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 2022

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 2022 (the "**Reporting Period**" or the "**Year**"), together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
REVENUE	*4*	**109,995**	103,799
Cost of sales		**(58,492)**	(57,344)
Gross profit		**51,503**	46,455
Other income and gains	*4*	**17,472**	10,314
Fair value (loss)/gain on investment properties, net		**(73,253)**	24,950
Administrative expenses		**(75,738)**	(83,966)
Other operating income/(expenses), net		**39,412**	(11,262)
Finance costs	*5*	**(25,225)**	(20,771)
Share of profits and losses of associates, net		**20,750**	2,037
LOSS BEFORE TAX		**(45,079)**	(32,243)
Income tax credit/(expense)	*6*	**14,092**	(6,659)
LOSS FOR THE YEAR		**(30,987)**	(38,902)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 March 2022

	Note	**2022** **HK$'000**	2021 *HK$'000*
Attributable to:			
Owners of the Company		**(27,274)**	(36,738)
Non-controlling interests		**(3,713)**	(2,164)
		(30,987)	(38,902)
		HK cents	*HK cents* (restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**(2.42)**	(3.62)
Diluted		**(2.42)**	(3.62)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022	2021
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(30,987)**	(38,902)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**63,664**	96,041
Share of other comprehensive income of associates, net	**325**	3,842
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**63,989**	99,883
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Leasehold land and buildings:		
Surplus on revaluation	**5,518**	5,129
Income tax effect	**(602)**	(465)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**4,916**	4,664
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**68,905**	104,547
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**37,918**	65,645
Attributable to:		
Owners of the Company	**41,510**	67,721
Non-controlling interests	**(3,592)**	(2,076)
	37,918	65,645

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**306,196**	315,696
Investment properties		**1,011,060**	1,041,350
Investments in associates		**9,838**	27,606
Equity investments at fair value through profit or loss		**229,790**	125,224
Total non-current assets		**1,556,884**	1,509,876
CURRENT ASSETS			
Due from associates		**2,399**	3,220
Properties held for sale under development and properties held for sale		**784,721**	760,270
Inventories		**6,221**	11,120
Accounts receivable	*9*	**16,590**	22,536
Prepayments, deposits and other receivables		**29,044**	32,852
Tax recoverable		**26,117**	24,260
Pledged deposits		**4,000**	2,500
Restricted cash		**—**	4,033
Cash and cash equivalents		**43,859**	20,372
Total current assets		**912,951**	881,163
CURRENT LIABILITIES			
Accounts payable	*10*	**6,706**	5,824
Other payables and accruals		**110,313**	83,630
Due to associates		**2,650**	3,069
Due to related companies		**13,169**	13,054
Tax payable		**22,818**	21,787
Interest-bearing bank and other borrowings		**263,324**	266,572
Total current liabilities		**418,980**	393,936
NET CURRENT ASSETS		**493,971**	487,227
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,050,855**	1,997,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**197,415**	218,890
Deferred tax liabilities		**181,336**	191,791
Total non-current liabilities		**378,751**	410,681
Net assets		**1,672,104**	1,586,422
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**146,682**	97,788
Reserves		**1,531,028**	1,491,613
		1,677,710	1,589,401
Non-controlling interests		**(5,606)**	(2,979)
Total equity		**1,672,104**	1,586,422

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Deson Development International Holdings Limited (the "**Company**") is a limited liability company incorporated in Bermuda. The address of the Company's registered office is located at Victoria Place, 5th Floor, 31 Victoria Place, Hamilton HM10, Bermuda and its 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 principal activities:

(i) property development and investment;

(ii) trading of medical equipment and home security and automation products; and

(iii) operation of a hotel.

2.1 BASIS OF PREPARATION

These consolidated 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 consolidated 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 2022. 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 parent of the Group 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 revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform — Phase 2"

These amendments address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate as at 31 March 2022. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

(b) Amendment to HKFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2021: three) reportable operating segments as follows:

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

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

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2022

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue *(note 4)*				
Sales to external customers	31,359	69,584	9,052	109,995
Other income and gains	14,791	600	453	15,844
	46,150	70,184	9,505	125,839
Segment results	(118,976)	2,939	(24,598)	(140,635)
Reconciliation:				
Bank interest income				128
Dividend income from equity investments at fair value through profit or loss				1,500
Fair value gain on equity investments at fair value through profit or loss, net				110,239
Finance costs				(25,225)
Share of profits and losses of associates, net				20,750
Unallocated expenses				(11,836)
Loss before tax				(45,079)
Segment assets	1,969,679	28,108	150,598	2,148,385
Reconciliation:				
Investments in associates				9,838
Corporate and other unallocated assets				311,612
Total assets				2,469,835

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2022

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**364,486**	**12,527**	**18,541**	**395,554**
Reconciliation:				
Corporate and other unallocated liabilities				**402,177**
Total liabilities				**797,731**
Other segment information:				
Fair value loss on investment properties, net	**73,253**	**—**	**—**	**73,253**
Loss on disposal of items of property, plant and equipment	**—**	**—**	**59**	**59**
Impairment of accounts receivable, net	**3,472**	**5,443**	**—**	**8,915**
Impairment of other receivables	**250**	**42**	**204**	**496**
Provision for inventories	**—**	**1,609**	**—**	**1,609**
Provision for net realisable value of properties held for sale, net	**41,866**	**—**	**—**	**41,866**
Deficit from revaluation of property, plant and equipment	**—**	**—**	**19,413**	**19,413**
Depreciation of property, plant and equipment	**7,148**	**764**	**5,174**	**13,086**
Capital expenditure*	**61**	**198**	**10,883**	**11,142**

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2021

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2021

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

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

Geographical information

(a) Segment revenue from external customers

	2022 **HK$'000**	2021 *HK$'000*
Hong Kong	**58,605**	35,732
Mainland China	**51,390**	68,067
	109,995	103,799

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

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

(b) Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**138,579**	142,944
Mainland China	**1,178,677**	1,214,102
	1,317,256	1,357,046

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

Information about a major customer

During the year, revenue of approximately HK$17,110,000 (2021: HK$14,586,000) was derived through gross rental income (2021: gross rental income) in the property development and investment business segment from a single customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from property development and investment business	**7,166**	24,454
Income from trading of medical equipment and home security and automation products	**69,584**	49,104
Hotel operations	**9,052**	9,395
	85,802	82,953
Revenue from other sources		
Gross rental income from investment properties	**24,193**	20,846
	109,995	103,799

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(i) Disaggregated revenue information

	2022			
	Property development and investment business *HK$'000*	**Trading business** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Geographical markets				
Hong Kong	**—**	**58,605**	**—**	**58,605**
Mainland China	**7,166**	**10,979**	**9,052**	**27,197**
Total revenue from contracts with customers recognised at a point in time	**7,166**	**69,584**	**9,052**	**85,802**

	2021			
	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Geographical markets				
Hong Kong	—	35,732	—	35,732
Mainland China	24,454	13,372	9,395	47,221
Total revenue from contracts with customers recognised at a point in time	24,454	49,104	9,395	82,953

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(i) Disaggregated revenue information (continued)

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

	2022	2021
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period		
Sale of properties	**1,268**	2,264
Sale of goods	**3,126**	1,030
	4,394	3,294

(ii) Performance obligations

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

Sale of properties

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

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

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due ranging from 30 to 90 days from delivery.

Hotel operations

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

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

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**128**	168
Dividend income from equity investments at fair value through profit or loss	**1,500**	1,300
Gross rental income from property, plant and equipment	**6,116**	5,874
Government grants*	**—**	1,834
Others	**9,728**	1,138
	17,472	10,314

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	HK$'000	*HK$'000*
Interest on bank loans and other borrowings	**33,168**	32,581
Less: Interest capitalised	**(7,943)**	(11,810)
	25,225	20,771

6. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax regime effective from the year of assessment 2018/2019, and the first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

	2022	2021
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**62**	67
Over-provision in prior year	**(382)**	—
Current — Elsewhere		
Charge for the year	**34**	2,055
LAT in Mainland China		
Charge for the year	**80**	—
Over-provision in prior year	**—**	(193)
Deferred	**(13,886)**	4,730
Total tax (credit)/expense for the year	**(14,092)**	6,659

7. DIVIDEND

No dividend has been declared by the Company during the years ended 31 March 2022 and 2021.

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,126,968,711 (2021: 1,014,098,193 (restated)) in issue during the year.

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

	2022	2021
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	**(27,274)**	(36,738)

	2022	2021
	Number of shares	*Number of shares*
		(restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**1,126,968,711**	1,014,098,193

The basic and diluted loss per share for the year ended 31 March 2021 had been restated to reflect the effect of a rights issue of the Company.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2022 and 2021 in respect of a dilution as the impact of share options outstanding during the year had no dilutive effect on the basic loss per share amounts presented.

9. ACCOUNTS RECEIVABLE

	2022	2021
	HK$'000	*HK$'000*
Accounts receivable	**30,094**	27,094
Impairment	**(13,504)**	(4,558)
	16,590	22,536

The Group's trading terms with its customers are mainly on credit. The credit period is generally ranging from 30 to 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 relates 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:

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**11,634**	13,620
91 to 180 days	**551**	5,565
181 to 360 days	**2,741**	1,227
Over 360 days	**1,664**	2,124
	16,590	22,536

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

	2022	2021
	HK$'000	*HK$'000*
At beginning of year	**4,558**	1,692
Impairment loss, net	**8,915**	2,822
Exchange realignment	**31**	44
At end of year	**13,504**	4,558

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and product type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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:

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**2,484**	1,391
91 to 180 days	**269**	584
181 to 360 days	**296**	191
Over 360 days	**3,657**	3,658
	6,706	5,824

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

11. SHARE CAPITAL

Shares

	Number of shares	Share capital
		HK$'000
Authorised:		
At 1 April 2020, 31 March 2021 and 1 April 2021	1,500,000,000	150,000
Increase of authorised share capital *(note (a))*	3,500,000,000	350,000
At 31 March 2022	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2020, 31 March 2021 and 1 April 2021	977,880,400	97,788
Rights issue *(note (b))*	488,940,200	48,894
At 31 March 2022	1,466,820,600	146,682

Notes:

(a) On 14 March 2022, at the special general meeting, the shareholders of the Company resolved to increase the authorised share capital of the Company from HK$150,000,000 to HK$500,000,000 by the creation of 3,500,000,000 additional shares, each ranking pari passu in all respects with the Company's shares then in issue.

(b) A rights issue of one rights share for every two existing shares held by members which has been completed on 31 December 2021 was made, at a subscription price of HK$0.10 per rights share, resulting in the issue of 488,940,200 shares for a total cash consideration of HK$48,894,000, before expenses of HK$2,187,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. EVENTS AFTER THE REPORTING PERIOD

On 25 May 2022, the Company entered into a placing agreement with a placing agent in relation to the issue of unlisted corporate bond with an aggregate principal amount of HK$20,000,000 which is unsecured, bears a fixed interest rate of 10% per annum and will be fully redeemable by the Company after 2 years from the issue date.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major business segments during the year ended 31 March 2022 comprise:

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

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

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

The Group's revenue for the year ended 31 March 2022 was approximately HK$109,995,000 (2021: HK$103,799,000), representing a slight increase of approximately 6% as compared to last year.

Property development and investment business

In Mainland China, outbreak of COVID-19 pandemic (the "**COVID-19 Pandemic**") during the Reporting Period was relatively well under control with strict preventive measures and consorted efforts taken by the central government. The central government had provided accommodative monetary policy and necessary fiscal stimulus to ensure economic recovery. Despite the US-China trade conflict continued and the world-wide pandemic in 2021, trades and business activities in Mainland China picked up encouraging pace and recorded year-on-year GDP growth as compared to the previous year. However, during the Reporting Period, the property market experienced downturn under government's continued deleveraging efforts and as a result many property developers experienced serious credit and liquidity crunch.

The Group's revenue for the year ended 31 March 2022 generated from this segment recorded at approximately HK$31,359,000 (2021: HK$45,300,000), representing a significant decrease of approximately 31% as compared with last year. The revenue generated from this segment arise from the sales of properties in the People's Republic of China (the "**PRC**") and rental income earned from investment properties located in the PRC.

(i) Sales of properties

Revenue decreased significantly from approximately HK$24,454,000 for the year ended 31 March 2021 to approximately HK$7,166,000 for the year ended 31 March 2022, representing a significant decrease of approximately 71%. Compared with the previous year, fewer pre-sold properties were completed and delivered to buyers during the Year.

In the Reporting Period, the sales were mainly contributed by the sales of certain remaining residential units at World Expo Plaza in Kaifeng, the PRC ("**World Expo**") and few carparks at Haikou, the PRC.

During the Reporting Period, the Central Government upheld its directive that "housing is for dwelling, not for speculation". Individual cities also continued to implement differentiated policies in accordance with local conditions along with other controlling measures so as to ensure steady housing prices. Nevertheless, the "Three Thresholds" and the regulation of the financial leverage prompted some mainland property developers to "deleverage". Consequently, market confidence was affected and the upsurge in transaction volume was subdued.

The process of seeking potential buyers for the remaining properties was delayed due to the general slowdown in the property market in the PRC and the domestic property market was basically frozen due to the impact of the COVID-19 Pandemic. During the Reporting Period, the Group had deferred the pre-sale arrangement for the residential area of Section G of Century Place, Kaifeng, the PRC. The pre-sale commenced since May 2021, and the related sales revenue is expected to be recognised during the year ending 31 March 2023, subject to the progress of the construction and completion of sales.

For other remaining units in Haikou and Kaifeng, the PRC, the Group has been actively seeking potential buyers, in particular, the commercial project located in Haikou City, Hainan Province, the PRC. After taking into consideration of the rise and development of Hainan Province, the Group has planned to apply to the relevant local government authority for the optimisation and redevelopment of the project located in Haikou City in order to generate a greater economic return to the Group. The outcome of the discussion regarding such plan has not been reached as of the date of this announcement. In the event that any agreement or contract with any third party is reached, the Group will comply with the relevant requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

(ii) Rental income from investment properties

Rental income from investment properties increased from approximately HK$20,846,000 for the year ended 31 March 2021 to approximately HK$24,193,000 for the Reporting Period, representing an increase of approximately 16%. The increase is because under the COVID-19 Pandemic, a major tenant at Kaifeng, the PRC which engaged in retail business has failed to pay one month rent in last reporting period. The rental payment of this tenant resumed to be normal during the Reporting Period. Besides, as all of the rental income was earned from the properties located at the PRC, the strengthened average exchange rate of Renminbi ("**RMB**") from RMB1=HK$1.15 in last reporting period to RMB1=HK$1.21 in this reporting period has caused the increase of rental income included in the Group's revenue.

Segment loss generated from this segment during the Reporting Period amounted to approximately HK$118,976,000 (2021: profit of HK$13,375,000). This is mainly due to (i) the provision for net realisable value of property held for sales of approximately HK$41,866,000 was noted for the Reporting Period (2021: reversal of provision HK$2,300,000); and (ii) the significant increase in fair value loss on investment properties (before deferred tax) to approximately HK$73,253,000 (2021: gain of HK$24,950,000).

The provision recognised for the properties held for sales and fair value loss recognised for investment properties were mainly attributable to the properties located at Kaifeng, the PRC, in respect of: (i) a significant drop was noted for the unit price for unsold villas at Zone C and Zone F of Century Place, Kaifeng, the PRC due to the worsen economy as a results of the COVID-19 Pandemic; and (ii) the COVID-19 Pandemic has adversely affected the performance of retail business and tourism in China, which led to a significant drop in fair value of the investment properties of the Group that are used as shopping mall.

Trading business

The Group's revenue for the year ended 31 March 2022 generated from this segment recorded at approximately HK$69,584,000 (2021: HK$49,104,000), representing a significant increase of approximately 42% as compared with last year.

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

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

Revenue increased from approximately HK$34,599,000 for the year ended 31 March 2021 to approximately HK$57,498,000 for the year ended 31 March 2022, representing a significant increase of approximately 66%. The increase was because of the significant sales of air purifiers during the Reporting Period. The spread of COVID-19 Pandemic also caused the increase in awareness and demand for medical products. Our customers include Correctional Services Department, Kowloon West Cluster (Hospital Authority) and universities.

(ii) Trading of home security and automation products

Turnover decreased from approximately HK$14,505,000 for the year ended 31 March 2021 to approximately HK$12,086,000 for the year ended 31 March 2022, representing a decrease of approximately 17%. The decrease was because of the drop in demand for security products during the COVID-19 Pandemic where some potential projects at the PRC have been deferred due to the lock down policy.

Segment operating profit generated from this segment during the Reporting Period amounted to approximately HK$2,939,000 (2021: HK$988,000). The increase was because the sales of air purifier have improved tremendously due to the COVID-19 Pandemic.

Other business, principally operation of a hotel

The Group's revenue for the year ended 31 March 2022 generated from this segment recorded at approximately HK$9,052,000 (2021: HK$9,395,000), representing a slight decrease of 4% as compared with last year. The revenue generated from this segment arises mainly from the operation of a hotel. The Group has operated one hotel, namely Holiday Inn Express Kaifeng City Center ("**Holiday Inn Express Kaifeng**") during the Reporting Period. Holiday Inn Express Kaifeng is located in the city centre of Kaifeng, with a total gross floor area of approximately 14,000 sq.m. It consists of 243 guest rooms, including 100 king bed standard rooms, 106 single bed standard rooms, 18 king bed superior rooms, 18 single bed superior rooms and 1 suite. There are also 3 meeting rooms with a total gross floor area of approximately 460 sq.m.

During the Reporting Period, the overall performance of the Group's hotel in the Mainland China was affected by the intermittent pandemic. The PRC Government imposed lockdowns in some provinces with strict social distancing measures during the COVID-19 Pandemic. While room rates remained depressed, occupancy levels in Holiday Inn Express Kaifeng have started to rebuild throughout the rest of 2021 with demand being led by the recovery of the domestic retail segment.

Segment operating loss generated from this segment during the Reporting Period amounted to approximately HK$24,598,000 (2021: HK$5,339,000), which represents a significant increase by approximately 361% as compared to last year. This is mainly due to the recognition of deficit from revaluation of property, plant and equipment, being the hotel premises at Kaifeng, the PRC (before deferred tax) to approximately HK$19,413,000 (2021: nil). The COVID-19 Pandemic has caused a significant drop in the number of tourists during the Reporting Period. The worsened tourism business directly and adversely affected the fair value of the hotel premises, contributing to the deficit from revaluation of property, plant and equipment.

The net loss attributable to owners of the Company for the year ended 31 March 2022 amounted to approximately HK$27,274,000 as compared with the net loss attributable to owners of the Company for the year ended 31 March 2021 of approximately HK$36,738,000. The decrease in loss was due to the fair value gain of approximately HK$120,344,000 on one of the equity investments that are included in the equity investments at fair value through profit or loss due to the significant increase in share price of that investment.

The above increase in gain is totally offset by the following:

(i) the disruption caused by COVID-19 Pandemic on the Group's properties revaluation during the Reporting Period, which is likely to result in an aggregate fair value loss of approximately HK$73,253,000 on the Group's investment properties in the PRC and an aggregate fair value loss of approximately HK$10,105,000 of the Group's investments in properties investment projects in Mainland China and Hong Kong which are included in equity investments at fair value through profit or loss;

(ii) the provision approximately HK$41,866,000 on the Group's properties held for sale due to the disruption caused by COVID-19 Pandemic; and

(iii) the impairment of accounts receivable approximately HK$8,915,000, which was mainly due to higher estimation of expected credit losses as a result of slower payment pattern of customers under adverse impact of COVID-19 Pandemic and lockdown measure.

Loss per share for the year ended 31 March 2022 was approximately HK2.42 cents.

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2022, the Group's revenue amounted to approximately HK$110 million, increased by approximately 6% as compared with last year. Such increase was mainly because COVID-19 has boosted the demands for air purifiers which cause a significant increase in sales for the trading segment. The increment was partly offset by the drop of sales of property in Kaifeng, the PRC.

Revenue generated from property development and investment business, trading business and other business amounted to approximately HK$31 million, HK$70 million and HK$9 million, respectively, representing a decrease of approximately 31%, an increase of approximately 42% and a decrease of approximately 4%, respectively, as compared with the corresponding period of last year.

Gross profit margin

During the year ended 31 March 2022, the Group's gross profit margin was approximately 46.8%, increased by approximately 2.0 percentage points as compared with last year's 44.8%. This was mainly driven by the fact that the proportion of rental income among turnover of the property development and investment segment is larger in this Reporting Period than last year, increasing from 46% to 77% in that segment. The gross profit margin of rental income was much higher than the sales of properties because only minimal cost was incurred for the property rental business, with the gross profit margin of over 90%. As a result, the overall gross profit margin was higher in this Reporting Period.

Other operating income/(expenses), net

The amount changes from approximately expenses of HK$11.3 million for the year ended 31 March 2021 to approximately income of HK$39.4 million for the year ended 31 March 2022. Prior year's amount mainly represented the aggregate fair value loss on the equity investments at fair value through profit or loss of approximately HK$5.9 million and in impairment of other receivables approximately HK$4.8 million. This year's income mainly represented the aggregate fair value gain on the equity investments at fair value through profit or loss of approximately HK$110.2 million which offset by deficit from revaluation of property, plant and equipment amounted to approximately HK$19.4 million and provision for net realisable value of completed properties held for sale amounted to approximately HK$41.9 million.

Share of profits and losses of associates

For the year ended 31 March 2022, the Group's share of profits and losses of associates amounted to approximately HK$20.8 million, as compared with the share of profits and losses of associates amounted to approximately HK$2.0 million during the last reporting period which represents a significant increase of approximately 919%.

The Group has co-invested with an independent third party in the Starway Parkview South Station Hotel project ("**Project Parkview**"), which is located in Xuhui West Bund area, adjacent to Shanghai Botanical Garden. The Group has 30% equity interest in Project Parkview which is accounted for as an associate. The hotel was built in 2003 with a total gross floor area of approximately 7,319 sq.m. and 56 rooms. The hotel has been converted into 66-room serviced apartments with plenty of shared common area combined with mixed retail, catering, leisure and modern gym and it was renamed as "**Cohost West Bund**", a co-living serviced apartment in Shanghai. During the Reporting Period, the Cohost West Bund was sold to a third party at RMB197 million which cause the significant increase in Group's share of profits from this investment.

Liquidity, financial resources and gearing ratio

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

As at 31 March 2022, the Group had total assets of approximately HK$2,469,835,000, which were financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK$797,731,000, approximately HK$1,677,710,000 and approximately HK$5,606,000 (debit balance), respectively. The Group's current ratio as at 31 March 2022 was 2.18 as compared with 2.24 as at 31 March 2021.

Gearing ratio is calculated by the total interest-bearing debts less cash and cash equivalents divided by the total equity as at the end of the respective reporting periods and multiplied by 100%. The Group had a net gearing ratio of approximately 25% as at 31 March 2022 (2021: 29%). We analysed the maturity profiles of our borrowings and manage our liquidity level to ensure a sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We will explore various financing opportunities to improve our capital structure and reduce our cost of capital.

Events after the reporting period

On 25 May 2022, the Company entered into a placing agreement for placing of unlisted corporate bonds of an aggregate principal amount of HK$20,000,000. The interest rate is 10% per annum, payable quarterly in arrears. The net proceeds from the bond placing will be used by the Company for general working capital of the Group. As at the date of this announcement, bonds of an aggregate principal amount of HK$13,000,000 were subscribed for by one placee.

Capital expenditure

Total capital expenditure for the year ended 31 March 2022 was approximately HK$11,142,000.

Contingent liabilities

As at 31 March 2022, the Group had no significant contingent liabilities.

Commitments

As at 31 March 2022, the Group had capital commitments contracted, but not provided for, of approximately HK$4,583,000.

Charges on group assets

Assets with an aggregate carrying value of approximately HK$1,008,548,000 were pledged as securities for the Group's banking facilities.

Treasury policies

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2022. The Group strives to reduce its exposures to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Exchange risk exposure

The Group is mainly exposed to balances denominated in RMB which mainly arise from certain entities' foreign currency-denominated monetary assets and liabilities for the Group's operating activities.

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

PROSPECTS

Property development and investment

We anticipate the global economy to be volatile and challenging in the coming year. Factors such as the continuous threat of COVID-19 Pandemic and its variants, increase in interest rates by major economies such as US to curb inflation, disruption in supply chain, and geopolitical tension in various regions will affect economic recovery. It is very difficult to predict when the global economy can resume its normal pace. However, it is anticipated that many countries may adopt flexible and accommodative monetary policies and fiscal stimulus to provide liquidity to counter economic downturn, and interest rate increase may still be moderate.

In Mainland China, it is expected that the economy will be stable with growth as the pandemic has been under control. The central government will continue to provide accommodative monetary policy and fiscal stimulus necessary to support economic growth. The effort of the central government to deleverage and its measures to facilitate healthy growth of the property market may have short-term effect to slow down the property market, but it is expected that the property market will remain resilient in the long run.

CENUTURY PLACE, KAIFENG

On 9 June 2005, the Group was granted the land use rights of a development site with in Long Ting District of the city of Kaifeng, Henan Province, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 210,500 sq.m., known as "**Century Place, Kaifeng**". Up to the date of this announcement, the construction of a gross floor area of approximately 190,000 sq.m. has been completed and a total sales contract sum of approximately RMB767 million has been achieved. The remaining part of the land (Section G) is under construction, and it is expected that the construction will be completed by the last quarter of 2022 and the pre-sale has already started in the second quarter of 2021.

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

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

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

Up to the date of this announcement, the total contract sum from the pre-sale of Section G properties amounted to approximately RMB22 million (equivalent to approximately HK$27 million). However as the ownership of the properties have not yet been ready to be passed to the buyers, no revenue from sales has been recognised for Zone G during the Reporting Period.

WORLD EXPO, KAIFENG

On 16 February 2012, the Group successfully won a bid for the acquisition of land use right of a residential and commercial site in the city of Kaifeng, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 95,000 sq.m., known as "**World Expo, Kaifeng**". Up to the date of this announcement, this project has been completed and achieved a total sales of gross floor area of approximately 67,846 sq.m. with contract sum of approximately RMB564 million.

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

	CURRENT USE	**GROSS FLOOR AREA** *(approximately sq.m.)*
Commercial Section A	Property, plant and equipment — Hotel	14,000 sq.m.
Commercial Section B	Properties held for sales — Shops	6,219 sq.m.
Residential Blocks 1–3	Properties held for sales — Apartments	7,189 sq.m.
	Car park	147

Trading of medical equipment and home security and automation products

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

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

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

During the Reporting Period, the Group is the sole distributor in Hong Kong for a medical-grade air purifier, Perfect Particulates Purification ("**PPP**"). PPP air purifiers are developed by a team of Hong Kong air quality experts and medical professionals. The PPP air purifiers include different models for various applications.

The model PPP-1200–01 AD, is specialized for hospital and clinic usage. Its multi-air inlet and air outlet, with very high airflow and clean air deliver rate, provides flexibility for the user to adjust the orientation of air inflow/outflow, to accommodate the actual working scenario. The performance of the air purifiers has been certified by U.S. Food and Drug Administration ("**FDA**") and "AHAM" (United States). The filtration technologies of the air purifier is proven to kill virus and bacteria (including COVID-19) effectively. The Group provides the equipment installation at various hospital sites, staff training on both the technologies principles and operating on the air purifiers, as well as technical supports on different application scenarios. The Group's major customers base includes hospitals, universities, prison, elderly centers.

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

Hotel operation

The Group has signed an agreement with 六洲酒店管理(上海)有限公司 (a member of IHG Hotels & Resort) to operate the hotel under the name of "**Holiday Inn Express Kaifeng City Center**". Holiday Inn Express is one of the world-famous selected service hotel brands. Holiday Inn Express Kaifeng was opened in January 2020.

The Group is taking all practicable measures to cope with the challenges from the COVID-19 Pandemic. The first priority is to deliver a feeling of safety to our guests. Therefore, we are putting in place strict sanitisation and hygiene protocol to ensure guests returning to stay or dine in the hotel will have complete peace of mind and full assurance in the hotel's products and services. Moreover, we are introducing marketing and sales recovery strategies to target the domestic market for staycation and food menu for takeaway, and at the same time, taking decisive decision to reduce operating costs. The Group will continue to improve the quality of its hotel services to ensure the hotel guests having enjoyable experiences during their stays in the hotel.

Objectives for the remaining of 2022 are as follows: (1) we will continue to improve our investment portfolio through the acquisition of quality properties in Hong Kong at attractive price and disposals of more mature properties in order to balance the demands of short-term returns and long-term capital appreciation; (2) we will review our management system and cost structure so as to improve efficiency and reduce expenses where possible; (3) we will consider gearing up our projects in a responsible manner in order to increase our return on equity; and (4) we will further develop the business of trading of medical equipment and more variety of security products, as well as further explore new trading business.

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

Investment company for the property investment and/or redevelopment in Hong Kong

The Group has entered into a subscription agreement with Excel Castle International Limited ("**Excel Castle**") which the Group owns 10% equity interest in Excel Castle. As the Group does not have significant influence over Excel Castle, the investment is classified as an equity investment at fair value through profit or loss.

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

As at 31 March 2022, the total investment made by the Group was approximately HK$80 million.

As at the end of the Reporting Period, Excel Castle Group has one property redevelopment project in Tsim Sha Tsui ("**TST Property**"). The old commercial building has been demolished and the redevelopment works have commenced. The TST Property will be developed into a modern commercial building with larger saleable area. The whole redevelopment project is expected to be completed in 2026.

As at 31 March 2022, the carrying amount of the Group's interest in Excel Castle Group was approximately HK$39,995,000 (2021: HK$51,050,000).

This significant investment is not held for trading. The Group considers this as a strategic investment and will review its investment strategy regularly in response to the changes in market situation.

Participation in a real estate investment fund

On 23 April 2019, the Group and Gusto Brave Limited, a representing entity of Pamfleet Group ("**Pamfleet**") (which is a member of Schroders Capital) entered into a general-partner shareholders' agreement in respect of Pamfleet China GP II Limited ("**Pamfleet China**") which will act as a general partner of a fund manager for property investment.

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

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

Up to the end of the Reporting Period, the fund managed by Pamfleet China is Pamfleet Shanghai Real Estate Fund II ("**PSREFII**"). The Group has also acted as a limited partner (holds 1.5%) of PSREFII. PSREFII seeks to capitalise on Pamfleet's track record of successful investments in under-performing, under-priced and distressed real estate assets with repositioning and value-add potential in Shanghai and other tier-one cities in Mainland China. The investment strategy of PSREFII is to identify, structure and execute successful asset repositioning investments in Shanghai and other tier-one cities in Mainland China. Up to the end of the Reporting Period, the total cost of investment made by the Group was approximately HK$6.2 million.

As at 31 March 2022 the carrying amount of the Group's investment in PSREFII was approximately HK$3,507,000 (2021 HK$3,794,000).

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

The property is located at the junction of Daning Road and Gonghexin Road within Daning Commercial Area of Jing An District, Shanghai. It has 4 blocks of office building with a total gross floor area of approximately 37,547 sq.m. During the year, most of the properties under Project Hub were leased to third parties for rental income.

FUNDRAISING FOR THE PAST TWELVES MONTHS

A. Rights issue and use of proceeds

On 1 November 2021, the Company implemented the rights issue (the "**Rights Issue**") on the basis of one (1) rights Share (the "**Rights Shares**") for every two (2) existing ordinary shares of the Company of HK$0.10 each (the "**Shares**" and each a "**Share**") held by the qualifying shareholders on the record date (3 December 2021, the "**Record Date**") at the subscription price (the "**Subscription Price**") of HK$0.10 per Rights Share to raise gross proceeds up to approximately HK$49.9 million before expenses by way of a rights issue of up to 499,390,200 Rights Shares. The Directors considered that raising funds by way of the Rights Issue will enable the Company to strengthen its working capital base and to enhance its financial position, so as to meet the imminent need of funds to settle the outstanding liabilities owing by the Company to its creditors in respect of its short-term borrowings and overdraft facilities, as well as to maintain its operations. The closing price per Share on 1 November 2021 (being the date on which the terms of Rights Issue were fixed) was HK$0.108.

On 1 November 2021 (after trading hours), the Company entered into the underwriting agreement (the "**Underwriting Agreement**") with Koala Securities Limited and Yellow River Securities Limited (the "**Underwriters**"), pursuant to which the Underwriters have conditionally agreed to underwrite, on a best effort basis, the underwritten shares of up to 281,421,900 Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement.

On 31 December 2021, the Rights Issue was completed where 488,940,200 Rights Shares were issued for cash of HK$0.10 per Share and net proceeds, after related expenses, of HK$46,707,000 ("**Net Proceeds**") were raised. The net price is approximately HK$0.096 per Share.

Details of the Rights Issue are set out in the Company's announcements dated 1 November 2021 and 30 December 2021, and the Company's prospectus dated 6 December 2021.

As at 31 March 2022, the Net Proceeds had been utilised as follows:

	Proposed use of Net Proceeds *HK$'000*	Approximate percentage of Net Proceeds	Actual use of the Net Proceeds up to 31 March 2022 *HK$'000*	Amount unutilised as at 31 March 2022 *HK$'000*
Repayment of unsecured loans by the Group	37,100	79%	28,000	9,100
General working capital	9,607	21%	3,000	6,607
Total	46,707	100%	31,000	15,707

The unutilised net proceeds from the Rights Issue as at 31 March 2022 will be used according to the intended use as disclosed in the Company's prospectus dated 6 December 2021. As at the date hereof, the net proceeds have been fully utilised.

B. Placing of bonds and use of proceeds

On 25 May 2022, the Company entered into a placing agreement for placing of unlisted corporate bonds of an aggregate principal amount of HK$20,000,000. The interest rate is 10% per annum, payable quarterly in arrears. The net proceeds from the bond placing will be used by the Company for general working capital of the Group. As at the date of this announcement, bonds of an aggregate principal amount of HK$13,000,000 were subscribed for by one placee.

HUMAN RESOURCES

As at 31 March 2022, the Group had 173 employees, 116 of whom were based in the PRC and the remaining employees were based in Hong Kong. The total employee benefits expenses including directors' emoluments for the year ended 31 March 2022 was approximately HK$39.9 million as compared with approximately HK$36.9 million in last year. The increase was because the increase in sales commission due to the increase in sales in trading segment.

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

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2022.

CAPITAL STRUCTURE

Details of the changes of the capital structure of the Company during the year ended 31 March 2022 are set out in the section headed "**The Rights Issue and Use of Proceeds**" and note 11 to the annual results.

SHARE OPTION SCHEME

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

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

The Company is authorised to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the date of the annual general meeting adopting the Scheme. The Company may at any time refresh such limit, subject to in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the latest date of grant shall not exceed 1% of the Shares in issue.

No share options were granted during the Reporting Period.

At the end of the Reporting Period, the Company had 33,651,851 share options outstanding under the Scheme, which represented approximately 2.29% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 33,651,851 additional ordinary shares of the Company and additional share capital of HK$3,365,185 and share premium of HK$689,863 (before issue expenses).

Details of the Scheme will be disclosed in the "**Report of the Directors**" and notes to the "**Audited Financial Statements**" in the Group's 2022 annual report.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

CONTINUING CONNECTED TRANSACTIONS

Leases of office premises in Hong Kong

On 20 April 2020, Grand On Enterprise Limited ("**Grand On**"), a wholly-owned subsidiary of the Company entered into a tenancy agreement ("**Tenancy Agreement**") with Fitness Concept Limited, a company wholly-owned by Mr. Tjia Boen Sien ("**Mr. Tjia**"), the Managing Director and Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Hong Kong. The Tenancy Agreement was for a term of three years from 1 April 2020 to 31 March 2023, with a rental of HK$25,500 per month payable in advance. On 1 May 2021, the monthly rental was revised to HK$17,500. The annual rental fee payable by Fitness Concept Limited to Grand On for the year ended 31 March 2022 did not exceed HK$218,000.

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

Given that Mr. Tjia is the Managing Director and Chairman of the Company and a substantial shareholder of the Company interested in an aggregate of approximately 44.66% equity interest in the Company at the time entering into the Tenancy Agreement, Fitness Concept Limited, being wholly owned by Mr. Tjia, is a connected person of the Company within the meaning of the Listing Rules, the transaction therefore constitutes a connected transaction of the Company.

As each of the applicable percentage ratios of the transaction under the Tenancy Agreement calculated with reference to the annual rental fee payable by Fitness Concept Limited to Grand On 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 throughout the Reporting Period save for the deviation from the Code Provision A.2.1 and A.4.1, details of which are explained below. The Company regularly reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

Summary of deviation of the CG Code:

Code Provision A.2.1

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

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

Code Provision A.4.1

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 March 2022. 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 2022 as set out in this preliminary results announcement have been agreed by the Company's auditor, Baker Tilly Hong Kong Limited ("**BT**"), to the amounts set out in the Group's draft consolidated financial statements for the Reporting Period. The work performed by BT, 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 BT on the preliminary results announcement.

AUDIT COMMITTEE

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

The annual results of the Group for the Reporting Period have been reviewed by the audit committee members who have provided advice and comment thereon.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

The Group did not have any significant investment, material acquisition or disposal during the Reporting Period.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**AGM**") will be held on Tuesday, 30 August 2022. A notice convening the AGM will be published and despatched to the Company's shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from 25 August 2022 to 30 August 2022, 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 (if the transfer will be lodged before 15 August 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (if the transfer will be lodged on or after 15 August 2022) for registration not later than 4:30 p.m. on 24 August 2022.

Remark: The address of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022. For details, please refer to the Company's announcement to be made in due course.

DIVIDEND

No interim dividend was paid during the Reporting Period (2021: Nil).

The Directors do not recommend the payment of any final dividend (2021: Nil) in respect of the Reporting Period.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The annual results announcement is published on the Stock Exchange website (http://www.hkex.com.hk) and the Company's website (http://www.deson.com). The annual report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange website and the Company's website in due course.

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

Hong Kong, 30 June 2022

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