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Deson Development International Holdings Limited
迪臣發展國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 262)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

The board of directors (the "**Board**") of Deson Development International Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
REVENUE	*4*	**103,799**	351,614
Cost of sales		**(57,344)**	(267,766)
Gross profit		**46,455**	83,848
Other income and gains	*4*	**10,314**	9,393
Fair value gain/(loss) on investment properties, net		**24,950**	(22,758)
Administrative expenses		**(83,966)**	(73,498)
Other operating expenses, net		**(11,262)**	(20,664)
Finance costs	*5*	**(20,771)**	(9,544)
Share of profits and losses of associates		**2,037**	(1,790)
LOSS BEFORE TAX		**(32,243)**	(35,013)
Income tax expense	*6*	**(6,659)**	(2,523)
LOSS FOR THE YEAR		**(38,902)**	(37,536)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

Year ended 31 March 2021

	Note	**2021** *HK$'000*	2020 *HK$'000*
Attributable to:			
Owners of the Company		**(36,738)**	(35,296)
Non-controlling interests		**(2,164)**	(2,240)
		(38,902)	(37,536)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK(3.76) cents**	HK(3.61) cents
Diluted		**HK(3.76) cents**	HK(3.61) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021	2020
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(38,902)**	(37,536)
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	**96,041**	(82,060)
Share of other comprehensive income/(loss) of associates	**3,842**	(2,763)
Reclassification adjustment of exchange differences of associates disposed of during the year	**—**	(726)
Reclassification adjustment of exchange differences of a subsidiary dissolved during the year	**—**	(1,184)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**99,883**	(86,733)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	**—**	7,550
Income tax effect	**—**	(537)
Leasehold land and buildings:		
Surplus/(deficit) on revaluation	**5,129**	(7,218)
Income tax effect	**(465)**	1,446
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**4,664**	1,241
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**104,547**	(85,492)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**65,645**	(123,028)
Attributable to:		
Owners of the Company	**67,721**	(120,788)
Non-controlling interests	**(2,076)**	(2,240)
	65,645	(123,028)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**315,696**	352,089
Investment properties		**1,041,350**	947,100
Investments in associates		**27,606**	22,476
Equity investments at fair value through profit or loss		**125,224**	124,931
Total non-current assets		**1,509,876**	1,446,596
CURRENT ASSETS			
Due from associates		**3,220**	5,242
Due from related companies		**—**	1,291
Properties held for sale under development and properties held for sale		**760,270**	638,191
Inventories		**11,120**	12,729
Accounts receivable	*9*	**22,536**	34,442
Prepayments, deposits and other receivables		**32,852**	43,030
Tax recoverable		**24,260**	22,108
Pledged deposits		**2,500**	3,500
Restricted cash		**4,033**	—
Cash and cash equivalents		**20,372**	20,099
Total current assets		**881,163**	780,632
CURRENT LIABILITIES			
Accounts payable	*10*	**5,824**	8,160
Other payables and accruals		**83,630**	71,260
Due to associates		**3,069**	8,280
Due to a related company		**13,054**	—
Tax payable		**21,787**	19,715
Interest-bearing bank and other borrowings		**266,572**	191,423
Total current liabilities		**393,936**	298,838
NET CURRENT ASSETS		**487,227**	481,794
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,997,103**	1,928,390

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$'000	2020 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**218,890**	231,550
Deferred tax liabilities		**191,791**	181,164
Total non-current liabilities		**410,681**	412,714
Net assets		**1,586,422**	1,515,676
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**97,788**	97,788
Reserves		**1,491,613**	1,422,917
		1,589,401	1,520,705
Non-controlling interests		**(2,979)**	(5,029)
Total equity		**1,586,422**	1,515,676

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Deson Development International Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

During the year, the operation of a hotel has become one of the Group's principal activities and the Group was involved in the following principal activities:

- property development and investment;
- trading of medical equipment and home security and automation products; and
- operation of a hotel.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, investment properties and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (**HK$'000**) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

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

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) Conceptual Framework for Financial Reporting 2018 (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The Group has early adopted the amendment on 1 April 2020, and the amendment did not have any significant impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2020: three (restated)) reportable operating segments as follows:

(a) the property development and investment business segment is engaged in property development of residential and commercial properties and the holding of investment properties;

(b) the trading business segment is engaged in the trading of medical equipment and home security and automation products; and

(c) the "others" segment comprises, principally, the operation of a hotel.

In the prior year, the Group had two reportable segments which were the property development and investment business segment and the "others" segment. The trading business was previously included in the "others" segment in the prior years. As a result of the increased transaction volume of the Group's trading activities during the year, management has reassessed the Group's segment reporting and decided that for financial reporting purposes, the trading business is set out in a separate reportable operating segment as the resources allocation, performance assessment and decision making of the trading business segment are considered separately. In addition, the "others" segment includes, principally, the operation of a hotel which is located in Mainland China in the current year. The Group's comparative reportable segment information is restated as if the Group had been operating under the three segments for the year ended 31 March 2020.

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 profit/loss before tax. The profit/loss before tax is measured consistently with the Group's profit/loss before tax that interest and dividend income, fair value changes on equity investments at fair value through profit or loss, finance costs, share of profits and losses of associates, loss on disposal of associates as well as unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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.

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2021

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue *(note 4)*				
Sales to external customers	**45,300**	**49,104**	**9,395**	**103,799**
Other income and gains	**8,612**	**165**	**69**	**8,846**
	53,912	**49,269**	**9,464**	**112,645**
Segment results				
Operating profit/(loss)	**13,375**	**988**	**(5,339)**	**9,024**
Reconciliation:				
Bank interest income				**168**
Dividend income from equity investments at fair value through profit or loss				**1,300**
Fair value loss on equity investments at fair value through profit or loss, net				**(5,880)**
Finance costs				**(20,771)**
Share of profits and losses of associates				**2,037**
Unallocated expenses				**(18,121)**
Loss before tax				**(32,243)**
Segment assets	**1,988,968**	**31,258**	**158,951**	**2,179,177**
Reconciliation:				
Investments in associates				**27,606**
Corporate and other unallocated assets				**184,256**
Total assets				**2,391,039**

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2021 (continued)

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**372,486**	**10,837**	**20,129**	**403,452**
Reconciliation:				
Corporate and other unallocated liabilities				**401,165**
Total liabilities				**804,617**
Other segment information:				
Fair value gain on investment properties, net	**(24,950)**	**—**	**—**	**(24,950)**
Loss on disposal of items of property, plant and equipment	**—**	**17**	**—**	**17**
Impairment of accounts receivable, net	**642**	**2,180**	**—**	**2,822**
Impairment of other receivables	**3,663**	**1,144**	**42**	**4,849**
Provision for inventories	**—**	**1,449**	**—**	**1,449**
Reversal of provision for net realisable value of properties held for sale, net	**(2,300)**	**—**	**—**	**(2,300)**
Depreciation of property, plant and equipment	**8,402**	**341**	**5,225**	**13,968**
Capital expenditure*	**13**	**5,733**	**5,907**	**11,653**

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

3. **OPERATING SEGMENT INFORMATION (continued)**

Year ended 31 March 2020 (restated)

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue *(note 4)*				
Sales to external customers	302,170	49,444	—	351,614
Other income and gains	6,474	178	711	7,363
	308,644	49,622	711	358,977
Segment results				
Operating profit/(loss)	5,069	6,438	(5,715)	5,792
Reconciliation:				
Bank interest income				130
Dividend income from equity investments at fair value through profit or loss				1,900
Fair value loss on equity investments at fair value through profit or loss, net				(14,806)
Finance costs				(9,544)
Share of profits and losses of associates				(1,790)
Loss on disposal of associates				(493)
Unallocated expenses				(16,202)
Loss before tax				(35,013)
Segment assets	1,844,120	33,893	115,815	1,993,828
Reconciliation:				
Investments in associates				22,476
Corporate and other unallocated assets				210,924
Total assets				2,227,228

3. **OPERATING SEGMENT INFORMATION (continued)**

Year ended 31 March 2020 (restated) (continued)

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	403,456	9,600	2,522	415,578
Reconciliation:				
Corporate and other unallocated liabilities				295,974
Total liabilities				711,552
Other segment information:				
Fair value loss on investment properties, net	22,758	—	—	22,758
Loss on disposal of items of property, plant and equipment	131	—	—	131
Reversal of impairment of accounts receivable, net	(81)	—	—	(81)
Impairment of other receivables	—	—	142	142
Reversal of provision for inventories	—	(360)	—	(360)
Provision for net realisable value of properties held for sale	4,430	—	—	4,430
Depreciation of property, plant and equipment	8,665	113	153	8,931
Capital expenditure*	6	263	1,087	1,356

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

Geographical information

(a) Revenue from external customers

	Hong Kong		Mainland China		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**35,732**	30,428	**68,067**	321,186	**103,799**	351,614

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**142,944**	139,342
Mainland China	**1,214,102**	1,159,847
	1,357,046	1,299,189

The non-current assets information above is based on the locations of the assets and excludes investments in associates and equity investments at fair value through profit or loss.

Information about a major customer

During the year, revenue of approximately HK$14,586,000 (2020: HK$170,667,000) was derived from gross rental income (2020: sales of properties) by the property development and investment business segment from a single customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Income from property development and investment business	**24,454**	282,301
Income from trading of medical equipment and home security and automation products	**49,104**	49,444
Hotel operations	**9,395**	—
Revenue from other sources:		
Gross rental income	**20,846**	19,869
	103,799	351,614

4. REVENUE, OTHER INCOME AND GAINS (continued)

(i) Disaggregated revenue information

For the year ended 31 March 2021

	Property development and investment business *HK$'000*	**Trading business** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Geographical markets				
Hong Kong	**—**	**35,732**	**—**	**35,732**
Mainland China	**24,454**	**13,372**	**9,395**	**47,221**
Total revenue from contracts with customers recognised at a point in time	**24,454**	**49,104**	**9,395**	**82,953**

For the year ended 31 March 2020 (restated)

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Total *HK$'000*
Geographical markets:			
Hong Kong	—	30,428	30,428
Mainland China	282,301	19,016	301,317
Total revenue from contracts with customers recognised at a point in time	282,301	49,444	331,745

4. REVENUE, OTHER INCOME AND GAINS (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**2,264**	218,280
Sale of goods	**1,030**	1,031
	3,294	219,311

(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.

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.

Sale of goods

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

Hotel operations

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services.

The performance obligation of food and beverage operations of the hotel is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items at the food and beverage operations. Payment of the transaction is due immediately at the point when the customer purchases the food and beverage items.

4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains is as follows:

	2021	2020
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**168**	130
Dividend income from equity investments at fair value through profit or loss	**1,300**	1,900
Gross rental income	**5,874**	6,184
Government grants*	**1,834**	—
Others	**1,138**	1,179
	10,314	9,393

* The government grants were 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 the reporting period, there were no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**32,581**	27,963
Less: Interest capitalised	**(11,810)**	(18,419)
	20,771	9,544

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax regime effective from the year of assessment 2018/2019, and the first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). 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 expenditure, including the amortisation of land use rights, borrowing costs and all property development expenditures.

	2021	2020
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**67**	—
Current — Elsewhere		
Charge for the year	**2,055**	2,712
LAT in Mainland China	**(193)**	4,499
Deferred	**4,730**	(4,688)
Total tax charge for the year	**6,659**	2,523

7. DIVIDEND

	2021	2020
	HK$'000	*HK$'000*
Special — Nil (2020: HK0.5 cent per ordinary share)	**—**	4,890

In the prior year, a special dividend of HK0.5 cent per ordinary share was approved at a special general meeting on 11 June 2019.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 977,880,400 (2020: 977,880,400) in issue during the year.

The calculation of the basic and diluted loss per share amounts attributable to the owners of the Company is based on the following data:

	2021	2020
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	**(36,738)**	(35,296)

	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**977,880,400**	977,880,400
Effect of dilution — weighted average number of ordinary shares:		
Share options*	**—**	—
	977,880,400	977,880,400

* No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2021 in respect of a dilution as the impact of share options had an anti-dilutive effect on the basic loss per share amounts presented.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 March 2020.

9. ACCOUNTS RECEIVABLE

	2021	2020
	HK$'000	*HK$'000*
Accounts receivable	**27,094**	36,134
Impairment	**(4,558)**	(1,692)
	22,536	34,442

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 accounts receivable balances. Accounts receivable are non-interest-bearing.

9. ACCOUNTS RECEIVABLE (continued)

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:

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**13,620**	24,594
91 to 180 days	**5,565**	4,202
181 to 360 days	**1,227**	3,444
Over 360 days	**2,124**	2,202
	22,536	34,442

The movements in the loss allowance for impairment of accounts receivable are as follows:

	2021	2020
	HK$'000	*HK$'000*
At beginning of year	**1,692**	1,815
Impairment/(reversal of impairment) losses, net	**2,822**	(81)
Exchange realignment	**44**	(42)
At end of year	**4,558**	1,692

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and product type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written off if past due for more than one year and are not subject to enforcement activity.

10. 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:

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**1,391**	3,679
91 to 180 days	**584**	624
181 to 360 days	**191**	276
Over 360 days	**3,658**	3,581
	5,824	8,160

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

11. SHARE CAPITAL

	2021	2020
	HK$'000	*HK$'000*
Authorised:		
1,500,000,000 (2020: 1,500,000,000) ordinary shares of HK$0.10 each	**150,000**	150,000
Issued and fully paid:		
977,880,400 (2020: 977,880,400) ordinary shares of HK$0.10 each	**97,788**	97,788

MANAGEMENT DISCUSSION AND ANALYSIS

2019 Coronavirus Pandemic ("COVID-19 Pandemic") Response

From early 2020, the Group has taken steps to protect the health and safety of our workforce, their families, local suppliers and neighbouring communities while ensuring a safe environment for operations to continue as usual. For example:

- measures to maximise social distancing and staff protection within the offices;
- meetings held off-site or by conference calls or video conference as far as possible;
- cancellation of all non-essential travel;
- flexible and remote working plans for employees;
- restrictions on office access and temperature screening;
- self-isolation following travel, development of symptoms, or interaction with any confirmed case of COVID-19 and requirement to undergo a coronavirus test as and when necessary at the Group's cost; and
- increased inventory of face mask, hand sanitiser and hygiene supplies and increased focus on cleaning and sanitisation.

BUSINESS REVIEW

The Group's major business segments during the year ended 31 March 2021 ("**Reporting Period**") comprise:

(a) the property development and investment business segment is engaged in property development of residential and commercial properties and the holding of investment properties;

(b) the trading business segment is engaged in the trading of medical equipment and home security and automation products, including the provision of related installation; and

(c) the "others" segment comprises, principally, the operation of a hotel.

The Group's turnover for the year ended 31 March 2021 recorded at approximately HK$103,799,000 (2020: HK$351,614,000), representing a significant decrease of approximately 70% as compared to last year.

Property development and investment business

The Group's turnover for the year ended 31 March 2021 generated from this segment recorded at approximately HK$45,300,000 (2020: HK$302,170,000), representing a significant decrease of approximately 85% as compared with last year. The turnover generated from this segment arise from the sales of properties in the People's Republic of China (the "**PRC**") and rental income earned from investment properties located in the PRC.

(i) Sales of properties

Turnover decreased significantly from approximately HK$282,301,000 for the year ended 31 March 2020 to approximately HK$24,454,000 for the year ended 31 March 2021, representing a significant decrease of approximately 91%. There was a one-off sales recognised in the last reporting period from the sales of 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 RMB160 million (equivalent to approximately HK$176 million) which did not recur in the Reporting Period. In the Reporting Period, the sales were mainly contributed by the sales of two shops at Century Place in Kaifeng, the PRC ("**Century Place**") and certain remaining residential units at World Expo Plaza in Kaifeng, the PRC ("**World Expo**").

The process of seeking potential buyers for the remaining properties was delayed due to the general slowdown in the property market in the PRC and the domestic property market was basically frozen due to the impact of the COVID-19 Pandemic. During the year, the Group had deferred the pre-sale arrangement for the residential area of Section G of Century Place, Kaifeng, the PRC. The pre-sale commenced since May 2021, and the related sales revenue will be recognised during the year ending 31 March 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 potential buyers, in particular, the commercial project located in Haikou City, Hainan Province, the PRC. After taking into consideration of the rise and development of Hainan, the Group has planned to apply to the relevant local government authority for the optimisation and redevelopment of the project located in Haikou City in order to generate a greater economic return to the Group. The outcome of the discussion regarding such plan has not been reached as of the date of this announcement. In the event that any agreement or contract with any third party is reached, the Group will comply with the relevant requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

(ii) Rental income from investment properties

Turnover from rental income increased from approximately HK$19,869,000 for the year ended 31 March 2020 to approximately HK$20,846,000 for the year ended 31 March 2021, representing a slight increase of approximately 5%. The increase was because of a one-month rental concession provided to the shopping mall tenants in Kaifeng, the PRC due to the COVID-19 Pandemic in February 2020, while no such rental concession was provided in this Reporting Period.

Segment operating profit generated from this segment during the Reporting Period amounted to approximately HK$13,375,000 (2020: HK$5,069,000), which represents a significant increase by approximately 164% as compared to last year. This is mainly due to the significant increase in fair value gain on investment properties (before deferred tax) to approximately HK$24,950,000 (2020: loss of HK$22,758,000).

Trading business

The Group's turnover for the year ended 31 March 2021 generated from this segment recorded at approximately HK$49,104,000 (2020: HK$49,444,000), representing a slight decrease of approximately 0.7% as compared with last year.

The turnover generated from this segment arises from the trading of medical equipment, wellness and pandemic prevention products and home security and automation products, including the provision of the related installation and maintenance services.

(i) Trading of medical equipment, wellness and pandemic prevention products

Turnover increased from approximately HK$28,463,000 for the year ended 31 March 2020 to approximately HK$34,599,000 for the year ended 31 March 2021, representing an increase of approximately 22%. The increase was because of the sales of newly-introduced wellness and pandemic prevention products, including surgical masks and air cleaner machines during the Reporting Period. The spread of COVID-19 Pandemic also caused the increase in awareness and demand for medical products.

(ii) Trading of home security and automation products

Turnover decreased from approximately HK$20,981,000 for the year ended 31 March 2020 to approximately HK$14,505,000 for the year ended 31 March 2021, representing a decrease of approximately 31%. The decrease was because of the drop in demand for security products during the COVID-19 Pandemic because some potential projects at the PRC have been deferred due to the lock down policy.

Segment operating profit generated from this segment during the Reporting Period amounted to approximately HK$988,000 (2020: HK$6,438,000 (restated)). The decrease was due to the drop in sales of home security and automation products in the PRC market as mentioned above during the Reporting Period.

Other business, principally operation of a hotel

The Group's turnover for the year ended 31 March 2021 generated from this segment recorded at approximately HK$9,395,000 (2020: Nil (restated)), representing an increase of 100% as compared with last year. The turnover generated from this segment arises mainly from the operation of a hotel. The hotel operation business has been operating since January 2020. The Group has operated one hotel, namely Holiday Inn Express Kaifeng City Center ("**Holiday Inn Express Kaifeng**") during the Reporting Period with a turnover of approximately HK$9.4 million.

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..

The PRC Government imposed lockdowns in some provinces with strict social distancing measures during the COVID-19 Pandemic. Hence, Holiday Inn Express Kaifeng temporarily closed its food and beverage facilities in February and March 2020. As most of the cities in the PRC have substantially eased or lifted domestic travel restrictions and have resumed normal social activities since the second quarter of 2020, the business of Holiday Inn Express Kaifeng has been gradually recovering. While room rates remained depressed, occupancy levels in Holiday Inn Express Kaifeng have started to rebuild throughout the rest of 2020 with demand being led by the domestic retail segment. Nevertheless, the resurgence of COVID-19 cases from November 2020 onwards has translated to slower business pickup with cancellations in rooms and restaurants reservation.

Segment operating loss generated from this segment during the Reporting Period amounted to approximately HK$5,339,000 (2020: HK$5,715,000 (restated)). The loss was mainly due to the depreciation expense of the hotel and the operating loss of the hotel operation.

The decrease of segment loss was because a whole-year operation was noted in the Reporting Period compared to only one-month of operation in the last reporting period as the hotel operation was started in January 2020 and was temporarily closed for around two months in the last reporting period. However, the increase in revenue was totally offset by the increase in full-year depreciation in this Reporting Period.

The net loss attributable to owners of the Company for the year ended 31 March 2021 amounted to approximately HK$36,738,000 as compared with the net loss attributable to owners of the Company for the year ended 31 March 2020 of approximately HK$35,296,000. The slight increase in loss was due to (i) the significant drop in turnover for the Reporting Period; and (ii) the increase in finance costs as more loans were obtained. The above was partly offset by the recovery of the PRC's property market from the last reporting period, which resulted in an aggregate fair value gain on the

Group's investment properties in the PRC amounted to HK$24,950,000 (2020: fair value loss of HK$22,758,000) upon the revaluation of the Group's investment properties in the PRC as of the end of the Reporting Period.

Loss per share for the year ended 31 March 2021 was approximately HK3.76 cents.

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2021, the Group's turnover amounted to approximately HK$104 million, decreased by approximately 70% as compared with last year. Such decrease was mainly contributed by the sales of the entire Zhu Ji Lane ("**珠璣巷**") project (total saleable area of approximately 13,000 sq.m.) to a single customer in the last reporting period. The sales during this Reporting Period mainly arose from the sales of the remaining units of the Group's existing projects. No new project was launched to market during the Reporting Period. The decrease was partly offset by the increase in turnover contributed by the new hotel operation.

Turnover generated from property development and investment business, trading business and other business amounted to approximately HK$45 million, HK$49 million and HK$10 million, respectively, representing a decrease of approximately 85%, a decrease of approximately 1% and an increase of approximately 100%, respectively, as compared with the last reporting period.

Gross profit margin

During the year ended 31 March 2021, the Group's gross profit margin was approximately 44.8%, increased by approximately 21 percentage points as compared with last year's 23.8%. This was mainly driven by the fact that the proportion of rental income among turnover of the property development and investment segment is larger in this Reporting Period than last year, increasing from 7% to 46% in that segment. The gross profit margin of rental income was much higher than the sales of properties because only minimal cost was incurred for the property rental business, with the gross profit margin of over 90%. As a result, the overall gross profit margin was higher in this Reporting Period.

Other operating expenses, net

The amount decreased from approximately HK$20.7 million for the year ended 31 March 2020 to approximately HK$11.3 million for the year ended 31 March 2021. Prior year's amount mainly represented the aggregate fair value loss on the equity investments at fair value through profit or loss of approximately HK$14.8 million. Such loss decreased to approximately HK$5.9 million in the Reporting Period. This year's amount mainly represented the impairment of accounts receivable and other receivables totalling approximately HK$7.7 million.

Share of profits and losses of associates

For the year ended 31 March 2021, the Group's share of profits of associates amounted to approximately HK$2.0 million, as compared with the share of losses of associates amounted to approximately HK$1.8 million during the last reporting period. It is because of the disposal of loss-making associates, Deson Construction International Holdings Limited (now known as Smart City Development Holdings Limited) ("**DCIHL**") and its subsidiaries, in June 2019. No further losses of DCIHL and its subsidiaries were shared by the Group since then. On the other hand, in April 2018, we established an associate engaging in the trading of software licences. This new associate has contributed a share of profit to the Group in the Reporting Period, where a share of loss was recorded in the last reporting period.

Liquidity, financial resources and gearing ratio

During the Reporting Period, the Group maintained a healthy liquidity position with working capital financed mainly by internal resources and also other borrowings. The Group adopted a prudent cash and financial management policy.

As at 31 March 2021, the Group had total assets of approximately HK$2,391,039,000, which were financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK$804,617,000, approximately HK$1,589,401,000 and approximately HK$2,979,000 (debit balance), respectively. The Group's current ratio as at 31 March 2021 was 2.24 as compared with 2.61 as at 31 March 2020.

Gearing ratio is calculated by the total interest-bearing debts less cash and cash equivalents divided by the total equity as at the end of the respective reporting periods and multiplied by 100%. The Group had a net gearing ratio of approximately 29% as at 31 March 2021 (2020: 27%). We analysed the maturity profiles of our borrowings and manage our liquidity level to ensure a sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We will explore various financing opportunities to improve our capital structure and reduce our cost of capital.

Capital expenditure

Total capital expenditure for the year ended 31 March 2021 was approximately HK$11,653,000.

Contingent liabilities

As at 31 March 2021, the Group had no significant contingent liabilities.

Commitments

As at 31 March 2021, the Group had capital commitments contracted, but not provided for, of approximately HK$9,363,000.

Charges on group assets

Assets with an aggregate carrying value of approximately HK$1,034,956,000 were pledged as securities for the Group's banking facilities.

Treasury policies

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2021. The Group strives to reduce its exposures 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 is mainly exposed to balances denominated in Renminbi ("**RMB**"), which mainly arise from certain 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 against changes in exchange rates of RMB against HKD. However, management monitors the related foreign currency exposures closely and will consider hedging significant foreign currency exposures should the need arise.

PROSPECTS

Impact of COVID-19 Pandemic

Looking forward to 2021, as COVID-19 vaccines become available and their inoculation rate rises, the Board estimates the pace of recovery of economic activities will speed up accordingly.

Since late January 2020, travel restrictions and other public health measures including the extension of Chinese new year holiday and quarantine requirements for travellers have been imposed in various areas in China due to the COVID-19 Pandemic, as a result of which some staff of the Group were restricted from business travelling or otherwise returning to work after the holiday. The prolonged effect of the epidemic and the public health measures have adversely affected the Group's hotel business in Kaifeng. Going forward, the Group will closely take note of the development of the COVID-19 Pandemic and its impact on the Group's businesses, and will proactively take preventive measures to mitigate the impact of the COVID-19 Pandemic on the Group's businesses. As the COVID-19 Pandemic 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 Pandemic to medical operators. The Group will leverage 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 Pandemic is under control for the rest of 2021, the economy is expected to continue to recover. It is also 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 property 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 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 210,500 sq.m., known as "**Century Place, Kaifeng**". Up to the date of this 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 RMB767 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 2021 and the pre-sale has already started in the second quarter of 2021.

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

	CURRENT USE	**AREA** *(approximately sq.m.)*
Section A	Investment properties — Shops (leased out)	53,600
Section B	Properties held for sales — Apartments	200
	Car park	78
Section C	Properties held for sales — Villas	6,000
Section D	Properties held for sales — Offices	1,200
	Car park	10
Section E	Properties held for sales — Shops	350
Section F	Properties held for sales — Shops	11,100
	Car park	89
Section G	Properties held for sales under development — Apartments and shops	20,500

The Group plans to sell Section C together with Section G. It is because these two sections are adjacent to each other and it is believed that the synergy effect can bring a higher return to the Group. Up to the date of this announcement, the discussions regarding any potential sales 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 such business cooperation has been entered into by the Company or any of its subsidiaries. The outcome of any discussion on such business cooperation is not known as of the date of this announcement and in the event that any agreement or contract regarding the possible business cooperation with the aforementioned third party is reached, the Company will comply with the relevant requirements of the Listing Rules.

Up to the date of this announcement, the total contract sum from the pre-sale of Section G properties amounted to approximately RMB21 million (equivalent to approximately HK$25 million).

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., known as "**World Expo, Kaifeng**". Up to the date of this announcement, this project has been completed and achieved a total sales contract sum of approximately RMB557 million.

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

	CURRENT USE	**AREA** *(approximately sq.m.)*
Commercial Section A	Property, plant and equipment — Hotel	14,000
Commercial Section B	Properties held for sales — Shops	8,900
Residential Blocks 1–3	Properties held for sales — Apartments	7,100
	Car park	147

During the year, the Group has reclassified the original animation center property from "property, plant and equipment" to "completed properties held for sales". The Group has terminated the animation business and has been seeking potential buyer for the original animation center property 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 in previous years due to factors including the US-China trade conflict and the severe impact of the COVID-19 Pandemic. However, it is expected that the PRC Government will provide necessary fiscal stimulus and formulate accommodative monetary policy to maintain 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 the 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 announcement. The Board has been actively seeking potential buyers 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 an investment 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 the 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 by way of shareholders' loans in various instalments in such amounts in proportion to the respective 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 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 at a cash consideration of HK$4,194,000. During the year ended 31 March 2020, the Group increased its shareholder's loans to Excel Castle by HK$24,160,000 according to the Group's equity interest in Excel Castle. On 23 March 2021, the Group entered into another sale and purchase agreement with SVIL to acquire a further 2% of the issued share capital of Excel Castle from SVIL at a cash consideration of HK$3,969,000. Since then, the Group held 10% issued share capital of Excel Castle. During the Reporting Period, the Group also increased its shareholder's loans to Excel Castle by HK$1,968,000 according to the Group's equity interest in Excel Castle. The Directors considered the acquisition provided the Group with 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 31 March 2021, the Group also entered into a supplemental shareholders' agreement with SVIL to revise the maximum contribution amounts by way of shareholders' loans from both shareholders to HK$80 million by the Group and HK$716 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 31 March 2021, the total investment made by the Group was approximately HK$80 million.

As at the end of the Reporting Period, Excel Castle Group has one property redevelopment project in Tsim Sha Tsui ("**TST Property**"). The old commercial building has been demolished and the redevelopment works have commenced. The TST Property will be developed into a modern commercial building with larger saleable area. The whole redevelopment project is expected to be completed in 2024.

As at 31 March 2021, the carrying amount of the Group's interest in Excel Castle Group was approximately HK$51,050,000 (2020: HK$50,407,000).

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 property redevelopment of offices and carparks at West Huaihai Road, Changning District, Shanghai, the PRC ("**Project Stone**"). The total cost of investments on these two projects as at 31 March 2021 were approximately HK$21 million.

As at 31 March 2021, the aggregate carrying amount of these two projects was approximately HK$16,601,000 (2020: 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. During the Reporting Period, 3 out of 8 units were sold. The remaining 5 units were sold after the Reporting Period. It is expected that the Group will realise this investment in the next reporting period.

Project Stone is an office building, named Shanghai City Point. It is located in a grade A mixed-use building in Changning District, the PRC. Project Stone acquired four floors of the building with a total gross floor area of approximately 6,668 sq.m.. 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. During the year, all the properties under Project Stone were leased to third parties for rental income.

As the Group does not have significant influence over Project Stone and Project Embassy, the investments are classified as equity investments at fair value through profit or loss.

The Group also co-invested with an independent third party in the Starway Parkview South Station Hotel project ("**Project Parkview**"), which is located in Xuhui West Bund area, adjacent to Shanghai Botanical Garden. The Group has 30% equity interest which is accounted for as an associate. The hotel was built in 2003 with a total gross floor area of approximately 7,319 sq.m. and 56 rooms. The hotel has been converted into 66-room serviced apartments with plenty of shared common area combined with mixed retail, catering, leisure and modern gym and it was renamed as "**Cohost West Bund**", a co-living serviced apartment in Shanghai. Rental income from Project Parkview has substantially increased as compared to the last reporting period. The Group and its co-investor have been seeking for potential buyers for 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 representing entity of Pamfleet Group ("**Pamfleet**") (which is a member of Schroders Capital), 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 cost of investment made by the Group was approximately HK$6.2 million.

As at 31 March 2021, the carrying amount of this investment in the real estate investment fund was approximately HK$3,794,000 (2020: HK$3,992,000).

Up to the end of the Reporting Period, there was only one project operated by PSREFII in Shanghai, namely Project Hub.

The property is located at the junction of Daning Road and Gonghexin Road within Daning Commercial Area of Jing An District, Shanghai. It has 4 blocks of office building with a total gross floor area of approximately 37,547 sq.m.. It is expected to generate higher rental income after the refurbishment.

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 urban areas, together create additional demand for medical equipment. Consequently, this segment is expected to 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.

In addition, with the improving standard of living and technology in Hong Kong, major cities in the PRC and Southeast Asia, the Group aims to provide a series of solutions to smart city development for shopping malls, government facilities, border and airport, etc..

The Group has set up a new subsidiary for the trading of wellness and pandemic prevention products. Due to the COVID-19 Pandemic, the Group will increase the range of products to fulfill the demand of the society.

During the Reporting Period, the Group is the sole distributor in Hong Kong for a medical-grade air purifier developed by a team of Hong Kong air quality experts and medical professionals which has passed the "AHAM" (United States) and "CNAS" (China) standards, known as Perfect Particulates Purification ("**PPP**"). PPP is equipped with patented PPP Kill Virus Blue High Efficiency Particulate Air Filter Sterilisation Technologies to effectively kill the Coronavirus Disease, SARS-COV-2 and human pneumonia viruses. At present, several government departments have adopted the abovementioned PPP air purifiers to provide a safe, comfortable, clean and sterile environment for the public.

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

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..

The Group has signed an agreement with 六州酒店管理(上海)有限公司 (a member of IHG Hotels & Resort) to operate the hotel under the name of "**Holiday Inn Express Kaifeng City Center**". Holiday Inn Express is one of the world-famous selected service hotel brands. Holiday Inn Express Kaifeng was opened in January 2020.

The Group is taking all practicable measures to cope with the challenges. The first priority is to deliver a feeling of safety to our guests. Therefore, we are putting in place strict sanitisation and hygiene protocol to ensure guests returning to stay or dine in the hotel will have complete peace of mind and full assurance in the hotel's products and services. Moreover, we are introducing marketing and sales recovery strategies to target the domestic market for staycation and food menu for takeaway, and at the same time, taking decisive decision to reduce operating costs. The Group will continue to improve the quality of its hotel services to ensure the hotel guests having enjoyable experiences during their stays in the hotel.

Objectives for the remaining of 2021 are as follows: (1) we will continue to improve our investment portfolio through the acquisition of quality properties in Hong Kong at attractive price and disposals of more mature properties in order to balance the demands of short-term returns and long-term capital appreciation; (2) we will review our management system and cost structure so as to improve efficiency and reduce expenses where possible; (3) we will consider gearing up our projects in a responsible manner in order to increase our return on equity; and (4) we will further develop the business of trading of medical equipment and more variety of security products, as well as further explore new trading business.

The Board will strive for new breakthroughs in terms of industry and geographic coverage by improving the corporate governance mechanism and on the condition of compliance of the Listing Rules, increasing the risk control level, enhancing asset management capability, further forging a professional and high-quality talent team to seize the development opportunity and actively develop new customers. The Group will also pay attention to maintain the relationship with existing customers and explore deeper cooperation with quality customers in order to achieve steady and long-term development of the Group.

HUMAN RESOURCES

As at 31 March 2021, the Group had 184 employees, 123 of whom were based in the PRC and the remaining employees were based in Hong Kong. The total employee benefits expenses including directors' emoluments (before capitalisation) for the year ended 31 March 2021 was approximately HK$36.9 million as compared with approximately HK$30.0 million in last year. The increase was because the Group had full-year operation of Holiday Inn Express Kaifeng during the Reporting Period.

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

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2021.

CAPITAL STRUCTURE

There was no change of the capital structure of the Company during the year ended 31 March 2021.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 15 August 2012 (the "**Scheme**") which complied with the requirements of Chapter 17 of the Listing Rules.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, the Company's shareholders and other employees of the Group. The Scheme will remain in force for 10 years from 15 August 2012.

During the Reporting Period, 38,700,000 share options were granted.

At the end of the Reporting Period, the Company had 38,700,000 share options outstanding under the Scheme, which represented approximately 3.96% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 38,700,000 additional ordinary shares of the Company and additional share capital of HK$3,870,000 and share premium of HK$967,500 (before issue expenses).

Details of the Scheme will be disclosed in the "Report of the Directors" and notes to the "Audited Financial Statements" in the Group's 2021 annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's shares.

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 interim report of the Company dated 23 November 2020, which is required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules:

Mr. Siu Kam Chau

Resigned as an executive director of Power Financial Group Limited (stock code: 397), a company with its shares listed on the main board of the Stock Exchange, on 21 June 2021.

CONTINUING CONNECTED TRANSACTIONS

Leases of office premises in Hong Kong

On 20 April 2020, Grand On Enterprise Limited ("**Grand On**"), a wholly-owned subsidiary of the Company entered into a tenancy agreement ("**Tenancy Agreement**") with Fitness Concept Limited, a company wholly-owned by Mr. Tjia Boen Sien ("**Mr. Tjia**"), the Managing Director and Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Hong Kong. The Tenancy Agreement was for a term of three years from 1 April 2020 to 31 March 2023, with a rental of HK$25,500 per month payable in advance. On 1 May 2021, the monthly rental was revised to HK$17,500. The annual rental fee payable by Fitness Concept Limited to Grand On for the year ended 31 March 2021 did not exceed HK$306,000.

The annual rental fee payable by Fitness Concept Limited to Grand On for the financial years ending 31 March 2022 and 31 March 2023 are not expected to exceed HK$218,000 and HK$210,000 respectively.

Given that Mr. Tjia is the Managing Director and Chairman of the Company and has an approximately 44.66% equity interest in the Company at the time entering into the Tenancy Agreement, Mr. Tjia is a connected person of the Company within the meaning of the Listing Rules, the transaction therefore constitutes a connected transaction of the Company.

As each of the applicable percentage ratios of the transaction was less than 5% and the total considerations involved were less than HK$3,000,000, pursuant to Rule 14A.33 of the Listing Rules, the transactions were exempted from the reporting, annual review, announcement and independent shareholders' approval requirements of the Listing Rules.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with most of the code provisions ("**Code Provisions**") as set out in the Code on Corporate Governance Practices ("**CG Code**") as contained in Appendix 14 to the Listing Rules save for the deviation from the Code Provision A.2.1 and 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.2.1

CG Code Provision A.2.1 requires that the roles of Chairman and chief executive should be separate and should not be performed by the same individual.

The Company has deviated from CG Code Provision A.2.1 to the extent that the roles of chairman and chief executive (or in the context of the Company, the managing director) are performed by Mr. Tjia. Having considered the existing structure and composition of the board and operations of the Group in Hong Kong, the board believes that vesting the roles of both chairman and managing director in Mr. Tjia facilitates the effective implementation and execution of its business strategies by, and ensure a consistent leadership for, the Group. Further, a balance of power and authority between the board and management can be ensured by the operation of the board, whose members (including the three independent non-executive directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the board from time to time to ensure that a balance of power and authority between the board and management is appropriately maintained for the Group.

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 are not 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 ("**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 year ended 31 March 2021. 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.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in this preliminary results announcement have been agreed by the Company's auditor, Ernst & Young ("**EY**"), to the amounts set out in the Group's draft consolidated financial statements for the Reporting Period. The work performed by EY, in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by EY on the preliminary results announcement.

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 annual results for the Reporting Period, and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprises of three independent non-executive directors of the Company, 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 annual results of the Group for the Reporting Period have been reviewed by the audit committee members who have provided advice and comment thereon.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

Except the investment made to Excel Castle under the section headed "**Prospects**", the Group did not have any other significant investment, material acquisition or disposal during the Reporting Period.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**AGM**") will be held on Monday, 30 August 2021. A notice convening the AGM will be published and despatched to the Company's shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from 25 August 2021 to 30 August 2021, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 24 August 2021.

DIVIDEND

No interim dividend was paid during the Reporting Period (2020: Nil).

The Directors do not recommend the payment of any final dividend (2020: Nil) in respect of the Reporting Period.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The annual results announcement is published on the Stock Exchange website (http://www.hkex.com.hk) and the Company's website (http://www.deson.com). The annual report for the Reporting Period 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, 29 June 2021

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, and the independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Ir Siu Man Po and Mr. Siu Kam Chau.