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 2023

The board of directors (the "**Board**") of Deson Development International Holdings Limited (the "**Company**") hereby announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2023 (the "**Reporting Period**" or the "**Year**"), together with the comparative figures for the year ended 31 March 2022 as follows:

In this announcement, "we", "us" and "our" refer to the Company or where the context otherwise requires, the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
REVENUE	*4*	**97,563**	109,995
Cost of sales		**(46,861)**	(58,492)
Gross profit		**50,702**	51,503
Other income and gains	*4*	**17,062**	17,472
Fair value gain/(loss) on investment properties, net		**46,284**	(73,253)
Fair value (loss)/gain on equity investments at fair value through profit or loss, net		**(75,709)**	110,239
Administrative expenses		**(71,663)**	(75,738)
Other operating expenses, net		**(17,715)**	(70,827)
Finance costs	*5*	**(36,704)**	(25,225)
Share of profits and losses of associates, net		**1,807**	20,750
LOSS BEFORE TAX		**(85,936)**	(45,079)
Income tax (expense)/credit	*6*	**(7,998)**	14,092
LOSS FOR THE YEAR		**(93,934)**	(30,987)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
For the year ended 31 March 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**(90,967)**	(27,274)
Non-controlling interests		**(2,967)**	(3,713)
		(93,934)	(30,987)
		HK cents	*HK cents*
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic		**(6.20)**	(2.42)
Diluted		**(6.20)**	(2.42)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Note	2023 HK$'000	2022 HK$'000
LOSS FOR THE YEAR		**(93,934)**	(30,987)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(112,774)**	63,664
Share of other comprehensive (loss)/income of associates, net		**(20)**	325
Reclassification of cumulative exchange fluctuation reserve of a foreign operation disposed of during the year	*15*	**(6)**	—
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(112,800)**	63,989
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Leasehold land and buildings:			
Surplus on revaluation		**4,107**	5,518
Income tax effect		**(529)**	(602)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**3,578**	4,916
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(109,222)**	68,905
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(203,156)**	37,918
Attributable to:			
Owners of the Company		**(199,984)**	41,510
Non-controlling interests		**(3,172)**	(3,592)
		(203,156)	37,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Goodwill	*9*	**—**	—
Property, plant and equipment		**282,463**	306,196
Investment properties	*10*	**684,114**	1,011,060
Investments in associates		**4,736**	9,838
Equity investments at fair value through profit or loss		**157,463**	229,790
Total non-current assets		**1,128,776**	1,556,884
CURRENT ASSETS			
Due from associates		**2,532**	2,399
Properties held for sale under development and properties held for sale		**702,073**	784,721
Inventories		**2,883**	6,221
Accounts receivable	*11*	**14,048**	16,590
Prepayments, deposits and other receivables		**26,943**	29,044
Tax recoverable		**24,940**	26,117
Pledged deposits		**4,000**	4,000
Cash and cash equivalents		**24,408**	43,859
		801,827	912,951
Assets of a disposal group classified as held for sale	*16*	**332,177**	—
Total current assets		**1,134,004**	912,951
CURRENT LIABILITIES			
Accounts payable	*12*	**5,062**	6,706
Other payables and accruals		**95,697**	110,313
Due to associates		**—**	2,650
Due to related parties		**6,996**	13,169
Tax payable		**27,794**	22,818
Interest-bearing bank and other borrowings		**222,199**	263,324
Lease liabilities		**326**	—
		358,074	418,980
Liabilities directly associated with the assets classified as held for sale	*16*	**57,748**	—
Total current liabilities		**415,822**	418,980
NET CURRENT ASSETS		**718,182**	493,971
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,846,958**	2,050,855

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2023

	Notes	**2023** **HK$'000**	2022 *HK$'000*
NON-CURRENT LIABILITIES			
Bonds payable	*17*	**33,000**	—
Interest-bearing bank and other borrowings		**169,970**	197,415
Loan from a related party		**51,300**	—
Deferred tax liabilities		**124,762**	181,336
Lease liabilities		**675**	—
Total non-current liabilities		**379,707**	378,751
Net assets		**1,467,251**	1,672,104
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*13*	**146,682**	146,682
Reserves		**1,331,044**	1,531,028
		1,477,726	1,677,710
Non-controlling interests		**(10,475)**	(5,606)
Total equity		**1,467,251**	1,672,104

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 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. Disposal group held for sale are stated at the lower of their carrying amount and fair value less costs to sell. 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 2023. 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).

Generally, there is a presumption that a majority of voting rights results in control.

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.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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.

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 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

d) Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 April 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2022: 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, other unallocated head office and corporate assets and assets of a disposal group classified as held for sale as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities and liabilities directly associated with the assets classified as held for sale 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 2023

	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	**34,818**	**52,176**	**10,569**	**97,563**
Other income and gains	**14,149**	**1,107**	**289**	**15,545**
	48,967	**53,283**	**10,858**	**113,108**
Segment results	**36,367**	**4,325**	**(6,931)**	**33,761**
Reconciliation:				
Bank interest income				**167**
Dividend income from equity investments at fair value through profit or loss				**1,350**
Fair value loss on equity investments at fair value through profit or loss, net				**(75,709)**
Finance costs				**(36,704)**
Share of profits and losses of associates, net				**1,807**
Unallocated expenses				**(10,608)**
Loss before tax				**(85,936)**
Segment assets	**1,553,825**	**17,897**	**134,963**	**1,706,685**
Reconciliation:				
Investments in associates				**4,736**
Assets of a disposal group classified as held for sale				**332,177**
Corporate and other unallocated assets				**219,182**
Total assets				**2,262,780**

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2023 (Continued)

	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment liabilities	**274,105**	**9,424**	**23,204**	**306,733**
Reconciliation:				
Liabilities directly associated with the assets classified as held for sale				**57,748**
Corporate and other unallocated liabilities				**431,048**
Total liabilities				**795,529**
Other segment information:				
Fair value gain on investment properties, net	**(46,284)**	**—**	**—**	**(46,284)**
Loss/(gain) on disposal of items of property, plant and equipment	**14**	**—**	**(70)**	**(56)**
(Reversal of impairment)/ impairment of accounts receivable, net	**(65)**	**8**	**5**	**(52)**
Impairment of other receivables	**485**	**—**	**—**	**485**
Reversal of provision for inventories	**—**	**(389)**	**—**	**(389)**
Provision for net realisable value of properties held for sale, net	**10,374**	**—**	**—**	**10,374**
Deficit from revaluation of property, plant and equipment	**—**	**—**	**1,271**	**1,271**
Depreciation of property, plant and equipment	**7,311**	**743**	**4,648**	**12,702**
Capital expenditure*	**13**	**316**	**27**	**356**

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

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 (Continued)

	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)

Geographical information

(a) Segment revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**45,948**	58,605
Mainland China	**51,615**	51,390
	97,563	109,995

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

(b) Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**139,190**	138,579
Mainland China	**827,387**	1,178,677
	966,577	1,317,256

The non-current assets information above is based on the locations of the assets and excludes goodwill, 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$15,337,000 (2022: HK$17,110,000) was derived through gross rental income (2022: 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:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Income from property development and investment business	**10,910**	7,166
Income from trading of medical equipment and home security and automation products	**52,176**	69,584
Hotel operations	**10,569**	9,052
	73,655	85,802
Revenue from other sources		
Gross rental income from investment properties	**23,908**	24,193
	97,563	109,995

4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

(i) Disaggregated revenue information

	2023			
	Property development and investment business *HK$'000*	Trading business *HK$'000*	Others *HK$'000*	Total *HK$'000*
Geographical markets				
Hong Kong	**—**	**45,948**	**—**	**45,948**
Mainland China	**10,910**	**6,228**	**10,569**	**27,707**
Total revenue from contracts with customers	**10,910**	**52,176**	**10,569**	**73,655**
Timing of revenue recognition				
At a point in time	**10,910**	**52,176**	**3,579**	**66,665**
Over time	**—**	**—**	**6,990**	**6,990**
Total revenue from contracts with customers	**10,910**	**52,176**	**10,569**	**73,655**

	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	7,166	69,584	9,052	85,802
Timing of revenue recognition				
At a point in time	7,166	69,584	3,342	80,092
Over time	—	—	5,710	5,710
Total revenue from contracts with customers	7,166	69,584	9,052	85,802

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:

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period		
Sale of properties	**2,895**	1,268
Sale of goods	**2,359**	3,126
	5,254	4,394

(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)

(ii) Performance obligations (Continued)

Hotel operations (Continued)

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 hotel operations are a part of contracts that have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**167**	128
Dividend income from equity investments at fair value through profit or loss	**1,350**	1,500
Gross rental income from property, plant and equipment	**6,609**	6,116
Government grants*	**960**	—
Others	**7,976**	9,728
	17,062	17,472

* The government grants were grants 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:

	2023	2022
	HK$'000	*HK$'000*
Interest on:		
Bank loans and other borrowings	**43,173**	33,168
Bonds payable	**1,927**	—
Total finance costs	**45,100**	33,168
Less: Interest capitalised	**(8,396)**	(7,943)
	36,704	25,225

6. INCOME TAX

No provision for Hong Kong Profits Tax for the year ended 31 March 2023 has been made as the Group did not generate any assessable profits arising in Hong Kong during the year.

Hong Kong Profits Tax for the year ended 31 March 2022 was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which was 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 of assessable profits of this subsidiary were taxed at 8.25% and the remaining assessable profits were taxed at 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.

	2023	2022
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**—**	62
Under/(over) provision in prior year	**85**	(382)
Current — Mainland China		
Under provision in prior year	**3,420**	—
Current — Elsewhere		
Charge for the year	**490**	34
LAT in Mainland China		
Charge for the year	**—**	80
Over provision in prior year	**(285)**	—
Deferred tax	**4,288**	(13,886)
Total tax expense/(credit) for the year	**7,998**	(14,092)

7. DIVIDEND

No dividend has been declared by the Company during the years ended 31 March 2023 and 2022.

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 1,466,820,600 (2022: 1,126,968,711) 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:

	2023 ***HK$'000***	2022 *HK$'000*
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	**90,967**	27,274

	2023 ***Number of shares***	2022 *Number of shares*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**1,466,820,600**	1,126,968,711

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2023 and 2022 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. GOODWILL

	HK$'000
Cost at 1 April 2022, net of accumulated impairment	—
Acquisition of a subsidiary *(note 14)*	1,683
Impairment during the year	(1,683)
Net carrying amount at 31 March 2023	—
At 31 March 2023:	
Cost	1,683
Accumulated impairment	(1,683)
Net carrying amount	—

Goodwill arose from the acquisition of 60% equity interest in Deson Metals Company Limited ("**DMCL**"), which is engaged in trading of construction materials. The goodwill arising from the acquisition of DMCL has been allocated to the construction materials trading business for impairment testing purposes. In view of the increasingly competitive business environment of construction industry, management considered that its recoverable amount which was determined based on value-in-use using discount rate of 12% was minimal. Therefore, the goodwill has been fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. INVESTMENT PROPERTIES

	2023	2022
	HK$'000	*HK$'000*
Carrying amount at beginning of year	**1,011,060**	1,041,350
Net gain/(loss) from fair value adjustment	**46,284**	(73,253)
Assets included in a disposal group *(note 16)*	**(299,250)**	—
Exchange realignment	**(73,980)**	42,963
Carrying amount at end of year	**684,114**	1,011,060

The Group's investment properties were revalued on 31 March 2023 based on a valuation performed by Peak Vision Appraisals Limited, an independent professional qualified valuer, at HK$684,114,000 (2022: HK$1,011,060,000).

As at 31 March 2023, certain investment properties of the Group with an aggregate carrying amount of HK$487,920,000 (2022: HK$516,600,000) were pledged to secure certain banking facilities granted to the Group.

11. ACCOUNTS RECEIVABLE

	2023	2022
	HK$'000	*HK$'000*
Accounts receivable	**27,434**	30,094
Impairment	**(13,386)**	(13,504)
	14,048	16,590

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.

11. ACCOUNTS RECEIVABLE (CONTINUED)

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

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**7,682**	11,634
91 to 180 days	**1,893**	551
181 to 360 days	**1,759**	2,741
Over 360 days	**2,714**	1,664
	14,048	16,590

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

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**13,504**	4,558
(Reversal of impairment)/impairment loss, net	**(52)**	8,915
Exchange realignment	**(66)**	31
At end of year	**13,386**	13,504

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.

12. 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:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**1,310**	2,484
91 to 180 days	**230**	269
181 to 360 days	**32**	296
Over 360 days	**3,490**	3,657
	5,062	6,706

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

13. SHARE CAPITAL

Shares

	Number of shares	**Share capital**
		HK$'000
Authorised:		
At 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, 1 April 2022 and 31 March 2023	5,000,000,000	500,000
Issued and fully paid:		
At 1 April 2021	977,880,400	97,788
Rights issue *(note (b))*	488,940,200	48,894
At 31 March 2022, 1 April 2022 and 31 March 2023	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 was 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.

14. ACQUISITION OF A SUBSIDIARY

On 11 November 2022, a wholly-owned subsidiary of the Company, has entered into sale and purchase agreements in relation to the acquisition of an additional 60% of the registered share capital in the then 40% owned associate of the Group, DMCL, at a total consideration of HK$1,795,000. Upon completion of the acquisition, DMCL has become a 100% owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities of DMCL as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Prepayments, deposits and other receivables	2,656
Cash and cash equivalents	42
Other payables	(379)
Tax payable	(2,132)
	187
Goodwill on acquisition *(note 9)*	1,683
	1,870
Satisfied by:	
Cash	1,795
Fair value of previously held equity interests	75
	1,870
Net cash outflow on acquisition:	
Cash consideration paid	(1,795)
Less: Cash and cash equivalents acquired	42
	(1,753)

The Group incurred no transaction cost for the acquisition.

Since the acquisition, DMCL contributed no revenue to the Group's revenue and HK$32,000 to the consolidated loss for the year ended 31 March 2023.

Had the combination taken place at the beginning of 2023, the revenue of the Group and the loss of the Group for the year 2023 would have been HK$97,563,000 and HK$93,672,000, respectively.

15. DISPOSAL OF A SUBSIDIARY

On 31 March 2023, a wholly-owned subsidiary of the Company has disposed of its entire equity interest in 海南久迪物聯網科技有限公司 to an independent third party, with a cash consideration of HK$1.

Details of the net assets disposed of are as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	4,265
Accounts receivable	2
Inventory	749
Prepayment, deposits and other receivables	667
Cash and cash equivalents	6
Other payables and accruals	(1,221)
Non-controlling interests	(2,333)
	2,135
Loss on disposal of a subsidiary	(2,141)
Exchange fluctuation reserve	6
Satisfied by:	
Cash	—*

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary during the year ended 31 March 2023 is as follows:

	HK$'000
Cash and cash equivalents disposed of and net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(6)

* Below HK$1,000.

16. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 20 October 2022, Honour Advance Limited ("**Honour Advance**"), a wholly-owned subsidiary of the Company, and Fanning Properties Limited ("**Fanning Properties**"), an independent third party, entered into a letter of intent ("**Letter of Intent**") with Haikou Longhua City Investment Holding Co., Ltd.* (海口市龍華區城市投資控股有限公司), in relation to a proposed disposal of their entire interests in Honour Advance Real Estate (Hainan) Limited* (江裕置業(海南)有限公司) by Honour Advance and Hainan Fruitful Business Management Ltd* (海南富迪商業管理有限公司) which held a property for the benefit of the Group by Fanning Properties at the aggregate consideration of RMB385,000,000 (equivalent to approximately HK$442,800,000) ("**Proposed Disposal**").

Details of the Proposed Disposal can be referred to the announcement of the Company dated 20 October 2022.

As at 31 March 2023, the Proposed Disposal was still in progress, which was subject to further negotiations between the parties and the execution of formal definitive agreement by the relevant parties. Consequently, the related assets and liabilities from the Proposed Disposal were classified as held for sale.

The major classes of assets and liabilities of the Proposed Disposal classified as held for sale as at 31 March 2023 are as follows:

	HK$'000
Assets	
Investment properties *(note 10)*	299,250
Properties held for sale under development and properties held for sale	32,807
Cash and cash equivalents	120
Assets classified as held for sale	332,177
Liabilities	
Other payables and accruals	(210)
Deferred tax liabilities	(57,538)
Liabilities directly associated with the assets classified as held for sale	(57,748)
Net assets directly associated with disposal group#	274,429

* English name for identification purpose only.

\# Intragroup balances of HK$5,983,000 was eliminated and thus not included in assets/liabilities classified as held for sale.

17. BONDS PAYABLE

On 1 June 2022 and 22 August 2022, the Company issued an unlisted corporate bonds at a principal amount of HK$13,000,000 ("**13M Bond**") and HK$20,000,000 ("**20M Bond**") respectively, which are unsecured, bears a fixed interest rate of 10% and 7% per annum respectively, and are fully redeemable by the Company after 2 years from the issue date at its principal amount of HK$13,000,000 and HK$20,000,000.

The effective interest rate of the unlisted corporate bonds are approximately 10% and 7% for 13M Bond and 20M Bond respectively.

18. COMPARATIVE FIGURES

Certain figures have been reclassified to conform to the current year's presentation and disclosures.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major business segments during the year ended 31 March 2023 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 2023 was approximately HK$97,563,000 (2022: HK$109,995,000), representing a decrease of approximately 11% as compared to last year.

Property development and investment business

The Group's revenue for the year ended 31 March 2023 generated from this segment was approximately HK$34,818,000 (2022: HK$31,359,000), representing an increase of approximately 11% as compared with last year. Revenue generated from this segment was derived 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.

In Mainland China, COVID-19 Pandemic was very much in check under 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. During the period, the property market continued its downturn carried forward from last year as many property developers experienced serious credit and liquidity crunch as a result of the central government effort to rectify the overleveraged property market. The overall sentiment of the property market inevitably affected the Group's property business in Mainland China.

(i) Sales of properties

Revenue increased significantly from approximately HK$7,166,000 for the year ended 31 March 2022 to approximately HK$10,910,000 for the year ended 31 March 2023, representing a significant increase of approximately 52%. Although an increment was noted, sales was still experiencing a low level during the Reporting Period. Sales were mainly contributed by the sales of certain remaining commercial units at World Expo Plaza in Kaifeng, the PRC ("**World Expo**"). Compared with the corresponding period last year, only remaining residential units of World Expo were sold with smaller contract sums.

(ii) Rental income from investment properties

Rental income from investment properties decreased from approximately HK$24,193,000 for the year ended 31 March 2022 to approximately HK$23,908,000 for the Reporting Period, representing a slightly decrease of approximately 1%. The slight decrease was arising from the drop of rental income arising from Haikou, the PRC. As the Group has entered agreement with an independent third party to sell the commercial properties at Haikou, the tenancy agreement that expired during the Reporting Period has not been renewed. Details of the relevant proposed disposal please refer to the announcement of the Company dated 20 October 2022. On the other hand, the decrease in the average exchange rate of Renminbi to Hong Kong dollars from 1.21 to 1.14 also cause the drop in rental income during the Reporting Period.

Segment profit generated from this segment during the Reporting Period amounted to approximately HK$36,367,000 (2022: loss of HK$118,976,000). This is mainly due to the fair value gain on investment properties (before deferred tax) amounting approximately HK$46,284,000 (2022: loss of HK$73,253,000). Fair value gain noted for this Reporting Period was mainly arising from the shopping mall and a hotel located in Haikou, the PRC. As more companies are moving their headquarters to Haikou, the unit selling price for commercial properties located in Haikou increases accordingly due to the increase in demand.

On the other hand, the decrease in the provision for net realisable value of property held for sales from approximately HK$41,866,000 for the year ended 31 March 2022 to approximately HK$10,374,000 for this Reporting Period also caused the improvement of the segment result. The provisions recognised for the properties held for sales were mainly attributable to the properties located in Kaifeng, the PRC, in respect of the 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.

Trading business

The Group's revenue for the year ended 31 March 2023 generated from this segment recorded at approximately HK$52,176,000 (2022: HK$69,584,000), representing a decrease of approximately 25% as compared with last year.

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 decreased from approximately HK$57,498,000 for the year ended 31 March 2022 to approximately HK$45,345,000 for the year ended 31 March 2023, representing a decrease of approximately 21%. The decrease was due to more orders completed in last reporting period due to the significant increase in demand of air purifiers because of the COVID-19 Pandemic. On the other hand, Hong Kong faced its largest virus outbreak in February 2022, the purchase department of the Hospital Authority (our major customer) has put more focus on those urgent orders for anti-pandemic products in the first half of 2022 which caused the significant increase in turnover in last reporting period. Our major customer has deferred some of the non-urgent orders to coming years.

(ii) Trading of home security and automation products

Turnover decreased from approximately HK$12,086,000 for the year ended 31 March 2022 to approximately HK$6,831,000 for the year ended 31 March 2023, representing a decrease of approximately 43%. The significant decrease was because of the drop in demand for security products during the COVID-19 Pandemic where some potential projects in the PRC have been delayed due to the lock down policy. On the other hand, in order to clear some old slow moving inventories, some inventories were sold at low selling price.

Segment operating profit generated from this segment during the Reporting Period amounted to approximately HK$4,325,000 (2022: HK$2,939,000). The significant increase was because we have made an impairment of accounts receivable amounting HK$5,122,000 in last reporting period regarding the trading of home security and automation products for the sales noted in the PRC.

Other business, principally operation of a hotel

The Group's revenue for the year ended 31 March 2023 generated from this segment recorded at approximately HK$10,569,000 (2022: HK$9,052,000), representing an increase of 17% as compared with last year. Revenue generated from this segment arises mainly from the operation of a hotel. The Group operates 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. It caused a drop in occupancy rate in early of the Reporting Period. However, the drop was totally offset when Holiday Inn Express Kaifeng was selected as a quarantine hotel for Kaifeng, the PRC from August 2022 to December 2022.

Segment operating loss generated from this segment during the Reporting Period amounted to approximately HK$6,931,000 (2022: HK$24,598,000). 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 in last reporting period. Deficit noted for this Reporting Period is only HK$1,271,000. 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 2023 amounted to approximately HK$90,967,000 as compared with the net loss attributable to owners of the Company for the year ended 31 March 2022 of approximately HK$27,274,000. The significant increase in loss was due to the increase in fair value loss on equity investments designated at fair value through profit or loss from a gain of approximately HK$110,239,000 for the year ended 31 March 2022 to a loss of approximately HK$75,709,000 for the Reporting Period due to the significant decrease in the share price of one of the equity investment that was listed in China on Shenzhen Stock Exchange. The above loss was partly offset by the change in fair value of investment properties from a loss of approximately HK$73,253,000 for the year ended 31 March 2022 to a gain of approximately HK$46,284,000 for the Reporting Period.

Loss per share for the year ended 31 March 2023 was approximately HK6.20 cents (2022: 2.42 cents).

FINANCIAL REVIEW

Revenue

For the year ended 31 March 2023, the Group's revenue amounted to approximately HK$98 million, decreased by approximately 11% as compared with last year. Such decrease was mainly because of the drop in sales in trading segment due to i) higher demand for medical products was noted last year due to the outbreak of COVID–19 Pandemic; and ii) in order to clear some old slow moving inventories, the unit selling price of trading of home security and automation products was reduced significantly.

Revenue generated from the property development and investment business, trading business and other business amounted to approximately HK$35 million, HK$52 million and HK$11 million, respectively, representing an increase of approximately 11%, a decrease of approximately 25% and an increase of approximately 17%, respectively, as compared with the corresponding period of last year.

Gross profit margin

During the year ended 31 March 2023, the Group's gross profit margin was approximately 52.0%, increased by approximately 5.2 percentage points as compared with last year's 46.8%. The increase was mainly attributable by the property segment that the average gross profit margin for selling the shops in Kaifeng at this Reporting Period is higher than that for selling residential apartments in last year.

Fair value (loss)/gain on an equity investments at fair value through profit or loss

The amount represents the fair value change of the equity investments designated at fair value through profit or loss. As at 31 March 2022, the share price of one of the equity investment was increased significantly comparing with the share price as at 31 March 2021 and fair value gain amounting HK$ 120 million was recognised. The share price was dropped as at 31 March 2023 and fair value loss amounting HK$65 million was recognised.

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 2023, the Group had total assets of approximately HK$2,262,780,000, which were financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK$795,529,000, approximately HK$1,477,726,000 and approximately HK$10,475,000 (debit balance), respectively. The Group's current ratio as at 31 March 2023 was 2.73 as compared with 2.18 as at 31 March 2022.

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 31% as at 31 March 2023 (2022: 25%). We analysed the maturity profiles of our borrowings and manage our liquidity level to ensure a sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We will explore various financing opportunities to improve our capital structure and reduce our cost of capital.

Capital expenditure

Total capital expenditure for the year ended 31 March 2023 was approximately HK$356,000.

Contingent liabilities

As at 31 March 2023, the Group had no significant contingent liabilities.

Commitments

As at 31 March 2023, the Group had capital commitments contracted, but not provided for, of approximately HK$1,201,000.

Charges on group assets

Assets with an aggregate carrying value of approximately HK$835,264,000 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 2023. 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

Looking forward to 2023, inflation is running at a high level, interest rates will remain high with little room for cuts, it is expected that global economic growth will continue to slow down and some major economies may plunge into recession. Although Chinese government has taken measures to support the steady development of the economy and the real estate market, China's economic growth still faces challenges in 2023 as consumers are less willing to purchase houses and their confidence in the economy has yet to be restored. Notwithstanding the above, it is expected that China's macro economy and property market will bottom out and rebound, driven by the significant easing of the pandemic situation in China, adjustments for pandemic prevention and control policies and the lifting of the border restrictions between Hong Kong, other countries and China. In 2023, stabilising economic growth will remain to be the main goal of economic work for the central government. The central government is expected to continue to intensify its efforts to stabilise macro-economic growth, adopt a proactive fiscal policy and a prudent and loose monetary policy, provide more support for the real estate industry and market and promote the steady development of the economy.

Currently, the leverage ratio and assets debt ratio of the Group are relatively low in the same field. Under the macro policy of the central Government, the banks are relaxing their lending policy towards the landed properties business. The Group will take this opportunity to sell its assets in order to optimise its cash flows and lower the Group's risk on debts.

CENTURY 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 2023 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 RMB23 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 68,000 sq.m. with contract sum of approximately RMB573 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	6,200 sq.m.
Residential Blocks 1–3	Properties held for sales — Apartments	7,100 sq.m.
	Car park	147

Trading of medical equipment and home security and automation products

Medical equipment

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.

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.

During the Reporting Period, the Group has set up two associates, namely Hope4Care Limited (20% owned by the Group) and UltraX Technologies Co., Ltd. (35% owned by the Group), with independent third parties.

Hope4Care Limited is a research and development company which engages in inventing intelligent human-computer interaction rehabilitation training platforms for the elderly and persons with chronic diseases. The Group cooperates with a professor from Chinese University of Hong Kong to develop the online augmented reality and virtual reality training platforms for stroke survivors and the elderly, including upper limb, lower limb, balance and coordination exercises. The products specially target on the elderly and persons with chronic diseases and to provide online rehabilitation service to improve their quality of life.

UltraX Technologies Co., Ltd. ("**UltraX**") (晁能力科技股份有限公司), is a company incorporated in Taiwan which holds the licence for trading of medical equipment for both retail and wholesale markets in Taiwan. UltraX has successfully obtained the distribution right from Ewac Medical, a world market leader in aquatic rehabilitation equipment. Based on our experiences in hydrotherapy products, the Group intends to increase the market share in Taiwan medical market.

Home security and automation products

Through one of the associates of the Group, Axxonsoft Hong Kong Limited, the Group continues to promote the application of artificial intelligence ("**AI**") video analysis technology, which can provide various functions such as preventing loitering, assist in controlling the spread of diseases, analyzing human posture and behaviour, and assisting property valuation.

In Hong Kong, we provide people flow analysis services to financial institutions located in different areas to help them better understand customer traffic patterns. We also provide advanced video management platform software to various organizations of the Hong Kong Government to enhance their monitoring and management capabilities.

In Mainland China, we have successfully obtained the first large-scale airport project which integrates multiple different systems, such as access control systems, intrusion alarm systems and fire alarm systems, etc., while combining over 18,000 channels of video cameras, some of which are equipped with AI analysis capabilities, to provide more comprehensive physical security information management services for airport managers.

We actively increase our market share by attending seminars and exhibitions in order to promote our products and expand the sales channel.

The Group will continue to adopt efficient 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 operations

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 challenges of the COVID-19 Pandemic. The first priority is to deliver a feeling of safety to our guests. Therefore, we put 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 introduced 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.

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

FUNDRAISING FOR THE PAST TWELVES MONTHS

A. Rights issue and use of proceeds

On 1 November 2021, the Company implemented a 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 of 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 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 2023, the Net Proceeds had been utilised as follows:

	Proposed use of Net Proceeds *HK$'000*	**Approximate percentage of Net Proceeds**	**Actual use of the Net Proceeds up to 31 March 2023** *HK$'000*	**Amount unutilised as at 31 March 2023** *HK$'000*
Repayment of unsecured loans by the Group	37,100	79%	37,100	—
General working capital	9,607	21%	9,607	—
Total	46,707	100%	46,707	—

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 the 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.

C. Subscription of bonds and use of proceeds

On 11 August 2022, an independent third party investor entered into a subscription agreement with the Company for the subscription of unlisted corporate bonds of an aggregate principal amount of HK$20,000,000. The interest rate is 7% per annum, payable quarterly in arrears. The net proceeds from the bond subscription will be used by the Company for general working capital of the Group.

HUMAN RESOURCES

As at 31 March 2023, the Group had 129 employees, 83 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 2023 was approximately HK$37.7 million as compared with approximately HK$39.9 million in last year. The decrease was because of the decrease in salary for the hotel operation due to the closure under the COVID-19 pandemic. Besides, staff cost dropped too after the hotel was selected as a quarantine. The above decrease was partly offset by the increase in commission bonus to sales people under the 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 2023.

CAPITAL STRUCTURE

There was no change of the capital structure of the Company during the year ended 31 March 2023.

SHARE OPTION SCHEME

On 30 August 2022, the Company adopted a new share option scheme (the "**New Scheme**"), which complies with the requirements of Chapter 17 of the Listing Rules, to replace and substitute the share option scheme of the Company that was adopted on 15 August 2012 ("**Old Scheme**") and the Old Scheme ceased to operate on that date.

The New Scheme was established by the Company to recognise and acknowledge the contributions of eligible participants who have contributed to the success of the Group's operations. Eligible participants of the New Scheme include full time or part time employees, executives, officers or directors (including independent non-executive directors) of the Group. The New Scheme will remain in force for 10 years from 30 August 2022, unless otherwise cancelled or amended.

The maximum number of unexercised share options currently permitted to be granted under the New Scheme is equivalent, upon their exercise, to 10% of the total number of shares of the Company in issue as at the adoption date of the New Scheme. The maximum number of shares issuable under share options upon exercise of the share options to each eligible participant in the New Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. An option may be exercised under the New Scheme at any time during a period of not exceeding 10 years after the date when the option is granted and will expire on the last date of such period.

The exercise price of the share options is determinable by the directors, but must be the higher of (i) the official closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average of the official closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

The share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

There was no outstanding share option under the New Scheme.

Details of the Scheme will be disclosed in the "**Report of the Directors**" and notes to the "**Audited Financial Statements**" in the Group's 2023 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 AND EXEMPTION TO HOLDERS OF LISTED SECURITIES

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

EQUITY LINKED AGREEMENTS

Save as disclosed in the paragraphs headed "**Share Option Schemes**" in this section, no equity-linked agreement was entered into by the Group during the year under review or subsisted at the end of the year.

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 ("**FCL**"), 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 2023 did not exceed HK$210,000.

On 20 March 2023, Grand On entered into a renewed tenancy agreement ("**Renewed Tenancy Agreement**") with FCL for the leasing of a property of the Group in Hong Kong. The Renewed Tenancy Agreement was for a term of one year from 1 April 2023 to 31 March 2024, with a rental of HK$18,000 per month payable in advance. The annual rental fee payable by FCL to Grand On for the financial year ending 31 March 2024 are not expected to exceed HK$216,000.

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 44.58% equity interest in the Company at the time entering into the Renewed Tenancy Agreement, FCL, 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 continuing 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 Part 2 of Appendix 14 to the Listing Rules throughout the Reporting Period save for the deviation from the Code Provision C.2.1, 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 C.2.1

CG Code Provision C.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 C.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.

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 2023. 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 2023 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, Mr. Siu Kam Chau and Mr. Song Sio Chong. Mr. Siu Kam Chau is the chairman of the committee.

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

Except for the information disclosed under note 14 and note 15 to the notes to financial statement, 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 Monday, 28 August 2023. 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 23 August 2023 to 28 August 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 22 August 2023.

DIVIDEND

No interim dividend was paid during the Reporting Period (2022: Nil).

The Directors do not recommend the payment of any final dividend (2022: Nil) in respect of the Reporting Period.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

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

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

Hong Kong, 29 June 2023

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, Mr. Siu Kam Chau and Mr. Song Sio Chong.