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 2019

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 2019, together with the comparative figures for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2019

	Notes	**2019** ***HK$'000***	2018 *HK$'000*
REVENUE	*4*	**259,417**	190,783
Cost of sales		**(168,056)**	(142,359)
Gross profit		**91,361**	48,424
Other income and gains	*4*	**11,694**	19,479
Fair value gain on investment properties		**66,456**	53,935
Administrative expenses		**(72,349)**	(68,609)
Other operating income/(expenses), net		**(54,502)**	5,268
Finance costs	*5*	**(1,566)**	(3,935)
Share of profits and losses of associates		**(4,527)**	8,671
PROFIT BEFORE TAX		**36,567**	63,233
Income tax expense	*6*	**(13,165)**	(16,198)
PROFIT FOR THE YEAR		**23,402**	47,035

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)
Year ended 31 March 2019

	Note	**2019**	2018
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**27,486**	47,776
Non-controlling interests		**(4,084)**	(741)
		23,402	47,035
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted		**HK2.81 cents**	HK4.89 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	2019	2018
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**23,402**	47,035
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(83,352)**	135,802
Reclassification adjustment for a foreign operation disposed of during the year	**–**	3,281
Share of other comprehensive income/(loss) of associates	**(1,608)**	850
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(84,960)**	139,933
Other comprehensive income 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	**(8,400)**	–
Income tax effect	**622**	–
Leasehold land and buildings:		
Surplus on revaluation	**14,422**	13,152
Income tax effect	**(2,663)**	(2,610)
Share of other comprehensive income of associates	**715**	419
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**4,696**	10,961
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(80,264)**	150,894
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(56,862)**	197,929
Attributable to:		
Owners of the Company	**(52,790)**	198,658
Non-controlling interests	**(4,072)**	(729)
	(56,862)	197,929

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**228,562**	226,736
Investment properties		**1,031,589**	1,031,125
Investments in associates		**27,109**	118,352
Equity investment designated at fair value through other comprehensive income		**9,400**	–
Equity investments at fair value through profit or loss		**105,380**	–
Available-for-sale investments		**–**	21,641
Total non-current assets		**1,402,040**	1,397,854
CURRENT ASSETS			
Due from associates		**4,515**	576
Due from related companies		**4,237**	3,479
Properties held for sale under development and properties held for sale		**973,913**	1,130,094
Inventories		**11,505**	8,195
Accounts receivable	*9*	**20,655**	34,300
Prepayments, deposits and other receivables		**46,789**	30,938
Financial assets at fair value through profit or loss		**–**	4,510
Tax recoverable		**27,234**	–
Pledged deposits		**3,000**	126,000
Cash and cash equivalents		**29,487**	68,259
		1,121,335	1,406,351
Non-current asset classified as held for sale	*12*	**68,589**	–
Total current assets		**1,189,924**	1,406,351
CURRENT LIABILITIES			
Accounts payable	*10*	**6,655**	12,253
Other payables and accruals		**299,480**	318,778
Due to associates		**5,177**	5,258
Tax payable		**22,499**	36,359
Interest-bearing bank and other borrowings		**226,632**	271,721
Total current liabilities		**560,443**	644,369

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 March 2019

	Note	2019 HK$'000	2018 HK$'000
NET CURRENT ASSETS		**629,481**	761,982
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,031,521**	2,159,836
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**192,642**	340,241
Deferred tax liabilities		**191,538**	169,791
Total non-current liabilities		**384,180**	510,032
Net assets		**1,647,341**	1,649,804
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**97,788**	97,788
Reserves		**1,553,485**	1,552,625
		1,651,273	1,650,413
Non-controlling interests		**(3,932)**	(609)
Total equity		**1,647,341**	1,649,804

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 Group was involved in the following activities:

- property development and investment; and

- trading of medical equipment and home security and automation products.

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 2019. 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 following new and revised HKFRSs for the first time for the current year's financial statements.

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*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Except for the amendments to HKFRS 4 and Annual Improvements 2014-2016 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The amendments have had no impact on the financial position or performance of the Group as the Group does not have any cash-settled share-based payment transactions and has no share-based payment transactions with net settlement features for withholding tax.

(b) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

    With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("**ECLs**").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 April 2018 is as follows:

		HKAS 39 measurement					HKFRS 9 measurement	
	Notes	**Category**	**Amount**	**Re-classification**	**ECL**	**Other**	**Amount**	**Category**
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets								
Available-for-sale investments		AFS[2]	21,641	(21,641)	–	–	–	N/A
To: Equity investment designated at fair value through other comprehensive income	*(i)*		–	(11,584)	–	–	–	
To: Equity investments at fair value through profit or loss	*(ii)*		–	(10,057)	–	–	–	
Equity investment designated at fair value through other comprehensive income		N/A	–	11,584	–	6,216	17,800	FVOCI[1] (equity)
From: Available-for-sale investments	*(i)*			11,584	–	–		
Equity investments at fair value through profit and loss		N/A	–	10,057	–	64,943	75,000	FVPL[3] (mandatory)
From: Available-for-sale investments	*(ii)*			10,057	–	–		
Financial assets at fair value through profit or loss		FVPL	4,510	–	–	–	4,510	FVPL (mandatory)
Other assets								
Investments in associates		N/A	118,352	–	–	(3,551)	114,801	N/A
Other liabilities								
Deferred tax liabilities		N/A	169,791	–	–	7,116	176,907	N/A

1 FVOCI: financial assets at fair value through other comprehensive income

2 AFS: Available-for-sale investments

3 FVPL: financial assets at fair value through profit or loss

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) (continued)

Classification and measurement (continued)

Notes:

(i) The Group has elected the option to irrevocably designate certain of its previous available-for-sale equity investments as equity investment designated at fair value through other comprehensive income.

(ii) The Group has classified its unlisted investments previously classified as available-for-sale investments as equity investments measured at fair value through profit or loss.

As of 1 April 2018, other financial assets, including amounts due from associates and related companies, accounts receivable, financial assets included in prepayments, deposits and other receivables, pledged deposits, and cash and cash equivalents, previously classified as loans and receivables under HKAS 39 were reclassified to financial assets at amortised cost under HKFRS 9 at their original carrying values, and there have been no changes to the classification or measurement of financial liabilities as a result of the adoption of HKFRS 9.

Impact on reserves and retained profits

The impact of transition to HKFRS 9 on reserves and retained profits is as follows:

	Reserves and retained profits *HK$'000*
Fair value reserve under HKFRS 9	
Balance as at 31 March 2018 under HKAS 39	–
Remeasurement of equity investment designated at fair value through other comprehensive income previously measured at cost under HKAS 39	6,216
Deferred tax in relation to the above	(622)
Balance as at 1 April 2018 under HKFRS 9	5,594
Retained profits	
Balance as at 31 March 2018 under HKAS 39	1,048,053
Remeasurement of equity investments at fair value through profit or loss previously measured at cost less impairment under HKAS 39	64,943
Deferred tax in relation to the above	(6,494)
Equity accounting for effect of adoption of HKFRS 9 in investments in associates	(3,551)
Balance as at 1 April 2018 under HKFRS 9	1,102,951

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15, issued in July 2014, establishes a new 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 principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 April 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	Notes	**Increase/ (decrease)** *HK$'000*
Assets		
Investments in associates	*(ii)*	(1,953)
Liabilities		
Receipts in advance*	*(i)*	(268,265)
Contract liabilities*	*(i)*	268,265
Other payables and accruals		–
Equity		
Retained profits	*(ii)*	(1,953)

* Both balances are included in other payables and accruals on the face of the consolidated statement of financial position.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) (continued)

The nature of the adjustments as at 1 April 2018 is described below:

(i) Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as receipt in advance included in other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities included in other payables and accruals.

Therefore, upon adoption of HKFRS 15, the Group reclassified HK$268,265,000 from receipts in advance to contract liabilities as at 1 April 2018 in relation to the consideration received from customers in advance as at 1 April 2018.

As at 31 March 2019, under HKFRS 15, HK$246,150,000 was reclassified from receipts in advance to contract liabilities, both included in other payables and accruals in relation to the consideration received from customers in advance.

(ii) The effect of adoption of HKFRS 15 in associates are accounted for by the Group under the equity method of accounting.

(d) Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

(e) HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

3. OPERATING SEGMENT INFORMATION

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

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

(b) the "others" segment comprises, principally, the trading of medical equipment and home security and automation products.

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

Segment assets exclude investments in associates, non-current asset classified as held for sale 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 2019

	Property development and investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue (note 4)			
Sales to external customers	**217,365**	**42,052**	**259,417**
Other income and gains, net	**9,334**	**388**	**9,722**
	226,699	**42,440**	**269,139**
Segment results			
Operating profit	**104,084**	**8,289**	**112,373**
Reconciliation:			
Bank interest income			**1,084**
Dividend income from equity investment at fair value through profit or loss			**722**
Dividend income from a financial asset at fair value through profit or loss			**48**
Fair value gain on financial assets at fair value through profit or loss			**118**
Fair value loss on equity investments at fair value through profit or loss			**(35,984)**
Unallocated expenses			**(8,511)**
Finance costs			**(1,566)**
Share of profits and losses of associates			**(4,527)**
Impairment of investment in an associate			**(27,190)**
Profit before tax			**36,567**
Segment assets	**2,248,101**	**29,672**	**2,277,773**
Reconciliation:			
Investments in associates			**27,109**
Non-current asset classified as held for sale			**68,589**
Corporate and other unallocated assets			**218,493**
Total assets			**2,591,964**

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2019 (continued)

	Property development and investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**657,771**	**13,832**	**671,603**
Reconciliation:			
Corporate and other unallocated liabilities			**273,020**
Total liabilities			**944,623**
Other segment information:			
Fair value gain on investment properties	**(66,456)**	**–**	**(66,456)**
Loss on disposal of items of property, plant and equipment	**16**	**80**	**96**
Impairment of accounts receivable	**–**	**728**	**728**
Impairment of other receivables	**1,902**	**–**	**1,902**
Provision for inventories	**–**	**836**	**836**
Reversal of provision for net realisable value of properties held for sale	**(12,870)**	**–**	**(12,870)**
Depreciation	**8,330**	**105**	**8,435**
Capital expenditure*	**9**	**35**	**44**

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

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2018

	Property development and investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	164,422	26,361	190,783
Other income and gains	14,702	423	15,125
	179,124	26,784	205,908
Segment results			
Operating profit/(loss)	71,240	(9,171)	62,069
Reconciliation:			
Interest income			3,323
Dividend income			850
Fair value gain on a financial asset at fair value through profit or loss			181
Unallocated expenses			(7,926)
Finance costs			(3,935)
Share of profits and losses of associates			8,671
Profit before tax			63,233
Segment assets	**2,415,966**	**40,990**	**2,456,956**
Reconciliation:			
Investments in associates			118,352
Corporate and other unallocated assets			228,897
Total assets			2,804,205

3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 March 2018 (continued)

	Property development and investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	901,499	4,506	906,005
Reconciliation:			
Corporate and other unallocated liabilities			248,396
Total liabilities			1,154,401
Other segment information:			
Fair value gain on investment properties	(53,935)	–	(53,935)
Loss on disposal of items of property, plant and equipment	–	21	21
Impairment/(reversal of impairment) of other receivables	(735)	2,127	1,392
Reversal of provision for inventories	–	(138)	(138)
Reversal of provision for net realisable value of properties held for sale	(1,180)	–	(1,180)
Depreciation	7,983	2,515	10,498
Capital expenditure*	739	60	799

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

Geographical information

(a) *Revenue from external customers*

	Hong Kong		**Mainland China**		**Consolidated**	
	2019 ***HK$'000***	2018 *HK$'000*	**2019** ***HK$'000***	2018 *HK$'000*	**2019** ***HK$'000***	2018 *HK$'000*
Segment revenue:						
Sales to external customers	**20,949**	11,378	**238,468**	179,405	**259,417**	190,783

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

3. OPERATING SEGMENT INFORMATION (continued)

Geographical information (continued)

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**149,737**	144,431
Mainland China	**1,110,414**	1,113,430
	1,260,151	1,257,861

The non-current assets information above is based on the locations of the assets and excludes investments in associates, equity investment designated at fair value through other comprehensive income, equity investments at fair value through profit or loss and available-for-sale investments.

4. REVENUE, AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Income from property development and investment business	**195,605**	137,972
Income from trading of medical equipment and home security and automation products	**42,052**	26,361
Revenue from other source:		
Gross rental income	**21,760**	26,450
	259,417	190,783

4. REVENUE, AND OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2019

	Property development and investment	Others	Total
	HK$'000	*HK$'000*	*HK$'000*
Geographical markets:			
Hong Kong	–	20,949	20,949
Mainland China	195,605	21,103	216,708
Total revenue from contracts with customers recognised at a point in time	195,605	42,052	237,657

(ii) Performance obligations

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

Sale of properties

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

Sale of goods

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

	2019	2018
	HK$'000	*HK$'000*
Other income and gains		
Bank interest income	**1,084**	3,323
Dividend income from equity investments at fair value through profit or loss	**722**	–
Dividend income from a financial asset at fair value through profit or loss	**48**	111
Dividend income from available-for-sale investments	**–**	739
Fair value gain on financial assets at fair value through profit or loss	**118**	181
Gross rental income	**9,137**	14,443
Others	**585**	682
	11,694	19,479

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**32,750**	46,896
Less: Interest capitalised	**(31,184)**	(42,961)
	1,566	3,935

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during the year or the Group's subsidiaries had available tax losses brought forward from previous years to offset the assessable profits generated during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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.

	2019	2018
	HK$'000	*HK$'000*
Current – Elsewhere		
Charge for the year	**9,554**	13,749
Overprovision in prior years	**–**	(220)
Withholding tax for gain on disposal of subsidiaries	**–**	4,835
Deferred	**17,651**	14,248
LAT in Mainland China	**(14,040)**	(16,414)
Total tax charge for the year	**13,165**	16,198

7. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Proposed final – HK0.5 cent (2018: HK0.5 cent) per ordinary share	**4,890**	4,890

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

Subsequent to the end of the reporting period, the Company's shareholders have approved the distribution of a special dividend of HK0.5 cent per ordinary share at a special general meeting on 11 June 2019, which has not been recognised as a liability as at 31 March 2019.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 977,880,400 (2018: 977,880,400) in issue during the year.

No adjustment was made to the basic earnings per share amount presented for the years ended 31 March 2019 and 31 March 2018 as the impact of share options had an anti-dilutive effect on the basic earnings per share amount on 31 March 2019 and 31 March 2018.

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**27,486**	47,776

9. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable	**22,470**	35,387
Impairment	**(1,815)**	(1,087)
	20,655	34,300

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.

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:

	2019	2018
	HK$'000	*HK$'000*
Current to 90 days	**14,336**	13,215
91 to 180 days	**1,846**	1,244
181 to 360 days	**12**	2,394
Over 360 days	**4,461**	17,447
Total	**20,655**	34,300

9. ACCOUNTS RECEIVABLE (continued)

Impairment under HKFRS 9 for the year ended 31 March 2019

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, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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.

Impairment under HKAS 39 for the year ended 31 March 2018

Included in the above provision for impairment of accounts receivable, which was measured based on incurred credit losses under HKAS 39, as at 31 March 2018 was a provision for individually impaired accounts receivable of HK$1,087,000 with a carrying amount before provision of HK$1,087,000.

The individually impaired accounts receivable as at 31 March 2018 related to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

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:

	2019	2018
	HK$'000	*HK$'000*
Current to 90 days	**2,997**	3,495
91 to 180 days	**–**	25
181 to 360 days	**42**	164
Over 360 days	**3,616**	8,569
	6,655	12,253

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

11. SHARE CAPITAL

Shares

	2019	2018
	HK$'000	*HK$'000*
Authorised:		
1,500,000,000 (2018: 1,500,000,000) ordinary shares of HK$0.10 each	**150,000**	150,000
Issued and fully paid:		
977,880,400 (2018: 977,880,400) ordinary shares of HK$0.10 each	**97,788**	97,788

12. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

During the year, as further set out in note 13 in this results announcement, the Group as one of the sellers entered into a memorandum of understanding dated 21 February 2019 with an independent third party to dispose of the Group's entire equity interest in Deson Construction International Holdings Limited ("**DCIHL**"), an associate of the Group during the year and as of 31 March 2019. In view of the abovementioned plan to dispose of the Group's equity interest in DCIHL, the Group has classified its interests in DCIHL and its subsidiaries (the "**DCIHL Group**") as a non-current asset held for sale as at 31 March 2019.

13. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the memorandum of understanding dated 21 February 2019 (the "**MOU**") and a sale and purchase agreement dated 12 April 2019 (the "**S&P Agreement**"), each of Deson Development Holdings Limited, a wholly-owned subsidiary of the Company incorporated in the BVI, Sparta Assets Limited, a company incorporated in the BVI, and Mr. Tjia Boen Sien (collectively the "**Sellers**") has conditionally agreed to sell; and Energy Luck Limited, a company wholly-owned by Mr. Wong Kui Shing incorporated in the BVI, has conditionally agreed to buy the respective equity interest of the Sellers in DCIHL comprising 361,302,082 shares of DCIHL at an aggregate consideration of approximately HK$79,486,000 (the "**Proposed Disposal**"). Further details of the Proposed Disposal are set out in the circular of the Company dated 24 May 2019.

Among the Sellers, the Group would sell its entire equity interest in DCIHL comprising 311,769,867 shares at the consideration of approximately HK$68,589,000. As of 31 March 2019, the Group has received an earnest sum of approximately HK$1,726,000 from Energy Luck Limited in accordance with the MOU.

Among the conditions precedent to the completion of the Proposed Disposal in accordance with the terms of the S&P Agreement, the Company has obtained its shareholders' approval in a special general meeting on 11 June 2019 (the "**SGM**") on entering into the S&P Agreement and the Proposed Disposal in relation to the equity interest held by the Group, and has fulfilled such condition to the Proposed Disposal. Upon completion of the Proposed Disposal, the DCIHL Group would no longer be associates of the Group and a gain/loss on disposal would be recorded by the Group upon the derecognition of the Group's interests in the DCIHL Group. In addition, as further set out in note 7 to this results announcement, the Company has also obtained its shareholders' approval in the SGM for a special dividend to the Company's shareholders of HK0.5 cent per ordinary share of the Company in an aggregate amount of approximately HK$5,000,000 out of the proceeds of the consideration of the Proposed Disposal, which is subject to a board meeting of the Company upon completion of the Proposed Disposal. The completion of the Proposed Disposal is expected to take place in the next financial period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major business segments during the year ended 31 March 2019 ("**Reporting Period**") comprise (i) property development and investment; and (ii) trading of medical equipment and home security and automation products, and the provision of related installation and maintenance services.

The Group's turnover for the year ended 31 March 2019 recorded at approximately HK$259,417,000 (2018: HK$190,783,000), which represented an increase of 36% compared to last year.

Property development and investment business

The Group's turnover for the year ended 31 March 2019 generated from this segment recorded at approximately HK$217,365,000 (2018: HK$164,422,000), which represented an increase of 32% as compared to last year. The turnover generated from this segment is arising from sales of properties at the People's Republic of China (the "**PRC**") and rental income earned from investment properties located at the PRC.

(i) Sales of properties

Turnover increased from approximately HK$137,972,000 for the year ended 31 March 2018 to approximately HK$195,605,000 for the year ended 31 March 2019, which represented a significant increase of 42%. Sales recognised in last year was mainly generated from sales of offices and one residential block at World Expo Plaza ("**World Expo**"), Kaifeng, the PRC. During the year, the two remaining residential blocks have been launched to the market and more revenue was recognised 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 from approximately HK$26,450,000 for the year ended 31 March 2018 to approximately HK$21,760,000 for the year ended 31 March 2019, which represented a decrease of 18%. During the year, the Group intended to redevelop 亞洲豪苑城市廣場 (Asian Villas City Square). As a result, the expired tenancy agreement during the year was no longer being renewed and it caused the drop of rental income earned at Haikou, the PRC.

Segment operating profit generated from this segment during the Reporting Period amounted to approximately HK$104,084,000 (2018: HK$71,240,000).

Trading of medical equipment and home security and automation products

The Group's turnover for the year ended 31 March 2019 generated from this segment recorded at approximately HK$42,052,000 (2018: HK$26,361,000), which represents a significant increase of 60% as compared to last year. The significant increase is because of significant increase of sales of home security products in the PRC during this Reporting Period as the Group obtained a sole distributorship of a brand in the PRC.

Segment operating profit generated from this segment during the Reporting Period amounted to approximately HK$8,289,000 whereas operating loss amounted to approximately HK$9,171,000 was incurred in the last reporting period.

The net profit attributable to owners of the Company for the year ended 31 March 2019 amounted to approximately HK$27,486,000 as compared to the net profit attributable to owners of the Company for the year ended 31 March 2018 amounted to approximately HK$47,776,000. The decrease was due to (i) the fair value loss for the equity investments at fair value through profit or loss after the adoption of the new Hong Kong Financial Reporting Standards ("**HKFRS**") 9 *Financial Instruments*. After the adoption of HKFRS 9, a fair value loss of HK$35,984,000 was incurred for the equity investments held by the Group at the end of the reporting date; and (ii) the impairment of the investment in DCIHL of HK$27,190,000, after comparing the expected sales proceeds with its carrying amount as at 31 March 2019. The above decrease was partly offset by (i) the commencement of sales noted for the residential blocks of World Expo during this Reporting Period; (ii) significant increase of sales of home security products in the PRC during this Reporting Period since the Group has obtained a sole distributorship of a brand in the PRC; and (iii) the increase in fair value gain on investment properties (before deferred taxation) recognised of approximately HK$66,456,000 (2018: HK$53,935,000). A significant increment was noted for the properties located in Haikou, the PRC.

Earnings per share for the year ended 31 March 2019 is approximately HK2.81 cents.

FINANCIAL REVIEW

Turnover

For the year ended 31 March 2019, the Group's turnover amounted to approximately HK$259 million, increased by 36% as compared to last year. The increase was mainly due to the commencement of sales noted for the residential blocks of World Expo during this Reporting Period.

Turnover generated from property development and investment business and trading of medical equipment and home securities and automation products amounted to approximately HK$217 million and HK$42 million, respectively, which represented an increase of 32% and 60%, respectively as compared to the last reporting period.

Gross profit margin

During the year ended 31 March 2019, the Group's gross profit margin was approximately 35.2%, increased by 9.8 percentage points as compared to last year's 25.4%. This was because higher gross profit margin was noted for the sales of two residential blocks at Kaifeng in this Reporting Period.

Other operating income/(expenses), net

The amount was changed from an income of approximately HK$5.3 million for the year ended 31 March 2018 to an expense of approximately HK$54.5 million for the year ended 31 March 2019. Prior year's amount mainly represented the gain on disposal of subsidiaries. This year's amount represent (i) the fair value loss of equity investments at fair value through profit or loss after the adoption of HKFRS 9; and (ii) the impairment loss of investment in DCIHL. No such loss was incurred for the year ended 31 March 2018.

Share of profits and losses of associates

For the year ended 31 March 2019, the Group's share of losses of associates amounted to approximately HK$4.5 million, decreased by 152% as compared to the share of profits of associates amounted to approximately HK$8.7 million in the last reporting period. It is because of the loss incurred during this Reporting Period for the major associates, the DCIHL Group. Due to the (i) loss incurred in electrical and mechanical works resulted from the rising costs consistent with the market conditions both in labour and material throughout the contractual period and extra costs for extended contractual period in some projects for the year ended 31 March 2019; and (ii) fair value loss of the marketable securities for the year ended 31 March 2019, that a net loss was recorded for the DCIHL Group.

Liquidity and financial resources

As at 31 March 2019, the Group had total assets of approximately HK$2,591,964,000, which was financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK$944,623,000, HK$1,651,273,000 and debit balance of approximately HK$3,932,000, respectively. The Group's current ratio at 31 March 2019 was 2.12 as compared to 2.18 at 31 March 2018.

As at 31 March 2019, the gearing ratio for the Group is 19% (31 March 2018: 24%). It was calculated based on the non-current liabilities of approximately HK$384,180,000 (31 March 2018: HK$510,032,000) and long term capital (equity and non-current liabilities) of approximately HK$2,031,521,000 (31 March 2018: HK$2,159,836,000).

Capital expenditure

Total capital expenditure for the year ended 31 March 2019 was approximately HK$44,000, and was mainly used in the purchase of items of office equipment.

Contingent liabilities

At the end of the reporting date, the Group had no significant contingent liabilities.

Commitments

At the end of the reporting date, the Group had capital commitments contracted, but not provided for, of approximately HK$22,400,000.

Charges on group assets

Assets with carrying value of approximately HK$1,129,901,000 were pledged as securities for the Group's banking facilities.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2019. 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 is mainly exposed to balances denominated in Renminbi ("**RMB**"), which mainly arising from relevant Group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities.

The Group currently does not have a foreign currency hedging policy to eliminate the currency exposures against changes in exchange rates of the RMB against HKD. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

PROSPECTS

Property development and investment

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. 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 this project is "**Century Place, Kaifeng**". Up to the date of this results announcement, the construction of a gross floor area of 190,000 sq. metres has been completed and the total sales contract sum achieved amounted to approximately RMB757 million. The remaining part of the land (Section G) is under construction, and it is expected the construction will be completed by first quarter of 2020 and the pre-sale will start in the second quarter of 2020.

	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 PRC. The name of this 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 95,000 sq. metres. Up to the date of this results announcement, gross floor area of approximately 80,000 sq. metres has been completed. It includes (i) two commercial buildings with gross floor area of approximately 14,000 sq. metres; (ii) an animation theatre with gross floor area of approximately 5,000 sq. metres; (iii) three residential building with gross floor area of approximately 59,000 sq. metres; and (iv) 25 street shops with gross floor area of approximately 2,000 sq. metres. The total sales contract sum achieved from the sales amounted to approximately RMB446 million. It is expected that the construction of the whole project will be completed by the end of 2019. The parts under construction is a hotel (gross floor area of approximately 15,000 sq. metres). The animation theatre is named "**Qing-Ming Riverside Anime Exhibition**" and was used to show the animation of 清明上河圖 which was shown in 2010 Shanghai Expo. The Board decided to terminate the animation business and is seeking for potential buyer for the animation theatre together with the remaining properties at the World Expo, Kaifeng, the PRC.

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

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

Proposed disposal of Hainan's properties

Capitalised terms used herein this section 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) and 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 another potential buyer for the properties located in Haikou, the PRC.

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

On 15 October 2018, the Group has entered into a subscription agreement with Excel Castle International Limited ("**Excel Castle**") ("**Subscription Agreement**") 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 the 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**") 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, 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 refereed to as "**Excel Castle Group**").

Each of SVIL and the Group agrees to make available a maximum contribution to Excel Castle 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 Excel Castle for the purpose of financing the business of the JV Group and/or the redevelopment project of the Excel Castle 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 Excel Castle, 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 was completed on 9 November 2018. As the Group does not have significant influence over Excel Castle, the investment is classified as equity investment at fair value through profit or loss.

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

During the Reporting Period, the Group has invested into two properties projects at Shanghai, being the property redevelopment of residential apartments at Wuyi Road, Changning District, Shanghai ("**Project Embassy**") and properties redevelopment of offices and carparks at West Huaihai Road, Changning District, Shanghai, the PRC ("**Project Stone**"). Total investment on these two projects is about HK$20 million.

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. meters. It is co-invested with an independent third party in a company registered in BVI in which the Group has 10% equity interest.

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

The Group intended to refurbish Project Embassy and Project Stone to realise the full value of the properties. The renovation works for these two projects are expected to be completed in late 2019. As the Group does not have significant influence over the BVI Companies, the investments are classified as equity investments at fair value through profit or loss.

Regarding the Starway Parkview South Station Hotel project ("**Project Parkview**"), it locates in Xuhui West Bund area, adjacent to Shanghai Botanical garden. The hotel was built in 2003 with a total gross floor area of approximately 7,319 sq. meters and 56 rooms. It is co-invested with an independent third party and the Group has 30% equity interest, which is accounted for as an associate. The hotel has been converted into 66-rooms rental apartments with communal recreational facilities and amenity retails. The renovation work of the Shanghai Parkview has been completed and the Group will focus on asset management and leasing business for it.

In the 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 an shareholders' agreement with Pamfleet China GP II Limited ("**Pamfleet China**") to set up a fund for property investment. The Group owns 30% of the fund and the total investment is expected to be approximately USD1.125 million.

Pamfleet China is an independent and privately-owned real estate investment advisor with offices in Hong Kong, Singapore and Shanghai. Their 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 China have been involved in the selection and management of real estate investments throughout Asia for over 20 years.

The name of the abovementioned fund is Pamfleet Shanghai Real Estate Fund II ("**PSREFII**"). PSREFII will seek to capitalise on Pamfleet China'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 continue Pamfleet China's track record of identifying, structuring and executing successful asset repositioning investments in Shanghai and other tier-one cities in Mainland China.

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

Trading of medical equipment and home security and automation products

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

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

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

During the year, the Group has set up an e-solution company that will be engaged in:

i) customs clearance and logistics services

Based on our experience and network in Indonesia and the PRC, we will provide customs clearance and logistics services to our potential customers who carry out trading services between these two countries. The services include clearance, inspection, insurance, warehouse storage, foreign exchange settlement, and import/export policy consultation.

ii) general trading and e-commerce services

We will import foreign products into Mainland China. Our potential customers include distributors and large supermarkets. Our online business platform partners include HIPAC ("**海拍客**") and PINDUODUO ("**拼多多**"). Our products include baby products, beverages and food.

Disposal of Deson Construction International Holdings Limited and its subsidiaries

Reference is made to the joint announcement of the Company, Deson Construction International Holdings Limited and Energy Luck Limited ("**Energy Luck**") dated 12 April 2019 (the "**Joint Announcement**"). Unless otherwise defined, terms used herein have the same meanings as those defined in the Joint Announcement.

On 12 April 2019, Deson Development Holdings Limited ("**DDHL**"), Sparta Assets Limited ("**Sparta**") and Mr. Tjia Boen Sien ("**Mr. Tjia**") as sellers, Energy Luck as purchaser entered into the Sale and Purchase Agreement whereby each of DDHL, Sparta and Mr. Tjia has conditionally agreed to sell, and Energy Luck has conditionally agreed to purchase from each of DDHL, Sparta and Mr. Tjia, the Sale Shares, being in aggregate 361,302,082 DCIHL Shares, representing approximately 36.13% of the issued share capital of DCIHL at the Consideration of approximately HK$79,486,000 (representing a purchase price of HK$0.22 per Sale Share) ("**Transaction**“).

Upon the Sale and Purchase Completion, each of the Company, DDHL, Sparta and Mr. Tjia will cease to have any shareholding interest in DCIHL and DCIHL will cease to be an associated company of the Company.

DCIHL is an investment holding company and the principal activities of its subsidiaries consist of (a) the construction business, as a main contractor and fitting-out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related business; (b) investment in securities; and (c) investment in properties.

The Board considers that the Disposal provides an attractive exit opportunity for the Group to realise its long term investment in DCIHL. The Disposal enables the Group to recycle capital into existing property development and investment business. The Directors are of the view that the Disposal will benefit the Group by realising its investment and also strengthen the liquidity and overall financial position of the Group. Having regard to the prevalent unstable economy and financial market conditions, the purpose of use of proceeds for development and expansion of the existing businesses, for general working capital purpose and for the return to the shareholders of the Company, the Board (including the independent non-executive directors of DDIHL) considers that the terms of the Sale and Purchase Agreement, the Sale Price and the Disposal, which have been determined on an arm's length basis, are fair and reasonable and on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

The Transaction has been approved by the shareholders of the Company at the Special General Meeting of the Company held on 11 June 2019.

For details, please refer to the Joint Announcement and the Circular of the Company dated 24 May 2019.

Based on consideration of HK$0.22 per Sales Share, the investment in DCIHL has been impaired by HK$27,190,000 to approximately HK$68,589,000 which is the same as the consideration of the Transaction.

HUMAN RESOURCES

As at 31 March 2019, the Group had 112 employees, 74 of whom were based in the PRC and the remaining employees were based in Hong Kong. The total employee benefits expenses include directors' emoluments for the year ended 31 March 2019 of approximately HK$24.3 million as compared to approximately HK$24.4 million in last year.

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

EVENTS AFTER THE REPORTING PERIOD

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

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 2019.

CAPITAL STRUCTURE

There was no change of the capital structure of the Company during the year ended 31 March 2019.

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.

CONTINUING CONNECTED TRANSACTIONS

Administrative services agreement

On 1 April 2017, Grand On Enterprise Limited ("**Grand On**"), a wholly-owned indirect subsidiary of the Company, and Deson Development Limited ("**DDL**"), an associate of the Company, entered into an administrative services agreement ("**Administrative Services Agreement**"), pursuant to which DDL, as a service provider, has agreed to provide Grand On certain administrative services including provision of office facilities, utilities and equipment support, cleaning services, administrative support and information technology system and technical training support, for a term of two years from 1 April 2017 and ended on 31 March 2019. In consideration of the provision of such administrative services, Grand On shall pay to DDL a service fee, based on DDL's actual direct and indirect cost incurred in the supply and procuring of the supply of such services, including overheads, human and/or other resources. The annual service fee payable by Grand On to DDL for each of the financial years ended 31 March 2018 and 31 March 2019 did not exceed HK$600,000.

On 7 March 2019, the Administrative Services Agreement was renewed for a term of one year from 1 April 2019 to 31 March 2020. The annual service fee payable by Grand On to DDL for the year ending 31 March 2020 is not expected to exceed HK$480,000.

Leases of office premises in Hong Kong

(i) On 15 April 2017, Grand On as landlord and DDL as tenant, entered into a tenancy agreement, for the rental of certain portions of the Nanyang Plaza property located at 11th Floor of Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong with an aggregate floor area of approximately 9,500 square feet ("**sq. ft.**") and the joint rights to occupy and use a common area with aggregate floor area of approximately 3,200 sq. ft. The term of tenancy was from 1 April 2017 to 31 March 2019, with a rental of HK$143,000 per month payable in advance. The annual rental fee payable by DDL to Grand On for each of the financial years ended 31 March 2018 and 31 March 2019 did not exceed HK$1,716,000.

    On 15 April 2019, the tenancy agreement was renewed for a term of one year from 1 April 2019 to 31 March 2020, with a rental of HK$209,000 per month payable in advance. The annual rental fee payable by DDL to Grand On for the year ending 31 March 2020 is not expected to exceed HK$2,508,000.

(ii) On 1 April 2018, the Group 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 Deputy Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Hong Kong. The tenancy agreement was contracted for three years commencing from 1 April 2017, and the monthly rent payable was HK$25,500. The rental income earned during the year ended 31 March 2019 from this tenancy agreement was approximately HK$306,000.

Given that Mr. Tjia is the Managing Director and Deputy Chairman of the Company and has an approximately 42.81% 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 transactions therefore constitute connected transactions of the Company.

As each of the applicable percentage ratios of the transactions 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.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 are not appointed for a specific term. However, all independent non-executive directors are subject to the 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 year ended 31 March 2019. 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 2019 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 year. 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 year ended 31 March 2019, 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 year ended 31 March 2019 have been reviewed by the audit committee members who have provided advice and comment thereon.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

Except for the investments made to Project Stone, Project Embassy, Excel Castle under the section headed "**Prospects**", and the disclosure in note 12 and 13 to this results announcement, the Group did not have any other significant investment, material acquisition or disposal during the year.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**AGM**") will be held on Monday, 13 August 2019. 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

(a) 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 15 August 2019 to 20 August 2019, 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 14 August 2019.

(b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from 27 August 2019 to 29 August 2019, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, 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 26 August 2019. Final dividend is payable on 17 September 2019 to shareholders of record on 29 August 2019.

DIVIDEND

No interim dividend was paid during the year (2018: Nil).

On 11 June 2019, the Company declared a special dividend of HK0.5 cent per ordinary share.

The Directors recommend the payment of a final dividend of HK0.5 cent (2018: HK0.5 cent) per share in respect of the year.

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 year ended 31 March 2019 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, 21 June 2019

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.