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 **Deson Development International Holdings Limited**  
**迪臣發展國際集團有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 262)**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024**

The board of directors (the “**Board**”) of Deson Development International Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024 (the “**Reporting Period**” or the “**Year**”), together with the comparative figures for the year ended 31 March 2023 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 2024*

|   | <i>Notes</i> | <b>2024</b><br><i>HK\$'000</i> | <b>2023</b><br><i>HK\$'000</i> |
|---|--------------|--------------------------------|--------------------------------|
| <b>REVENUE</b>  | 4            | <b>128,074</b>                 | 97,563                         |
| Cost of sales   |              | <b>(85,172)</b>                | (46,861)                       |
| Gross profit  |              | <b>42,902</b>                  | 50,702                         |
| Other income and gains  | 4            | <b>92,864</b>                  | 17,062                         |
| Fair value (loss)/gain on investment properties                                 |              | <b>(32,364)</b>                | 46,284                         |
| Fair value loss on equity investments at fair value through profit or loss, net |              | <b>(104,893)</b>               | (75,709)                       |
| Administrative expenses   |              | <b>(77,298)</b>                | (71,663)                       |
| Other operating expenses, net   |              | <b>(29,140)</b>                | (15,574)                       |
| Gain/(loss) on disposal of subsidiaries   | 17           | <b>31,015</b>                  | (2,141)                        |
| Gain on disposal of investment properties                                       | 15           | <b>41,641</b>                  | —                              |
| Finance costs   | 5            | <b>(26,408)</b>                | (36,704)                       |
| Share of profits and losses of associates, net                                  |              | <b>40</b>                      | 1,807                          |
| <b>LOSS BEFORE TAX</b>  |              | <b>(61,641)</b>                | (85,936)                       |
| Income tax expense  | 6            | <b>(15,133)</b>                | (7,998)                        |
| <b>LOSS FOR THE YEAR</b>  |              | <b>(76,774)</b>                | (93,934)                       |

\* *For identification purpose only*

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the year ended 31 March 2024

|   | Note | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|---|------|-------------------------|-------------------------|
| Attributable to:  |      |                         |                         |
| Owners of the Company   |      | (75,691)                | (90,967)                |
| Non-controlling interests   |      | <u>(1,083)</u>          | <u>(2,967)</u>          |
|   |      | <u>(76,774)</u>         | <u>(93,934)</u>         |
|   |      | <i>HK cents</i>         | <i>HK cents</i>         |
| LOSS PER SHARE ATTRIBUTABLE TO<br>ORDINARY EQUITY HOLDERS OF THE<br>COMPANY |      |                         |                         |
| Basic and diluted   | 8    | <u>(5.16)</u>           | <u>(6.20)</u>           |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 March 2024*

|   | <i>Note</i> | <b>2024</b><br><b>HK\$'000</b> | 2023<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| <b>LOSS FOR THE YEAR</b>  |             | <b><u>(76,774)</u></b>         | <b><u>(93,934)</u></b>  |
| <b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>  |             |                                |                         |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:                    |             |                                |                         |
| Exchange differences:   |             |                                |                         |
| Exchange differences on translation of foreign operations   |             | <b>(43,002)</b>                | (112,774)               |
| Share of other comprehensive loss of associates   |             | <b>(19)</b>                    | (20)                    |
| Reclassification of cumulative exchange fluctuation reserve of foreign operations disposed of during the year | <i>17</i>   | <b><u>(594)</u></b>            | <b><u>(6)</u></b>       |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods                 |             | <b><u>(43,615)</u></b>         | <b><u>(112,800)</u></b> |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:      |             |                                |                         |
| Leasehold land and buildings:   |             |                                |                         |
| (Deficit)/surplus on revaluation  |             | <b>(6,563)</b>                 | 4,107                   |
| Income tax effect   |             | <b><u>1,237</u></b>            | <b><u>(529)</u></b>     |
| Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods   |             | <b><u>(5,326)</u></b>          | <b><u>3,578</u></b>     |
| <b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>  |             | <b><u>(48,941)</u></b>         | <b><u>(109,222)</u></b> |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>  |             | <b><u>(125,715)</u></b>        | <b><u>(203,156)</u></b> |
| Attributable to:  |             |                                |                         |
| Owners of the Company   |             | <b>(124,651)</b>               | (199,984)               |
| Non-controlling interests   |             | <b><u>(1,064)</u></b>          | <b><u>(3,172)</u></b>   |
|   |             | <b><u>(125,715)</u></b>        | <b><u>(203,156)</u></b> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*As at 31 March 2024*

|   | <i>Notes</i> | <b>2024</b><br><b>HK\$'000</b> | 2023<br>HK\$'000   |
|---|--------------|--------------------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>   |              |                                |                    |
| Goodwill  | <i>9</i>     | —                              | —                  |
| Property, plant and equipment   |              | <b>253,846</b>                 | 282,463            |
| Investment properties   | <i>10</i>    | <b>661,908</b>                 | 684,114            |
| Investments in associates   |              | <b>5,638</b>                   | 4,736              |
| Equity investments at fair value through profit or loss                     |              | <b>39,815</b>                  | 157,463            |
| Other receivables   | <i>11</i>    | <b>163,931</b>                 | —                  |
| Total non-current assets  |              | <b>1,125,138</b>               | 1,128,776          |
| <b>CURRENT ASSETS</b>   |              |                                |                    |
| Due from associates   |              | <b>3,868</b>                   | 2,532              |
| Properties held for sale under development and properties held for sale     |              | <b>580,992</b>                 | 702,073            |
| Inventories   |              | <b>3,030</b>                   | 2,883              |
| Accounts receivable   | <i>12</i>    | <b>32,658</b>                  | 14,048             |
| Prepayments, deposits and other receivables                                 | <i>11</i>    | <b>164,055</b>                 | 26,943             |
| Tax recoverable   |              | <b>22,705</b>                  | 24,940             |
| Pledged deposits  |              | <b>4,000</b>                   | 4,000              |
| Cash and cash equivalents   |              | <b>42,338</b>                  | 24,408             |
| Assets of a disposal group classified as held for sale                      | <i>15</i>    | <b>853,646</b><br>—            | 801,827<br>332,177 |
| Total current assets  |              | <b>853,646</b>                 | 1,134,004          |
| <b>CURRENT LIABILITIES</b>  |              |                                |                    |
| Accounts payable  | <i>13</i>    | <b>22,699</b>                  | 5,062              |
| Other payables and accruals   |              | <b>91,239</b>                  | 95,697             |
| Due to associates   |              | <b>63</b>                      | —                  |
| Due to related parties  |              | <b>3,914</b>                   | 6,996              |
| Tax payable   |              | <b>50,967</b>                  | 27,794             |
| Bonds payable   | <i>14</i>    | <b>33,000</b>                  | —                  |
| Interest-bearing bank and other borrowings                                  |              | <b>235,103</b>                 | 222,199            |
| Loan from a related party   |              | <b>37,800</b>                  | —                  |
| Lease liabilities   |              | <b>343</b>                     | 326                |
| Liabilities directly associated with the assets classified as held for sale | <i>15</i>    | <b>475,128</b><br>—            | 358,074<br>57,748  |
| Total current liabilities   |              | <b>475,128</b>                 | 415,822            |
| <b>NET CURRENT ASSETS</b>   |              | <b>378,518</b>                 | 718,182            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                                |              | <b>1,503,656</b>               | 1,846,958          |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 March 2024

|   | Notes | 2024<br>HK\$'000        | 2023<br>HK\$'000        |
|---|-------|-------------------------|-------------------------|
| <b>NON-CURRENT LIABILITIES</b>                      |       |                         |                         |
| Bonds payable                                       | 14    | —                       | 33,000                  |
| Interest-bearing bank and other borrowings          |       | 60,500                  | 169,970                 |
| Loan from a related party                           |       | —                       | 51,300                  |
| Deferred tax liabilities                            |       | 101,235                 | 124,762                 |
| Lease liabilities                                   |       | 331                     | 675                     |
|   |       | <u>162,066</u>          | <u>379,707</u>          |
| Total non-current liabilities                       |       | <u>162,066</u>          | <u>379,707</u>          |
| <b>NET ASSETS</b>                                   |       | <u><b>1,341,590</b></u> | <u><b>1,467,251</b></u> |
| <b>EQUITY</b>                                       |       |                         |                         |
| <b>Equity attributable to owners of the Company</b> |       |                         |                         |
| Issued capital                                      | 16    | 146,682                 | 146,682                 |
| Reserves  |       | 1,206,393               | 1,331,044               |
|   |       | <u>1,353,075</u>        | <u>1,477,726</u>        |
| <b>Non-controlling interests</b>                    |       | <u>(11,485)</u>         | <u>(10,475)</u>         |
| Total equity  |       | <u><b>1,341,590</b></u> | <u><b>1,467,251</b></u> |

## 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**”) 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 2024. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.1 BASIS OF PREPARATION (CONTINUED)

#### **Basis of consolidation (Continued)**

When the Company has 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.

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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

|   |  |
|---|--|
| HKFRS 17  | Insurance Contracts  |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies  |
| Amendments to HKAS 8                                | Definition of Accounting Estimates   |
| Amendments to HKAS 12                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to HKAS 12                               | International Tax Reform — Pillar Two Model Rules                                |

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (d) Amendments to HKAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Cooperation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

The implication of abolition of the MPF-LSP offsetting mechanism:

In June 2022, the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“**MPF**”) scheme to reduce the long service payment (“**LSP**”) in respect of an employee's service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. The abolition of the offsetting mechanism did not have a material impact on the Group's result and financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (2023: 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, share of profits and losses of associates, gain or loss on disposal of subsidiaries, gain on disposal of investment properties as well as unallocated head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, other unallocated head office, 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2024

|   | Property<br>development<br>and investment<br>business<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|--|--|---------------------------|--------------------------|
| <b>Segment revenue (note 4)</b>   |  |  |                           |                          |
| Sales to external customers   | 86,284   | 28,715                                 | 13,075                    | 128,074                  |
| Other income and gains  | 17,491   | 185                                    | 20                        | 17,696                   |
|   | <u>103,775</u>   | <u>28,900</u>                          | <u>13,095</u>             | <u>145,770</u>           |
| <b>Total segment results</b>  | <b>(53,170)</b>  | <b>(2,782)</b>                         | <b>(10,118)</b>           | <b>(66,070)</b>          |
| <i>Reconciliation:</i>  |  |  |                           |                          |
| Bank interest income  |  |  |                           | 303                      |
| Dividend income from equity<br>investments at fair value through<br>profit or loss    |  |  |                           | 74,865                   |
| Fair value loss on equity<br>investments at fair value through<br>profit or loss, net |  |  |                           | (104,893)                |
| Gain on disposal of a subsidiary  |  |  |                           | 31,015                   |
| Gain on disposal of investment<br>properties  |  |  |                           | 41,641                   |
| Finance costs   |  |  |                           | (26,408)                 |
| Share of profits and losses of<br>associates, net                                     |  |  |                           | 40                       |
| Unallocated expenses  |  |  |                           | <u>(12,134)</u>          |
| Loss before tax   |  |  |                           | <u>(61,641)</u>          |
| <b>Segment assets</b>   | <b>1,724,780</b>   | <b>13,223</b>                          | <b>116,770</b>            | <b>1,854,773</b>         |
| <i>Reconciliation:</i>  |  |  |                           |                          |
| Investments in associates   |  |  |                           | 5,638                    |
| Corporate and other unallocated<br>assets   |  |  |                           | <u>118,373</u>           |
| Total assets  |  |  |                           | <u>1,978,784</u>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2024 (Continued)

|   | Property<br>development<br>and investment<br>business<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|--|--|---------------------------|--------------------------|
| Segment liabilities   | 232,265  | 10,665                                 | 15,129                    | 258,059                  |
| <i>Reconciliation:</i>  |  |  |                           |                          |
| Corporate and other unallocated liabilities                         |  |  |                           | <u>379,135</u>           |
| Total liabilities   |  |  |                           | <u><u>637,194</u></u>    |
| <b>Other segment information:</b>                                   |  |  |                           |                          |
| Fair value loss on investment properties                            | 32,364   | —                                      | —                         | 32,364                   |
| Loss on disposal of items of property, plant and equipment          | 3  | —                                      | —                         | 3                        |
| Impairment of accounts receivable, net                              | 3,285  | 829                                    | 2,692                     | 6,806                    |
| Impairment of other receivables                                     | 975  | —                                      | —                         | 975                      |
| Provision for inventories   | —  | 530                                    | —                         | 530                      |
| Provision for net realisable value of properties held for sale, net | 15,696   | —                                      | —                         | 15,696                   |
| Deficit from revaluation of property, plant and equipment           | —  | —                                      | 3,436                     | 3,436                    |
| Depreciation of property, plant and equipment                       | 7,521  | 472                                    | 4,287                     | 12,280                   |
| Capital expenditure*  | <u>130</u>   | <u>54</u>                              | <u>155</u>                | <u>339</u>               |

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2023

|   | Property<br>development<br>and investment<br>business<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
|---|--|--|---------------------------|--------------------------|
| <b>Segment revenue (note 4)</b>   |  |  |                           |                          |
| Sales to external customers   | 34,818   | 52,176                                 | 10,569                    | 97,563                   |
| Other income and gains  | <u>14,149</u>  | <u>1,107</u>                           | <u>289</u>                | <u>15,545</u>            |
|   | <u>48,967</u>  | <u>53,283</u>                          | <u>10,858</u>             | <u>113,108</u>           |
| <b>Total segment results</b>  | 36,367   | 6,466                                  | (6,931)                   | 35,902                   |
| <i>Reconciliation:</i>  |  |  |                           |                          |
| Bank interest income  |  |  |                           | 167                      |
| Dividend income from equity<br>investments at fair value through<br>profit or loss    |  |  |                           | 1,350                    |
| Fair value loss on equity<br>investments at fair value through<br>profit or loss, net |  |  |                           | (75,709)                 |
| Loss on disposal of a subsidiary  |  |  |                           | (2,141)                  |
| Finance costs   |  |  |                           | (36,704)                 |
| Share of profits and losses of<br>associates, net                                     |  |  |                           | 1,807                    |
| Unallocated expenses  |  |  |                           | <u>(10,608)</u>          |
| Loss before tax   |  |  |                           | <u>(85,936)</u>          |
| <b>Segment assets</b>   | 1,553,825  | 17,897                                 | 134,963                   | 1,706,685                |
| <i>Reconciliation:</i>  |  |  |                           |                          |
| Investments in associates   |  |  |                           | 4,736                    |
| Assets of a disposal group<br>classified as held for sale                             |  |  |                           | 332,177                  |
| Corporate and other unallocated<br>assets   |  |  |                           | <u>219,182</u>           |
| Total assets  |  |  |                           | <u>2,262,780</u>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 March 2023 (Continued)

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. OPERATING SEGMENT INFORMATION (CONTINUED)

#### Geographical information

##### (a) Segment revenue from external customers

|                | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Hong Kong      | 25,137                  | 45,948                  |
| Mainland China | <u>102,937</u>          | <u>51,615</u>           |
| Total revenue  | <u><u>128,074</u></u>   | <u><u>97,563</u></u>    |

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

##### (b) Non-current assets

|                          | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|--------------------------|-------------------------|-------------------------|
| Hong Kong                | 127,135                 | 139,190                 |
| Mainland China           | <u>952,550</u>          | <u>827,387</u>          |
| Total non-current assets | <u><u>1,079,685</u></u> | <u><u>966,577</u></u>   |

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\$37,371,000 (2023: HK\$15,337,000) was derived through sales of properties (2023: gross rental income) in the property development and investment business segment from a single customer.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

|  | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Revenue from contracts with customers</b>                                       |                         |                         |
| Income from property development and investment business                           | 68,114                  | 10,910                  |
| Income from trading of medical equipment and home security and automation products | 28,715                  | 52,176                  |
| Hotel operations   | <u>13,075</u>           | <u>10,569</u>           |
|  | <u>109,904</u>          | <u>73,655</u>           |
| <b>Revenue from other sources</b>  |                         |                         |
| Gross rental income from investment properties                                     | <u>18,170</u>           | <u>23,908</u>           |
|  | <u><u>128,074</u></u>   | <u><u>97,563</u></u>    |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### (i) Disaggregated revenue information

|  | 2024   |  |                           |                          |
|--|--|--|---------------------------|--------------------------|
|  | Property<br>development<br>and investment<br>business<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| <b>Geographical markets</b>                    |  |  |                           |                          |
| Hong Kong                                      | —  | 25,137                                 | —                         | 25,137                   |
| Mainland China                                 | 68,114   | 3,578                                  | 13,075                    | 84,767                   |
| Total revenue from contracts<br>with customers | <u>68,114</u>  | <u>28,715</u>                          | <u>13,075</u>             | <u>109,904</u>           |
| <b>Timing of revenue recognition</b>           |  |  |                           |                          |
| At a point in time                             | 68,114   | 28,715                                 | 2,540                     | 99,369                   |
| Over time                                      | —  | —                                      | 10,535                    | 10,535                   |
| Total revenue from contracts<br>with customers | <u>68,114</u>  | <u>28,715</u>                          | <u>13,075</u>             | <u>109,904</u>           |
|  | 2023   |  |                           |                          |
|  | Property<br>development<br>and investment<br>business<br><i>HK\$'000</i> | Trading<br>business<br><i>HK\$'000</i> | Others<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> |
| <b>Geographical markets</b>                    |  |  |                           |                          |
| Hong Kong                                      | —  | 45,948                                 | —                         | 45,948                   |
| Mainland China                                 | 10,910   | 6,228                                  | 10,569                    | 27,707                   |
| Total revenue from contracts<br>with customers | <u>10,910</u>  | <u>52,176</u>                          | <u>10,569</u>             | <u>73,655</u>            |
| <b>Timing of revenue recognition</b>           |  |  |                           |                          |
| At a point in time                             | 10,910   | 52,176                                 | 3,579                     | 66,665                   |
| Over time                                      | —  | —                                      | 6,990                     | 6,990                    |
| Total revenue from contracts<br>with customers | <u>10,910</u>  | <u>52,176</u>                          | <u>10,569</u>             | <u>73,655</u>            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 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:

|   | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Revenue recognised that was included in contract liabilities at the beginning of the reporting period |                         |                         |
| Sale of properties  | 15,323                  | 2,895                   |
| Sale of goods   | 1,263                   | 2,359                   |
|   | <u>16,586</u>           | <u>5,254</u>            |

#### (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 and payment in advance is normally required.

##### *Hotel operations*

The performance obligation is satisfied over time as services are rendered.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 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:

|  | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Bank interest income   | 303                     | 167                     |
| Dividend income from equity investments at fair value through profit or loss | 74,865                  | 1,350                   |
| Gross rental income from property, plant and equipment                       | 6,197                   | 6,609                   |
| Government grants*   | —                       | 960                     |
| Imputed interest income ( <i>note 11</i> )                                   | 9,285                   | —                       |
| Others   | <u>2,214</u>            | <u>7,976</u>            |
| Total other income and gains   | <u><u>92,864</u></u>    | <u><u>17,062</u></u>    |

\* 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:

|                                 | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|---------------------------------|-------------------------|-------------------------|
| Interest on:                    |                         |                         |
| Bank loans and other borrowings | 28,295                  | 43,173                  |
| Bonds payable                   | 2,707                   | 1,927                   |
| Lease liabilities               | <u>45</u>               | <u>—</u>                |
| Total finance costs             | 31,047                  | 45,100                  |
| Less: Interest capitalised      | <u>(4,639)</u>          | <u>(8,396)</u>          |
| Total                           | <u><u>26,408</u></u>    | <u><u>36,704</u></u>    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. INCOME TAX

No provision for Hong Kong Profits Tax for the years ended 31 March 2024 and 2023 has been made as the Group did not generate any assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

|                                       | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Current — Hong Kong                   |                         |                         |
| (Over)/under provision in prior years | (66)                    | 85                      |
| Current — Mainland China              |                         |                         |
| Charge for the year                   | 35,437                  | —                       |
| Under provision in prior years        | —                       | 3,420                   |
| Current — Elsewhere                   |                         |                         |
| Charge for the year                   | —                       | 490                     |
| Over provision in prior years         | (2,963)                 | —                       |
| LAT in Mainland China                 |                         |                         |
| Charge for the year                   | 1,475                   | —                       |
| Over provision in prior years         | —                       | (285)                   |
| Deferred tax                          | <u>(18,750)</u>         | <u>4,288</u>            |
| Total tax expense for the year        | <u><u>15,133</u></u>    | <u><u>7,998</u></u>     |

### 7. DIVIDEND

No dividend has been declared by the Company during the years ended 31 March 2024 and 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 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 (2023: 1,466,820,600) 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:

|   | 2024<br><i>HK\$'000</i>             | 2023<br><i>HK\$'000</i>             |
|---|-------------------------------------|-------------------------------------|
| <b>Loss</b>   |                                     |                                     |
| Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation | <u>75,691</u>                       | <u>90,967</u>                       |
|   | 2024<br><i>Number of<br/>shares</i> | 2023<br><i>Number of<br/>shares</i> |
| <b>Shares</b>   |                                     |                                     |
| Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation      | <u>1,466,820,600</u>                | <u>1,466,820,600</u>                |

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2024 and 2023 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

### 9. GOODWILL

|  | <i>HK\$'000</i> |
|--|-----------------|
| Cost at 1 April 2022, net of accumulated impairment                  | —               |
| Acquisition of a subsidiary  | 1,683           |
| Impairment during the year   | <u>(1,683)</u>  |
| Net carrying amount at 31 March 2023, 1 April 2023 and 31 March 2024 | <u>—</u>        |
| At 31 March 2024:  |                 |
| Cost   | 1,683           |
| Accumulated impairment   | <u>(1,683)</u>  |
| Net carrying amount  | <u>—</u>        |

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 had been fully impaired.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10. INVESTMENT PROPERTIES

|  | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Carrying amount at beginning of year                   | 684,114                 | 1,011,060               |
| Net (loss)/gain from fair value adjustment             | (32,364)                | 46,284                  |
| Assets included in a disposal group ( <i>note 15</i> ) | —                       | (299,250)               |
| Transfer from completed properties held for sale       | 45,984                  | —                       |
| Exchange realignment                                   | (35,826)                | (73,980)                |
|  | <u>661,908</u>          | <u>684,114</u>          |
| Carrying amount at end of year                         | <u>661,908</u>          | <u>684,114</u>          |

The Group's investment properties were revalued on 31 March 2024 based on a valuation performed by Peak Vision Appraisals Limited, an independent professional qualified valuer, at HK\$661,908,000 (2023: HK\$684,114,000).

As at 31 March 2024, certain investment properties of the Group with an aggregate carrying amount of HK\$442,800,000 (2023: HK\$487,920,000) were pledged to secure certain banking facilities granted to the Group.

### 11. OTHER RECEIVABLES

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 (“**Disposal 1**”) 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 (“**Disposal 2**”) at the aggregate consideration of RMB385,000,000 (equivalent to approximately HK\$427,778,000). On 7 August 2023, the parties entered into formal definitive agreement relating to the Disposal 1 and Disposal 2. The Disposal 1 and Disposal 2 were completed on 30 August 2023.

The outstanding consideration receivable for the Disposal 1 and Disposal 2 of approximately RMB285,000,000 (equivalent to approximately HK\$316,667,000) (“**Outstanding Consideration**”) is to be received in four instalments, with the first instalment payable before 31 October 2024 and the last instalment payable before 31 October 2027.

A discounted effect of approximately HK\$33,515,000 was considered due to the repayment schedule of the Outstanding Consideration. During the year ended 31 March 2024, imputed interest income amounted to approximately HK\$9,285,000 had been generated from the Outstanding Consideration (note 4).

The discounted Outstanding Consideration of HK\$292,437,000 was classified as other receivables under non-current assets, except for RMB120,000,000 (equivalent to approximately HK\$133,333,000) being the first instalment payable before 31 October 2024 and the corresponding discounted amount was HK\$128,506,000.

Please refer to the announcement of the Company dated 7 August 2023 and the circular of the Company dated 31 August 2023 for details of the Disposal 1 and Disposal 2.

\* *English name for identification purpose only.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 11. OTHER RECEIVABLES (CONTINUED)

An impairment analysis is performed at each reporting date by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied to other receivables of HK\$22,429,000 (2023: HK\$23,549,000) relating to debtors that were in financial difficulties or were in default in payments as at 31 March 2024 was 100% (2023: 100%).

Other than the above impairment made, the financial assets included in the above balances relate to receivables of which there was no recent history of default and past due amounts. As at 31 March 2024 and 2023, the loss allowance was assessed to be minimal.

Deposits and other receivables that were not impaired related to receivables for which there is no recent history of default.

### 12. ACCOUNTS RECEIVABLE

|                     | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| Accounts receivable | 48,294                  | 27,434                  |
| Impairment          | <u>(15,636)</u>         | <u>(13,386)</u>         |
|                     | <u><u>32,658</u></u>    | <u><u>14,048</u></u>    |

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. The Group had certain concentrations of credit risk as 59% (2023: 34%) and 89% (2023: 70%) of the total accounts receivables were due from the Group's largest external customer and the Group's five largest external customer respectively. 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:

|                 | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|-----------------|-------------------------|-------------------------|
| Within 90 days  | 6,198                   | 7,682                   |
| 91 to 180 days  | 26,341                  | 1,893                   |
| 181 to 360 days | —                       | 1,759                   |
| Over 360 days   | <u>119</u>              | <u>2,714</u>            |
| Total           | <u><u>32,658</u></u>    | <u><u>14,048</u></u>    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12. ACCOUNTS RECEIVABLE (CONTINUED)

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

|   | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| At beginning of year                          | 13,386                  | 13,504                  |
| Impairment loss/(reversal of impairment), net | 6,806                   | (52)                    |
| Written-off                                   | (4,471)                 | —                       |
| Exchange realignment                          | (85)                    | (66)                    |
|   | <u>15,636</u>           | <u>13,386</u>           |
| At end of year                                | <u>15,636</u>           | <u>13,386</u>           |

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.

### 13. 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:

|                 | 2024<br><i>HK\$'000</i> | 2023<br><i>HK\$'000</i> |
|-----------------|-------------------------|-------------------------|
| Within 90 days  | 19,347                  | 1,310                   |
| 91 to 180 days  | 17                      | 230                     |
| 181 to 360 days | 56                      | 32                      |
| Over 360 days   | 3,279                   | 3,490                   |
|                 | <u>22,699</u>           | <u>5,062</u>            |
| Total           | <u>22,699</u>           | <u>5,062</u>            |

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

### 14. BONDS PAYABLE

On 1 June 2022 and 22 August 2022, the Company issued 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.

On 1 February 2024, the Company issued an unlisted corporate bond at a principal amount of HK\$13,000,000 (“**13M New Bond**”), which is unsecured, bears a fixed interest rate of 10% per annum, and are fully redeemable by the Company after 1 year from the issue date at its principal amount of HK\$13,000,000. The Company and the holder of 13M New Bond, who is also the holder of 13M Bond, agreed to offset with the subscription money of 13M New Bond with the outstanding amount of 13M Bond.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 31 March 2023, the Disposal 1 and Disposal 2 were 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 Disposal 1 and Disposal 2 were classified as held for sale.

The Disposal 1 and Disposal 2 were completed on 30 August 2023 (notes 11 and 17). The accounting profit on the Disposal 2, after deducting related transaction cost of HK\$28,857,000, amounted to HK\$44,129,000 and was recognised in the consolidated statement of profit or loss during the year ended 31 March 2024.

The major classes of assets and liabilities of the Disposal 1 and Disposal 2 classified as held for sale as at 31 March 2023 were as follows:

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 15. A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Details of disposal of investment properties under Disposal 2 during the year ended 31 March 2024 were as follows:

|   | <i>HK\$'000</i>      |
|---|----------------------|
| Cash consideration  | 342,417              |
| Less: Effect of discounting the outstanding consideration | (26,827)             |
| Legal and professional fee and transaction costs paid     | <u>(28,857)</u>      |
| Net consideration   | 286,733              |
| Less: Net assets disposed*                                | <u>(245,092)</u>     |
| Gain on disposal of investment properties                 | <u><u>41,641</u></u> |

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of investment properties is as follows:

|   | <i>HK\$'000</i>      |
|---|----------------------|
| Cash consideration  | 342,417              |
| Less: Effect of discounting the outstanding consideration                                   | (26,827)             |
| Legal and professional fee and transaction costs paid                                       | <u>(28,857)</u>      |
| Net consideration   | 286,733              |
| Less: Deposits received   | (8,894)              |
| Outstanding consideration to be received  | (234,082)            |
| Add: Imputed interest income  | <u>7,432</u>         |
| Net inflow of cash and cash equivalents in respect of the disposal of investment properties | <u><u>51,189</u></u> |

\* Details of the net assets disposed of are as follow:

|   | <i>HK\$'000</i>       |
|---|-----------------------|
| Investment properties                   | 280,875               |
| Deferred tax liabilities                | (57,538)              |
| Release of exchange fluctuation reserve | <u>21,755</u>         |
| Net assets disposed                     | <u><u>245,092</u></u> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16. SHARE CAPITAL

#### Shares

|   | Number of<br>shares  | Share<br>capital<br><i>HK\$'000</i> |
|---|----------------------|-------------------------------------|
| <b>Authorised:</b>  |                      |                                     |
| At 1 April 2022, 31 March 2023, 1 April 2023 and<br>31 March 2024 | <u>5,000,000,000</u> | <u>500,000</u>                      |
| <b>Issued and fully paid:</b>                                     |                      |                                     |
| At 1 April 2022, 31 March 2023, 1 April 2023 and<br>31 March 2024 | <u>1,466,820,600</u> | <u>146,682</u>                      |

### 17. DISPOSAL OF SUBSIDIARIES

On 30 August 2023, a wholly-owned subsidiary of the Company had disposed of its entire equity interest in Honour Advance Real Estate (Hainan) Limited\* to an independent third party.

Please refer to notes 11 and note 15 to the consolidated financial statements for details.

|  | <i>HK\$'000</i> |
|--|-----------------|
| <b>Details of net assets disposed of are as follows:</b> |                 |
| Completed properties held for sale                       | 36,845          |
| Other payables and accruals                              | (141)           |
| Deferred tax liabilities                                 | <u>(895)</u>    |
|  | 35,809          |
| Gain on disposal of a subsidiary                         | 31,015          |
| Release of exchange fluctuation reserve                  | <u>594</u>      |
| Satisfied by:  |                 |
| Cash   | <u>67,418</u>   |

\* *English name for identification purpose only.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

|  | <i>HK\$'000</i>      |
|--|----------------------|
| Cash consideration   | 81,111               |
| Less: Effect of discounting the outstanding consideration                          | (6,355)              |
| Legal and professional fee and transaction costs paid                              | <u>(7,338)</u>       |
| Net consideration  | 67,418               |
| Less: Deposits received  | (2,106)              |
| Outstanding consideration to be received   | (55,449)             |
| Add: Imputed interest income   | <u>1,760</u>         |
| Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary | <u><u>11,623</u></u> |

On 31 March 2023, a wholly-owned subsidiary of the Company had 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:

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

\* Below HK\$1,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 17. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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:

|   |                 |
|---|-----------------|
|   | <i>HK\$'000</i> |
| Cash and cash equivalents disposed of and net outflow of cash and cash equivalents in respect of the disposal of a subsidiary | <u>(6)</u>      |

### 18. COMPARATIVE FIGURES

Certain figures have been reclassified to conform to the current year's presentation of the consolidation financial statements.

### 19. EVENTS AFTER THE REPORTING PERIOD

#### (a) Lease of premises

On 25 June 2024, Deson E-Commerce (Kaifeng) Co., Ltd. (迪臣跨境商貿(開封)有限公司) and Deson Property Development (Kaifeng) Co., Ltd. (迪臣置業發展(開封)有限公司), both being indirect wholly-owned subsidiaries of the Company, entered into eight lease agreements in respect of the lease of eight premises with eight lessors, all are independent third parties, for a period of 180 months commencing from 1 July 2024 to 30 June 2039 (both days inclusive) (“Lease Agreements”). Under HKFRS 16, the Company will recognise the present value of the aggregate lease payments of approximately RMB29,203,000 (equivalent to approximately HK\$31,540,000) as a right-of-use asset in the consolidated financial statements of the Company. The entering into of the Lease Agreements and the transactions contemplated thereunder constitute a major transaction of the Company and is subject to the notification, announcement, circular and shareholder's approval requirements under Chapter 14 of the Listing Rules.

Details of the transaction are set out in the announcement of the Company dated 25 June 2024.

#### (b) Amended Deed in respect of 20M Bond

On 6 May 2024, the Company executed the Amendment Deed by way of deed poll pursuant to which the Company agreed to amend certain terms and conditions of the 20M Bond (as disclosed in note 14). Pursuant to the Amendment Deed, the Company undertook and agreed to repay part of the principal amount under the 20M Bond to HK\$15,000,000 and extend the maturity date of the remaining principal for a further two years from 21 August 2024 to 21 August 2026. Save as disclosed above, the principal terms of the 20M Bond remain unchanged and are still in full force and effect.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group's major business segments during the year ended 31 March 2024 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 2024 was approximately HK\$128,074,000 (2023: HK\$97,563,000), representing an increase of approximately 31% as compared to last year.

In Mainland China, the overall economic activities had improved as compared to the corresponding period in 2023 as pandemic restrictions were removed during the early part of 2023. During the year, the Central Government continued to provide accommodative monetary policy and necessary fiscal stimulus to boost economic recovery. Despite the magnitude of economic recovery was below expectation because of the continued trade and political tension with the U.S., Growth Domestic Product growth of about 5% was recorded for 2023. However, the property sector continued to weaken as many property developers have yet to resolve the credit and liquidity problems carried forward from previous years and there existed a lack of confidence in the general market. In general, overall property sales and sales prices declined as compared to the previous year across sectors and regions in Mainland China.

#### **Property development and investment business**

The Group's revenue for the year ended 31 March 2024 generated from this segment was approximately HK\$86,284,000 (2023: HK\$34,818,000), representing a significant increase of approximately 148% 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.

**(i) Sales of properties**

Revenue increased significantly from approximately HK\$10,910,000 for the year ended 31 March 2023 to approximately HK\$68,114,000 for the year ended 31 March 2024, representing a significant increase of approximately 524%. Sales for the Reporting Period were mainly contributed by the sales of the animation center (area: 5,823 sq.m.) at the World Expo Plaza in Kaifeng, the PRC (“**World Expo**”) amounted to RMB34 million (approximately HK\$37 million). Compared with the corresponding period last year, certain remaining commercial units at the World Expo were sold with smaller contract sums. On the other hands, Section G of Century Place in Kaifeng, the PRC has been launched to the market during the Reporting Period. It also causes the increase of turnover.

**(ii) Rental income from investment properties**

Rental income from investment properties decreased from approximately HK\$23,908,000 for the year ended 31 March 2023 to approximately HK\$18,170,000 for the Reporting Period, representing a decrease of approximately 24%.

The main decrease was due to the drop in rental income from Haikou, the PRC. As the Group has sold the commercial properties in Haikou to an independent third party in August 2023, the tenancy agreement that expired during the Reporting Period has not been renewed. On the other hand, the decrease in the average exchange rate of Renminbi to Hong Kong dollars from 1.14 to 1.09 also caused the drop in rental income during the Reporting Period.

Segment loss generated from this segment during the Reporting Period amounted to approximately HK\$53,170,000 (2023: profit of HK\$36,367,000). The loss noted for this Reporting Period was due to the combined effect of the following:

- i) the fair value loss on investment properties (before deferred tax) of approximately HK\$32,364,000 (2023: gain of HK\$46,284,000); and
- ii) the increase in the provision for net realisable value of property held for sales from approximately HK\$10,374,000 for the year ended 31 March 2023 to approximately HK\$15,696,000 for this Reporting Period. The provisions recognised for the properties held for sales were mainly attributable to the properties located in Kaifeng, the PRC where 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.

## **Very substantial disposal of an investment property and certain properties in Hainan via the disposal of companies**

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 (“**Disposal 1**”) 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 (“**Disposal 2**”) at the aggregate consideration of RMB385,000,000 (equivalent to approximately HK\$427,778,000). On 7 August 2023, the parties entered into the formal definitive agreement relating to the Disposal 1 and Disposal 2. The Disposal 1 and Disposal 2 were completed on 30 August 2023.

Based on the total consideration for the Disposal 1 and Disposal 2 of RMB385 million (equivalent to approximately HK\$427.8 million) and after deducting the net asset position of Honour Advance Real Estate (Hainan) Limited\* (江裕置業(海南)有限公司) and the net book value of the investment property held on behalf by Hainan Fruitful Business Management Ltd.\* (海南富迪商業管理有限公司) as at 30 September 2023 and the discount effect due to deferred payment of the total consideration, the enterprise income tax, transaction cost (including professional fees, finder’s fee, administrative fees and related taxes), the Group recognised a gain of approximately HK\$24.3 million and HK\$17.0 million from the Disposal 1 and Disposal 2, respectively.

Please refer to the announcement of the Company dated 7 August 2023 and the circular of the Company dated 31 August 2023 for details of the Disposal 1 and Disposal 2.

### **Trading business**

The Group’s revenue for the year ended 31 March 2024 generated from this segment recorded at approximately HK\$28,715,000 (2023: HK\$52,176,000), representing a significant decrease of approximately 45% as compared with last year.

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

\* *English name for identification purpose only.*



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

Revenue decreased significantly from approximately HK\$45,345,000 for the year ended 31 March 2023 to approximately HK\$24,746,000 for the year ended 31 March 2024, representing a significant decrease of approximately 45%. The decrease was due to more orders completed in the last reporting period due to the significant increase in demand of air purifiers because of the coronavirus pandemic. On the other hand, the purchase department of the Hospital Authority (one of our major customers) 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 the 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 significantly from approximately HK\$6,831,000 for the year ended 31 March 2023 to approximately HK\$3,969,000 for the year ended 31 March 2024, representing a decrease of approximately 42%. The decrease in turnover was because of the termination of the trading of home security and automation business at China. For the sales in Hong Kong, the drop was due to economic growth was not up to as expectation, our customers became more conservative which causing the drop in sales and demand of security products.

Segment operating loss generated from this segment during the Reporting Period amounted to approximately HK\$2,782,000 (2023: profit of HK\$6,466,000). The loss noted for this Reporting Period is due to the drop of sales due to the decrease of demand our products and no more sales was noted at the China region.

**Other business, principally operation of a hotel**

The Group's revenue for the year ended 31 March 2024 generated from this segment recorded at approximately HK\$13,075,000 (2023: HK\$10,569,000), representing an increase of 24% as compared with last year. Revenue generated from this segment arises mainly from the operation of a hotel. The Group operates only 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..

As the coronavirus crisis eased, the tourism business resumed progressively to pre-pandemic levels. During the Reporting Period, the overall performance of the Group's hotel in the Mainland China was greatly improved. The average occupancy rate increased from 21% in last reporting period to 37% to this Reporting Period.

Segment operating loss generated from this segment during the Reporting Period amounted to approximately HK\$10,118,000 (2023: HK\$6,931,000). 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\$3,436,000 (2023: HK\$1,271,000).

The net loss attributable to owners of the Company for the year ended 31 March 2024 amounted to approximately HK\$75,691,000 as compared with the net loss attributable to owners of the Company for the year ended 31 March 2023 of approximately HK\$90,967,000.

The significant drop in loss was due to (i) the gain arising from the disposal of the investment property in Haikou, the PRC pursuant to Disposal 2 amounting approximately HK\$14,497,000 (after taxation); (ii) the gain arising from the disposal of the commercial properties in Haikou, the PRC via the disposal of a subsidiary under Disposal 2 amounting approximately HK\$2,487,000 (after taxation); (iii) the gain arising from the disposal of the commercial properties in Haikou, the PRC pursuant to Disposal 1 amounting approximately HK\$24,254,000 (after taxation); and (iv) the dividend income received from an investee amounting to approximately HK\$74,865,000 due to the sales of one of the equity investments that was listed in China on Shenzhen Stock Exchange by that investee.

The above was partially offset by (i) the increase in fair value loss on equity investments designated at fair value through profit or loss from a loss of approximately HK\$75,709,000 for the year ended 31 March 2023 to a loss of approximately HK\$104,893,000 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; (ii) the change in fair value of investment properties from a profit of approximately HK\$46,284,000 for the year ended 31 March 2023 to a loss of approximately HK\$32,364,000 for the Reporting Period; and (iii) the increase in the provision for net realisable value of property held for sales from approximately HK\$10,374,000 for the year ended 31 March 2023 to approximately HK\$15,696,000 for this Reporting Period.

Loss per share for the year ended 31 March 2024 was approximately HK5.16 cents (2023: 6.20 cents).

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 March 2024, the Group's revenue amounted to approximately HK\$128 million, increased by approximately 31% as compared with last year.

Such increase was mainly because of the increase in sales at the property development and investment business segment because of the sales of the old animation center (area: 5,823 sq.m.) at the World Expo of RMB34 million (approximately HK\$37 million) during the Reporting Period. The increase was partially offset by the drop in the demand for air purifiers which caused a significant decrease in sales for the trading segment.

Revenue generated from the property development and investment business, trading business and other business amounted to approximately HK\$86 million, HK\$29 million and HK\$13 million, respectively, representing an increase of approximately 148%, a decrease of approximately 45% and an increase of approximately 24%, respectively, as compared with the corresponding period of last year.

### **Gross profit margin**

During the year ended 31 March 2024, the Group's gross profit margin was approximately 33%, down by approximately 19 percentage points as compared with last year's 52%.

This was mainly because of a lower gross margin noted for the sales of the old animation center at the World Expo (around 17%) in Kaifeng, the PRC comparing with the sales of properties in Haikou, the PRC. On the other hand, the decrease was driven by a smaller proportion of rental income included in turnover from property development and investment business segment in the Reporting Period as compared with the same period last year, decreasing from approximately 69% to approximately 21%. The gross profit margin of the rental income was much higher than that of the sales of properties. As a result, overall gross profit margin was lower in the Reporting Period.

### **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. During the Reporting Period, the Group has disposed all the shares of one of the equity investments that was listed in China on Shenzhen Stock Exchange. At the disposal date, the share price has decreased significantly comparing with the share price as at 31 March 2023 and fair value loss of HK\$99.1 million was recognised.

### **Other income and gains**

During the Reporting Period, the Group has disposed all the shares of one of the equity investments that was listed in China on Shenzhen Stock Exchange through an equity investment. Dividend income of approximately HK\$74,865,000 was received from that equity investment in the Reporting Period.

### **Liquidity, financial resources and gearing ratio**

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

As at 31 March 2024, the Group had total assets of approximately HK\$1,978,784,000, which were financed by total liabilities, shareholders' equity and non-controlling interests of approximately HK\$637,194,000, approximately HK\$1,353,075,000 and approximately HK\$11,485,000 (debit balance), respectively. The Group's current ratio as at 31 March 2024 was 1.80 as compared with 2.73 as at 31 March 2023.

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 24% as at 31 March 2024 (2023: 31%). 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 2024 was approximately HK\$339,000.

### **Contingent liabilities**

As at 31 March 2024, the Group had no significant contingent liabilities.

### **Commitments**

As at 31 March 2024, the Group had capital commitments contracted, but not provided for, of approximately HK\$1,435,000.

### **Charges on group assets**

Assets with an aggregate carrying value of approximately HK\$759,660,000 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 2024. 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 arises.

## **PROSPECTS**

### **Property development and investment**

In Mainland China, the economic outlook in 2024 depends on a number of key factors, such as domestic policies, the global economic conditions, and the international trade environment. It is expected that the Central Government will continue its effort to provide proactive and accommodative monetary policy and fiscal stimulus to ensure stable economic growth. To revive and support the property market, more supportive policies and measures by Central Government are expected to be put in place as the property market is very vital to the overall economy. With the support from the Central Government to boost confidence for the economy, it is anticipated that the property market will gradually recover and improve in the long run.

During the Politburo meeting in December 2023, top leadership has committed to boosting domestic demand and solidifying the economic recovery in 2024. To achieve this, fiscal policy will be moderately strengthened, while a prudent monetary policy will be executed with flexibility, moderation, precision, and effectiveness. With the goal of establishing a virtuous cycle between consumption and investment, profound reforms will be implemented in key areas, providing a strong driving force for high-quality development.

To support post-pandemic economic recovery, the Central Government has implemented a series of policy measures in recent months. In the property sector, several initiatives have been introduced to stimulate the market. These include the reduction of payment ratios, the lowering of interest rates for second homes, the adoption of a non-loan-based mortgage system, and the removal of upper limit pricing restrictions on land sales in additional cities. Since November 2023, the Central Government and Central Bank have consistently offered support for the reasonable financing needs of real estate companies. These measures aim to reduce financial pressure and encourage a healthy cycle between finance and real estate. The Group remains positive about the future of the mainland property market in the medium-to-long term.

### **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 unsold area at the Century Place Section A - Section F, Kaifeng consists of the following:

|           | <b>CURRENT USE</b>                         | <b>GROSS FLOOR AREA</b> |
|-----------|--|-------------------------|
| Section A | Investment properties — Shops (leased out) | 53,600 sq.m.            |
| Section B | Properties held for sales — Apartments     | 200 sq.m.               |
|           | Car park                                   | 70 units                |
| 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 units                |
| Section E | Properties held for sales — Shops          | 350 sq.m.               |
| Section F | Properties held for sales — Shops          | 4,900 sq.m.             |
|           | Investment properties — Hotel (leased out) | 6,200 sq.m.             |
|           | Car park                                   | 86 units                |

During the Reporting Period, the Group has leased certain area of Section F to an independent third party to operate a hotel. Rental income was earned and such portion has been reclassified as investment properties. In view of the improvement of the tourism industry, the Group expects to lease out other unsold area to reliable tenants to earn additional rental income.

The remaining part of the land (Section G) has been launched to the market during the Reporting Period. The unsold area at the Century Place Section G, Kaifeng consists of the following:

|           | <b>CURRENT USE</b>                     | <b>GROSS FLOOR<br/>AREA</b> |
|-----------|--|-----------------------------|
| Section G | Properties held for sales — Apartments | 17,000 sq.m.                |
|           | Properties held for sales — Shops      | 3,400 sq.m.                 |
|           | Car park                               | 88 units                    |

Up to the date of this announcement, the construction of a gross floor area of approximately 1,500 sq.m. has been completed and a total sales contract sum of approximately RMB23 million has been achieved.

### **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 a contract sum of approximately RMB573 million.

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

|                        | <b>CURRENT USE</b>                     | <b>GROSS FLOOR<br/>AREA</b> |
|------------------------|--|-----------------------------|
| Commercial Section A   | Property, plant and equipment — Hotel  | 14,000 sq.m.                |
| Commercial Section B   | Properties held for sales — Shops      | 2,300 sq.m.                 |
| Residential Blocks 1–3 | Properties held for sales — Apartments | 6,700 sq.m.                 |
|                        | Car park                               | 142 units                   |

## **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.

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 (“**Hope4Care**”) 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 the 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 elderly and persons with chronic diseases and to provide online rehabilitation service to improve their quality of life.

During the Reporting Period, Hope4Care has been granted ISO13485, which is applicable to research, design, development, marketing and distribution of medical software. On the other hand, Hope4Care has been granted HK\$1.1 million under the Chinese University of Hong Kong Technology Start-up Support Scheme for Universities 2024–2025.

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 its 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, analysing human posture and behaviour, and assisting property valuation.



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.

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 organisations 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 InterContinental Hotels Group (Shanghai) Ltd. (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.

In view of the increasing number of visitors at Kaifeng, the PRC, the Group will continue to improve the quality of its hotel services to ensure hotel guests will have enjoyable experiences during their stays in the hotel.

The Board will strive for new breakthroughs in terms of industry and geographical 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 seize development opportunities 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.

On 25 June 2024, Deson E-Commerce (Kaifeng) Co., Ltd. (迪臣跨境商貿(開封)有限公司) and Deson Property Development (Kaifeng) Co., Ltd. (迪臣置業發展(開封)有限公司), both being indirect wholly-owned subsidiaries of the Company, entered into eight lease agreements in respect of the lease of eight premises with eight lessors, all are independent third parties, for a period of 180 months commencing from 1 July 2024 to 30 June 2039 (both days inclusive).

Each of the premises is a four-storey house located at Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC. The Group intends to operate the premises, together with other premises owned by the Group located at the same location Building No. 3, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC for a new hotel business under the franchised brand of “Orange Hotel”. The Group had entered into a hotel franchise agreement with a member of H World Group Limited (NASDAQ: HTHT; HK: 01179), a company whose shares are listed on NASDAQ and the Main Board of the Stock Exchange and is involved in the principal business of development of leased and owned, manachised and franchised hotels mainly in the PRC.

## **FUNDRAISING FOR THE PAST TWELVE MONTHS**

### **Placing of bonds and use of proceeds**

On 29 January 2024, the Company entered into a placing agreement for the placing of unlisted corporate bonds of an aggregate principal amount of up to 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 to offset outstanding amount of 13M Bond (as disclosed in note 14 to the notes to financial statement). As at the date of this announcement, bonds of an aggregate principal amount of HK\$13,000,000 were subscribed for by one placee, who is an independent third party.

## **HUMAN RESOURCES**

As at 31 March 2024, the Group had 136 employees, 87 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 2024 was approximately HK\$36.0 million as compared with approximately HK\$37.7 million in the previous year. The decrease was mainly due to the decrease in bonus and sales commission for trading segment as higher sales was noted in the last reporting period.

The remuneration policy and package of the Group’s employees were reviewed and approved by the Directors. Apart from pension funds, in order to attract and retain a high calibre 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 2024.

## **CAPITAL STRUCTURE**

There was no change in the capital structure of the Company during the year ended 31 March 2024.

## **SHARE OPTION SCHEME**

On 30 August 2022, the Company adopted a share option scheme (the “**Scheme**”), which complies with the requirements of Chapter 17 of the Listing Rules.

The Scheme was established by the Company to recognise and acknowledge contributions of eligible participants who have contributed to the success of the Group's operations. Eligible participants of the Scheme include full time and part time employees, executives, officers or directors (including independent non-executive directors) of the Group. The 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 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 Scheme. The maximum number of shares issuable under share options upon exercise of the share options to each eligible participant in the 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 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 of the Company, 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 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 2024 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 March 2023, 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 (the “**Property**”) of the Group in Hong Kong. The 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 year ended 31 March 2024 did not exceed HK\$216,000.

On 20 March 2024, Grand On entered into a renewed tenancy agreement (“**Renewed Tenancy Agreement**”) with FCL for the leasing of the Property. The Renewed Tenancy Agreement was for a term of one year from 1 April 2024 to 31 March 2025, with a rental of HK\$14,000 per month payable in advance. The annual rental fee payable by FCL to Grand On for the financial year ending 31 March 2025 are not expected to exceed HK\$168,000.

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 of 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 FCL 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 Corporate Governance Code (“**CG Code**”) as contained in Appendix C1 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 four 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 C3 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 2024. 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 2024 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 disposal mentioned in the paragraph headed "Very substantial disposal of an investment property and certain properties in Hainan via the disposal of companies" and the information disclosed under note 15 and note 17 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 Tuesday, 27 August 2024. 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 22 August 2024 to 27 August 2024, 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 21 August 2024.

## **DIVIDEND**

No interim dividend was paid during the Reporting Period (2023: Nil).

The Directors do not recommend the payment of any final dividend (2023: 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 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, 27 June 2024

*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.*