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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**

**FRAMEWORK AGREEMENT IN RELATION TO THE PROPOSED DISPOSALS  
AND THE 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 5 May 2018, the Company, the Vendor (being an indirect wholly-owned subsidiary of the Company), the Purchaser and the Property Holder entered into the Framework Agreement in relation to the Proposed Disposals and the Proposed Joint Venture. The terms and conditions of the Proposed Disposals 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 Framework Agreement, in relation to the Proposed Disposal 1, the Vendor intends to dispose of and the Purchaser intends to acquire the Sale Shares, representing 72% of the total issued share capital of the Target Company, free from any encumbrances. The Target Company is a company established in the PRC, which owns three buildings consisting of 31 shops in Haikou City, Hainan Province, the PRC. The consideration of the Proposed Disposal 1 is expected to be approximately RMB75.0 million (equivalent to approximately HK\$90.0 million) and will be payable to the Vendor in cash by stages according to the formal binding agreement to be entered upon completion of relevant due diligence by the Purchaser.

\* For identification purpose only

In addition, pursuant to the Framework Agreement, the Company will procure one of its wholly-owned subsidiaries established in Hong Kong to set up a WFOE in the PRC with a total issued registered capital of RMB6.0 million (equivalent to approximately HK\$7.2 million) to participate in the Proposed Joint Venture to form a JV Company with the Purchaser (or its nominees) for the purpose of developing the business centre in Hainan Province, the PRC. The JV Company will be owned beneficially as to 28% by the Group and 72% by the Purchaser (or its nominees). The proposed total investment will be RMB180.0 million (equivalent to approximately HK\$216.1 million). The JV Company will then acquire Asian Villas from the Property Holder for a total consideration of RMB180.0 million (equivalent to approximately HK\$216.1 million) pursuant to the Proposed Disposal 2. In this regard, in consideration of the Group agreeing to grant to the Purchaser the Exclusivity Period, a Deposit of RMB20.0 million (equivalent to approximately HK\$24.0 million) will be paid by the Purchaser to the Property Holder within five days upon signing of the Framework Agreement.

**The detailed terms of the Proposed Disposals and the Proposed Joint Venture are still subject to negotiation and finalisation. As the Proposed Disposals 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.

## **FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 5 May 2018, the Company, the Vendor (being an indirect wholly-owned subsidiary of the Company), the Purchaser and the Property Holder entered into the Framework Agreement relation to the Proposed Disposals and the Proposed Joint Venture. The terms and conditions of the Proposed Disposals 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 Framework Agreement are set out below:

### **Date**

5 May 2018

### **Parties**

- (1) the Vendor, being an indirect wholly-owned subsidiary of the Company;
- (2) the Purchaser;
- (3) the Property Holder; and

(4) the Company, as the guarantor to guarantee the liabilities and obligations of the Vendor and the Property Holder under the definitive documents.

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

## **Subject Matter**

### ***Proposed Disposal 1***

Pursuant to the Framework Agreement, in relation to the Proposed Disposal 1, the Vendor intends to dispose of and the Purchaser intends to acquire the Sale Shares, representing approximately 72% of the entire issued share capital of the Target Company free from any encumbrances. The Target Company is a company established in the PRC which owns three buildings consisting of 31 shops in Haikou City, Hainan Province, the PRC. The consideration of the Proposed Disposal 1 is expected to be approximately RMB75.0 million (equivalent to approximately HK\$90.0 million) and will be payable to the Vendor in cash by stages according to the formal binding agreement to be entered upon completion of relevant due diligence by the Purchaser.

### ***The Proposed Joint Venture***

In addition, pursuant to the Framework Agreement, the Company will procure one of its wholly owned subsidiaries established in Hong Kong to set up a WFOE in the PRC with a total issued registered capital of RMB6.0 million (equivalent to approximately HK\$7.2 million) to participate in the Proposed Joint Venture to form a JV Company with the Purchaser (or its nominees) for the purpose of developing the business centre in Hainan Province, the PRC. The JV Company will be owned beneficially as to 28% by the Group and 72% by the Purchaser (or its nominees). The proposed total investment will be approximately RMB180.0 million (equivalent to approximately HK\$216.1 million), of which RMB162.0 million (equivalent to approximately HK\$194.4 million) will be treated as additional paid-in capital of the JV Company.

### ***Proposed Disposal 2***

The JV Company will then acquire Asian Villas from the Property Holder for a total consideration of approximately RMB180.0 million (equivalent to approximately HK\$216.1 million) pursuant to the Proposed Disposal 2. The Property Holder has been holding Asian Villas through contractual arrangement for the Group since 2002. In this regard, in consideration of the Group agreeing to grant to the Purchaser the Exclusivity Period, a Deposit of RMB20.0 million (equivalent to approximately HK\$24.0 million) will be paid by the Purchaser to the Property Holder within five days upon signing of the Framework Agreement.

## **Exclusivity Period**

The Group agrees that during the Exclusivity Period, without the Purchaser's written consent, it will not negotiate with any other third parties on any transaction in relation to the sale or disposal of the Sale Shares and the formation of joint venture. The Framework Agreement will automatically lapse if the parties fail to enter into formal binding agreements after the expiry of the Exclusivity Period, unless otherwise agreed in writing.

Pursuant to the Framework Agreement, the Purchaser shall be granted access to the due diligence review on the Target Company, which shall be completed within a period of three months from the date of the Framework Agreement.

## **Formal binding agreements**

The parties to the Framework Agreement shall enter into the formal binding agreements upon the completion of the relevant due diligence on the Target Company by the Purchaser.

If the Vendor, the Target Company and the Property Holder enter into discussions with any third parties regarding similar transactions involving the transactions as contemplated under this Framework Agreement, the Vendor, the Target Company and the Property Holder shall collectively pay to the Purchaser a sum equivalent to the Deposit as liquidated damages.

A party to the Framework Agreement shall be in breach of the Framework Agreement if such party is found to have failed to or failed to fully discharge its duties stipulated in the Framework Agreement; breached any of the conditions, statements or warranties stipulated in the Framework Agreement; or any of such conditions, statements or warranties have been found to be invalid, false, inaccurate or incomplete. The breaching party shall then pay to the other non-breaching parties a liquidated sum as damages and be liable for all direct, indirect, incidental, special, punitive, exemplary, or consequential losses arising out of the breach.

If, for any reason, the parties to the Framework Agreement are unable to enter into the formal binding agreements within the Exclusivity Period; the terms of the Proposed Disposals and Proposed Joint Venture are not fulfilled; the Framework Agreement has been terminated; or the Purchaser considers the results of due diligence to be not satisfactory, the Vendor shall, within three working days of receiving notice for the return of the Deposit from the Purchaser, return the Deposit to the Purchaser. If the Vendor fails to comply with such condition, interest shall be due and payable to the Purchaser on a monthly interest rate of 1%, calculated from the first day after the Deposit was due to be returned to the Purchaser. Such interest shall be accrued monthly in arrears until the Vendor has settled the Deposit owed and all interest due. The Property Holder and the Company shall be jointly liable with the Vendor in the return of the Deposit and interest due to the Purchaser.

In the event that the parties enter into formal binding agreements, the Deposit would become part of the consideration of the Proposed Disposal 2.

## **REASON FOR AND BENEFITS OF THE PROPOSED DISPOSALS AND THE PROPOSED JOINT VENTURE**

The Board considers that the Proposed Disposals and the Proposed Joint Venture will bring in a strategic partner in the PRC which will help to broaden the business horizon and improve the long term growth potential of Asian Villas and the other developments in the Hainan Province in the PRC, which will be beneficial to the Group and its shareholders as a whole.

### **GENERAL**

The detailed terms of the Proposed Disposals 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 Disposals and the Proposed Joint Venture have been entered into.

It is expected that the Proposed Disposals and the Proposed Joint Venture, if materialised, may constitute a very substantial disposal 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 Disposals and the Proposed Joint Venture when appropriate.

**The detailed terms of the Proposed Disposals and the Proposed Joint Venture are still subject to negotiation and finalisation. As the Proposed Disposals 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:

“Asian Villas”	A property known as 亞洲豪苑城市廣場 (Asian Villas City Square*) held by the Property Holder through contractual arrangement for the Group since 2002;
“Board”	the board of directors of the Company;
“BVI”	British Virgin Islands;
“Company”	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 whose shares are listed on the Stock Exchange;
“Deposit”	means a sum in the total amount of RMB20.0 million (equivalent to approximately HK\$24.0 million);

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“Exclusivity Period”	within 90 days of the signing of the Framework Agreement;
“Framework Agreement”	the Framework Agreement dated 5 May 2018 entered into between the Company, the Vendor, the Property Holder and the Purchaser;
“Group”	the Company together with its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“JV Company”	a company proposed to be established in the PRC with limited liability by the Company (or its nominees) and the Purchaser (or its nominees);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;
“Property Holder”	海南富迪房地產開發有限公司 (Hainan Fruitful Real Estate Development Ltd*), a company established in the PRC and beneficially owned by a third party independent of the Company and its connected persons, as defined in the Listing Rules;
“Proposed Disposals”	collectively, the Proposed Disposal 1 and Proposed Disposal 2;
“Proposed Disposal 1”	the proposed disposal of the Sale Shares by the Vendors to the Purchaser as contemplated under the Framework Agreement;
“Proposed Disposal 2”	the proposed disposal of the interest in Asian Villas by the Property Holder to the Purchaser (or its nominees) to be procured by the Company as contemplated under the Framework Agreement;
“Proposed Joint Venture”	the proposed joint venture between the Company (or its nominees) and the Purchaser (or its nominees) which will own as to 28% and 72% equity interests in the JV Company as contemplated under the Framework Agreement, respectively;
“Purchaser”	海南康大投資有限公司 (Hainan Kang Da Investment Co., Ltd*), a company established in the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	72% of the entire issued and paid-up share capital of the Target Company;

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“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”	江裕置業(海南)有限公司, a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Vendor”	Honour Advance Limited (江裕有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company;
“WFOE”	A wholly foreign-owned enterprise established in the PRC and wholly owned by a foreign entity; and
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$, is based on the approximate exchange rate of HK\$1 to RMB0.833.

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

Hong Kong, 6 May 2018

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