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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

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 2018 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 September 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000
REVENUE	3	**196,491**	26,001
Cost of sales		**(126,520)**	(11,443)
Gross profit		**69,971**	14,558
Other income and gains	3	**6,904**	9,430
Administrative expenses		**(39,264)**	(31,658)
Other operating income/(expenses), net		**(1,649)**	1,293
Finance costs	5	**(5,179)**	(6,888)
Share of profits and losses of associates		**(2,306)**	14,925
PROFIT BEFORE TAX	4	**28,477**	1,660
Income tax expense	6	**(16,354)**	(736)
PROFIT FOR THE PERIOD		**12,123**	924

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

For the six months ended 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000
Attributable to:			
Owners of the Company		**12,538**	1,217
Non-controlling interests		**(415)**	(293)
		12,123	924
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**HK1.28 cent**	HK0.12 cent
Diluted		**HK1.28 cent**	HK0.12 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**12,123**	924
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive loss of associates	**(1,959)**	–
Exchange differences on translation of foreign operations	**(115,852)**	37,781
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(117,811)**	37,781
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(105,688)**	38,705
Attributable to:		
Owners of the Company	**(105,282)**	38,995
Non-controlling interests	**(406)**	(290)
	(105,688)	38,705

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	**30 September 2018 HK$'000**	31 March 2018 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**216,035**	226,736
Investment properties	*9*	**940,386**	1,031,125
Investment in associates		**130,474**	118,352
Available-for-sale investments		–	21,641
Financial assets at fair value through other comprehensive income		**39,093**	–
Financial assets at fair value through profit or loss		**72,103**	–
Total non-current assets		**1,398,091**	1,397,854
CURRENT ASSETS			
Due from associates		**1,310**	576
Due from related companies		**3,762**	3,479
Properties held for sale under development and properties held for sale	*10*	**907,515**	1,130,094
Inventories		**16,048**	8,195
Accounts receivable	*11*	**22,433**	34,300
Prepayments, deposits and other receivables		**56,477**	30,938
Financial assets at fair value through profit or loss		–	4,510
Pledged deposits		**3,000**	126,000
Cash and cash equivalents		**78,917**	68,259
Total current assets		**1,089,462**	1,406,351
CURRENT LIABILITIES			
Accounts payable	*12*	**21,699**	12,253
Contract liabilities		**136,914**	–
Other payables and accruals		**76,247**	318,778
Due to associates		**5,260**	5,258
Tax payable		**30,577**	36,359
Interest-bearing bank and other borrowings		**119,571**	271,721
Total current liabilities		**390,268**	644,369
NET CURRENT ASSETS		**699,194**	761,982
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,097,285**	2,159,836

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2018

	Notes	30 September 2018 HK$'000	31 March 2018 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**324,286**	340,241
Deferred tax liabilities		**168,965**	169,791
Total non-current liabilities		**493,251**	510,032
Net assets		**1,604,034**	1,649,804
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*13*	**97,788**	97,788
Reserves		**1,507,114**	1,552,625
		1,604,902	1,650,413
Non-controlling interests		**(868)**	(609)
Total equity		**1,604,034**	1,649,804

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2017

	Attributable to owners of the Company													
	Issued capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Other reserve *HK$'000*	Property revaluation reserve *HK$'000*	Capital reserve *HK$'000*	Capital redemption reserve *HK$'000*	Share option reserve *HK$'000*	Exchange fluctuation reserve *HK$'000*	Reserve funds *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2017 (audited)	97,788	243,040	15,262	23,061	123,367	(9,240)	14,457	4,656	(54,538)	3,673	995,067	1,456,593	120	1,456,713
Profit/(loss) for the period	–	–	–	–	–	–	–	–	–	–	1,217	1,217	(293)	924
Other comprehensive income for the period:														
Exchange differences on														
translation of foreign operations	–	–	–	–	–	–	–	–	37,778	–	–	37,778	3	37,781
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	–	–	37,778	–	1,217	38,995	(290)	38,705
Capital injection from a non-controlling shareholder	–	–	–	–	–	–	–	–	–	–	–	–	453	453
Equity-settled share option arrangement	–	–	–	–	–	–	–	52	–	–	–	52	–	52
Release of revaluation reserve	–	–	–	–	(2,596)	–	–	–	–	–	2,596	–	–	–
Transfer of share option reserve upon expiry of share options	–	–	–	–	–	–	–	(2,310)	–	–	2,310	–	–	–
Final 2017 dividend paid	–	–	–	–	–	–	–	–	–	–	(4,890)	(4,890)	–	(4,890)
At 30 September 2017	97,788	243,040	15,262	23,061	120,771	(9,240)	14,457	2,398	(16,760)	3,673	996,300	1,490,750	283	1,491,033

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Period ended 30 September 2018

	Attributable to owners of the Company														
	Issued capital HK$'000	Share premium account HK$'000	Contributed surplus HK$'000	Other reserve HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Reserve funds HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2018 (audited)	97,788	243,040	15,262	23,061	129,250	(9,240)	14,457	2,398	85,383	-	961	1,048,053	1,650,413	(609)	1,649,804
Adjustment on adoption of HKFRS 15, net of tax	-	-	-	-	-	-	-	-	-	-	-	927	927	-	927
Adjustment on adoption of HKFRS 9, net of tax	-	-	-	-	-	-	-	-	-	6,243	-	57,490	63,733	-	63,733
Restated balance at 1 April 2018	97,788	243,040	15,262	23,061	129,250	(9,240)	14,457	2,398	85,383	6,243	961	1,106,470	1,715,073	(609)	1,714,464
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	12,538	12,538	(415)	12,123
Other comprehensive loss for the period:															
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	(1,959)	-	-	-	(1,959)	-	(1,959)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(115,861)	-	-	-	(115,861)	9	(115,852)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	(117,820)	-	-	12,538	(105,282)	(406)	(105,688)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	147	147
Release of revaluation reserve	-	-	-	-	(2,582)	-	-	-	-	-	-	2,582	-	-	-
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	(2,398)	-	-	-	2,398	-	-	-
Final 2018 dividend paid	-	-	-	-	-	-	-	-	-	-	-	(4,889)	(4,889)	-	(4,889)
At 30 September 2018	97,788	243,040*	15,262*	23,061*	126,668*	(9,240)*	14,457*	-*	(32,437)*	6,243*	961*	1,119,099*	1,604,902	(868)	1,604,034

* These reserve accounts comprise the consolidated reserves of HK$1,507,114,000 (31 March 2018: HK$1,552,625,000) 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**") of 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. They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at valuation or fair value. These unaudited condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2018.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 March 2018, except as described below:

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers and the related Amendments*
Amendments to HKFRS 15	*Clarification to* HKFRS15 *Revenue from Contracts with Customers*
HK (IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying* HKFRS 9 *Financial Instruments with* HKFRS 4 *Insurance Contracts*
Amendments to HKAS 40	*Transfers of Investment Property*
Annual Improvements 2014-2016 Cycle	*Amendments to* HKFRS 1 *and* HKAS 28

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, and presentation of contract assets and contract liabilities.

HKFRS 9 "*Financial Instruments*"

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "*Financial Instruments: Recognition and Measurement*" for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairment and (iii) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the interim condensed consolidated financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVOCI (debt investments)	Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**
Listed equity investments	Held-for-trading	FVTPL
Unlisted equity investments	Available-for-sale investment	FVTPL/FVOCI
Accounts and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents and pledged deposits	Loans and receivables	Amortised cost

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification and measurement of financial liabilities. Hence, the adoption of HKFRS 9 does not affect the carrying amounts of the Group's financial liabilities as at 1 April 2018.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forwardlooking information. The Group's debt investment at FVOCI are considered to have low credit risk since the issuers' credit rating are high.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investment at FVOCI, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the assets.

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a life time ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group applies general approach to measure ECL on deposits and other receivables. Impairment based on the expected credit loss model on the Group's trade receivables have no significant financial impact on the Group's interim condensed consolidated financial statements for the current accounting period.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 April 2018. Accordingly, the information presented for 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "**DIA**"):

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

If an investment in a debt investment had low credit risk at the DIA, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The following table summaries the impact on the Group's opening retained profits as at 1 April 2018:

	HK$'000
Reclassify available-for-sale investments to financial assets at fair value through other comprehensive income and adjustment to reserve from adoption of HKFRS 9 on 1 April 2018	6,243
Reclassify available-for-sale investments to financial assets at fair value through profit or loss and adjustment to retained profits from adoption of HKFRS 9 on 1 April 2018	57,490

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018.

Financial assets	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39**	**Carrying amount under HKFRS 9**
			HK$'000	*HK$'000*
Equity investments – Unlisted equity investment	Available-for-sale investment	Fair value through other comprehensive income	11,584	18,521
Equity investments – Unlisted equity investment	Available-for-sale investment	Fair value through profit or loss	10,057	72,103
Equity investments – Listed equity investment	Fair value through profit or loss	Fair value through profit or loss	4,510	4,510

The impact of these changes on the Group's equity is as follows:

	Effect on investment revaluation reserve	**Effect on retained profits**
	HK$'000	*HK$'000*
Opening balance – HKAS 39	–	1,048,053
Reclassify equity investments from available-for-sale investment to financial assets at fair value through profit or loss	–	62,046
Witholding tax for fair value gain on financial assets at fair value through profit or loss	–	(4,556)
Witholding tax for fair value gain on financial assets at fair value through other comprehensive income	(694)	–
Reclassify equity investments from available-for-sale investment to financial assets at fair value through other comprehensive income	6,937	–
Opening balance – HKFRS 9	6,243	1,105,543

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at 1 April 2018, thus the comparative figures have not been restated. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 April 2018.

Revenue recognition

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Land development revenue

Land development revenue is recognised at a point in time, when the customer obtains control of the assets and the Group has present right to payment and the collection of the consideration is probable.

(i) Accounting for revenue from sales of properties

Prior to the adoption of HKFRS 15, the Group accounted for revenue from sales of properties when significant risks and rewards of ownership have been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

The Group has reviewed the contracts and considered majority of revenue from sale of properties will continue to be recognised at a point in time, when the purchasers obtain the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. The adoption of HKFRS 15 has had no significant impact on the timing of revenue recognition.

(ii) Accounting for significant financing component for sales of properties

Prior to the adoption of HKFRS 15, the Group presented sales proceeds received from customers in connection with the Group's pre-sales of properties as receipts in advance under trade and other payables in the consolidated statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the sales proceeds received from customers with a significant financing component. The Group elected to apply the practical expedient and did not recognise the effects of a significant financing component with a customer if the time period is one year or less. In addition, reclassifications have been made from trade and other payables to contract liabilities for the payment received in advance from customers. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 April 2018. Receipts in advance of HK$245,615,000 that were previously classified under trade and other payables has been reclassified to contract liabilities as at 1 April 2018.

(iii) Accounting for sales commission

Prior to the adoption of HKFRS 15, the Group expensed off the sales commission associated with obtaining agreement for sale and purchase with property buyer. Upon adoption of HKFRS 15, sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets. Capitalised sales commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as selling and marketing expenses at that time. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 April 2018.

(iv) Accounting for construction activities in associates

Under HKFRS 15, the Company recognises construction contract revenue over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Construction contracts are generally accounted for as a single unit of account (a single performance obligation) and are not segmented between types of services. The Company recognises revenue using the cost-to-cost method, based primarily on contract cost incurred to date compared to total estimated contract cost. The cost-to-cost method (an input method) is the most faithful depiction of the Company's performance because it directly measures the value of the services transferred to the customer.

Changes to total estimated contract cost or losses, if any, are recognised in the period in which they are determined as assessed at the contract level.

The amount by each financial statements line items affected in current period and period to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

		As at 1 April 2018	
	Results without the adoption of HKFRS 15	Effects of the adoption of HKFRS 15	Amounts reported in accordance with HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of financial position (extract)			
Investments in associates	118,352	927	119,279
Other payables and accruals	318,778	(245,615)	73,163
Contract liabilities	–	245,615	245,615
Retained profits	1,048,053	927	1,048,980

		As at 30 September 2018	
	Results without the adoption of HKFRS 15	Effects of the adoption of HKFRS 15	Amounts reported in accordance with HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of financial position (extract)			
Investment in associates	129,287	1,187	130,474
Other payables and accruals	213,162	(136,914)	76,248
Contract liabilities	–	136,914	136,914
Retained profits	1,172,540	1,187	1,173,729

	Six months ended 30 September 2018		
	Results without the adoption of HKFRS 15	Effects of the adoption of HKFRS 15	Amounts reported in accordance with HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Condensed consolidated statement of profit or loss (extract)			
Share of profits and losses of associates	(2,566)	260	(2,306)
Profit for the period	11,863	260	12,123

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group was 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, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products of construction market.

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 before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax except that interest and dividend income, fair value gain on financial assets at fair value through profit or loss, finance costs, share of profits and losses 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.

Period ended 30 September 2018

	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Income from external customers	**176,217**	**20,274**	**196,491**
Other income and gains	**4,877**	**218**	**5,095**
	181,094	**20,492**	**201,586**
Segment results			
Operating profit	**36,538**	**1,912**	**38,450**
Reconciliation:			
Interest income			**921**
Dividend income			**770**
Fair value gain on financial assets at fair value through profit or loss			**118**
Unallocated expenses			**(4,297)**
Finance costs			**(5,179)**
Share of profits and losses of associates			**(2,306)**
Profit before tax			**28,477**
Other segment information:			
Loss on disposal of items of property, plant and equipment	**–**	**43**	**43**
Impairment of accounts receivable	**661**	**–**	**661**
Reversal of provision for inventories	**–**	**(152)**	**(152)**
Depreciation	**5,059**	**59**	**5,118**
Capital expenditure*	**5**	**–**	**5**

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

Period ended 30 September 2017

	Property development and investment business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Income from external customers	14,823	11,178	26,001
Other income and gains	6,961	214	7,175
	21,784	11,392	33,176
Segment results			
Operating loss	(3,955)	(1,011)	(4,966)
Reconciliation:			
Interest income			1,256
Dividend income			794
Fair value gain on financial assets at fair value through profit or loss			205
Unallocated expenses			(3,666)
Finance costs			(6,888)
Share of profits and losses of associates			14,925
Profit before tax			1,660
Other segment information:			
Reversal of impairment of other receivables	(646)	–	(646)
Provision for inventories	–	54	54
Depreciation	4,782	2,058	6,840
Capital expenditure*	712	52	764

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

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from property development and investment; the net invoiced value of goods sold, after allowance for returns and trade discounts; and provision of related installation and maintenance services.

An analysis of revenue, other income and gains is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Income from property development and investment business	**176,217**	14,823
Income from trading of medical equipment, home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products of construction market	**20,274**	11,178
	196,491	26,001
Other income and gains		
Bank interest income	**921**	1,256
Dividend income	**770**	794
Gross rental income	**4,756**	6,733
Fair value gain on financial assets at fair value through profit or loss	**118**	205
Others	**339**	442
	6,904	9,430

4. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Cost of properties sold	**111,392**	4,058
Cost of inventories sold and services provided	**15,128**	7,385
Depreciation	**5,118**	6,840
Minimum lease payments under operating leases on land and buildings	**551**	446
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**10,651**	9,984
Equity-settled share option expenses	**–**	52
Pension schemes contributions*	**232**	217
Less: Amount capitalised	**(1,045)**	(1,071)
	9,838	9,182
Directors' remuneration:		
Fee	**260**	180
Salaries and allowances	**2,288**	1,981
Equity-settled share option expenses	**–**	16
Pension schemes contributions	**29**	26
	2,577	2,203
(Reversal of provision)/provision for inventories, included in cost of inventories sold	**(152)**	54
Loss on disposal of items of property, plant and equipment^	**43**	–
Reversal of impairment of other receivables^	**–**	(646)
Impairment of accounts receivable^	**661**	–
Foreign exchange differences, net^	**945**	(647)

* At 30 September 2018, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (30 September 2017: Nil).

^ These amounts were included in "Other operating income/(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:

	2018	2017
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**11,605**	19,594
Less: Interest capitalised	**(6,426)**	(12,706)
	5,179	6,888

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	2018	2017
	HK$'000	*HK$'000*
Current – Elsewhere		
Charge for the period	**8,330**	–
Deferred	**884**	103
LAT in Mainland China	**7,140**	633
Total tax charge for the period	**16,354**	736

7. INTERIM DIVIDEND

The Board of Directors does not recommend the payment of interim dividend in respect of the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

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

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 977,880,400 (30 September 2017: 977,880,400) in issue during the period.

No adjustment was made to the basic earnings per share amount presented for the six months ended 30 September 2017 as the impact of share options had an anti-dilutive effect on the basic earnings per share amount for the periods end 30 September 2017.

9. INVESTMENT PROPERTIES

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Carrying amount at beginning of period/year	**1,031,125**	887,841
Net gain from fair value adjustment recognised in statement of proft or loss	**–**	47,215
Exchange realignment	**(90,739)**	96,069
Carrying amount at end of period/year	**940,386**	1,031,125

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

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Completed properties held for sale	**533,918**	705,682
Properties held for sale under development	**373,597**	424,412
	907,515	1,130,094
Properties held for sale under development		
– expected to be recovered:		
Within one year	**373,597**	424,412

As at 30 September 2018, certain completed properties held for sale and properties held for sale under development of the Group with an aggregate carrying amount of HK$145,692,000 (31 March 2018: HK$230,958,000) were pledged to secure certain banking facilities granted to the Group.

11. 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 aged analysis of the accounts receivable as at the end of the Reporting Period, based on the invoice date and net of provision, is as follows:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Current to 90 days	**15,827**	13,215
91 to 180 days	**90**	1,244
181 to 360 days	**1,324**	2,394
Over 360 days	**5,192**	17,447
Total	**22,433**	34,300

12. ACCOUNTS PAYABLE

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

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Current to 90 days	**14,428**	3,495
91 to 180 days	**211**	25
181 to 360 days	**128**	164
Over 360 days	**6,932**	8,569
	21,699	12,253

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

13. SHARE CAPITAL

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Authorised:		
1,500,000,000 ordinary shares of HK$0.10 each	**150,000**	150,000
Issued and fully paid:		
977,880,400 ordinary shares of HK$0.10 each	**97,788**	97,788

14. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years.

At 30 September 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Within one year	**289**	570
In the second to fifth years, inclusive	**942**	1,339
	1,231	1,909

15. RELATED PARTY TRANSACTIONS

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

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Management fees received from a related company	*(i)*	**28**	28
Management fees to an associate	*(ii)*	**59**	28
Rental income received from related companies	*(iii)*	**153**	153
Rental income received from an associate	*(iv)*	**858**	858

Notes:

(i) The management fee was charged by reference to actual costs incurred for the services provided by the Group.

(ii) 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 (2017: HK$26,000) per month. Mr. Tjia 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) During the period, rental income was charged to Deson Development Limited at HK$143,000 (2017: HK$143,000) per month as mutually agreed between the parties.

(b) Outstanding balances with related parties:

Details of the Group's balances with its associates and related companies as at the end of the Reporting Period are included in the financial statements.

(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.

The related party transactions above also constitute 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 2018	31 March 2018	**30 September 2018**	31 March 2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial asset				
Financial assets at fair value through profit or loss	**72,103**	4,510	**72,103**	4,510
Financial assets at fair value through other comprehensive income	**39,093**	–	**39,093**	–
Financial liabilities				
Interest-bearing bank and other borrowings – non-current	**353,495**	356,525	**353,495**	356,525

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.

Management has assessed 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 current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial assets and liabilities are included at the amount at which the instruments 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 value of listed equity investments is based on quoted market prices.

The fair value of unlisted equity investments is based on market reference to similar business.

The fair values of interest-bearing bank and other borrowings with maturity more than 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.

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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 2018

	Fair value measurement using			
	Quoted prices in active markets (Level l)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Financial assets at fair value through profit or loss	**–**	**–**	**72,103**	**72,103**
Financial assets at fair value through other comprehensive income	**–**	**–**	**39,093**	**39,093**

As at 31 March 2018

	Fair value measurement using			
	Quoted prices in active markets (Level l)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	4,510	–	–	4,510

As at 30 September 2018, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included non-current interest-bearing bank and other borrowings of HK$353,459,000 (31 March 2018: HK$356,525,000). 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 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 (2017: 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, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market.

The Group's turnover for the period ended 30 September 2018 recorded at approximately HK$196,491,000 (period ended 30 September 2017: HK$26,001,000), which represented a significant increase of 656% compared with corresponding period last year.

Property development and investment business

The Group's turnover for the period ended 30 September 2018 from this segment recorded at approximately HK$176,217,000 (period ended 30 September 2017: HK$14,823,000), which represented a significant increase of 1,089% as compared with last period. The turnover from this segment is arising from sales of properties at the PRC and rental income from investment properties.

(i) Sales of properties

Turnover increased from approximately HK$2,368,000 for the period ended 30 September 2017 to approximately HK$164,375,000 for the period ended 30 September 2018, which represents an increase of 6,842%. Sales noted in last reporting period mainly contributed by the remaining shops of the two commercial office buildings at the World Expo (the "**World Expo**"), Kaifeng, the PRC which began to be sold in 2016. Starting from the year ended 31 March 2018, the residential blocks and the shops at the street of the World Expo have been launched to the market and more revenue was recognized in this Reporting period.

World Expo consists of:

i) three residential blocks (Gross floor area of 59,300 sq. metres);

ii) two commercial office buildings (Gross floor area of 13,900 sq. metres);

iii) two streets of shops (Gross floor area of 2,000 sq. metres);

iv) a hotel under construction (Gross floor area of 14,800 sq. metres); and

v) an animation theatre (Gross floor area of 5,000 sq. metres).

(ii) Rental income from investment properties

Turnover decreased slightly from approximately HK$12,455,000 for the period ended 30 September 2017 to approximately HK$11,842,000 for the period ended 30 September 2018, which represents a slight decrease of 5%. During the period, the Group intended to sell 亞洲豪苑城市廣場 (Asian Villas City Square*). Detail can be referred to the announcement of the Company dated 6 May 2018. As a result, the expired tenancy agreement during the period was no longer being renewed and it caused the drop of rental income earned at Haikou location.

Segment operating profit generated from this segment for the Reporting Period amounted to approximately HK$36,538,000 whereas operating loss amounted to approximately HK$3,955,000 was noted in last reporting period.

Trading of medical equipment and home security and automation products

The Group's turnover for the period ended 30 September 2018 from this segment recorded at approximately HK$20,274,000 (30 September 2017: HK$11,178,000), which represented a increase of 81% as compared with last period. The significant increase is because there is a significant increase of sales of home security products in the PRC during this Reporting Period because the Group obtain a sole distributor of a brand in the PRC .

Segment operating profit generated from this segment for the Reporting Period amounted to approximately HK$1,912,000 whereas operating loss amounted to approximately HK$1,011,000 was noted in the last reporting period.

The net profit attributable to owners of the Company for the period ended 30 September 2018 amounted to approximately HK$12,538,000 as compared with the net profit attributable to owners of the Company for the period ended 30 September 2017 amounted to approximately HK$1,217,000. The significant increase is due to the commencement of sales noted for the residential blocks and the shops at the street of World Expo during this Reporting Period.

* *for identification purpose only*

FINANCIAL REVIEW

Turnover

For the six months ended 30 September 2018, the Group's turnover amounted to approximately HK$196 million, increased by 656% as compared to the same period last year. Such increase was mainly contributed by a increase in the sale of residential properties at the World Expo, Kaifeng, PRC.

Turnover generated from property development and investment business, trading of medical equipment and home securities and automation products as well as trading of various granite and marble products, stone slabs and products for construction market amounted to approximately HK$176 million and HK$20 million respectively, which represent an increase of 1,089% and an increase of 81% respectively as compared the same period last year.

Gross profit margin

During the six months ended 30 September 2018, the Group's gross profit margin operations was approximately 36%, down by 20 percentage point as compared to last period's 56%. This was mainly driven by the fact that the proportion of rental income in turnover from property development and investment segment is lower in this Reporting Period than the same period in last year, decreasing from 84% to 7%. The gross profit margin of rental income is much higher than the sales of property. As a result, overall gross profit margin is lower in this Reporting Period.

Share of profits and losses of associates

For the six months ended 30 September 2018, the Group's share of loss of associates amounted to approximately HK$2 million, decreased by 2,122% as compared to the same period last year. It is because of the loss noted during this Reporting Period for the major associates, Deson Construction International Holdings Limited.

Liquidity and financial resources

As at 30 September 2018, the Group had total assets of approximately HK$2,487,553,000, which has been financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK$883,519,000, approximately HK$1,604,902,000 and debit balance approximately HK$868,000, respectively. The Group's current ratio at 30 September 2018 was 2.79 compared to 2.18 as at 31 March 2018.

The gearing ratio for the Group as at 30 September 2018 was 24% (31 March 2018: 24%). It was calculated based on the non-current liabilities of approximately HK$493,251,000 (31 March 2018: HK$510,032,000) and long term capital (equity and non-current liabilities) of approximately HK$2,097,285,000 (31 March 2018: HK$2,159,836,000).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2018 was approximately HK$5,000, which were mainly used in the purchase of office equipment.

Contingent liabilities

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

Commitments

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

Charges on group assets

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 of HK$195,525,000 (31 March 2018: HK$205,450,000);

(ii) the pledge of certain of the Group's investment properties situated in Mainland China of HK$544,920,000 (31 March 2018: HK$597,500,000);

(iii) the pledge of certain of the Group's properties held for sale and properties held for sale under development situated in Mainland China of HK$145,692,000 (31 March 2018: HK$230,958,000); and

(iv) the pledge of the Group's deposits of HK$3,000,000 (31 March 2018: HK$126,000,000).

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. 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 the RMB currency, 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.

PROSPECT

Property development and investment

On 9 June 2005, the Group was granted the land use right of a development site in the Long Ting district of the city of Kaifeng. The Directors intend to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 221,000 square ("**sq.**") metres. The name of the project is "**Century Place, Kaifeng**". Up to now, construction for a total gross floor area of 190,000 sq. metres has been completed and the total sales contract sum achieved amounted to approximately RMB755 million. The remaining portions of the complex are under construction. The process is going well and it is expected that the construction will be completed by early 2019 and the pre-sale will start in the fourth quarter of 2018.

	CURRENT USE	**AREA** *(approximately sq. metres)*
Section A	Investment properties – Shops (leased out)	54,000
Section C	Properties held for sales – Villas	6,000
Section F	Properties held for sales – Shops	11,000
Section G	Properties held for sales under development – Villas	31,000

The Group plans to sell Section C when Section G is launched to the market. It is because these two areas are adjacent to each other and we believe the synergy effect can cause a higher return to the Group.

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 name of the project is "**World Expo, Kaifeng**". The Directors intended to develop a residential and commercial complex on the site with an estimated gross floor area of approximately 100,000 sq. metres. Up to now, construction for a gross floor area of approximately 20,000 sq. metres has been completed. It includes two commercial buildings with gross floor area of approximately 15,000 sq. metres and an animation theatre with gross floor area of approximately 5,000 sq. metres. The total sales contract sum achieved from the sales of commercial properties amounted to approximately RMB421 million. The animation theatre is named as "**Qing-Ming Riverside Anime Exhibition**" and is used to show the animation of the Riverside Scene at Qingming Festival ("清明上河圖") which was shown in the 2010 Shanghai Expo. During the reporting period, the Board decided to terminate the animation business and is seeking for potential buyer for the animation theatre together with the remaining properties at the World Expo, Kaifeng.

In September 2014, the Group was granted another land use right in the city of Kaifeng, PRC. The name of the project is **Zhu Ji Lane** ("珠璣巷"). The Group intended to develop a commercial street project with a total gross floor area of approximately 13,000 sq. metres. It was put in use in the 27th World Hakka Conference held in October 2014. As of now, the project has been completed. The Group has entered into a sale and purchase agreement with an independent third party and the transaction is expected to be completed in early 2019.

The central government has continued to practice four "**R**"s (i.e. purchase restriction, credit restriction, price restriction and sales restriction) in its austerity measures during the year to enable property developers to push forward real estate destocking steadily in a bid to bring healthy development for the real estate market in Mainland China. As the Mainland China government continues to implement categorised and city-specific control policies with respect to property market in the second half of the year, control over the property market will remain tight. Differentiation in the property market will continue. The property market in Tier 1 and Tier 2 cities will cool off and encounter adjustment, and Tier 3 and Tier 4 cities will retain a de-stocking tone with rebound in volume and prices. Market performance of lower-tier cities is expected to be relatively stable, however it is possible for the government to further tighten the control as a result of the performance of property prices. The tightening credit policies due to continued regulation over the property and financial deleveraging will become the major risk of the future property market in the PRC. The land market will moderately cool off due to credit squeeze, tightening liquidity and the increase in capital cost.

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 currently.

Proposed disposal of Hainan's properties

Capitalised terms used herein this section "**Proposed disposal of Hainan's properties**" shall have the same meanings as those defined in the announcement of the Company dated 6 May 2018.

The Vendor (being an indirect wholly-owned subsidiary of the Company), the Purchaser are unable to reach conclusion on commercial terms regarding the set up of the Proposed Joint Venture. On 25 October 2018, a termination agreement was signed by the Company, the Vendor, the Purchaser and the Property holder. The Framework Agreement has been terminated and the Deposit has been refunded to the Purchaser accordingly. The Group is seeking for potential buyer for the Hainan's properties.

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

Capitalised terms used herein this section shall have the same meanings as those defined in the announcement of the Company dated 15 October 2018.

On 15 October 2018, the Group has entered into the Subscription Agreement with the JV Company pursuant to which the Group has conditionally agreed to subscribe for the Subscription Shares, representing 6% of the enlarged issued share capital of the JV Company at the Consideration of US$900,000 (equivalent to approximately HK$7.0 million). On the same date, the Subsidiary, the JV Company and SVIL have entered into the Shareholders' Agreement governing the affairs of the JV Company and the provision of the Shareholder's Loan of up to HK$62,980,000, which will take effect on the completion date of the Subscription.

The JV Company 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.

SVIL and the Group agree to each make available a maximum contribution to the JV Company of approximately HK$1,100 million and HK$70 million respectively in various instalments in such amounts in proportion of their shareholding on such dates as from time to time to be determined by the board of directors of the JV Company for the purpose of financing the business of the JV Company Group and/or the redevelopment project of the JV Company Group.

The Directors (including the independent non-executive Directors) consider that the Subscription Agreement and the Shareholders' Agreement are on normal commercial terms. Taking into account the expected return to be generated from the proposed property development project through the investment in the JV Company, the Directors consider that the terms of the Subscription Agreement and the Shareholders' Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The transaction is expected to be completed on 9 November 2018.

Formation of a joint venture company for the property investment and/or development at Shanghai

During the Reporting Period, the Group has invested into two properties projects at Shanghai. They are principal engaged in properties redevelopment of residential apartments at Wuyi Road, Changing District, Shanghai ("**Project Embassy**") and properties redevelopment of offices and carparks at West Huaihai Road, Chang Ning District, Shanghai ("**Project Stone**"). Total investment is about HK$20 million.

Project Embassy is a low-rise building in Shanghai located next to the Embassy of Belgium. The building contains 8 apartments with total gross floor area 867 square meters. It is co-invest with an independent third party which the Group has 10% equity interest.

Project Stone is an office building, name as Shanghai City Point. The building contains 4 floors with total gross floor area 6,668 square meters. This project is co-invest with the same independent third party as Project Embassy which the Group has 5% equity interest.

Together with the Starway Parkview South Station Hotel project ("**Shanghai Parkview**") (30% equity interest owned), the Group intended to redevelope these old properties to realise the full value of these properties. The renovation work of the Shanghai Parkview has been completed and we are seeking potential buyer of it. The renovation works for Project Embassy and Project Stone are expected to be completed in late 2019.

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.

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 year, 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 PRC, we expect a high demand for wired and wireless security devices and systems, which are relevant to the 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.

The Group also commenced engaging in click-and-mortar retail business since 2015. With the brick-and-mortar store and online stores, customers can get the best of both worlds. In view of the trend of the world, shoppers are increasingly buying things they need online because it offers certain convenience – from delivering your order right to your door to broad selection and low prices – that brick-and-mortar stores can't.

On the other hand, we will also expand the retail and wholesales business to import/export business for trading of Fast Moving Consumer Goods ("**FMCG**"). FMCG are products that sell quickly at relatively low cost – items such as maternal and child products, food, household items and health care products. FMCG have short shelf lives, so, while profit margin on individual FMCG sales is low, the volume of sales makes up for it. The online customers for buying groceries and other consumable products is increasing as the Group improves the efficiency of delivery logistics, which shortens delivery times. The Group will try to source the FMCG around the world and import them to Mainland China.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 September 2018, 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 announcement, the Group did not have other plans for material investment or capital assets as at 30 September 2018.

HUMAN RESOURCES

As at 30 September 2018, the Group had 97 employees, 58 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the period under review increased to approximately HK$9.8 million from approximately HK$9.2 million in the same period last year. The increase was mainly due to the increase under the yearly review in the current period.

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 an interim dividend for the six months ended 30 September 2018 (for the six months ended 30 September 2017: 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 21 June 2018, which is required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules:

Dr. Ho Chung Tai, Raymond

Appointed as non-executive director of SCUD Group Limited (Stock Code: 1399), a company with its shares listed on the main board of the Stock Exchange, on 27 September 2018.

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 2018.

CAPITAL STRUCTURE

Details of the changes of the capital structure of the Company during the six months ended 30 September 2018 are set out in the note 13 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 2018, 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 Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). The Directors consider that the Company has complied with most of the Code Provisions throughout the six months ended 30 September 2018, 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 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 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 2018.

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 2018, 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 Company for the six months ended 30 September 2018 have not been audited by the Company's independent auditors. The Audit Committee held a meeting on 7 November 2018. 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 2018 interim report and interim financial statements of the Company 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, 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, 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.

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 2018 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 Deputy Chairman

Hong Kong, 7 November 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Lu Quanzhang, 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.