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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



CNI SECURITIES GROUP LIMITED

PLACING OF UP TO 100,000,000 NEW SHARES UNDER GENERAL MANDATE

On 21 January 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best endeavour basis, of up to 100,000,000 Placing Shares at a price of HK\$0.72 per Placing Share to not less than six Placees who and whose ultimate beneficial owners are independent third parties not connected with the Company and its connected persons.

A maximum of 100,000,000 Placing Shares under the Placing represent (i) approximately 18.08% of the existing issued share capital of the Company of 553,210,267 Shares as at the date of this announcement; and (ii) approximately 15.31% of the issued share capital of the Company of 653,210,267 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion.

The Placing Price of HK\$0.72 per Placing Share represents (i) a discount of approximately 5.3% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 7.7% to the average closing price of approximately HK\$0.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in all the Placing Shares.

* for identification purpose only

The maximum gross proceeds from the Placing will be approximately HK\$72 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$70 million, of which approximately HK\$50 million will be used for property development project of the Group in Kaifeng City, the PRC and the balance of approximately of HK\$20 million will be used for general working capital of the Group.

Shareholders and potential investors should note that the Placing is subject to condition under the Placing Agreement to be fulfilled or the Placing Agreement may be terminated by the Placing Agent at its discretion prior to Completion. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

THE PLACING AGREEMENT

Date

21 January 2015 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 100,000,000 Placing Shares on a best endeavour basis and will receive a placing commission of 2.5% of the amount that is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent on behalf of the Company. The Directors are of the view that the placing commission of 2.5% is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares, on a best endeavour basis, at the price of HK\$0.72 per Placing Share to not less than six Placees who and whose ultimate beneficial owners are independent third parties not connected with the Company and its connected persons. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

Number of Placing Shares

A maximum of 100,000,000 Placing Shares under the Placing represent (i) approximately 18.08% of the existing issued share capital of the Company of 553,210,267 Shares as at the date of this announcement and (ii) approximately 15.31% of the issued share capital of the Company of 653,210,267 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company from the date of this announcement and up to the Completion.

Placing Price

The Placing Price of HK\$0.72 per Placing Share represents (i) a discount of approximately 5.3% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 7.7% to the average closing price of approximately HK\$0.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The net placing price under the Placing is approximately HK\$0.70 per Placing Share. The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 110,642,053 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate.

Conditions of the Placing

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in all of the Placing Shares.

If the foregoing condition is not fulfilled on or before 17 February 2015 (or such later date as may be agreed by the Company and the Placing Agent), all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the parties to the Placing Agreement shall have any claim against the other thereto.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

Termination and force majeure events

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of Completion if:

- a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- d) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the date of Completion if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the terms and conditions mentioned under this section headed “Termination and force majeure events” of this announcement, all liabilities of the parties to the Placing Agreement thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion shall take place at 4:00 p.m. on the fourth Business Day after the fulfillment of the conditions set out in the section headed “Conditions of the Placing” of this announcement (or such other date as the Placing Agent and the Company may agree in writing).

Shareholders and potential investors should note that the Placing is subject to condition under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) property development and investment; (ii) the construction business as a main contractor and decoration, as well as the provision of electrical and mechanical engineering services; and (iii) 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.

The maximum gross proceeds from the Placing will be approximately HK\$72 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$70 million, of which approximately HK\$50 million will be used for property development project of the Group in Kaifeng City, the PRC and the balance of approximately of HK\$20 million will be used for general working capital of the Group.

The Directors are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS

The Company has not conducted any other fund raising exercises in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon Completion are set out below for illustration purposes:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholders:				
Tjia Boen Sien (<i>Note 1</i>)	279,064,400	50.44	279,064,400	42.72
Chen Huofa (<i>Note 2</i>)	115,799,160	20.93	115,799,160	17.73
Directors:				
Wang Jing Ning	14,839,600	2.68	14,839,600	2.27
Lu Quanzhang	100,000	0.02	100,000	0.02
Ho Chung Tai, Raymond	485,000	0.09	485,000	0.07
Siu Man Po	300,000	0.05	300,000	0.05
Tjia Wai Yip, William	1,600,000	0.29	1,600,000	0.24
Public Shareholders:				
Placees (<i>Note 3</i>)	—	—	100,000,000	15.31
Others	141,022,107	25.50	141,022,107	21.59
Total	553,210,267	100.00	653,210,267	100.00

Note:

1. Tjia Boen Sien (“Mr. Tjia”) is the beneficial owner of 279,064,400 Shares in the Company (being the aggregate of personal interest of Mr. Tjia of 45,774,400 Shares and the corporate interest held by Sparta Assets Limited (“Sparta Assets”) of 233,290,000 Shares). Sparta Assets, a company incorporated in British Virgin Islands and is wholly-owned by Mr. Tjia. Thus Sparta Assets is a corporation wholly-owned and controlled by him. Therefore, Mr. Tjia is deemed to be interested in any shares held by Sparta Assets.
2. Chen Huofa (“Mr. Chen”) is the beneficial owner of 115,799,160 Shares in the Company (being the corporate interest held by Granda Overseas Holding Co. Ltd. (“Granda”). Granda, a company incorporated in British Virgin Islands and is wholly-owned by Mr. Chen. Thus Granda is a corporation wholly-owned and controlled by him. Therefore, Mr. Chen is deemed to be interested in any shares held by Granda.
3. Assuming no other issue of new Shares and no repurchase of existing Shares before Completion, and the Placing Agent has placed the maximum number of the Placing Shares, being 100,000,000 new Shares, to not less than six independent Placees. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the condition precedent in the Placing Agreement being fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

“AGM”	the annual general meeting of the Company held on 11 August 2014 at which, among others, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders;
“Board”	the board of directors of the Company;
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“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;
“Completion”	completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Listing Committee”	has the meaning ascribed thereto in the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any professional institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the condition set out in the Placing Agreement;
“Placing Agent”	CNI Securities Group Limited, a licensed corporation to carry on business type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	a conditional placing agreement dated 21 January 2015 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	the price of HK\$0.72 per Placing Share;
“Placing Shares”	up to 100,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares;
“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;
“Previous Announcements”	all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 March 2014;

“Shares”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	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, 21 January 2015

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. Tjia Wai Yip, William, the non-executive director of the Company is Mr. Wong Shing Kay, Oliver, and the independent non-executive directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.