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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)



**DESON CONSTRUCTION
INTERNATIONAL HOLDINGS LIMITED**
迪臣建設國際集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8268)

**DISCLOSEABLE TRANSACTION —
DEEMED DISPOSAL IN RESPECT OF
THE PLACING OF CONVERTIBLE
BONDS BY DESON CONSTRUCTION
INTERNATIONAL HOLDINGS
LIMITED**

**PLACING OF CONVERTIBLE BONDS
BY DESON CONSTRUCTION
INTERNATIONAL HOLDINGS
LIMITED UNDER GENERAL
MANDATE**

Placing Agent



KOALA Securities Limited
樹熊證券有限公司

JOINT ANNOUNCEMENT

On 29 March 2016 (after trading hours), DCIHL entered into the Placing Agreement with the Placing Agent pursuant to which DCIHL has conditionally agreed to place, through the Placing Agent, on a best effort basis, the Convertible Bonds with principal amounts aggregating up to HK\$30,900,000 to not less than six Places at the initial Conversion Price of HK\$0.30 per Conversion Share.

The initial Conversion Price is HK\$0.30 per Conversion Share, which represents (i) a premium of approximately 11.11% over the last closing price of HK\$0.27 per Share quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of 5.63% to the average closing price of approximately HK\$0.284 as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date; and (iii) a premium of approximately 7.14% to the average closing price per share of approximately HK\$0.280 as quoted on the Stock Exchange for the last twenty consecutive trading days up to and including the Last Trading Day.

* for identification purpose only

Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.30 per Conversion Share, 103,000,000 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing (i) approximately 10.3% of the issued share capital of DCIHL as at the date of this joint announcement; and (ii) approximately 9.3% of the issued share capital of DCIHL as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this joint announcement and the full conversion of the Convertible Bonds). The Conversion Shares will be fully paid and rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

The Conversion Shares will be allotted and issued by DCIHL pursuant to the general mandate granted to the directors of DCIHL by DCIHL Shareholders at the annual general meeting held on 10 August 2015. The Placing is not subject to DCIHL Shareholders' approval.

Assuming the maximum amount of the Convertible Bonds is placed under the Placing, the gross proceeds from the Placing are approximately HK\$30,900,000. The net proceeds from the Placing (after deducting related expenses) are estimated to be of approximately HK\$29,720,000 which will be applied towards appropriate investment opportunities of the DCIHL Group including but not limited to investment in securities, which may include long-term and short-term investment in marketable securities and other related financial and/or investment products and opportunities (including without limitation fixed income products, foreign exchange products, commodities and related products, investment funds, pre-IPO investment opportunities, etc.) and working capital of the DCIHL Group.

LISTING RULES IMPLICATIONS FOR DDIHL

Assuming the conversion of the Convertible Bonds in full and the issue of all the Conversion Shares, DCIHL will be held as to approximately 46.40% by DDIHL. Accordingly, the equity interest of DDIHL in DCIHL will be diluted from approximately 51.18% (as at the date of this joint announcement) to approximately 46.40%, which constitutes a deemed disposal of interest in DCIHL under the Listing Rules.

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Placing exceed 5% but are below 25%, the Placing constitutes a discloseable transaction for DDIHL, which is subject to the announcement requirement but exempt from DDIHL Shareholders' approval requirement under the Listing Rules.

Shareholders and potential investors of DDIHL and DCIHL should note that the Placing is subject to various conditions precedent. As the Placing may or may not proceed, Shareholders and potential investors of DDIHL and DCIHL are reminded to exercise caution when dealing in the shares of DDIHL and DCIHL respectively.

On 29 March 2016 (after trading hours), DCIHL entered into the Placing Agreement with the Placing Agent pursuant to which DCIHL has conditionally agreed to place, through the Placing Agent, on a best effort basis, the Convertible Bonds with principal amounts aggregating up to HK\$30,900,000 to not less than six Placees at the initial Conversion Price of HK\$0.30 per Conversion Share.

THE PLACING AGREEMENT

Date: 29 March 2016

Parties: Issuer: DCIHL, as issuer; and
Placing Agent: Koala Securities Limited

To the best of the knowledge, information and belief of directors of DCIHL and DDIHL having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are independent third parties and not connected persons (as defined under the GEM Listing Rules and Listing Rules) of DCIHL and DDIHL respectively.

Placing of the Convertible Bonds

Pursuant to the Placing Agreement, DCIHL has conditionally agreed to place, through the Placing Agent, on a best efforts basis, the Convertible Bonds with principal amounts aggregating up to HK\$30,900,000 to not less than six Placees at the initial Conversion Price of HK\$0.30 per Conversion Share.

The Placees

The Placing Agent shall ensure that the Placees (being independent individual, professional or institutional investors) and their ultimate beneficial owners are Independent Third Parties and not connected persons of DCIHL and that none of the Placees will become a substantial shareholder of DCIHL as a result of the placing of the Convertible Bonds subscribed by him on fully converted basis as at the date of completion of the Placing (taking into account other securities held by such Placee at the time of his subscription of the Convertible Bonds).

Placing Commission

The Placing Agent will receive a placing commission of 2.5% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to the Placees. The placing commission rate was determined after arm's length negotiations between DCIHL and the Placing Agent with reference to the prevailing commission rate charged by other placing agents.

Conditions precedent

Completion of the Placing is conditional upon the satisfaction of the following conditions precedent:

- (a) Listing Committee granting the approval for the listing of and permission to deal in the Conversion Shares (either unconditionally or subject to conditions to which neither DCIHL nor the Placing Agent has any reasonable objection); and

- (b) there not having occurred any event or series of events since the date of the Placing Agreement which, individually or collectively, would probably have a material adverse effect on the business or financial positions of DCIHL Group, or which would materially adversely affect DCIHL's ability to perform its obligations under the Placing Agreement or the transactions contemplated therein.

If the above conditions are not fulfilled or waived by the Placing Agent on or before 19 April 2016 or any other date as may be agreed between DCIHL and the Placing Agent, the Placing Agreement shall cease to be of any effect and the parties shall have no claim against each other arising out of or in connection with the Placing Agreement save in respect of those arising out of any antecedent breach of the Placing Agreement.

Completion

Completion of the Placing will take place at 4:00 p.m. on the next Business Day after all the conditions precedent set out in the Placing Agreement have been satisfied or (where appropriate) waived.

Termination

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

- (1) 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
- (2) there is any breach of the representations and warranties given by DCIHL 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
- (3) 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,

Then and in any such case, the Placing Agent may after consultation with DCIHL terminate the Placing Agreement without liability to DCIHL by giving notice in writing to DCIHL.

In the event that the Placing Agent terminates the Placing Agreement, 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 party in respect of any matter arising out of or in connection with Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Details of the principal terms of the Convertible Bonds are set out as follows:

Issuer:	DCIHL
Principal amount:	HK\$30,900,000

- Interest:** The Convertible Bonds shall bear interest at the rate of 2% per annum on the principal amount of the Convertible Bonds outstanding from time to time, payable annually in arrears.
- Maturity Date:** The date falling on the third anniversary from the date of issue of the Convertible Bonds.
- Conversion right:** Subject to and upon compliance with the terms and conditions of the Convertible Bonds and all regulatory requirements (including without limitation the Takeovers Code and the GEM Listing Rules), the conversion rights attached to the Convertible Bonds shall be exercisable during the conversion period commencing on 12 months after the date of issue of the Convertible Bonds and expiring on the date which is 7 days immediately preceding the Maturity Date. Upon exercise of any conversion rights attached to the Convertible Bonds, DCIHL will allot the number of Conversion Shares in respect of which conversion rights have been exercised. Conversion rights attached to the Convertible Bonds will be restricted to the extent the issue and allotment of the Conversion Shares upon conversion of the Convertible Bonds aggregated with the Shares held by the Bondholder, its associates and parties acting in concert with any of them shall not (i) result in DCIHL's non-compliance with the minimum public shareholding level requirement under the GEM Listing Rules; and (ii) such exercise would result in the Bondholder together with the parties acting in concert with it will hold or control such amount of DCIHL's voting power at general meetings as may trigger a general offer under the Code on Takeovers and Mergers (whether or not waiver of mandatory general offer obligation has been granted).
- Ranking of the Conversion Shares:** The Conversion Shares shall rank *pari passu* in all aspects with the Shares in issue as at the Conversion Date.
- Conversion Price:** The initial Conversion Price is HK\$0.30 per Conversion Share, which shall be subject to adjustments provided in the Convertible Bonds. The Conversion Price represents:
- (i) a premium of approximately 11.11% over the last closing price of HK\$0.27 per Share quoted on the Stock Exchange on the Last Trading Date;
 - (ii) a premium of 5.63% to the average closing price of approximately HK\$0.284 as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date; and
 - (iii) a premium of approximately 7.14% to the average closing price per share of approximately HK\$0.280 as quoted on the Stock Exchange for the last twenty consecutive trading days up to and including the Last Trading Day.

The Conversion Price of the Convertible Bonds was determined based on arm's length negotiations between DCIHL and the Placing, taking into account of, among others, the recent trading performance of the Shares.

The directors of DCIHL (including the independent non-executive Directors) consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of DDIHL and DCIHL Shareholders as a whole.

- Conversion Shares:** Assuming the Convertible Bonds are fully placed, based on the initial Conversion Price of HK\$0.30 per each Conversion Share, 103,000,000 Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent (i) approximately 10.3% of the existing issued share capital of DCIHL as at the date of this joint announcement; (ii) approximately 9.3% of the issued share capital of DCIHL as enlarged by the issue of the Conversion Shares.
- Conversion Period:** The period commencing on 12 months after the date of issue of the Convertible Bonds and ending on 7 days immediately preceding the Maturity Date.
- Redemption at Maturity:** Unless previously redeemed, converted or purchased and cancelled in the circumstances set out in the terms of the Convertible Bonds, each of the Convertible Bonds will be redeemed by DCIHL on the Maturity Date at 100% of its principal amount outstanding.
- Redemption at the option of Bondholder:** The Bondholder may by written notice served on DCIHL demand DCIHL to redeem these Convertible Bonds if the trading of the Shares of DCIHL has been suspended for consecutively more than twenty (20) trading days.
- Ranking:** The Convertible Bonds constitute direct, senior, unconditional, unsubordinated and unsecured obligations of DCIHL and rank *pari passu* and without any preference or priority among themselves. The payment obligations of DCIHL under the Convertible Bonds shall, save for such exceptions as may be provided by provisions of applicable law that are both mandatory and of general application, at all times rank at least equally with all of its other present and future direct, senior, unsecured, unconditional and unsubordinated obligations.
- Transferability:** With the prior notification to DCIHL, the Convertible Bonds will be transferable in an integral of HK\$1,000,000 provided that any transfer or assignment of the Convertible Bonds made to any connected person of DCIHL (as defined in the GEM Listing Rules) shall be subject to the prior written consent of DCIHL and in compliance with, among others, the requirements of the GEM Listing Rules.

- Voting rights:** The Convertible Bonds shall not confer on the Bondholder(s) the right to vote at any general meetings of DCIHL.
- Listing:** The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.
- Undertakings by DCIHL:** DCIHL undertakes, among other things:
- (a) keep available for issue, free from pre-emptive rights, out of its authorised but unissued capital, sufficient Shares to satisfy in full the conversion rights at the Conversion Price and all other rights for the time being outstanding of subscription for and conversion into Shares;
 - (b) unless the Bondholder otherwise agrees in writing, not to take any step with a view to dissolution, liquidation or winding up;
 - (c) unless the Bondholder otherwise agrees in writing, make or grant any loan or advance or guarantee or in any other manner be or become directly or indirectly or contingently liable for any indebtedness or other obligation of any other person which, in the opinion of the board of directors of DCIHL, will have a material adverse effect on the financial position of the DCIHL Group as a whole, except as may be necessary in the ordinary course of its business; and
 - (d) unless with the prior written consent of the Bondholder holding 50% or more of the outstanding Convertible Bonds at the relevant time, DCIHL will not take any step which would result the maximum number of Conversion Shares upon the conversion of the Convertible Bonds after any adjustments as described below to exceed 160,000,000 Shares.
- Adjustments to the Conversion Price:** The Conversion Price of the Convertible Bonds shall from time to time be subject to adjustment upon occurrence of certain events, among others:
- (a) any alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification of Shares;
 - (b) capitalisation of profits or reserves;
 - (c) capital distribution;
 - (d) offer of new Shares for subscription by way of rights issue or grant of options, warrants or other rights to DCIHL Shareholders, to subscribe for or purchase Shares, at a price per Share which is less than 80% of the market price per Share at the relevant time;

- (e) issue wholly for cash being made by DCIHL of new Shares or issue or grant of options, warrants or other rights to subscribe for or purchase Shares, at a price per Share which is less than 80% of the market price per Share at the relevant time;
- (f) DCIHL shall issue wholly for cash any securities which by their terms are convertible into, or exchangeable for or carry rights of subscription for new Shares at the total effective consideration per Share receivable by DCIHL which is less than 80% of the market price per Share at the relevant time;
- (g) any modification of the rights of conversion, exchange or subscription (other than the conversion rights of the Convertible Bonds) attaching to any such securities or rights as are mentioned in paragraph (f) above so that the total effective consideration per Share is less than 80% of the market price per Share at the relevant time;
- (h) DCIHL shall issue wholly for cash any Shares at a price per Share which is less than 80% of the market price at the relevant time;
- (i) DCIHL shall issue new Shares for the acquisition of asset at a total effective consideration per Share which is less than 80% of the market price per Share at the relevant time; or
- (j) DCIHL shall issue any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares for the acquisition of asset at a total effective consideration receivable for such securities of less than 80% of the market price at the relevant time,

PROVIDED ALWAYS THAT in any event the maximum number of Conversion Shares upon the conversion of the Convertible Bonds will not exceed 160,000,000 Shares.

No adjustment shall be made to the Conversion Price in respect of any issue or grant of Share or option pursuant to any share scheme or any issue of Shares pursuant to any exercise of any option granted under any share scheme of DCIHL.

Events of Default:

If, among others, any of the following events occurs, the Bondholder may give notice to DCIHL to redeem the entire principal amount of the Convertible Bonds then outstanding:

- (a) the Shares (as a class) cease to be listed on any recognised stock exchange;

- (b) DCIHL defaults in performance or compliance with any of its obligations contained in the conditions which breach or default is incapable of remedy or, if capable of remedy, is not remedied within twenty (20) Business Days after notice of such breach or default is sent from the Bondholder to DCIHL;
- (c) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of DCIHL or any major subsidiary;
- (d) DCIHL or any major subsidiary becomes insolvent or is unable to pay its debts as they mature or applies for or consents to the appointment of any administrator, liquidator or receiver of the whole or any material part of its undertaking, property, assets or revenues or enters into a general assignment or compromise with or for the benefit of its creditors;
- (e) an order is made or an effective resolution passed for winding-up of DCIHL or any major subsidiary;
- (f) DCIHL defaults in the payment of the principal or interest in respect of the Convertible Bonds when and as the same ought to be paid and such default is not remedied by DCIHL within twenty (20) Business Days of the due date thereof; or
- (g) any other debentures, bonds, notes or other instruments of indebtedness or any other loan indebtedness (“**Indebtedness**”) of DCIHL and any major subsidiary or any securities convertible into or exchangeable for shares (“**Equity-Linked Securities**”) of DCIHL and any major subsidiary become prematurely repayable following a default in respect of the terms thereof which shall not have been remedied within twenty (20) Business Days of such default, or DCIHL or any major subsidiary defaults in the repayment of the Indebtedness or Equity Linked Securities at the maturity thereof or at the expiration of any applicable grace period thereof and such default is not remedied within twenty (20) Business Days, or any guarantee of or indemnity in respect of any Indebtedness or Equity Linked Securities of others given by DCIHL or any major subsidiary shall not be honoured when due and called upon and such default is not remedied within twenty (20) Business Days.

GENERAL MANDATE TO ISSUE THE CONVERTIBLE BONDS AND TO ALLOT AND ISSUE THE CONVERSION SHARES UPON CONVERSION OF THE CONVERTIBLE BONDS

At the annual general meeting of DCIHL held on 10 August 2015, a resolution of the DCIHL Shareholders was passed to grant to the Directors a general mandate (“**General Mandate**”) to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of DCIHL in issue as at the date of passing such resolution. DCIHL is authorised to issue 160,000,000 Shares under such mandate.

As at the date of this joint announcement, DCIHL has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Placing. Upon the exercise of the conversion rights of the Convertible Bonds, the Conversion Shares will be allotted and issued pursuant to the said General Mandate. Accordingly, the Placing is not subject to DCIHL Shareholders’ approval.

APPLICATION FOR LISTING

No application will be made by DCIHL to the Listing Committee for listing of the Convertible Bonds. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

CHANGES TO SHAREHOLDING AS A RESULT OF THE FULL CONVERSION OF THE CONVERTIBLE BONDS

Assuming the maximum amount of the Convertible Bonds is placed under the Placing, the shareholding in DCIHL (a) as at the date of this joint announcement; and (b) immediately after full conversion of the Convertible Bonds (assuming no further Shares will be issued or repurchased from the date of this joint announcement to the date upon which the Convertible Bonds are fully converted) are as follows:

	As at the date of this joint announcement		Immediately upon full conversion of the Convertible Bonds	
	No. of Shares	Approx. %	No. of Shares	Approx. %
Shareholders				
Deson Development Holdings Limited	511,769,868	51.18	511,769,868	46.40
Deson Development International Holdings Limited (Note 1)	511,769,868	51.18	511,769,868	46.40
Sparta Assets Limited (Note 2)	538,414,868	53.84	538,418,868	48.81
Directors				
Tjia Boen Sien (Note 3)	561,302,068	56.13	561,302,068	50.89
Ong Chi King	8,802,000	0.88	8,802,000	0.80
Kwok Koon Keung	500	0.00	500	0.00
Public Shareholders				
Places	—	—	103,000,000	9.34
Other public Shareholders	<u>429,895,432</u>	<u>42.99</u>	<u>429,895,432</u>	<u>38.97</u>
Total	<u>1,000,000,000</u>	<u>100.00</u>	<u>1,103,000,000</u>	<u>100.00</u>

Notes:

- (1) Deson Development Holdings Limited is a company incorporated in the British Virgin Islands and wholly owned by Deson Development International Holdings Limited. Deson Development International Holdings Limited is deemed interested in the shares beneficially owned by Deson Development Holdings Limited.
- (2) Sparta Assets Limited beneficially owned 26,645,000 Shares (2.66%) as at the date of this joint announcement. It directly beneficially owned 349,935,000 shares of Deson Development International Holdings Limited, representing 35.79% of the issued share capital in Deson Development International Holdings Limited. By virtue of the Securities and Futures Ordinance, Sparta Assets Limited was deemed to be interested in 511,769,868 Shares owned by Deson Development International Holdings Limited (through Deson Development Holdings Limited) as at the date of this joint announcement.
- (3) Tjia Boen Sien directly beneficially owned 22,887,200 Shares and wholly owned Sparta Assets Limited as at the date of this joint announcement. By virtue of the Securities and Futures Ordinance, Tjia Boen Sien was deemed to be interested in (i) 511,769,868 Shares owned by Deson Development International Holdings Limited (through Deson Development Holdings Limited); and (ii) 26,645,000 Shares beneficially owned by Sparta Assets Limited as at the date of this joint announcement.

As disclosed in the above shareholding table, immediately after the full conversion of the Convertible Bonds, over 25% of the then issued share capital of DCIHL will be held by public DCIHL Shareholders (including the Placees).

REASONS FOR THE PLACING OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The Board of each of DDIHL and DCIHL consider that the Placing of the Convertible Bonds represents a suitable opportunity for DCIHL to raise capital to enhance its working capital and strengthen its capital base and financial position for the future development of DCIHL Group. The Board of each of DDIHL and DCIHL consider that the Placing of the Convertible Bonds is an appropriate means of raising additional capital of DCIHL since it will not have an immediate dilution effect on the shareholding of the existing DCIHL Shareholders.

The Board of each of DDIHL and DCIHL (including the independent non-executive Directors) consider the terms and conditions of the Placing Agreement and the Convertible Bonds are fair and reasonable, on normal commercial terms and are in the best interests of their shareholders as a whole.

Assuming the maximum amount of the Convertible Bonds is placed under the Placing, the gross proceeds from the Placing are approximately HK\$30,900,000. The net proceeds from the Placing (after deducting related expenses) are estimated to be approximately HK\$29,720,000, which will be applied towards appropriate investment opportunities of the DCIHL Group including but not limited to investment in securities, which may include long-term and short-term investment in marketable securities and other related financial and/or investment products and opportunities (including without limitation fixed income products, foreign exchange products, commodities and related products, investment funds, pre-IPO investment opportunities, etc.) and working capital of the DCIHL Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

DCIHL has not carried out other fund raising activities during the twelve months immediately preceding the date of this joint announcement. DDIHL has conducted the following equity fund raising exercise in the twelve months immediately preceding the date of this joint announcement:

Date of announcement	Event	Net proceeds and intended use	Actual use of proceeds
DDIHL			
12 January 2016	Open Offer of 325,960,133 shares of par value of HK\$0.10 each at HK\$0.32 per share	<p>The net proceed of approximately HK\$101.8 million was intended for the following purposes:</p> <ul style="list-style-type: none">• approximately HK\$20 million for the repayment of the term loan and accrued interest;• approximately HK\$36.2 million for the capital injection to the e-commerce projects at Kaifeng City, Henan Province in the PRC; and• approximately HK\$45.6 million for general working capital of DDIHL Group for the expansion of existing businesses of DDIHL Group.	<p>Approximately HK\$20 million, about 19.6% of the proceeds was used for the repayment of the term loan and accrued interest.</p> <p>Approximately HK\$36.2 million, about 35.6% of the proceeds was used for the capital injection to the e-commerce projects at Kaifeng City, Henan Province in the PRC.</p> <p>Approximately HK\$16.5 million, about 16.1% of the proceeds was used for general working capital of DDIHL Group for the expansion of existing businesses of DDIHL.</p>

Save as disclosed above, each of DDIHL and DCIHL has not conducted any other equity fund raising activities in the past twelve months immediately preceding the date of this joint announcement.

FINANCIAL INFORMATION OF DCIHL GROUP

Set out below is the consolidated financial information of DCIHL Group extracted from annual report for the year ended 31 March 2015:

	For the year ended 31 March 2014 (audited) HK\$'000	For the year ended 31 March 2015 (audited) HK\$'000
Profit/(loss) before tax	20,360	(1,336)
Profit/(loss) after tax	15,952	(4,783)

The unaudited consolidated net asset value of DCIHL Group attributable to DCIHL Shareholders as at 31 December 2015 were approximately HK\$27,892,000.

FINANCIAL IMPACT ON DDIHL

Assuming the conversion of the Convertible Bonds in full and the issue of all the Conversion Shares, the equity interest of DDIHL in DCIHL will be diluted from approximately 51.18% to approximately 46.40%. DCIHL will continue to be a subsidiary of DDIHL and the financial results of DCIHL will continue to be consolidated with DDIHL's results. There will be no material gain or loss expected to accrue to DDIHL on conversion of the Convertible Bonds in full and the issue of all the Conversion Shares.

LISTING RULES IMPLICATIONS FOR DDIHL

Assuming the conversion of the Convertible Bonds in full and the issue of all the Conversion Shares, DCIHL will be held as to approximately 46.40% by DDIHL. Accordingly, the equity interest of DDIHL in DCIHL will be diluted from approximately 51.18% to approximately 46.40%, which constitutes a deemed disposal of interest in DCIHL under the Listing Rules.

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Placing exceed 5% but are below 25%, the Placing constitutes a discloseable transaction for DDIHL, which is subject to the announcement requirement but except from DDIHL Shareholders' approval requirement under the Listing Rules.

GENERAL INFORMATION

DDIHL and its subsidiaries are 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.

DCIHL and its subsidiaries are principally engaged as a contractor in the building industry operating in Hong Kong, the PRC and Macau. As a contractor, the Group provides one-stop comprehensive services with the following three major types of services: (a) building construction works; (b) electrical and mechanical engineering works; and (c) alterations, addition, renovation, refurbishment and fitting-out works.

Shareholders and potential investors of DDIHL and DCIHL should note that the Placing is subject to various conditions precedent. As the Placing may or may not proceed, Shareholders and potential investors of DDIHL and DCIHL are reminded to exercise caution when dealing in the shares of DDIHL and DCIHL respectively.

DEFINITION

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“Board”	the board of directors
“Bondholder”	the holder of the Convertible Bond(s) from time to time
“Business Day”	means any day (other than Saturday or Sunday or public holiday) on which commercial banks are open for normal banking business in Hong Kong
“Completion Date”	a date following on the next Business Day following the fulfilment of the conditions precedent as set out in the Placing Agreement or such other date as agreed in writing by DCIHL and the Placing Agent
“Conversion Date”	a day when the conversion rights attaching to the Convertible Bonds are exercised
“Conversion Price”	the initial conversion price is HK\$0.30 per Conversion Share, which shall be subject to adjustments
“Conversion Shares”	the new Shares to be allotted and issued by DCIHL upon conversion of Convertible Bonds
“Convertible Bonds”	the unsecured, three-year maturity 2% coupon convertible bonds with a principal amount of HK\$30,900,000 to be placed under the Placing
“DCIHL”	Deson Construction International Holdings Limited (迪臣建設國際集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“DCIHL Group”	DCIHL and its subsidiaries
“DCIHL Shareholders”	holders of Shares
“DDIHL”	Deson Development International Holdings Limited (迪臣發展國際集團有限公司*), an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“DDIHL Group”	DDIHL and its subsidiaries
“DDIHL Shareholders”	holders of shares in DDIHL

* *for identification purpose only*

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	29 March 2016, being the last day on which the Shares were traded on the Stock Exchange before the release of this joint announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the third anniversary of the date of issue of the Convertible Bonds
“Placees”	any independent individual, professional or institutional investors selected and procured by the Placing Agent to subscribe for the Convertible Bonds pursuant to the Placing Agreement
“Placing Agent”	Koala Securities Limited, acting as the placing agent for the Placing and a licensed corporation to carry on type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 29 March 2016 and entered into between DCIHL and the Placing Agent in relation to the Placing
“Placing”	the placing of the Convertible Bonds pursuant to the terms of the Placing Agreement
“PRC”	the People’s Republic of China, (for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Share(s)”	ordinary share(s) with a par value of HK\$0.025 each in the share capital of DCIHL
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By Order of the Board of
**Deson Development International
Holdings Limited**
Tjia Boen Sien

Managing Director and Deputy Chairman

By Order of the Board of
**Deson Construction International
Holdings Limited**
Keung Kwok Cheung

Chief Executive Officer and Executive Director

Hong Kong, 29 March 2016

As at the date of this joint announcement, the board composition of each of Deson Development International Holdings Limited and Deson Construction International Holdings Limited is as follows:

**Deson Development International
Holdings Limited**

Executive directors:

Mr. Lu Quanzhang
Mr. Tjia Boen Sien
Mr. Wang Jing Ning
Mr. Tjia Wai Yip, William

Independent non-executive directors:

Dr. Ho Chung Tai, Raymond
Mr. Siu Man Po
Mr. Siu Kam Chau

**Deson Construction International
Holdings Limited**

Executive directors:

Mr. Keung Kwok Cheung
Mr. Kwok Koon Keung
Mr. Lo Wing Ling
M. Ong Chi King

Non-executive director:

Mr. Tjia Boen Sien
Mr. Ong King Keung

Independent non-executive directors:

Mr. Lee Tho Siem
Mr. Cheung Ting Kee
Mr. Chan Ka Yin

This joint announcement, for which the directors of Deson Construction International Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to DCIHL. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this joint announcement misleading.

This joint announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on DCIHL’s website at www.deson-c.com.