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**(1) POSSIBLE VERY SUBSTANTIAL DISPOSAL
IN RELATION TO PLACING OF SHARES IN
DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED
(2) RESUMPTION OF TRADING**

Placing Agent



PLACING(S)

The Board announces that on 11 January 2017 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place, on a best efforts basis, during the period commencing from the fulfilment or waiver of the conditions precedent as set out in the Placing Agreement until the Completion Date, up to 200,000,000 Placing Shares on behalf of the Vendor to independent places.

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in relation to the Placing exceed(s) 75%, the Placing will constitute a very substantial disposal of the Company under the Listing Rules and are therefore subject to reporting, announcement, circular and shareholders' approval in accordance with Chapter 14 of the Listing Rules.

A circular containing, among other things, further information in respect of the Placing Agreement and the Placing, financial information of the Group, unaudited pro-forma financial information of the Group and other information as required by the Listing Rules, together with the notice convening the SGM and the proxy form in respect of the SGM is expected to be despatched to the Shareholders on or before 8 February 2017.

As Completion is subject to the fulfilment of a number of conditions precedent which are detailed in this announcement, the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the Shares.

* For identification purpose only

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was halted with effect from 9:00 a.m. on 12 January 2017 (Thursday) pending the release of this announcement. Application has been made by the Company for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 January 2017 (Friday).

THE PLACING AGREEMENT

Date: 11 January 2017 (after trading hours)

Parties:

1. The Placing Agent
2. The Vendor

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its beneficial owner(s) are independent of the Company and its connected persons (as defined in the Listing Rules).

Placing(s)

Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on a best effort basis, during the period commencing from the fulfilment or waiver of the conditions precedent as set out in the Placing Agreement until the Completion Date, up to 200,000,000 Placing Shares on behalf of the Vendor to independent placees. The placees for the Placing(s) and their ultimate respective beneficial owners will be institutional, corporate or individual investors who are independent of (i) the Company and Deson Construction, their respective associates and party(ies) acting in concert (for the purpose of the Takeovers Code) and their respective subsidiaries; and (ii) any director, chief executive or substantial shareholder of the Company and Deson Construction or any of their subsidiaries or any of their respective associates.

Pursuant to the Placing Agreement, the Placing Agent shall receive a placing commission for the Placing(s) in an amount equal to 1.5% of the aggregate Placing Price on the number of the Placing Shares, which commission shall be deducted from the proceeds of the Placing on the Completion Date.

The placing commission was arrived at after arm's length negotiations between the Vendor and the Placing Agent.

Placing Shares

The Placing Shares in aggregate represented 20% of the total issued share capital of Deson Construction as at the date of this announcement. The total consideration for the Placing Shares amounted to HK\$60 million, which was arrived at after arm's length negotiation between the Vendor and the Placing Agent.

Placing Price

Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on a best efforts basis, during the period commencing from the fulfilment or waiver of the conditions precedent as set out in the Placing Agreement until the Completion Date, up to 200,000,000 Placing Shares on behalf of the Vendor at the Placing Price.

The Placing Price per Placing Share represents:

- (i) a premium of approximately 3.45% to the closing price of the Deson Construction Shares on the Stock Exchange on the date of the Placing Agreement of HK\$0.29 per Deson Construction Share;
- (ii) a premium of approximately 3.81% to the five-day average closing price of the Deson Construction Shares on the Stock Exchange immediately before and including the date of the Placing Agreement of approximately HK\$0.289 per Deson Construction Share;
- (iii) a premium of approximately 0.50% to the ten-day average closing price of the Deson Construction Shares on the Stock Exchange immediately before and including the date of the Placing Agreement of approximately HK\$0.2985 per Deson Construction Share; and
- (iv) a premium of approximately 264% over the unaudited consolidated net asset value of Deson Construction Group as at 30 September 2016 of approximately HK\$0.08 per Deson Construction Share (based on the unaudited consolidated net assets value of the Deson Construction Group as at 30 September 2016 of approximately HK\$82,418,000 and the number of total issued shares of 1,000,000,000 as at the date of this announcement).

The Placing Price was determined after arm's length negotiations between the Vendor and the Placing Agent.

Conditions precedent

Completion of the Placing is subject to and conditional upon the following conditions precedent:

- (i) the compliance of the requirements under the Listing Rules, the GEM Listing Rules, the Takeovers Code (if any) or otherwise may be required by the Stock Exchange and the SFC in relation to the Placing; and

- (ii) the shareholders' approval at a special general meeting of the Company approving the disposal of the Placing Shares under the Placing Agreement and the transactions contemplated thereunder having been obtained in accordance with the requirements of the Listing Rules or any other applicable laws or regulations.

If the conditions set out above are not fulfilled or waived on or prior to 30 April 2017 or such other date as may be agreed between the Vendor and the Placing Agent, the Placing Agreement shall terminate and in which case, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Completion

Subject to the satisfaction of the conditions precedent and other terms and conditions of the Placing Agreement, completion of the Placing shall take place on the Completion Date.

INFORMATION ON DESON CONSTRUCTION

Deson Construction is an investment holding company. The principal activities of its subsidiaries as at the date of this announcement are: (i) construction business as a main contractor, fitting-out works and the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau and other construction related business; and (ii) investment in securities.

FINANCIAL INFORMATION OF DESON CONSTRUCTION

As disclosed in the interim report of Deson Construction for the six months ended 30 September 2016, the unaudited consolidated net assets value of the Deson Construction Group as at 30 September 2016 was approximately HK\$82,418,000.

As disclosed in the annual report of Deson Construction for the year ended 31 March 2016, set out below is the audited net profit or loss before and after tax of the Deson Construction Group for the two financial years ended 31 March 2015 and 2016, respectively:

	For the year ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before tax	11,505	(1,336)
Profit/(loss) for the year	12,345	(4,783)

FINANCIAL EFFECT OF THE PLACING(S)

Upon Completion and assuming the Placing Shares are fully placed and no new Deson Construction Shares are allotted and issued and repurchased after the date of this announcement and up to the Completion, the Company will be interested in 311,769,868 Deson Construction Shares (representing approximately 31.18% of the existing issued share capital of Deson Construction) and the Deson Construction Group will cease to be subsidiaries of the Vendor and the Company and the results, assets and liabilities of the Deson Construction Group will cease to be consolidated into the accounts of the Company. The Company will classify the interest in Deson Construction as an investment in associate, which will be accounted for using the equity method at fair value.

It is expected that, the Company will record a gain from the disposal arising from the Placing of approximately HK\$106 million (subject to audit and before expenses and taxes), which is calculated based on the difference between the net proceeds of the Placing, the pro-rata unaudited consolidated net asset value and value of non-controlling interests of the Deson Construction Group as of 30 September 2016 as well as with reference to the closing price of Deson Construction Shares as at 30 September 2016.

Shareholders should note that the exact amount of the gain on the disposal arising from the Placing to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31 March 2017 is subject to audit, and will be calculated based on the net asset value and value of non-controlling interests of the Deson Construction Group as at Completion and net of any incidental expenses and therefore may be varied from the figures provided above.

USE OF PROCEEDS FROM THE PLACING(S)

Assuming the placing in full of the Placing Shares based on the Placing Price, the gross proceeds from the placing of the Placing Shares will be HK\$60 million. The Directors expect that the net proceeds from the Placing, which is expected to be not less than approximately HK\$58 million (assuming the placing in full of the Placing Shares based on the Placing Price). The net proceeds from the Placing will be applied for the Group's property development project in Kaifeng, the PRC, which will be launched to the market by end of 2017, as to HK\$33 million, repayment of existing bank borrowings as to HK\$15 million and the remaining amount as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE PLACING(S)

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consist of (i) property development and investment; (ii) 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 of construction market; (iii) the construction business, as a main contractor and decoration, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau; and (iv) investment in securities.

As at the date of this announcement, the Company, through the Vendor, owned a total of 511,769,868 Deson Construction Shares, representing approximately 51.18% of the total issued share capital of Deson Construction. The Board is optimistic about the property market in the Mainland China and the Group intends to continue to place emphasis on strengthening its property development and investment business. Having considered the fact that the Company has completed two equity fundraisings in the last two years, being the open offer in January 2016 and placing of new Shares under general mandate in February 2015, any further secondary equity fundraisings will not be at an attractive price and in the interests of our Shareholders. At the same time, it is challenging for the Group to raise further bank borrowings in the current economic condition. The Directors consider that the Placing pursuant to the Placing Agreement represents a good opportunity to generate funds for the Group for better utilisation of the Group's resources to be used to (i) fund its property development project in Kaifeng, the PRC, which is capital intensive and would take years to complete; and (ii) reduce its existing bank borrowings in order to save finance costs. The Group will be in a stronger cash position after the Completion of the Placing to pursue any further growth opportunities should such opportunities arise in the near future.

Having regard to the benefits from the Placing and the expected gain from the disposal arising from the Placing as stated above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing and the Placing Agreement are fair and reasonable and the Placing is on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

IMPLICATION OF THE LISTING RULES

As one or more of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in relation to the Placing exceed(s) 75%, the Placing will constitute a very substantial disposal of the Company and are therefore subject to reporting, announcement, circular and shareholders' approval in accordance with Chapter 14 of the Listing Rules.

The SGM will be held to consider and, if thought fit, approve, among other things, the Placing Agreement.

A circular containing, among other things, further information in respect of the Placing Agreement and the Placing, financial information of the Group, unaudited pro-forma financial information of the Group and other information as required by the Listing Rules, together with the notice convening the SGM and the proxy form in respect of the SGM is expected to be despatched to the Shareholders on or before 8 February 2017.

As Completion is subject to the fulfilment of a number of conditions precedent which are detailed in this announcement, the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore reminded to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

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DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Board”	the board of Directors
“Business Day(s)”	any day(s) (other than Saturday(s), Sunday(s) or public holiday(s)) in Hong Kong on which licensed banks in Hong Kong are open generally for normal banking business
“Company”	Deson Development International Holdings Limited, a company incorporated in Bermuda with limited liabilities, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Placing pursuant to the Placing Agreement
“Completion Date”	the date of Completion, which shall take place on or before 5:00 p.m. on the tenth Business Day after the fulfilment or waiver of the conditions precedent under the Placing Agreement
“Deson Construction”	Deson Construction International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the share of which are listed on the GEM of the Stock Exchange (Stock code: 8268)
“Deson Construction Group”	Deson Construction and its subsidiaries
“Deson Construction Share(s)”	ordinary shares of HK\$0.025 each in the share capital of Deson Construction
“Directors”	directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Main Board”	the main board of the Stock Exchange
“Placing(s)”	the placing(s) by the Placing Agent on behalf of the Vendor of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 11 January 2017 entered into between the Vendor and the Placing Agent relating to the Placing(s)
“Placing Price”	HK\$0.30 per Placing Share
“Placing Share(s)”	up to 200,000,000 Deson Construction Share(s) currently held by the Vendor, representing 20% of the total issued share capital of Deson Construction as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SGM”	the special general meeting to be convened by the Company to consider and, if thought fit, approve, among other things, the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Vendor”	Deson Development Holdings Limited, an investment holding company incorporated in British Virgin Islands and a direct 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, 12 January 2017

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, Ir Siu Man Po and Mr. Siu Kam Chau.