March 2020: HK\$281,800,000);
- (ii) the pledge of certain of the Group's investment properties situated in the PRC of HK\$558,600,000 (31 March 2020: HK\$539,000,000);
- (iii) the pledge of certain of the Group's properties held for sale and properties held for sale under development situated in the PRC of HK\$156,978,000 (31 March 2020: HK\$151,470,000); and
- (iv) the pledge of the Group's time deposits of HK\$3,500,000 (31 March 2020: HK\$3,500,000).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reporting Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Exchange risk exposure

The Group mainly exposes to balances denominated in Renminbi (“RMB”) which is mainly 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 against significant foreign currency exposures should the need arise.

PROSPECTS

Impact of 2019 Coronavirus Pandemic

Since late January 2020, travel restrictions and other public health measures including the extension of Chinese new year holiday and quarantine requirements of travelers were imposed in various areas in China due to the COVID-19 Outbreak, as a result of which some staff of the Group were restricted from business travelling or otherwise returning to work after holiday. The prolonged effect of the epidemic and the public health measures has adversely affected the Group's hotel business in Kaifeng and Haikou, the PRC.

Going forward, the Group will closely take note of the development of the COVID-19 Outbreak and its impact on the Group's businesses, and will proactively take preventive measures to mitigate the impact of the COVID-19 Outbreak on the Group's businesses. The COVID-19 Outbreak this year has greatly increased the public awareness of the importance of health and hygiene. The Group's medical business has demonstrated capability to maintain normal operation and stable performance notwithstanding the challenges posed by COVID-19 Outbreak to medical operators. The Group will leverage on its experience in the health and medical industry and continue to explore suitable investment and acquisition opportunities which are in line or may create synergy with the Group's existing businesses.

Property development and investment

In Mainland China, if the COVID-19 Outbreak is under control for the rest of the year, the economy will continue to recover. It is expected that the PRC Government will continue to provide fiscal stimulus and accommodative monetary policy to support economic recovery and growth. The property market, in particular the residential sector, will be resilient in the long term.

On 9 June 2005, the Group was granted the land use rights of a development site in the Long Ting District of the city of Kaifeng, Henan Province, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 221,000 sq.m. The name of this project is “**Century Place, Kaifeng**”. Up to the date of this interim results announcement, the construction of a gross floor area of approximately 190,000 sq.m. has been completed and achieved a total sales contract sum of approximately RMB764 million. The remaining part of the land (Section G) is under construction, and it is expected that the construction will be completed by the last quarter of 2020 and the pre-sale will start in the first quarter of 2021.

The unsold area at the Century Place, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA <i>(approximately sq.m.)</i>
Section A	Investment properties — Shops (leased out)	53,600
Section B	Properties held for sale — Apartments	200
	Car park	80
Section C	Properties held for sale — Villas	6,000
Section D	Properties held for sale — Offices	1,200
	Car park	10
Section E	Properties held for sale — Shops	700
Section F	Properties held for sale — Shops	11,100
	Car park	89
Section G	Properties held for sale under development — Apartments and shops	31,000

The Group plans to sell Section C together with Section G. It is because these two sections are adjacent to each other and we believe the synergy effect can bring a higher return to the Group. Up to the date of this interim results announcement, the discussions regarding any potential sale remained preliminary and no formal proposal has been put forward by any third party to the Group and no legally binding agreement or contract relating to any business cooperation has been entered into by the Group. The outcome of any discussion on such business cooperation is not known and in the event that any agreement or contract regarding the possible business cooperation with the aforementioned third party is reached, the Group will comply with the relevant requirements of the Listing Rules.

On 16 February 2012, the Group successfully won a bid for the acquisition of land use right of a residential and commercial site in the city of Kaifeng, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 95,000 sq.m. The name of this project is “**World Expo, Kaifeng**”. Up to the date of this interim results announcement, this project has been completed and achieved a total sales contract sum of approximately RMB550 million.

The unsold area at the World Expo, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA <i>(approximately sq.m.)</i>
Commercial A	Property, plant and equipment — Hotel	14,000
Commercial B	Properties held for sale — Shops	2,600
	Property, plant and equipment — Animation centre	5,000
Residential 1-3	Properties held for sale — Apartments	7,300
	Car park	158

The animation centre was named “Qing-Ming Riverside Anime Exhibition” and used to show the animation of 清明上河圖 which was shown in 2010 Shanghai Expo. The Board decided to terminate the animation centre business and has been seeking for potential buyer for the animation centre together with the remaining properties at World Expo, Kaifeng, the PRC.

In Mainland China, the pace of economic growth is likely to be slower than previous years due to factors including the US-China trade conflict and the severe impact of the COVID-19 Outbreak. However, it is expected that the PRC Government will provide necessary fiscal stimulus and formulate accommodative monetary policy to maintain a stable economic growth.

The Board remains optimistic about the property market in Mainland China. With its good experience in the property market of the PRC, the Group may acquire additional land to enrich the Group's land reserve, specifically in Guangdong — Hong Kong — Macao Greater Bay Area, which is adjacent to Hong Kong. However, the Group has no specific investment plan in relation to any particular project as at the date of this interim results announcement.

The Board has been actively seeking for potential buyer for the remaining properties in the PRC. In the event that any agreement or contract regarding the possible business cooperation with any third party is reached, the Group will comply with the relevant requirements of the Listing Rules.

Formation of a joint venture company for the property investment and/or redevelopment in Hong Kong

On 15 October 2018, the Group has entered into a subscription agreement (“**Subscription Agreement**”) with Excel Castle International Limited (“**Excel Castle**”), a company incorporated in the British Virgin Islands (“**BVI**”), pursuant to which the Group has conditionally agreed to subscribe for the subscription shares, representing 6% of the enlarged issued share capital of Excel Castle at a consideration of US\$900,000 (equivalent to approximately HK\$7.0 million) (“**Subscription**”). On the same date, the Group, Excel Castle and Southern Victory Investments Limited (“**SVIL**”), a company incorporated in the BVI, have entered into a shareholders' agreement (“**Shareholders' Agreement**”) governing the affairs of Excel Castle and the provision of a shareholder's loan with an amount up to HK\$62,980,000 by the Group, which has taken effect on the completion date of the Subscription.

Excel Castle is an investment holding company to hold directly a company incorporated in Hong Kong that is engaged in the business of investment holding, property investment and/or redevelopment in Hong Kong and which in turn holds eight other wholly-owned subsidiaries (together with Excel Castle, collectively referred to as the “**Excel Castle Group**”).

Each of SVIL and the Group agreed to make available the maximum contributions to Excel Castle of approximately HK\$987 million and HK\$63 million, respectively in various instalments in such amounts in proportion of their shareholdings on such dates as from time to time to be determined by the board of directors of Excel Castle for the purpose of financing the business of the Excel Castle Group and/or the redevelopment project of the Excel Castle Group.

The Directors (including the independent non-executive Directors) considered that the Subscription Agreement and the Shareholders' Agreement were on normal commercial terms. Taking into account the expected return to be generated from the proposed property development project through the investment in Excel Castle, the Directors considered that the terms of the Subscription Agreement and the Shareholders' Agreement were fair and reasonable and in the interests of the Group and the Company's shareholders as a whole. The transaction was completed on 9 November 2018.

On 4 March 2020, the Group entered into a sale and purchase agreement with SVIL to acquire a further 2% of the issued share capital of Excel Castle from SVIL and the corresponding shareholder's loan at a cash consideration of HK\$4,194,000. Since then, the Group holds 8% issued share capital of Excel Castle. The Directors considered that this acquisition provided the Group an opportunity to increase its investment in Excel Castle with a view to being benefited from the long-term returns from future revenue from the property development. On the same date, the Group also entered into a supplemental shareholders' agreement with SVIL that the maximum contribution amounts by both shareholders by means of the provision of shareholders' loans were revised to HK\$67 million by the Group and HK\$769 million by SVIL.

As the Group does not have significant influence over Excel Castle, the investment is classified as an equity investment at fair value through profit or loss.

As at 30 September 2020, total investment made by the Group was approximately HK\$76 million. As at the end of the Reporting Period, Excel Castle Group had one property project only, that is to acquire an old commercial building in Tsim Sha Tsui ("**TST Property**") for redevelopment. Since over 80% of the titles have been acquired from the existing owners of the TST Property, the remaining portion has been under compulsory auction and the ownership of the remaining property has been obtained. Excel Castle Group expected to develop the TST Property into a modern commercial building with more saleable area. The whole redevelopment project is expected to be completed in 2024.

As at 30 September 2020, the carrying amount of the Group's interest in Excel Castle Group was approximately HK\$53,807,000.

Formation of companies for the property investment and/or redevelopment in Shanghai

In 2019, the Group has invested in two property projects in Shanghai, being the property redevelopment of residential apartments at Wuyi Road, Changning District, Shanghai, the PRC (“**Project Embassy**”) and the property redevelopment of offices and carparks at West Huaihai Road, Changning District, Shanghai, the PRC (“**Project Stone**”). The total investments on these two projects as at 30 September 2020 were approximately HK\$21 million.

As at 30 September 2020, the aggregate carrying amount of these two projects was approximately HK\$16,493,000.

Project Embassy is a low-rise building in Shanghai located next to the Embassy of Belgium. The building contains eight apartments with a total gross floor area of approximately 867 sq. m.. It is co-invested with an independent third party through a company registered in BVI in which the Group has 10% equity interest.

Project Stone is an office building, known as Shanghai City Point. It is located in a grade A mixed-use building in Changning District. The building contains four floors with total gross floor area of approximately 6,668 sq. m. and five underground parking spaces. This project is co-invested with the same independent third party as Project Embassy through a company registered in BVI in which the Group has 5% equity interest.

Project Embassy and Project Stone have been refurbished and seeking for potential buyers. As the Group does not have significant influence over the BVI companies, the investments are classified as equity investments at fair value through profit or loss.

Regarding the Starway Parkview South Station Hotel project (“**Project Parkview**”), it is located in Xuhui West Bund area, adjacent to Shanghai Botanical Garden. The hotel was built in 2003 with a total gross floor area of approximately 7,319 sq.m. and 56 rooms. It is co-invested with an independent third party and the Group has 30% equity interest, which is accounted for as an associate. The hotel has been converted into 66-rooms rental apartments with plenty of shared common area combined with mixed retail and modern gym, swimming pool and tennis court. The renovation works of Project Parkview have been completed and it was renamed as “Cohost West Bund”, a co-living apartment in Shanghai and the Group will focus on its asset management and leasing business of Project Parkview.

In anticipation of the uncertain and challenging economic environment and volatility in the market ahead, the Group will continue to adopt a cautious and proactive approach in managing its core investments and to look for sound and stable investment opportunities to produce sustainable returns for the Company’s shareholders.

Participation in a real estate investment fund

On 23 April 2019, the Group has entered into a general-partner shareholders' agreement with Gusto Brave Limited, a representative entity of Pamfleet Group (“**Pamfleet**”), and Pamfleet China GP II Limited (“**Pamfleet China**”) to act as a general partner of a fund manager for property investment.

The Group owns 30% equity interest in Pamfleet China. Pamfleet is an independent and privately-owned real estate investment advisor with offices in Hong Kong, Singapore and Shanghai. Pamfleet's experienced team seeks to create long-term value through knowledgeable deal sourcing, disciplined acquisitions, active asset management, rebranding and refurbishment with an emphasis on design, anticipating tenant and community requirements and delivering good value for money. Members of the management team of Pamfleet have been involved in the selection and management of real estate investments throughout Asia for over 20 years.

Pamfleet and the Group operate with a flat organisational structure, which allows and encourages collaboration.

Up to the end of the Reporting Period, the fund managed by Pamfleet China is Pamfleet Shanghai Real Estate Fund II (“**PSREFII**”). The Group has also acted as a limited partner (holds 1.5%) of PSREFII. PSREFII seeks to capitalise on Pamfleet's track record of its successful investments in under-performing, under-priced and distressed real estate with repositioning and value-add potential in Shanghai and other tier-one cities in Mainland China. The investment strategy of PSREFII is to identify, structure and execute successful asset repositioning investments in Shanghai and other tier-one cities in Mainland China. Up to the end of the Reporting Period, the total investment made by the Group was approximately HK\$6 million.

As at 30 September 2020, the carrying amount of this investment in the real estate investment fund was approximately HK\$4,229,000.

Up to the end of the Reporting Period, there was only one project operated by PSREFII. The name of the project is Project Hub.

The property under Project Hub is located at the junction of Daning Road and Gonghexin Road within Daning Commercial Area of Jing An District. It has a total gross floor area of around 250,000 sq.m., with around 200,000 sq.m. above ground and 50,000 sq.m. under ground. PSREFII targets to build shops and offices with a saleable area of 37,547 sq.m. The retail part within the development is a popular regional lifestyle hub and shopping destination. Major tenants are expected to be operators from the food and beverage, entertainment and education industries.

Trading of medical equipment and home security and automation products

The increasing standard of living around the globe, especially in Hong Kong and major cities in the PRC, and increasing health awareness, in particular from high-income consumers living in the urban areas, together create additional demand for medical equipment. Consequently, this segment should continue to be a worthwhile investment. In the coming reporting period, we will expand our distribution channels and introduce a broader range of products to boost sales growth.

Also, with the increasing safety awareness in Hong Kong and major cities in the PRC, we expect a high demand for wired and wireless security devices and systems, which are relevant to management of residential estates, commercial offices, shops, hotels, hospitals, museums and prisons.

The Group will continue to adopt efficacious cost management strategies and maintain tight credit control measures to cope with challenges and to improve competitiveness within the volatile operating environment. The Directors will continue to make every effort to maximise the interests of the shareholders of the Company.

Hotel operation

As mentioned in the paragraph headed “Prospects — Property development and investment”, the construction works of the hotel in Kaifeng, the PRC was completed in the prior year. The Group has entered into an agreement with 六州酒店管理 (上海) 有限公司 to operate the hotel under the name of “**Holiday Inn Express Kaifeng City Center**” (“**Holiday Inn Express Kaifeng**”). Holiday Inn Express is one of the world’s famous selected service hotel brands. Holiday Inn Express Kaifeng was opened in January 2020. Due to the COVID-19 Outbreak, Holiday Inn Express Kaifeng was closed in February 2020 and has resumed its business since March 2020. The Group will monitor the developments of the COVID-19 Outbreak situation closely, assess and react actively to its impacts on the operation of Holiday Inn Express Kaifeng.

Holiday Inn Express Kaifeng is located in the city centre of Kaifeng with a total gross floor area of approximately 14,000 sq.m.. It consists of 243 guest rooms, including 100 king-bed standard rooms, 106 single-bed standard rooms, 18 king-bed superior rooms, 18 single-bed superior rooms and 1 suite. There are also 3 meeting rooms with a total gross floor area of approximately 460 sq.m..

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2020, there has been no other significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this interim results announcement, the Group did not have other plans for material investment or capital assets as at 30 September 2020.

HUMAN RESOURCES

As at 30 September 2020, the Group had 183 employees, 126 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the Reporting Period increased to approximately HK\$17 million from approximately HK\$13 million in the same period last year. The increase was mainly due to i) the commencement of the operation of Holiday Inn Express Kaifeng in January 2020; and ii) the commencement of trading of wellness and pandemic prevention products during the period and more part-time promoters were recruited for the promotion.

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 capable and motivated workforce, the Group offers discretionary bonuses and share options to staff based on their individual performance and the achievements in relation to the Group's targets.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The following is the change in the information of the Directors since the annual report of the Company dated 26 June 2020, which is required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules:

Dr. Ho Chung Tai, Raymond

Appointed as an independent non-executive director of Superland Group Holdings Limited (stock code: 368), a company with its shares listed on the main board of the Stock Exchange, on 16 July 2020.

Reference is made to the announcement of the Company dated 25 August 2020 in relation to the (i) resignation of executive Director; and (ii) re-designation of Director.

Mr. Lu Quanzhang

Mr. Lu Quanzhang resigned as an executive Director of the Company and the Chairman of the Board with effect from 25 August 2020.

Mr. Tjia Boen Sien

Mr. Tjia Boen Sien has been re-designated from an executive Director of the Company, the Managing Director of the Company and the Deputy Chairman of the Board to an executive Director of the Company, the Managing Director of the Company and Chairman of the Board with effect from 25 August 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 September 2020.

CAPITAL STRUCTURE

Details of the changes of the capital structure of the Company during the six months ended 30 September 2020 are set out in the note 14 to the condensed financial statements.

CORPORATE GOVERNANCE

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2020, the Company's corporate governance practices are based on the principles and the code provisions ("**Code Provisions**") as set out in the Code on Corporate Governance Practices ("**CG Code**") contained in Appendix 14 of the Listing Rules. The Directors consider that the Company has complied with most of the Code Provisions throughout the six months ended 30 September 2020, save for the deviation from the Code Provision A.4.1, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Summary of deviation of the CG Code:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive Directors have not been appointed for a specific term. However, all independent non-executive Directors are subject to retirement and rotation once every three years in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 September 2020.

The Company has adopted the same Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's internal controls, risk management and financial reporting matters including the review of the interim results for the six months ended 30 September 2020, and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprises three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

The interim results of the Group for the six months ended 30 September 2020 have not been reviewed or audited by the Company's independent auditor. The Audit Committee held a meeting on 23 November 2020. The Audit Committee has considered and reviewed the interim report and interim financial statements of the Group and given their opinion and recommendation to the Board. The Audit Committee considers that the 2020 interim report and interim financial statements of the Group have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

NOMINATION COMMITTEE

The Company has a nomination committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant appropriate blend of skills, knowledge and experience. The nomination committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien and Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau. Ir Siu Man Po is the Chairman of the committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the remuneration policy and fixing the remuneration packages for all Directors and chief executives. The remuneration committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien and Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau. Mr. Siu Kam Chau is the Chairman of the committee.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 September 2020 and up to the date of this announcement.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The interim results announcement is published on the Stock Exchange website (<http://www.hkexnews.hk>) and the Company's website (<http://www.deson.com>). The interim report for the six months ended 30 September 2020 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange website and the Company's website in due course.

By Order of the Board
Deson Development International Holdings Limited
Tjia Boen Sien
Managing Director and Chairman

Hong Kong, 23 November 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Tjia Wai Yip, William, the independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau.