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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)

**ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES
AND THE INSIDE INFORMATION PROVISIONS
MEMORANDUM OF UNDERSTANDING IN RELATION TO A POSSIBLE
DISPOSAL AND PROPOSED JOINT VENTURE**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that on 18 May 2016 (after the trading hours), the Company, the Vendor, being a wholly-owned subsidiary of the Company, and Hoverjet entered into the Memorandum of Understanding in relation to the Proposed Disposal and the Proposed Joint Venture. The Memorandum of Understanding is non-binding in nature, and the terms and conditions of the Proposed Disposal and the Proposed Joint Venture are subject to further negotiations between the parties and the execution of definitive and binding agreement(s) by the relevant parties.

Pursuant to the Memorandum of Understanding, the Vendor intends to dispose of and Hoverjet intends to procure the Purchaser to acquire the Sale Shares, representing the entire issued share capital of the Target Company free from any encumbrances. The Target Company is a company incorporated in the BVI, which in turn owns all the equity interests in the Project Company that owns the Target Property, which is known as Starway Parkview South Station Hotel (formerly known as Shanghai Parkview Business Hotel) located adjacent to the Shanghai Botanical Gardens and near the perimeter of the Middle Ring Road in Shanghai, the PRC.

The consideration of the Proposed Disposal shall comprise of (i) a cash consideration of RMB56,910,000; (ii) the allotment and issuance of new ordinary shares representing 30% of the enlarged issued share capital of the Purchaser; and (iii) the Purchaser's assumption of outstanding taxes payable by the Project Company for tax periods ending on the Completion Date for an amount up to RMB25 million.

* For identification purpose only

In consideration of the Vendor agreeing to grant to Hoverjet the Exclusivity Period, an earnest sum of HK\$5,000,000 as good faith money will be paid by Hoverjet to the Vendor within seven days after the signing of the Memorandum of Understanding. Upon completion of the Proposed Disposal, the Vendor will own 30% equity interest in the Purchaser; and the Vendor, Hoverjet and the Purchaser will enter into a shareholders' agreement to govern their relationship as shareholders of the Purchaser in relation to the Proposed Joint Venture.

The detailed terms of the Proposed Disposal and the Proposed Joint Venture are still subject to negotiation and finalisation. As the Proposed Disposal and the Proposed Joint Venture may or may not materialise, Shareholders and potential investors should exercise caution when dealing in the Shares of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 18 May 2016 (after the trading hours), the Company, the Vendor, being a wholly-owned subsidiary of the Company, and Hoverjet entered into the Memorandum of Understanding in relation to the Proposed Disposal and the Proposed Joint Venture. The Memorandum of Understanding is non-binding in nature, and the terms and conditions of the Proposed Disposal and the Proposed Joint Venture are subject to further negotiations between the parties and the execution of definitive and binding agreement(s) by the relevant parties.

The principal terms of the Memorandum of Understanding are set out below:

Date

18 May 2016

Parties

- (1) Hoverjet;
- (2) the Vendor, being a wholly-owned subsidiary of the Company;
- (3) the Company, as the guarantor to guarantee the liabilities and obligations of the Vendor under the definitive documents.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, Hoverjet and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be disposed of

Pursuant to the Memorandum of Understanding, the Vendor intends to dispose of and Hoverjet intends to procure the Purchaser to acquire the Sale Shares, representing the entire issued share capital of the Target Company free from any encumbrances. The Target Company is a company incorporated in the BVI, which in turn owns all the equity interests in the Project Company that owns the Target Property, which is known as Starway Parkview South Station Hotel (formerly known as Shanghai Parkview Business Hotel) located adjacent to the Shanghai Botanical Gardens and near the perimeter of the Middle Ring Road in Shanghai, the PRC.

Exclusivity Period

The Vendor agrees that during the Exclusivity Period, unless otherwise agreed by the Purchaser, it will not: (a) solicit, initiate, invite or encourage submission of proposals or offers from any person other than the Purchaser to acquire, directly or indirectly, any of its interests in the Target Company or any of its subsidiaries and the Target Property; (b) directly or indirectly enter into any binding commitment (whether on a conditional or unconditional basis) or any negotiation, arrangement or agreement (whether subject to conditions or otherwise) with respect to any sale, transfer or disposal of, by whatever means, including issue of equities, granting of options, pledge, merger or undertaking of other similar transactions affecting or resulting in the disposal or otherwise dilution of the Vendor's interest in, any or all, or a significant portion of the shareholdings in the Target Company or any of its subsidiaries, or any or all, or a significant portion of the material assets or business operations of the Target Company or its subsidiary, with any party other than the Purchaser, save for the purpose of obtaining financing for the working capital of the Target Group.

Pursuant to the Memorandum of Understanding, the Purchaser shall be granted access to the due diligence review on the Target Company, the Project Company and the Target Property during the Exclusivity Period.

Consideration

The consideration of the Proposed Disposal shall comprise of (i) a cash consideration of RMB56,910,000; (ii) the allotment and issuance of new ordinary shares representing 30% of the enlarged issued share capital of the Purchaser; and (iii) the Purchaser's assumption of outstanding taxes payable by the Project Company for tax periods ending on the Completion Date for an amount up to RMB25 million.

In consideration of the Vendor agreeing to grant to Hoverjet the Exclusivity Period, an earnest sum of HK\$5,000,000 ("Earnest Sum") as good faith money will be paid by Hoverjet to the Vendor within seven days after the signing of the Memorandum of Understanding. The Earnest Sum is only refundable in the event that the Definitive Documents are not entered into solely due to (i) the results of due diligence on the Target Company, the Project Company and/or the Target Property are not satisfactory to Hoverjet Limited and/or the Purchaser; or (ii) any force majeure events beyond the control of the Parties, in

which event, the Earnest Sum shall be refunded free of interest by the Vendor within seven days of the termination of the Memorandum of Understanding. In all other events, the Earnest Sum is not refundable in the event that the Definitive Documents are not entered into in accordance with the terms of the Memorandum of Understanding. The Earnest Sum shall be converted into a non-refundable deposit and contributed towards the Consideration upon the signing of the Definitive Documents.

Conditions

The parties to the Memorandum of Understanding shall enter into the formal binding agreement within the Exclusivity Period. The completion of the Proposed Disposal shall be subject to the satisfaction of certain conditions precedent, which include among others:

- (i) if required, the shareholders' approval of the Company approving the entering into by the Vendor of the definitive documents and the transactions contemplated thereunder having been obtained in accordance with the requirements of the Listing Rules;
- (ii) the board approval and all necessary internal approvals of the Purchaser approving the entering into by the Purchaser of the definitive documents and the transactions contemplated thereunder having been obtained;
- (iii) the termination of all employees, existing third-party advisors and agents (if required by the Purchaser) of the Target Company and the Project Company, without any claims against or liabilities to the Target Company and the Project Company;
- (iv) upon request by the Purchaser via a thirty-day's prior written notice to the Vendor, termination of all existing leases in connection with the Target Property by the Project Company;
- (v) there is no material adverse change to the Target Property, the Target Company and the Project Company;
- (vi) all necessary regulatory approvals, registrations, filings, regulatory and third party consents required for each party to consummate the Proposed Disposal having been obtained;
- (vii) subject to the financing documents to be entered into, the Vendor shall procure the Target Company and the Project Company to complete the registration and perfection of the mortgage, charge and pledge in favour of the financing bank as set out under the financing documents; and
- (viii) any other conditions precedent which may be agreed by the parties and included in the definitive documents.

Upon completion of the Proposed Disposal, the Vendor will own 30% equity interest in the Purchaser; and the Vendor, Hoverjet and the Purchaser will enter into a shareholders' agreement to govern their relationship as shareholders of the Purchaser in relation to the Proposed Joint Venture.

REASON FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Board considers that the Proposed Disposal will bring in a strategic partner which will help to broaden the business horizon and improve the long term growth potential of the Target Property, which will be beneficial to the Company and its shareholders as a whole.

GENERAL

The detailed terms of the Proposed Disposal and the Proposed Joint Venture are still subject to negotiation and finalisation. As at the date of this announcement, no definitive agreement or legally binding agreements in relation to the Proposed Disposal and the Proposed Joint Venture have been entered into.

It is expected that the Proposed Disposal, if materialise, will constitute a notifiable transaction of the Company under the Listing Rules. Further announcement(s) will be issued by the Company for any update of the status of the Proposed Disposal when appropriate.

The detailed terms of the Proposed Disposal and the Proposed Joint Venture are still subject to negotiation and finalisation. As the Proposed Disposal and the Proposed Joint Venture may or may not materialise, Shareholders and potential investors should exercise caution when dealing in the Shares of the Company.

DEFINITIONS

Unless otherwise defined, capitalised terms used herein shall have the following meanings:

“Board”	the board of directors of the Company;
“BVI”	the British Virgin Islands;
“Company”	Deson Development International Holdings Limited 迪臣發展國際集團有限公司*, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Completion Date”	the date of completion of the Proposed Disposal;
“Consideration”	the consideration for the Proposed Disposal;
“Exclusivity Period”	the period of 60 days commencing from 16 May 2016 to 15 July 2016 (or such longer period as the parties to Memorandum of Understanding may agree in writing);

* For identification purpose only

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hoverjet”	Hoverjet Limited, a company incorporated in the BVI;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Listing Rules” or “Rule”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Memorandum of Understanding”	the Memorandum of Understanding dated 18 May 2016 entered into between the Company, the Vendor and Hoverjet;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Project Company”	Huasheng International Property Development (Shanghai) Co., Ltd. (華勝國際置業開發(上海)有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Proposed Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser as contemplated under the Memorandum of Understanding;
“Proposed Joint Venture”	the proposed joint venture between Hoverjet and the Vendor which will own 70% and 30% equity interests in the Purchaser upon the Completion Date to govern their relationship as the shareholders of the Purchaser;
“Purchaser”	a company to be incorporated by Hoverjet in a jurisdiction that Hoverjet so chooses;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	the entire issued and paid-up share capital of the Target Company;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Yew Siang Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company;

“Target Property”	the property which is known as the Starway Parkview South Station Hotel (formerly known as Shanghai Parkview Business Hotel), including all of the fit-outs, equipment and facilities therein located at No. 206, 208, 218, 220, 222 Bai Se Road, adjacent to the Shanghai Botanical Gardens and near the perimeter of the Middle Ring Road, Shanghai Municipality, the PRC;
“Vendor”	Deson Ventures Limited, a company incorporated in the BVI and an indirectly wholly-owned subsidiary of the Company;
“%”	per cent.

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

Hong Kong, 18 May 2016

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 independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.