

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.


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

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

The board of directors (the “**Board**”) of Deson Development International Holdings Limited (the “**Company**”) hereby announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2024 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 September 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	3	91,978	33,887
Cost of sales		<u>(61,261)</u>	<u>(13,251)</u>
Gross profit		30,717	20,636
Other income and gains	3	12,907	39,257
Administrative expenses		(38,300)	(36,019)
Other operating expenses, net		(2,472)	(2,863)
Fair value loss on equity investments at fair value through profit or loss		—	(72,393)
Gain on disposal of a subsidiary	17	—	31,036
Gain on disposal of investment properties		—	41,731
Finance costs	5	(12,752)	(11,402)
Share of profits and losses of associates, net		<u>(268)</u>	<u>(212)</u>
(LOSS)/PROFIT BEFORE TAX	4	(10,168)	9,771
Income tax expenses	6	<u>(4,459)</u>	<u>(26,584)</u>
LOSS FOR THE PERIOD		<u>(14,627)</u>	<u>(16,813)</u>

* *For identification purposes only*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(CONTINUED)**

For the six months ended 30 September 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		(14,622)	(16,807)
Non-controlling interests		(5)	(6)
		<u>(14,627)</u>	<u>(16,813)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<u>HK(1.00) cents</u>	<u>HK(1.15) cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE PERIOD	<u>(14,627)</u>	<u>(16,813)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	29,884	(53,392)
Share of other comprehensive income/(loss) of associates, net	7	(14)
Reclassification of cumulative exchange fluctuation reserve of a foreign operation disposed of during the period	—	(594)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>29,891</u>	<u>(54,000)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>15,264</u>	<u>(70,813)</u>
Attributable to:		
Owners of the Company	15,277	(70,830)
Non-controlling interests	(13)	17
	<u>15,264</u>	<u>(70,813)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Notes	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Goodwill		—	—
Property, plant and equipment		338,233	253,846
Investment properties	9	680,294	661,908
Investments in associates		5,417	5,638
Equity investments at fair value through profit or loss	10	45,116	39,815
Consideration receivables	11	168,528	163,931
Total non-current assets		<u>1,237,588</u>	<u>1,125,138</u>
CURRENT ASSETS			
Due from associates		4,234	3,868
Properties held for sale	12	483,265	580,992
Inventories		2,888	3,030
Accounts receivable	13	27,250	32,658
Prepayments, deposits and other receivables	11	170,678	164,055
Tax recoverable		24,791	22,705
Pledged deposits		4,000	4,000
Cash and cash equivalents		33,340	42,338
Total current assets		<u>750,446</u>	<u>853,646</u>
CURRENT LIABILITIES			
Accounts payable	14	31,546	22,699
Other payables and accruals		90,293	91,239
Due to associates		100	63
Due to related companies		55	3,914
Tax payable		55,635	50,967
Bonds payable	15	13,000	33,000
Interest-bearing bank and other borrowings		204,416	235,103
Loan from a related party		32,190	37,800
Lease liabilities		2,257	343
Total current liabilities		<u>429,492</u>	<u>475,128</u>
NET CURRENT ASSETS		<u>320,954</u>	<u>378,518</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,558,542</u>	<u>1,503,656</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2024

	30 September	31 March
	2024	2024
	<i>Notes</i>	<i>HK\$'000</i>
		<i>HK\$'000</i>
		(Audited)
NON-CURRENT LIABILITIES		
Bonds payable	15	15,000
Interest-bearing bank and other borrowings		42,750
Deferred tax liabilities		102,971
Lease liabilities		40,928
		<u> </u>
Total non-current liabilities		<u>201,649</u>
		<u> </u>
Net assets		<u>1,356,893</u>
		<u> </u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	16	146,682
Reserves		1,221,670
		<u> </u>
		<u> </u>
Non-controlling interests		1,368,352
		<u>(11,459)</u>
		<u> </u>
Total equity		<u>1,356,893</u>
		<u> </u>
		<u>1,341,590</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2024

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Other reserve	Property revaluation reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Retained profits	Total		
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
At 1 April 2024 (audited)	146,682	240,853*	15,262*	23,061*	111,716*	(9,240)*	14,457*	(78,888)*	889,172*	1,353,075	(11,485)	1,341,590
Loss for the period	—	—	—	—	—	—	—	—	(14,622)	(14,622)	(5)	(14,627)
Other comprehensive income/(loss) for the period:												
Share of other comprehensive income of associates	—	—	—	—	—	—	—	7	—	7	—	7
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	29,892	—	29,892	(8)	29,884
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	29,899	(14,622)	15,277	(13)	15,264
Partial disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	39	39
Release of revaluation reserve	—	—	—	—	(2,610)	—	—	—	2,610	—	—	—
At 30 September 2024	<u>146,682</u>	<u>240,853*</u>	<u>15,262*</u>	<u>23,061*</u>	<u>109,106*</u>	<u>(9,240)*</u>	<u>14,457*</u>	<u>(48,989)*</u>	<u>877,160*</u>	<u>1,368,352</u>	<u>(11,459)</u>	<u>1,356,893</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 September 2024

	Attributable to owners of the Company											
	Issued capital	Share premium account	Contributed surplus	Other reserve	Property revaluation reserve	Capital reserve	Capital redemption reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	146,682	240,853	15,262	23,061	122,672	(9,240)	14,457	(35,254)	959,233	1,477,726	(10,475)	1,467,251
Loss for the period	—	—	—	—	—	—	—	—	(16,807)	(16,807)	(6)	(16,813)
Other comprehensive (loss)/income for the period:												
Share of other comprehensive loss of associates	—	—	—	—	—	—	—	(14)	—	(14)	—	(14)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(53,415)	—	(53,415)	23	(53,392)
Reclassification of cumulative exchange fluctuation reserve of a foreign operation disposed of during the period	—	—	—	—	—	—	—	(594)	—	(594)	—	(594)
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	—	(54,023)	(16,807)	(70,830)	17	(70,813)
Release of revaluation reserve	—	—	—	—	(2,815)	—	—	—	2,815	—	—	—
At 30 September 2023	<u>146,682</u>	<u>240,853</u>	<u>15,262</u>	<u>23,061</u>	<u>119,857</u>	<u>(9,240)</u>	<u>14,457</u>	<u>(89,277)</u>	<u>945,241</u>	<u>1,406,896</u>	<u>(10,458)</u>	<u>1,396,438</u>

* These reserve accounts comprise the consolidated reserves of HK\$1,221,670,000 (31 March 2024: HK\$1,206,393,000) in the interim condensed consolidated statement of financial position.

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange thereof, pursuant to the Group reorganisation on 21 May 1997.

The reserve funds of the Group include statutory reserves required to be appropriated from the profit after tax of the Company's subsidiaries in Mainland China under the laws and regulations of the People's Republic of China (the "PRC"). The amount of the appropriation is at the discretion of these subsidiaries' boards of directors.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, investment properties and equity investments which have been measured at fair value. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual accounts for the year ended 31 March 2024.

The accounting policies and methods of computation used in the unaudited interim condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2024, except for the standards, amendments and interpretations to the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA applicable to the annual period beginning on 1 April 2024 as described below.

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current period had no material impact on the Group’s financial position and performance for the current and prior periods and the disclosures set out in these condensed consolidated financial statements.

The Group has not early adopted any revised HKFRSs that have been issued but are not yet effective, in these condensed consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three (six months ended 30 September 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 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 adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, 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.

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.

Six months ended 30 September 2024

	Property development and investment business HK\$'000	Trading business HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue (note 3)				
Sales to external customers	60,786	23,154	8,038	91,978
Other income and gains	12,620	109	—	12,729
	<u>73,406</u>	<u>23,263</u>	<u>8,038</u>	<u>104,707</u>
Total Segment results	9,358	398	(1,086)	8,670
<i>Reconciliation:</i>				
Bank interest income				178
Finance costs				(12,752)
Share of profits and losses of associates, net				(268)
Unallocated expenses				<u>(5,996)</u>
Loss before tax				<u>(10,168)</u>
Other segment information:				
Provision for inventories	—	406	—	406
Depreciation of property, plant and equipment	3,688	259	2,625	6,572
Capital expenditure*	<u>225</u>	<u>—</u>	<u>49,251</u>	<u>49,476</u>

* Capital expenditure mainly represents addition of property, plant and equipment, including right-of-use assets for the operation of a new hotel.

Six months ended 30 September 2023

	Property development and investment business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 3)				
Sales to external customers	12,481	14,007	7,399	33,887
Other income and gains	<u>5,074</u>	<u>115</u>	<u>234</u>	<u>5,423</u>
	17,555	14,122	7,633	<u>39,310</u>
Total Segment results	(5,719)	(251)	(1,404)	(7,374)
<i>Reconciliation:</i>				
Bank interest income				111
Dividend income from an equity investment at fair value through profit or loss				33,723
Gain on disposal of a subsidiary				31,036
Gain on disposal of investment properties				41,731
Fair value loss on equity investments at fair value through profit or loss, net				(72,393)
Finance costs				(11,402)
Share of profits and losses of associates, net				(212)
Unallocated expenses				<u>(5,449)</u>
Profit before tax				<u>9,771</u>
Other segment information:				
Reversal of provision for inventories	—	(2)	—	(2)
Depreciation of property, plant and equipment	3,759	236	2,152	6,147
Capital expenditure*	<u>7</u>	<u>54</u>	<u>—</u>	<u>61</u>

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

Geographical information

(a) Revenue from external customers

	Hong Kong		Mainland China		Consolidated	
	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:						
Sales to external customers	<u>21,585</u>	<u>11,398</u>	<u>70,393</u>	<u>22,489</u>	<u>91,978</u>	<u>33,887</u>

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

Information about a major customer

During the period, revenue of approximately HK\$36,876,000 (2023: HK\$9,057,000) was derived through sales of properties (2023: gross rental income) in the property development and investment business segment from a single customer.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers:		
Income from property development and investment business	49,520	4,249
Income from trading of medical equipment and home security and automation products	23,154	14,007
Hotel operations	<u>8,038</u>	<u>7,399</u>
	80,712	25,655
Revenue from other sources:		
Gross rental income from investment properties	<u>11,266</u>	<u>8,232</u>
	<u>91,978</u>	<u>33,887</u>

(i) **Disaggregated revenue information**

For the six months ended 30 September 2024

	Property development and investment business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets				
Hong Kong	—	21,585	—	21,585
Mainland China	49,520	1,569	8,038	59,127
Total revenue from contracts with customers recognised at a point in time	49,520	23,154	8,038	80,712

For the six months ended 30 September 2023

	Property development and investment business <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Geographical markets				
Hong Kong	—	11,398	—	11,398
Mainland China	4,249	2,609	7,399	14,257
Total revenue from contracts with customers recognised at a point in time	4,249	14,007	7,399	25,655

(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 condensed consolidated financial statements because all the remaining performance obligations in relation to the income from property development and investment business are parts of contracts that have an original expected duration of one year or less.

Sale of goods

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

Hotel operations

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

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

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 condensed 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	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income and gains		
Bank interest income	178	111
Dividend income from an equity investment at fair value through profit or loss	—	33,723
Gross rental income from property, plant and equipment	3,087	3,001
Imputed interest income	8,201	1,308
Others	1,441	1,114
	12,907	39,257

4. (LOSS)/PROFIT BEFORE TAX

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

	2024	2023
	HK\$'000	HK\$'000
Cost of properties sold	43,103	1,599
Cost of inventories sold and services provided	18,158	11,652
Provision/(reversal of provision) for inventories, included in cost of inventories sold and services provided above	406	(2)
Depreciation of property, plant and equipment	6,572	6,147
Employee benefit expense (including directors' remuneration):		
Wages, salaries and allowances	17,003	16,924
Pension schemes contributions*	355	342
Less: Amount capitalised	(714)	(811)
	16,644	16,455
Directors' remuneration:		
Fees	480	460
Salaries and allowances	5,681	5,515
Pension schemes contributions	66	54
	6,227	6,029
Loss on disposal of items of property, plant and equipment^	10	—
Impairment of accounts receivable^	—	775
Impairment of other receivables^	—	975
Foreign exchange differences, net^	2,004	1,113
Loss on sales and leaseback^	458	—
Gain on disposal of a subsidiary	—	(31,036)
Gain on disposal of investment properties	—	(41,731)

* At 30 September 2024, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (31 March 2024: Nil).

^ These amounts were included in "Other operating expenses, net" on the face of the interim condensed consolidated statement of profit or loss.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on:		
Bank loans and other borrowings	11,141	12,664
Bonds payable	1,306	1,354
Lease liabilities	305	24
	<u>12,752</u>	<u>14,042</u>
Total finance costs	12,752	14,042
Less: Interest capitalised	—	(2,640)
	<u>12,752</u>	<u>11,402</u>

6. INCOME TAX

No provision of Hong Kong profits tax was made during six months ended 30 September 2024 and 2023 as the Group's subsidiaries do not generate any assessable profits arising in Hong Kong during that period and the Group's subsidiaries have available tax losses brought forward from prior years to offset the assessable profits generated during the period.

Taxes on profits assessable elsewhere had 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 amortisation of land use rights, borrowing costs and all property development expenditures.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current — Hong Kong		
Over provision in prior year	—	(65)
Current — Mainland China		
Charge for the period	4,018	33,905
Current — Elsewhere		
Charge for the period	91	333
LAT in Mainland China	(176)	—
Deferred	526	(7,589)
	<u>4,459</u>	<u>26,584</u>
Total tax charge for the period	<u>4,459</u>	<u>26,584</u>

7. DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

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 period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,466,820,600 (30 September 2023: 1,466,820,600) in issue during the period.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	<u>(14,622)</u>	<u>(16,807)</u>
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period 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 periods ended 30 September 2024 and 2023 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods ended 30 September 2024 and 2023.

9. INVESTMENT PROPERTIES

	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>
Carrying amount at beginning of period/year	661,908	684,114
Net loss from fair value adjustment	—	(32,364)
Transfer from completed properties held for sales	—	45,984
Exchange realignment	<u>18,386</u>	<u>(35,826)</u>
Carrying amount at end of period/year	<u>680,294</u>	<u>661,908</u>

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

As at 30 September 2024, certain investment properties of the Group with an aggregate carrying amount of HK\$455,100,000 (31 March 2024: HK\$442,800,000) were pledged to secure certain banking facilities granted to the Group.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Equity investments at fair value through profit or loss		
Unlisted equity investments, at fair value		
Century Rosy Limited	3,845	3,845
Excel Castle International Limited	37,606	32,305
Pamfleet Shanghai Real Estate Fund II, L.P.	3,665	3,665
	<u>45,116</u>	<u>39,815</u>

The above equity investments were irrevocably designated at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

During the six months ended 30 September 2024, no dividend was received (six months ended 30 September 2023: HK\$33,723,000) from Deson Development International Holdings Investment Limited.

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 a formal definitive agreement relating to the Disposal 1 and Disposal 2. The Disposal 1 and Disposal 2 were completed on 30 August 2023 (“**Completion Date**”).

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 paid in four instalments, with the first instalment payable before 31 October 2024 and the last instalment payable before 31 October 2027. Due to this repayment schedule, a discounted effect of approximately HK\$33,515,000 was considered and a discount on the Outstanding Consideration was recorded on the Completion Date. As at the date of this interim results announcement, the first instalment has been paid in full.

During the period ended 30 September 2024, imputed interest income amounted to approximately HK\$8,201,000 (2023: HK\$1,308,000) had been generated from the Outstanding Consideration.

The discounted Outstanding Consideration of approximately HK\$300,638,000 (31 March 2024: 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 approximately HK\$132,110,000 (31 March 2024: 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.*

12. PROPERTIES HELD FOR SALE

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Completed properties held for sale	<u>483,265</u>	<u>580,992</u>

As at 30 September 2024, certain completed properties held for sale and properties held for sale under development of the Group with an aggregate carrying amount of HK\$149,850,000 (31 March 2024: HK\$145,800,000) were pledged to secure certain banking facilities granted to the Group.

13. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period is generally ranging from 30 to 90 days for the sale of trading goods and up to 180 days for the sale of completed properties held for sale. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Accounts receivable are non-interest-bearing.

An 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:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Within 90 days	13,794	6,198
91 to 180 days	147	26,341
181 to 360 days	12,752	—
Over 360 days	<u>557</u>	<u>119</u>
Total	<u>27,250</u>	<u>32,658</u>

14. 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:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Within 90 days	27,748	19,347
91 to 180 days	100	17
181 to 360 days	515	56
Over 360 days	3,183	3,279
Total	31,546	22,699

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

15. BONDS PAYABLE

On 22 August 2022, the Company issued an unlisted corporate bond at a principal amount of HK\$20,000,000 (“**20M Bond**”), which is unsecured, bears a fixed interest rate of 7% per annum, and is fully redeemable by the Company after 2 years from the issue date at its principal amount of HK\$20,000,000. On 6 May 2024, the Company issued an unlisted corporate bond at a principal amount of HK\$15,000,000 (“**15M Bond**”), which is unsecured, bears a fixed interest rate of 7% per annum, and is fully redeemable by the Company after two year from 22 August 2024 at its principal amount of HK\$15,000,000. The Company and the holder of 15M Bond, who is also the holder of 20M Bond, agreed to offset with the subscription money of 15M Bond with the outstanding amount of 20M Bond. During the period ended 30 September 2024, HK\$5,000,000 were repaid.

On 1 February 2024, the Company issued an unlisted corporate bond at a principal amount of HK\$13,000,000 (“**13M Bond**”), which is unsecured, bears a fixed interest rate of 10% per annum, and is fully redeemable by the Company after 1 year from the issue date at its principal amount of HK\$13,000,000.

The effective interest rates of the unlisted corporate bonds are approximately 10%, 7% and 7% for 13M Bond, 20M Bond and 15M Bond, respectively.

16. SHARE CAPITAL

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.10 each	500,000	500,000
Issued and fully paid:		
1,466,820,600 ordinary shares of HK\$0.10 each	146,682	146,682

17. DISPOSAL OF A SUBSIDIARY

For details of Disposal 1, please refer to note 11 to the condensed consolidated financial statements.

	2023 <i>HK\$'000</i>
Net assets disposed of under Disposal 1:	
Completed properties held for sale	36,845
Other payables and accruals	(141)
Deferred liabilities	<u>(895)</u>
	35,809
Gain on disposal of a subsidiary	31,036
Release of exchange fluctuation reserve	<u>594</u>
Satisfied/to be satisfied by:	
Cash	<u><u>67,439</u></u>

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>(7,317)</u>
Net consideration	67,439
Less: Deposits received	(2,106)
Outstanding Consideration to be received	(53,937)
Add: Imputed interest income	<u>248</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>11,644</u></u>

18. RELATED PARTY TRANSACTIONS

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

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Management fee income from associates	(i)	974	582
Rental income from a related company	(ii)	84	108
Rental income from an associate	(iii)	60	60
Management fee to a related company	(iv)	180	180
Interest expense to a related party	(v)	1,427	2,188

Notes:

- (i) The management fee was charged by reference to actual costs incurred for the services provided by the Group.
- (ii) During the period, rental income was charged to Fitness Concept Limited (“FCL”) at HK\$14,000 (2023: HK\$18,000) per month in average. Mr. Tjia Boen Sien (“Mr. Tjia”) is a director and has beneficial interests in the Company and FCL, while Mr. Tjia Wai Yip, William is a director of the Company and FCL.
- (iii) During the period, rental income was charged to an associate at HK\$10,000 (2023: HK\$10,000) per month as mutually agreed between the parties.
- (iv) The management fee was charged by FCL by reference to the terms of agreement as agreed between both parties.
- (v) The interest expense was charged by the loan from a related party.
- (b) Outstanding balances with related parties:

The balances with associates, related companies and non-controlling shareholders are unsecured, interest-free and repayable on demand.

- (c) Compensation of key management personnel of the Group:

The key management personnel of the Group are the directors and chief executive of the Company. Details of the remuneration of the directors of the Company are disclosed in note 4 to the condensed consolidated financial statements.

The related party transactions above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>
Financial assets				
Equity investments at fair value through profit or loss	<u>45,116</u>	<u>39,815</u>	<u>45,116</u>	<u>39,815</u>
Financial liabilities				
Interest-bearing bank and other borrowings (with non-current portion)	<u>86,630</u>	<u>108,614</u>	<u>86,630</u>	<u>108,614</u>

The Group's corporate finance team headed by the financial controller is responsible for determining the policies and procedures for fair value measurement of financial instruments. The corporate finance team reports directly to the directors of the Company. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors of the Company.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, accounts receivable, accounts payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due to related companies, loan from a related party and interest-bearing bank and other borrowings classified as current liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments have been estimated using market-based valuation techniques based on assumptions that are supported by observable market prices or rates. As at 30 September 2024 and 31 March 2024, certain unlisted equity investments carry out property redevelopment projects and the fair values of the properties under these projects are considered in the fair value assessment by the directors; while an unlisted investment carries a listed equity investment and its quoted market price is also considered in the fair value assessment by the directors. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then adjusted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. A discount for lack of marketability ("DLDM") is applied in the fair value assessment, representing the amounts of premium and discounts determined by the Group that market participants would take into account when pricing the investments. The adjusted multiple is applied to

the corresponding equity and earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss and other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period. The fair values of interest-bearing bank and other borrowings repayable beyond one year after the end of the reporting period as assessed on an individual borrowing basis have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

The Group did not have any financial liabilities measured at fair value as at 30 September 2024 and 31 March 2024.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2024

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity investments at fair value through profit or loss	—	—	45,116	45,116

As at 31 March 2024

	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Equity investments at fair value through profit or loss	—	—	39,815	39,815

As at 30 September 2024, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank and other borrowings with non-current portion of HK\$86,630,000 (31 March 2024: HK\$108,614,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable (Level 2).

During the Reporting Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 September 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's major business segments during the six months ended 30 September 2024 (the "Reporting Period") comprise:

- (a) the property development and investment business segment, which is engaged in property development of residential and commercial properties and the holding of investment properties;
- (b) the trading business segment, which 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, which comprises, principally, the operation of a hotel.

The Group's revenue for the period ended 30 September 2024 was approximately HK\$91,978,000 (six months ended 30 September 2023: HK\$33,887,000), representing a significant increase of approximately 171% compared with the corresponding period last year.

PROPERTY DEVELOPMENT AND INVESTMENT BUSINESS

The Group's revenue for the Reporting Period from this segment was approximately HK\$60,786,000 (six months ended 30 September 2023: HK\$12,481,000), representing a significant increase of approximately 387% as compared with the corresponding period last year. The turnover from this segment mainly arose from sales of properties in the PRC and rental income from investment properties located in the PRC.

(i) Sales of properties

Revenue increased from approximately HK\$4,249,000 for the period ended 30 September 2023 to approximately HK\$49,520,000 for the Reporting Period, representing a significant increase of approximately 1,065%.

In the Reporting Period, sales were mainly contributed by the sales of Section G of Century Place in Kaifeng, the PRC. Compared with the corresponding period last year, only a few car parks at World Expo Plaza in Kaifeng, the PRC and a few commercial units at Haikou, the PRC were sold. Section G of Century Place in Kaifeng, the PRC has been launched to the market at the end of 2023. It caused a significant increase in turnover.

(ii) Rental income from investment properties

Turnover from rental income increased from approximately HK\$8,232,000 for the six months ended 30 September 2023 to approximately HK\$11,266,000 for the Reporting Period, representing an increase of approximately 37%. The increase was mainly due to the increase in rental rate of the Group's shop in Kaifeng, the PRC.

Segment operating profit generated from this segment for the Reporting Period amounted to approximately HK\$9,358,000 (six months ended 30 September 2023: loss of HK\$5,719,000). The significant increase in profit was because Section G of Century Place has been launched to the market and significant sales was contributed to the Group during the Reporting Period.

TRADING BUSINESS

The Group's revenue for the Reporting Period from this segment was recorded at approximately HK\$23,154,000 (six months ended 30 September 2023: HK\$14,007,000), representing an increase of approximately 65% as compared to the last reporting period.

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

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

Revenue increased from approximately HK\$11,108,000 for the six months ended 30 September 2023 to approximately HK\$21,411,000 for the Reporting Period, representing a significant increase of approximately 93%. The increase was due to the recognition of a major sales order from Hong Kong Hospital Authority during this Reporting Period for a sale and installation of a hydrotherapy pool to United Christian Hospital under Kowloon East Cluster Procurement Centre with a contract sum of approximately HK\$9,500,000.

(ii) Trading of home security and automation products

Revenue decreased from approximately HK\$2,899,000 for the six months ended 30 September 2023 to approximately HK\$1,743,000 for the Reporting Period, representing a decrease of approximately 40%. The decrease in turnover was because of the termination of the trading of home security and automation business in China. For the sales in Hong Kong, as the economic growth was not up to expectation, our customers became more conservative which caused the drop in sales and demand for security products.

Segment operating profit generated from this segment for the Reporting Period amounted to approximately HK\$398,000 (six months ended 30 September 2023: loss of HK\$251,000). The change from loss to profit was because of the improvement of sales during the Reporting Period.

“OTHERS” BUSINESS, PRINCIPALLY OPERATION OF A HOTEL

The Group’s revenue for the Reporting Period generated from this segment was approximately HK\$8,038,000 (2023: HK\$7,399,000), representing an increase of 9% as compared to the same period last year. Revenue generated from this segment arises mainly from the operation of a hotel. The Group operates one hotel, namely Holiday Inn Express Kaifeng City Center (“**Holiday Inn Express Kaifeng**”) during the Reporting Period. Holiday Inn Express Kaifeng is located in the city centre of Kaifeng, with a total gross floor area of approximately 14,000 sq.m.. It consists of 243 guest rooms, including 100 king bed standard rooms, 106 single bed standard rooms, 18 king bed superior rooms, 18 single bed superior rooms and 1 suite. There are also 3 meeting rooms with a total gross floor area of approximately 460 sq.m..

The tourism business resumed progressively during the Reporting Period. The overall performance of the Group’s hotel in the Mainland China has greatly improved. The average occupancy rate increased from 43.2% in the last reporting period to 51.4% in this Reporting Period.

Segment operating loss generated from this segment during the Reporting Period amounted to approximately HK\$1,086,000 (2023: HK\$1,404,000). The loss was mainly due to depreciation expense of the hotel.

The net loss attributable to owners of the Company for the Reporting Period amounted to approximately HK\$14,622,000 as compared with that for the six months ended 30 September 2023 of approximately HK\$16,807,000. Such decrease of net loss attributable to owners of the Company was due to the increase in turnover for all segments during the Reporting Period.

Loss per share for the six months ended 30 September 2024 was approximately HK1.00 cents.

FINANCIAL REVIEW

Turnover

For the six months ended 30 September 2024, the Group’s turnover amounted to approximately HK\$92 million, increased significantly by approximately 171% as compared to the same period last year. Such increase was mainly because (i) an increase in turnover from sales of properties at Section G of Century Place, Kaifeng, the PRC; and (ii) a significant sales contract with Hong Kong Hospital Authority from the trading segment during the Reporting Period.

Revenue generated from property development and investment business, trading business and others business amounted to approximately HK\$61 million, HK\$23 million and HK\$8 million, respectively, representing an increase of approximately 387%, 65% and 9%, respectively, as compared with the same period last year.

Gross profit margin

During the six months ended 30 September 2024, the Group's gross profit margin was approximately 33.4%, down by 27.5 percentage points as compared to 60.9% of the same period last year. This was mainly due to higher gross profit margin was noted for the sales of car park in Haikou, the PRC in last reporting period. During the Reporting Period, lower gross profit was noted for the sales of residential apartment at Kaifeng, the PRC.

On the other hand, the decrease is driven by larger 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, decreased from approximately 24% to approximately 12%. 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 on equity investments at fair value through profit or loss

The amount represents the fair value loss on one of the equity investments that are included in the equity investments designated at fair value through profit or loss due to a significant decrease in share price of that investment in the last reporting period. As the Group has disposed all the shares of one of the equity investments that was listed in China on the Shenzhen Stock Exchange during the year ended 31 March 2024, no such fair value change was noted in this Reporting Period.

Other income and gains

For the six months ended 30 September 2024, the Group's other income and gains amounted to approximately HK\$13 million, decreased significantly by approximately 67% as compared to approximately HK\$39 million in the same period last year. During the year ended 31 March 2024, 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. No dividend (2023: HK\$33,723,000) was earned from that investment during this Reporting Period.

Gain on disposal of a subsidiary/gain on disposal of investment properties

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 a 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 and the net book value of the investment property held on behalf by Hainan Fruitful Business Management Ltd. 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\$17.1 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.

Liquidity and financial resources

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 30 September 2024, the Group had total assets of approximately HK\$1,988,034,000, which were financed by total liabilities, shareholders’ equity and non-controlling interests of approximately HK\$631,141,000, HK\$1,368,352,000 and HK\$11,459,000 (debit balance), respectively. The Group’s current ratio as at 30 September 2024 was 1.75 as compared with 1.80 as at 31 March 2024.

* *English name for identification purposes only*

Gearing ratio is calculated by dividing the total interest-bearing debts less cash and cash equivalents with 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 30 September 2024 (31 March 2024: 24%). We analyse 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 six months ended 30 September 2024 was approximately HK\$49,476,000, which was mainly used for the addition of right-of-use assets and leasehold improvements for the operation of a new hotel.

Contingent liabilities

At the end of the Reporting Period, there were no significant contingent liabilities for the Group.

Commitments

At the end of the Reporting Period, the Group had capital commitments contracted, but not provided for, of approximately HK\$434,000.

Charges on group assets

The Group's banking facilities are secured by:

- (i) the pledge of certain of the Group's leasehold land and buildings situated in Hong Kong and the PRC of HK\$164,074,000 (31 March 2024: HK\$167,060,000);
- (ii) the pledge of certain of the Group's investment properties situated in the PRC of HK\$455,100,000 (31 March 2024: HK\$442,800,000);
- (iii) the pledge of certain of the Group's of properties held for sale under development and properties held for sale situated in the PRC of HK\$149,850,000 (31 March 2024: HK\$145,800,000);
- (iv) the assignment of rental income from the leases of certain of properties of the Group; and
- (v) the pledge of the Group's time deposits of HK\$4,000,000 (31 March 2024: HK\$4,000,000).

Treasury policies

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

Exchange risk exposure

The Group mainly exposes to balances denominated in Renminbi (“RMB”) which is mainly arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities.

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

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 the 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 in the 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 interim results announcement, the construction of a gross floor area of approximately 190,000 sq.m. has been completed as Section A to Section F and achieved a total sales contract sum of approximately RMB767 million.

The unsold area at the Century Place Section A to Section F, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA
Section A	Investment properties — Shops (leased out)	53,600 sq.m.
Section B	Properties held for sale — Apartments	200 sq.m.
	Car park	70 units
Section C	Properties held for sale — Villas	6,000 sq.m.
Section D	Properties held for sale — Offices	1,200 sq.m.
	Car park	10 units
Section E	Properties held for sale — Shops	350 sq.m.
Section F	Properties held for sale — Shops	4,900 sq.m.
	Investment properties — Hotel (leased out)	6,200 sq.m.
	Car park	89 units

During the 31 March 2024, 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) with gross floor area of approximately 20,400 sq.m. has been launched to the market. The unsold area at the Century Place Section G, namely Xiyuan, Longting Area, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA
Section G	Properties held for sale — Apartments	9,700 sq.m.
	Properties held for sale — Shops	3,300 sq.m.
	Car park	88 units

Up to the date of this interim results announcement, a total sales contract sum of approximately RMB106 million has been achieved.

World Expo, Kaifeng

On 16 February 2012, the Group successfully won a bid for the acquisition of the 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 interim results announcement, this project has been completed and achieved a total sales contract sum of approximately RMB574 million.

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

	CURRENT USE	GROSS FLOOR AREA
Commercial Sector A	Property, plant and equipment — Hotel	14,000 sq.m.
Commercial Sector B	Properties held for sale — Shops	2,300 sq.m.
Residential Blocks 1–3	Properties held for sale — 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.

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

The Group has set up 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.

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.

Home security and automation products

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

In 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 organizations of the Hong Kong Government to enhance their monitoring and management capabilities.

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

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

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

Hotel operation

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

In view of the increasing number of visitors in 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.

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.

The Orange Hotel is located inside the Song City tourist zone (宋都皇城旅遊度假區) and next to the LongTing Lake, Kaifeng, with a total gross floor area of approximately 4,700 sq.m.. It consists of 89 guest rooms, including 27 double bed rooms with lake view, 6 twin bed rooms with lake views, 23 double rooms, 24 superior twin bed rooms, 4 king bed rooms, 1 suite and 4 family rooms (include 1 extra large double bed and 1 double bed). There is also 1 meeting room with a total gross floor area of approximately 15 sq.m..

The Orange Hotel has commenced operations since October 2024. The occupancy rate for October 2024 was approximately 67%.

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

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Reporting Period, there has been no other significant investment held, material acquisition and disposal of subsidiaries and affiliated companies by the Group.

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 placing of 13M Bond will be used by the Company to offset outstanding amount of previous bond of HK\$13,000,000. As at the date of this interim results announcement, bonds of an aggregate principal amount of HK\$13,000,000 were subscribed for by one placee, who is an independent third party.

On 6 May 2024, the Company entered into a placing agreement for the placing of unlisted corporate bonds of an aggregate principal amount of up to HK\$15,000,000. The interest rate is 7% per annum, payable quarterly in arrears. The net proceeds from the bond placing will be used by the Company to offset outstanding amount of 20M Bond (as disclosed in note 15 to the notes to the condensed consolidated financial statement). As at the date of this interim results announcement, bonds of an aggregate principal amount of HK\$15,000,000 were subscribed for by one placee, who is an independent third party.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in this interim results announcement, the Group did not have other plans for material investment or capital assets as at 30 September 2024.

HUMAN RESOURCES

As at 30 September 2024, the Group had 162 employees, 117 of whom were based in the PRC. The total employee benefits expenses including directors' emoluments for the Reporting Period increased slightly to approximately HK\$17.4 million from approximately HK\$17.3 million in the same period last year.

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

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (six months ended 30 September 2023: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 September 2024.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 30 August 2022 (the "Scheme") which complied with the requirements of Chapter 17 of the Listing Rules.

The Scheme is established by the Company to recognise and acknowledge the contributions of eligible participants who have contributed to the success of the Group's operations. Eligible participants of the Scheme include full time or 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.

During the Reporting Period, no share options were granted under the Scheme.

At the end of the Reporting Period, no share options were outstanding under the Scheme.

Details of the Scheme will be disclosed in the "Management Discussion and Analysis" section in the Group's 2024 interim report.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the six months ended 30 September 2024.

CORPORATE GOVERNANCE

In the Corporate Governance Report which was published in our annual report for the year ended 31 March 2024, the Company's corporate governance practices are based on the principles and the code provisions ("**Code Provisions**") as set out in the Code on Corporate Governance Practices ("**CG Code**") contained in Appendix 14 of the Listing Rules. The Directors consider that the Company has complied with most of the Code Provisions throughout the six months ended 30 September 2024, 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

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 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 ensures a consistent leadership for, the Group. Further, a balance of power and authority between the Board and management can be ensured by the operation of the Board, whose members (including the three independent non-executive directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the Board from time to time to ensure that a balance of power and authority between the Board and management is appropriately maintained for the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**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 six months ended 30 September 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.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's internal controls, risk management and financial reporting matters including the review of the interim results for the six months ended 30 September 2024, and adequacy of resources and qualifications of the Company's accounting staff. The audit committee comprises three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Kam Chau and Mr. Song Sio Chong. Mr. Siu Kam Chau is the Chairman of the committee.

The interim results of the Group for the six months ended 30 September 2024 have not been reviewed or audited by the Company's independent auditor. The audit committee held a meeting on 27 November 2024. The audit committee has considered and reviewed the interim report and interim financial statements of the Group and given their opinion and recommendation to the Board. The audit committee considers that the 2024 interim report and interim financial statements of the Group have complied with the applicable accounting standards and the Company has made appropriate disclosures thereof.

NOMINATION COMMITTEE

The Company has a nomination committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the Board composition and identifying and nominating candidates for appointment to the Board such that it has the relevant appropriate blend of skills, knowledge and experience. The nomination committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien and Mr. Wang Jing Ning, and three independent non-executive Directors, namely Dr. Ho Chung Tai, Raymond, Mr. Siu Kam Chau and Mr. Song Sio Chong. Mr. Song Sio Chong is the Chairman of the committee.

REMUNERATION COMMITTEE

The Company has a remuneration committee which was established in accordance with the requirements of the CG Code for the purpose of reviewing the remuneration policy and fixing the remuneration packages for all Directors and chief executives. The remuneration committee currently comprises two executive Directors, namely Mr. Tjia Boen Sien and Mr. Wang Jing Ning, and three independent non-executive Directors, 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.

PUBLICATION OF FURTHER FINANCIAL INFORMATION

The interim results announcement is published on the Stock Exchange website (<http://www.hkexnews.hk>) and the Company's website (<http://www.deson.com>). The interim report for the six months ended 30 September 2024 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the Stock Exchange website and the Company's website in due course.

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

Hong Kong, 27 November 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, 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.