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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)

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF
THE CONSTRUCTION AND ENGINEERING CONTRACTING BUSINESS OF
THE GROUP ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made pursuant to the inside information provisions under Part XIVA of the SFO, Rule 13.09(2)(a) and Practice Note 15 of the Listing Rules.

Further to the announcement of the Company dated 1 August 2014 in relation to the Proposed Spin-off on GEM, the Board is pleased to announce that the Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and that the Stock Exchange had confirmed that the Company may proceed with the Proposed Spin-off. Accordingly, on 10 September 2014, the Listing Application was submitted.

The Board proposes to give due regard to the interests of the Shareholders by providing Qualifying Shareholders with an assured entitlement to the DCIHL Shares by way of a distribution in specie of up to 32% of the issued share capital of DCIHL upon Listing if the Proposed Spin-off proceeds. Details of such assured entitlement have yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

Following completion of the Proposed Spin-off, DCIHL will continue to be a subsidiary of the Company and the Remaining Group will be engaged principally in the Remaining Business. As the Proposed Spin-off will be by way of the distribution in specie alone, it does not constitute and will not be regarded as a transaction by the Company for the purposes of Chapter 14 of the Listing Rules. Accordingly, there will be no requirement to comply with the notification or shareholders' approval requirements of Chapter 14 of the Listing Rules.

* *for identification purpose only*

As at the date of this announcement, the Board has not yet finalised the date of listing of the DCIHL Shares. The listing of the DCIHL Shares pursuant to the Proposed Spin-off is subject to, among other things, the final decisions of the Board and the board of directors of DCIHL to proceed with the Proposed Spin-off and the obtaining of the approval of the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the DCIHL Shares on GEM. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the DCIHL Shares will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the proposed distribution in specie of DCIHL Shares will not be made. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

INTRODUCTION

This announcement is made pursuant to the inside information provisions under Part XIVA of the SFO, Rule 13.09(2)(a) and Practice Note 15 of the Listing Rules.

Reference is made to the announcement of the Company dated 1 August 2014 in relation to the Proposed Spin-off of the Construction and Engineering Contracting Business of the Group on GEM.

The Board is pleased to announce that the Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and that the Stock Exchange had confirmed that the Company may proceed with the Proposed Spin-off.

LISTING APPLICATION

On 10 September 2014, the Listing Application was submitted to the Stock Exchange to apply for the listing of, and permission to deal in, the DCIHL Shares on GEM. DCIHL was incorporated as a limited company in the Cayman Islands on 18 July 2014 and is, as at the date of this announcement, wholly-owned by the Company. The DCIHL Group, being the subject of the Proposed Spin-off, comprises certain existing subsidiaries of the Company which are principally engaged in the Construction and Engineering Contracting Business. DCIHL is the holding company of the DCIHL Group. The listing of the DCIHL Shares will be by way of introduction to be achieved by a distribution in specie by the Company of up to 32% of the issued share capital of DCIHL upon Listing. There will be no offering pursuant to the Proposed Spin-off. Following completion of the Proposed Spin-off, DCIHL will continue to be a subsidiary of the Company and the Remaining Group will be engaged principally in the Remaining Business.

The Listing Application is subject to an initial three-day review by the Stock Exchange of the application proof of DCIHL's listing document (the "**Application Proof**"). If the Listing Application is accepted by the Stock Exchange for detailed vetting after the initial three-day review, a redacted form of the Application Proof will be available for viewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off is in the interest of the Remaining Group and the DCIHL Group for the following reasons:

- (a) the Remaining Group and the DCIHL Group, operating in different business segments, are believed to have different growth paths and different business strategies. By delineating clearly between the Remaining Group's business and DCIHL Group's business, the Proposed Spin-off allows DCIHL Group's business to create a more defined business focus and efficient resource allocation. The Proposed Spin-off will also allow separate fund raising platforms for the businesses of the two groups to fund the growth and expansion of DCIHL Group's business and the Remaining Group's business;
- (b) the Proposed Spin-off will potentially provide greater debt capacity due to greater clarity for credit profiling of the Company and DCIHL Company respectively by financial institutions that wish to extend credit or financing to the Company or DCIHL;
- (c) the Proposed Spin-off will enable the management of the Company and DCIHL to dedicate their time on building the core businesses of the Remaining Group and DCIHL Group, respectively, to adopt different business strategies in order to better suit their respective businesses, thereby simplifying the decision-making process and increasing their responsiveness to market changes and opportunities specific to the business of the relevant group;
- (d) the Proposed Spin-off will provide a mechanism to attract and motivate the management of DCIHL to be directly in charge of its operating and financial performance on a standalone basis;
- (e) the Company will continue to be the beneficial owner of a majority of shares in DCIHL after the Proposed Spin-off and to benefit from any enhanced value of DCIHL Group through the Proposed Spin-off. Shareholders will continue to enjoy the benefits from the future development and growth of DCIHL Group's business; and
- (f) the Proposed Spin-off will create two groups of companies and could unlock the value of the Construction and Engineering Contracting Business. The Proposed Spin-off will be by way of a distribution in specie whereby upon listing of the DCIHL Shares, existing Shareholders of the Company will be able to get certain number of DCIHL Shares for certain existing number of the Shares in the Company held by them. The Company will thus be able to return value to its shareholders in the form of liquid securities.

ASSURED ENTITLEMENT

The Board proposes to give due regard to the interests of the Shareholders by providing Qualifying Shareholders with an assured entitlement to the DCIHL Shares by way of a distribution in specie of up to 32% of the issued share capital of DCIHL upon Listing if the Proposed Spin-off proceeds. Details of such assured entitlement have yet been finalised. The Company will make further announcement(s) in this regard as and when appropriate.

LISTING RULES IMPLICATIONS

As the Proposed Spin-off will be by way of the distribution in specie alone, it does not constitute and will not be regarded as a transaction by the Company for the purposes of Chapter 14 of the Listing Rules. Accordingly, there will be no requirement to comply with the notification or shareholders' approval requirements of Chapter 14 of the Listing Rules.

GENERAL

As at the date of this announcement, the Board has not yet finalised the date of listing of the DCIHL Shares. The listing of the DCIHL Shares pursuant to the Proposed Spin-off is subject to, among other things, the final decisions of the Board and the board of directors of DCIHL to proceed with the Proposed Spin-off and the obtaining of the approval of the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the DCIHL Shares on GEM. Accordingly, Shareholders and potential investors in the Company should be aware that there is no assurance that the Proposed Spin-off and the separate listing of the DCIHL Shares will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the proposed distribution in specie of DCIHL Shares will not be made. Shareholders and potential investors in the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

Further announcements will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

DEFINITIONS

“Board”	the board of directors of the Company;
“Company”	Deson Development International Holdings Limited (Stock Code: 262), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Construction and Engineering Contracting Business”	the construction and engineering contracting business of the Group, where the Group acts as a contractor in the provision of (a) building construction mainly in Hong Kong; (b) electrical and mechanical engineering works services mainly in Hong Kong; and (c) alterations, addition, renovation, refurbishment and fitting-out work services mainly in Hong Kong and the PRC;
“DCIHL”	Deson Construction International Holdings Limited, a company intended to be listed on GEM pursuant to the Proposed Spin-off;

“DCIHL Group”	DCIHL and its proposed subsidiaries, which are engaged in the Construction and Engineering Contracting Business;
“DCIHL Shares”	ordinary shares in the share capital of DCIHL;
“GEM”	The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing”	the Listing of DCIHL Shares at GEM;
“Listing Application”	an application for listing of and permission to deal in all the ordinary shares of DCIHL on GEM in Form A – Forms relating to listing set out in Appendix 5 to the GEM Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PN15”	Practice Note 15 of the Listing Rules;
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Proposed Spin-off”	the proposed spin-off of the DCIHL Group by way of a separate listing of the DCIHL Shares on GEM to be achieved by a distribution in specie by the Company of up to 32% of the issued share capital of DCIHL upon Listing;
“Qualifying Shareholders”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on such record date to be determined by the Board;
“Remaining Business”	the business of property development and investment, the trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market;
“Remaining Group”	the Group, excluding the DCIHL Group;

“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	Ordinary share(s) of par value of HK\$0.10 each in the issued share capital of the Company;
“Shareholders”	the shareholders of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 10 September 2014

As at the date of this announcement, the executive directors of the Company are Mr. Lu Quanzhang, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Keung Kwok Cheung, the non-executive director of the Company is Mr. Wong Shing Kay, Oliver, the independent non-executive directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.