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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 DISCLOSEABLE TRANSACTION IN RELATION TO 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.

Reference is made to the announcements of the Company dated 1 August 2014, 10 September 2014 and 16 September 2014 pursuant to which the Company announced that, among others, the Proposed Spin-off will be effected by the listing of the DCIHL Shares 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. However, with a view to maximise the percentage of the DCIHL Shares held by the public immediately after the Listing, it is currently proposed that the method of listing of DCIHL Shares on GEM will be changed to “listing by way of placing”. Given the change in the method of listing, the Company has on 24 October 2014 informed the Stock Exchange by way of an update to the spin-off proposal to the Stock Exchange pursuant to Practice Note 15, which spin-off proposal was previously approved on 2 September 2014. On 30 October 2014, the Stock Exchange confirmed that such a change of listing method will not affect the Stock Exchange’s previous decision to allow the Company to proceed with the Proposed Spin-off.

It is currently proposed that pursuant to the proposed placing, approximately 12.5% of the DCIHL’s enlarged issued share capital will be placed with professional institutional and other investors in Hong Kong, who are independent third parties. The Placing Shares will be fully underwritten by underwriter(s) pursuant to an underwriting agreement.

\* for identification purpose only

In accordance with the requirements of the Practice Note 15 of the Listing Rules, the Board will continue 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 27.66% of the issued share capital of DCIHL as enlarged by the Placing Shares 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, the DCIHL will continue to be a subsidiary of the Company, which the Company will hold more than 50% of the issued share capital of DCIHL as enlarged by the Placing Shares. It is intended that the Company will continue to consolidate the financial results of the DCIHL Group in its financial statements. As it is currently expected that certain applicable percentage ratios in respect of the Proposed Spin-off would exceed 5% but would be less than 25%, such reduction of the Company's shareholding interest in DCIHL is expected to constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and a deemed disposal by the Company under Rule 14.29 of the Listing Rules. The Proposed Spin-off is therefore subject to the reporting and announcement requirement, but exempt from shareholders' approval requirement under the Listing Rules.

**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 announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate in accordance with the Listing Rules.

## 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 announcements of Deson Development International Holdings Limited (the "Company") dated 1 August 2014, 10 September 2014 and 16 September 2014 pursuant to which the Company announced that, among others, the Proposed Spin-off will be effected by the listing of the DCIHL Shares 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 (the "Announcements").

Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

## **CHANGE OF METHOD OF LISTING**

With a view to maximise the percentage of the DCIHL Shares held by the public immediately after the Listing, it is currently proposed that the method of listing of DCIHL Shares on GEM will be changed to “listing by way of placing”. Given the change in the method of listing, the Company has on 24 October 2014 informed the Stock Exchange by way of an update to the spin-off proposal to the Stock Exchange pursuant to Practice Note 15, which spin-off proposal was previously approved on 2 September 2014. On 30 October 2014, the Stock Exchange confirmed that such a change of listing method will not affect the Stock Exchange’s previous decision to allow the Company to proceed with the Proposed Spin-off.

It is currently proposed that pursuant to the proposed placing, approximately 12.5% of the DCIHL’s enlarged issued share capital (“**Placing Shares**”) will be placed with professional institutional and other investors in Hong Kong, who are independent third parties. The Placing Shares will be fully underwritten by underwriter(s) pursuant to an underwriting agreement.

## **ASSURED ENTITLEMENT**

In accordance with the requirements of Practice Note 15 of the Listing Rules, the Board will continue 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 27.66% of the issued share capital of DCIHL as enlarged by Placing Shares 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.

## **CONDITIONS PRECEDENT FOR THE PROPOSED SPIN-OFF**

The Proposed Spin-off will be conditional upon, among others, the following:

- (i) the final decisions of the Board and the board of directors of DCIHL to proceed with the Proposed Spin-off, including the Board declaring an interim dividend by way of the distribution in specie of DCIHL Shares;
- (ii) the obtaining of the approval of the Stock Exchange for the listing of, and permission to deal in, the DCIHL Shares in issue and to be issued on GEM;
- (iii) the price determination agreement being entered into on or before the price determination date; and
- (iv) the obligations of the underwriter(s) under the underwriting agreement relating to the proposed placing becoming unconditional (including the waiver of any condition(s)), and the underwriting agreement not being terminated in accordance with its terms or otherwise.

## **INTENDED USE OF THE PROCEEDS FROM THE PROPOSED PLACING**

As the Proposed Spin-off does not involve an offering or sale of shares or any other securities by the Company, no new proceeds will be raised by the Company pursuant to the Proposed Spin-off.

As the final placing price has yet to be determined, the details of the use of proceeds by the DCIHL Group of the proposed placing (after deducting related listing expenses payable by the DCIHL Group) have yet to be finalised. Details of the use of proceeds will be announced by the Company in due course.

## **LISTING RULES IMPLICATIONS**

Following completion of the Proposed Spin-off, the DCIHL will continue to be a subsidiary of the Company, which the Company will hold more than 50% of the issued share capital of DCIHL as enlarged by the Placing Shares. It is intended that the Company will continue to consolidate the financial results of the DCIHL Group in its financial statements. As it is currently expected that certain applicable percentage ratios in respect of the Proposed Spin-off would exceed 5% but would be less than 25%, such reduction of the Company's shareholding interest in DCIHL is expected to constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and a deemed disposal by the Company under Rule 14.29 of the Listing Rules. The Proposed Spin-off is therefore subject to the reporting and announcement requirement, but exempt from shareholders' approval requirement under the Listing Rules.

## **GENERAL**

**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 of 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 of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.**

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 3 November 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.*