
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Deson Development International Holdings Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed “13. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility for the contents of any of these documents. You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed “Warning of the Risks of Dealing in Shares and nil-paid Rights Shares” in the “Letter from the Board” in this Prospectus. Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange, or such other dates as determined by HKSCC and you should consult your stockbroker or other licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

The securities described in this Prospectus have not been registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.



PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON RECORD DATE

Underwriters to the Rights Issue



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Prospectus, unless otherwise stated.

The Rights Issue is only underwritten on a best effort basis. In the event of under-subscription, there is no assurance of the minimum level of acceptances, the Underwriters have no obligation to and may not subscribe for or procure the subscription of any Untaken Shares. Any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriters will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriting Agreement contains provisions granting the Underwriters the right to terminate the obligations of the Underwriters thereunder on the occurrence of certain events including force majeure at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 5:00 p.m. on Wednesday, 22 December 2021). If the Underwriting Agreement does not become unconditional at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 8 December 2021 to Wednesday, 15 December 2021 (both days inclusive). If the Underwriting Agreement does not become unconditional or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed. Any Shareholders or other persons contemplating any dealing in the Shares and/or the nil-paid Rights Shares shall accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any Shareholders or other persons contemplating any dealing in the Shares and/or the nil-paid Rights Shares are recommended to consult their own professional advisers and exercise caution. The latest date and time for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares is 4:00 p.m. on Monday, 20 December 2021. The procedures for acceptance and payment and/or transfer of the Rights Shares are set out on pages 19 and 20 of this Prospectus set out in the section headed “Letter from the Board — Proposed Rights Issue — Procedures for acceptance and payment or transfer” in this Prospectus.

* For identification purpose only

6 December 2021

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EXPECTED TIMETABLE

The expected timetable for the implementation of the Rights Issue is set out below. The expected timetable is for indicative purpose only and may be subject to change, and any such change will be announced by the Company as and when appropriate. The expected timetable has been prepared on the assumption that the condition precedent of the Rights Issue will be fulfilled.

Events	Time and Date
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 8 December 2021
Latest time for splitting of PALs	4:30 p.m. on Friday, 10 December 2021
Last day of dealings in nil-paid Rights Shares	4:10 p.m. on Wednesday, 15 December 2021
Latest time for acceptance of, and payment for the Rights Shares and application for and payment for excess Rights Shares	4:00 p.m. on Monday, 20 December 2021
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional.	5:00 p.m. on Wednesday, 22 December 2021
Announcement of results of the Rights Issue	Thursday, 30 December 2021
Despatch of share certificates for fully-paid Rights Shares	Friday, 31 December 2021
Despatch of refund cheques, if any, for wholly or partially unsuccessful excess applications or if the Rights Issue is terminated	Friday, 31 December 2021
Commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Monday, 3 January 2022
Designated broker starts to stand in the market to provide matching service for odd lots of Shares	9:00 a.m. on Monday, 3 January 2022
Designated broker ceases to provide matching services for odd lots of Shares	4:00 p.m. on Monday, 24 January 2022

EXPECTED TIMETABLE

All times and dates stated in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are for indicative purpose only and may be extended or varied by the Company in agreement with the Underwriters and in accordance with the Listing Rules. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION OF AND PAYMENT FOR EXCESS RIGHTS SHARES

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Underwriting Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Monday, 20 December 2021, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

DEFINITIONS

In this Prospectus, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 1 November 2021 in relation to the Rights Issue
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 262)
“Company Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Controlling Shareholders”	shall have the meaning as ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriters

DEFINITIONS

“Excess Rights Shares”	any nil-paid Rights Share(s) provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall include any of the Rights Shares created from the aggregation of fractions of the Rights Shares and the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any)
“Extreme Condition(s)”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“First Underwriter”	Koala Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertaking(s)”	the irrevocable undertakings given by Mr. Tjia and Sparta in favour of the Company and the Underwriters, the principal terms of which are disclosed in the paragraph headed “Underwriting arrangement and undertakings — The Controlling Shareholders’ undertakings” in this Prospectus
“Last Trading Day”	Monday, 1 November 2021, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	29 November 2021, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Monday, 20 December 2021 or such later time or date as may be agreed between the Underwriters and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	5:00 p.m. on Wednesday, 22 December 2021 or such later time or date as may be agreed between the Company and the Underwriters, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Mr. Tjia”	Mr. Tjia Boen Sien, the Managing Director, Chairman and a Controlling Shareholder of the Company
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places, consider it necessary or expedient to exclude them from the Rights Issue (if any)
“Optionholder(s)”	the holders of the Share Options, who have provided the Optionholders Undertakings, namely, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Tjia Wai Yip, William, all are executive Directors
“Optionholders Undertaking(s)”	the irrevocable undertakings given by the Optionholders as mentioned in the paragraph headed “Underwriting arrangement and undertakings — The Optionholders’ Undertakings” in this Prospectus
“Overseas Letter”	the letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders (if any) are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve

DEFINITIONS

“Posting Date”	Monday, 6 December 2021 or such other date as the Company determines for the despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus with Overseas Letter for information only to the Non-Qualifying Shareholders (if any), as the case may be
“PRC”	The People’s Republic of China
“Prospectus”	this prospectus despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	this prospectus, the PAL and the EAF
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Friday, 3 December 2021 or such other date as the Company may determine, being the date of reference to which the Shareholders’ entitlements to the Rights Issue are to be determine
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	up to 499,390,200 new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“Scale-down EAF Shares”	such number of Rights Shares applied for under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company

DEFINITIONS

“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement
“Second Underwriter”	Yellow River Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 15 August 2012
“Shareholder(s)”	holder(s) of the issued Shares
“Sparta”	Sparta Assets Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Tjia
“Specified Event”	an event occurring or matter arising on or after the date of execution of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers published by SFC
“Underwriters” or each an “Underwriter”	the First Underwriter and the Second Underwriter
“Underwriting Agreement”	the underwriting agreement dated 1 November 2021 entered into between the Company and the Underwriters in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	all the Rights Shares to be underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
“Untaken Shares”	all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“U.S.”	the United States of America
“%”	per cent.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (v) in the absolute opinion of the Underwriters, there occurs any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the Posting Date and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of the Underwriters, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive trading days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of announcement or other matters in connection with the Underwriting Agreement and/or the Rights Issue; or
- (viii) the Prospectus Documents when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriters be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

the Underwriters shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriters.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Tjia Boen Sien

(Managing Director & Chairman)

Mr. Wang Jing Ning

Mr. Tjia Wai Yip, William

Independent Non-executive Directors:

Dr. Ho Chung Tai, Raymond

Ir Siu Man Po

Mr. Siu Kam Chau

Registered Office:

Victoria Place

5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

Principal place of business

in Hong Kong:

11th Floor, Nanyang Plaza

57 Hung To Road, Kwun Tong

Kowloon

Hong Kong

6 December 2021

To the Qualifying Shareholders, and for information only, to the Non-Qualifying Shareholders

Dear Sirs,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE
FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue. The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof. The purpose of this Prospectus is to provide you with, among other things, further details on (i) the Rights Issue and the underwriting arrangement; (ii) the financial information of the Group; and (iii) the general information of the Group.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share, to raise up to approximately HK\$49.9 million (before expenses) by issuing up to 499,390,200 Rights Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date) to the Qualifying Shareholders. The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be not more than approximately HK\$48.0 million.

On 1 November 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters, pursuant to which the Underwriters have conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares up to 281,421,900 Rights Shares (assuming all outstanding Share Options, excluding those Share Options held by the Optionholders, are being exercised and no other change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this Prospectus.

Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date	:	977,880,400 Shares
Number of Rights Shares	:	Up to 499,390,200 Rights Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$49,939,020 (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date)

LETTER FROM THE BOARD

- Number of Shares as enlarged by the allotment and issue of the Rights Shares : Up to 1,498,170,600 Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date)
- Maximum funds to be raised before expenses (assuming all Rights Shares will be taken up) : Up to approximately HK\$49.9 million (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date)
- Number of Rights Shares undertaken to be taken up : Mr. Tjia has undertaken to take up an aggregate of 43,000,800 Rights Shares under his assured entitlement (representing approximately 8.79% of the total Rights Shares proposed to be provisionally allotted by the Company)
- Sparta has undertaken to take up an aggregate of 174,967,500 Rights Shares under its assured entitlement (representing approximately 35.79% of the total Rights Shares proposed to be provisionally allotted by the Company)
- As at the Latest Practicable Date, Mr. Tjia together with Sparta held in aggregate 435,936,600 Shares, representing approximately 44.57% of the entire issued share capital of the Company. The Irrevocable Undertakings are subject to a cap and the maximum number of Rights Shares together with the Shares already held by Mr. Tjia and Sparta shall not be more than 46.57% of the total enlarged issued share capital of the Company at completion of the Rights Issue so as not to trigger any MGO Obligation under the Takeovers Code
- Right of excess applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the Latest Practicable Date, save for 38,700,000 outstanding Share Options, the Company had no other outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares. Given the exercise price of the Share Options (i.e. HK\$0.125) is higher than the prevailing market prices of the Shares, the Directors expected that no Share Options will be exercised on or before the Record Date.

LETTER FROM THE BOARD

Assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date, 488,940,200 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

On 1 November 2021, each of the Optionholders has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date (see the paragraph headed “Underwriting arrangement and undertakings — The Optionholders’ undertakings” below for further details of the Optionholders Undertakings). Accordingly, not more than 20,900,000 new Shares may be issued upon exercise of all outstanding Share Options from the Latest Practicable Date up to and including the Record Date. Assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date, 499,390,200 Rights Shares that will be allotted and issued represent (i) approximately 51.07% of the existing number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 33.33% of the number of Shares in issue as enlarged by the allotment and issue of the Rights Shares.

Save for the Irrevocable Undertakings given by Mr. Tjia together with Sparta, as at the Latest Practicable Date, the Company had not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of its level of acceptances, and up to 499,390,200 Rights Shares are to be subscribed subject, however, to any Scaling-down vis-a-vis the MGO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriters (or either of them, whichever shall be appropriate) will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for Excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

LETTER FROM THE BOARD

The Subscription Price represents:

- (i) a discount of approximately 7.41% to the closing price of HK\$0.108 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 7.58% to the average of the closing prices of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 7.83% to the average of the closing prices of approximately HK\$0.109 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 8.26% to the average of the closing prices of approximately HK\$0.109 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 5.06% to the theoretical ex-rights price of approximately HK\$0.10533 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.108 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) the same price as the closing price of HK\$0.10 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (vii) a discount of approximately 93.9% to the net asset value (“NAV”) per Share of approximately HK\$1.64 as at 30 September 2021, based on the unaudited equity attributable to the owners of the Company of approximately HK\$1,608 million as at 30 September 2021 and 977,880,400 issued Shares as at the Latest Practicable Date; and
- (viii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 2.53% to the theoretical diluted price of approximately HK\$0.106 per Share (assuming no exercise of the Share Options) based on the benchmarked price of approximately HK\$0.108 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.108 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.108 per Share).

The par value of each Rights Share is HK\$0.10. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.096.

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The Subscription Price and the subscription ratio were determined after arm's length negotiation between the Company and the Underwriters with reference to, among other things, (i) the market price of the Shares prior to and including the Last Trading Day; (ii) the prevailing market conditions (including the fact that (a) the average closing price per Share for the past six months from 1 May 2021 to 1 November 2021 before the announcement of the Rights Issue on 1 November 2021 was approximately HK\$0.120 and the lowest and highest closing price per Share during the same period was HK\$0.097 and HK\$0.140, respectively; and (b) the average and median discount of the subscription price to the closing price on the last trading day in the recent ten rights issue exercises of listed issuers each (1) in the small capitalisation market with a market capitalisation of around HK\$300.0 million, which is comparable to the market capitalisation of the Company of HK\$105.61 million as at the Last Trading Day; (2) with a subscription price in the range of HK\$0.10 and up to HK\$0.26 per share; and (3) with a proposed fund raising size of below HK\$65 million (before expenses) (similar to the fundraising size of the Company) first announced on the Stock Exchange during the period from 1 May 2021 to 1 November 2021, was approximately 28.47% and 20.57%, respectively); (iii) the fund-raising size (being approximately HK\$49.9 million) intended by the Company after taking into consideration of the par value per Share of the Company; (iv) the nature of principal business of the Group (being property development and investment, trading of medical equipment and home security and automation products; and operation of a hotel), which is an asset-heavy business with high NAV and hence determination of the Subscription Price solely with reference to NAV will not be appropriate; and (v) the industry in which the Group operates in, the prevailing market conditions and credit crunch faced by the real-estate industry in the PRC market, in which the Group principally operates its property development and investment business that result in shares of property developer companies being less attractive to the investors at large, and hence the Subscription Price was set at a discount to encourage the Shareholders to participate on the Rights Issue.

A summary of the ten comparable rights issues (excluding the Company), being exhaustive cases based on the selection criteria set out above, is set out below:

No.	Company Name	Gross proceeds from the rights issue	Subscription price	Closing price on the last trading day	Approximate discount price to the closing price on the last trading day	Underwriting commission rate	Market capitalisation on the last trading day	Date of announcement
1.	The Company (Stock code: 262)	Up to approximately HK\$49.9 million	HK\$0.10	HK\$0.108	7.41%	3.50%*	HK\$105.61 million	1 November 2021
2.	JETE Power Holdings Limited (Stock code: 8133)	Not more than approximately HK\$10.4 million	HK\$0.20	HK\$0.440 <i>(Note 1)</i>	54.50%	1.50%*	HK\$45.76 million	20 October 2021
3.	Link-Asia International MedTech Group Limited (Stock code: 1143)	Not more than approximately HK\$62.2 million	HK\$0.20	HK\$0.217	7.83%	3.00%*	HK\$133.72 million	15 October 2021

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No.	Company Name	Gross proceeds from the rights issue	Subscription price	Closing price on the last trading day	Approximate discount price to the closing price on the last trading day	Underwriting commission rate	Market capitalisation on the last trading day	Date of announcement
4.	Standard Development Group Limited (formerly known as LKS Holdings Group Limited) (Stock code: 1867)	Up to approximately HK\$49.28 million	HK\$0.22	HK\$0.2440	9.84%	1.50%	HK\$273.28 million	6 August 2021
5.	Luen Wong Group Holdings Limited (Stock code: 8217)	Approximately HK\$52.3 million	HK\$0.26	HK\$0.320 (Note 2)	18.8%	Non-underwriting basis	HK\$32.2 million	2 August 2021
6.	Worldgate Global Logistics Ltd (Stock code: 8292)	Approximately HK\$52.3 million	HK\$0.11	HK\$0.134	17.90%	Non-underwriting basis	HK\$21.22 million	29 July 2021
7.	CBK Holdings Limited (Stock code: 8428)	Up to approximately HK\$36.72 million	HK\$0.17	HK\$0.220 (Note 3)	22.73%	Non-underwriting basis	HK\$31.68 million	23 June 2021
8.	Green Economy Development Limited (formerly known as Vision Fame International Holdings Limited) (Stock code: 1315)	Not more than HK\$30 million	HK\$0.02	HK\$0.051	60.78%	Non-underwriting basis	HK\$306 million	2 June 2021
9.	China Internet Investment Finance Holdings Limited (Stock code: 810)	Not less than approximately HK\$9.4 million	HK\$0.20	HK\$0.410	51.22%	2.50%	HK\$39.3 million	20 May 2021
10.	Ta Yang Group Holdings Limited (Stock code: 1991)	Approximately HK\$60.98 million	HK\$0.14	HK\$0.180	22.22%	Non-underwriting basis	HK\$156.8 million	13 May 2021
11.	Great Wall Terror Holdings Limited (Stock code: 524)	Approximately HK\$39.39 million	HK\$0.150	HK\$0.185	18.90%	Non-underwriting basis	HK\$163.84 million	11 May 2021
	Average discount				28.47%			
	Median discount				20.57%			

Notes:

* Underwritten on best efforts basis.

1. This is the theoretical closing price after taking into account the effect of the share consolidation based on the closing price of HK\$0.011 per existing share.
2. This is the theoretical closing price after taking into account the effect of the share consolidation based on the closing price of HK\$0.08 per existing share.
3. This is the theoretical closing price after taking into account the effect of the share consolidation based on the closing price of HK\$0.022 per existing share.

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Given the nature of principal business of the Group, being, among others, property development and investment, it is inevitable that the Group is in an asset-heavy industry, which resulted in the Subscription Price represented a significant discount of approximately 93.9% of the NAV per Share of approximately HK\$1.64 as at 30 September 2021. Nevertheless, the Directors note that the discount of the Subscription Price to the closing price of HK\$0.108 per Share on the Last Trading Day (i.e. 7.41%) is significantly lower than the average and median discount seen in the comparable rights issue exercise as referred to above (i.e. 28.47% and 20.57%, respectively).

In view of the above, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and apply for Excess Rights Shares subject to the level of acceptance; (iii) the proceeds from the Rights Issue can be used to repay part of the unsecured loans of the Group and for working capital of the Group; and (iv) the Subscription Price was determined with reference to the prevailing market prices.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The Company has despatched the Prospectus Documents to the Qualifying Shareholders on the Posting Date and despatched the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders for their information only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 26 November 2021.

The last day of dealing in the Shares on cum-rights basis was Wednesday, 24 November 2021. The Shares are dealt with on an ex-rights basis from Thursday, 25 November 2021.

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Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. If there are any Overseas Shareholders at the close of business on the Record Date, such Overseas Shareholders may or may not be eligible to take part in the Rights Issue. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the Latest Practicable Date, the shareholdings of the Non-Qualifying Shareholders comprised of an Overseas Shareholder in Canada, who held 425 Shares, representing approximately 0.00004% of the total number of Shares in issue (the “**Canadian Shareholder**”). Pursuant to Rule 13.36(2) of the Listing Rules, the Board has made enquiries regarding the legal restrictions with respect to the issue of the Rights Issue to the Canadian Shareholder.

Save for the above, the Company did not have any other Overseas Shareholders.

Having made enquiries regarding the legal restrictions with respect to the issue of the Rights Shares to the Non-Qualifying Shareholder, the Board has formed the view that it is inexpedient to extend the Rights Issue to the Non-Qualifying Shareholder due to the time and costs involved in the registration of this prospectus and/or compliance with the applicable legal or regulatory requirements or special formalities if the Rights Issue were to be lawfully made to the Non-Qualifying Shareholder. The Company will send this Prospectus together with the Overseas Letter (without the PAL or the EAF), for information only, to the Non-Qualifying Shareholder.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Rights Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any acceptance of or application for Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the

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nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements of the Rights Shares" below.

Fractional entitlements of the Rights Shares

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the paragraph headed "Application for Excess Rights Shares" below. Should there be no excess application by the Qualifying Shareholders, those Rights Shares created from the aggregation of fraction of the Rights Shares may or may not be taken up by the Underwriters.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

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Application for the Rights Shares

The PALs and the EAFs relating to the Rights Shares will be enclosed with this Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein and application by Qualifying Shareholders shall be made by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the Registrar of the Company by the Latest Time for Acceptance.

Procedures for acceptance and payment or transfer

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Monday, 20 December 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED — PAL ACCOUNT" and crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by not later than 4:00 p.m. on Monday, 20 December 2021, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company is not obliged to but may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of the provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Friday, 10 December 2021 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or

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will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL together with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriters exercise the right to terminate or rescind the Underwriting Agreement or if the condition precedent of the Rights Issue as set out in the paragraph headed "Condition of the Rights Issue" below is not fulfilled at or before 5:00 p.m. on Wednesday, 22 December 2021 (or such later time or date as may be agreed between the Company and the Underwriters in writing), the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 31 December 2021.

No receipt will be issued in respect of any PAL and/or remittances received.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Friday, 31 December 2021. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on or before Friday, 31 December 2021 by ordinary post to the applicants at their own risk, to their registered addresses.

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Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (i) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold;
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and
- (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

Application for Excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Monday, 20 December 2021.

The Directors will, upon consultation with the Underwriters, allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to topping up odd-lots to whole board lots.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to the relevant

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beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors of the Company should consult their professional advisers if they are in doubt as to their status.

Application for Excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the amount payable for the Excess Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Monday, 20 December 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED — EAF ACCOUNT" and crossed "ACCOUNT PAYEE ONLY".

An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Thursday, 30 December 2021. If no Excess Rights Shares are allotted to a Qualifying Shareholder who has applied for Excess Rights Shares, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post by the Registrar at his/her/its own risk on or before Friday, 31 December 2021. If the number of Excess Rights Shares allotted to a Qualifying Shareholder is fewer than that applied for, the surplus application monies without interest are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Friday, 31 December 2021.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. The Company reserves the right to refuse to accept any application for Excess Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

Completion and return of the EAF together with a cheque or a banker's cashier order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereto, the Company reserves the right to reject any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first presentation, and in that event, all rights thereunder will be deemed to have been declined and will be cancelled.

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The EAF is for use only by the Qualifying Shareholders to whom it is addressed and is not transferable. All documents, including cheques or banker's cashier orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriters exercise the right to terminate or rescind the Underwriting Agreement or if the condition precedent of the Rights Issue as set out in the paragraph headed "Condition of the Rights Issue" below is not fulfilled at or before 5:00 p.m. on Wednesday, 22 December 2021 (or such later time or date as may be agreed between the Company and the Underwriters in writing), the monies received in respect of application for Excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 31 December 2021.

It should be noted that no receipt will be issued in respect of any EAF and/or remittances received.

Scaling-down of subscriptions to avoid the triggering of the MGO Obligation and non-compliance of the Public Float Requirement

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriters on a best effort basis, and so as to avoid the unwitting triggering of the MGO Obligation and/or any non-compliance with the Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriters will be made on the basis that the applications are to be scaled-down by the Company to a level which (i) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the Scaling-down of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of the Public Float Requirement. Such Scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (i) EAF(s) should be scaled down before PAL(s); and (ii) where the scaling-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should

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be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Arrangement on odd lots trading

In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Koala Securities Limited to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Holders of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Ms. Chan at (852) 3700 7899 during the period from Monday, 3 January 2022 at 9:00 a.m. to Monday, 24 January 2022 at 4:00 p.m., both days inclusive. Holders of the odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot facility, is recommended to consult his/her/its own professional advisers.

Application for listing of the Rights Shares

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Condition of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

UNDERWRITING AGREEMENT AND UNDERTAKINGS

The Controlling Shareholders' undertakings

As at the Latest Practicable Date, (1) Mr. Tjia, the Managing Director, Chairman and a Controlling Shareholder of the Company, directly held 86,001,600 Shares, representing approximately 8.79% of the issued share capital of the Company; and (2) Sparta, a Controlling Shareholder of the Company, directly held 349,935,000 Shares, representing approximately 35.79% of the issued share capital of the Company.

On 1 November 2021, the Company received the Irrevocable Undertakings from each of Mr. Tjia and Sparta, pursuant to which each of Mr. Tjia and Sparta has irrevocably undertaken to the Company and the Underwriters, among other things, to:

- (i) subscribe for 43,000,800 Rights Shares and 174,967,500 Rights Shares, respectively, which will be provisionally allotted to each of them nil-paid in respect of the 86,001,600 Shares legally and beneficially owned by Mr. Tjia and 349,935,000 Shares legally and beneficially owned by Sparta, pursuant to the terms of the Prospectus Documents; and
- (ii) ensure that the 86,001,600 Shares currently legally and beneficially owned by Mr. Tjia and 349,935,000 Shares currently legally and beneficially owned by Sparta will remain legally and beneficially owned by each of them on the Record Date.

As at the Latest Practicable Date, Mr. Tjia together with Sparta held 435,936,600 Shares, representing approximately 44.57% of the entire issued share capital of the Company. The Irrevocable Undertakings are subject to a cap and the maximum number of Rights Shares together with the Shares already held by Mr. Tjia and Sparta shall not be more than 46.57% of the total enlarged issued share capital of the Company at completion of the Rights Issue so as not to trigger any obligation for a general offer under the Takeovers Code.

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The Company had not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any other substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

The Underwriting Agreement

On 1 November 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters in relation to the underwriting and respective arrangements in respect of the Rights Issue.

The Rights Issue is only underwritten by the Underwriters on best effort basis, there is no assurance of the minimum level of acceptances, the Underwriters have no obligation to and may not subscribe for or procure the subscription of any Untaken Shares. The Company irrevocably appoints the Underwriters to conduct the Rights Issue in accordance with the Underwriting Agreement, with the First Underwriter underwriting up to 225,137,520 Rights Shares on best effort basis (the “**First Undertaking**”) and the Second Underwriter underwriting up to 56,284,380 Rights Shares on best effort basis (the “**Second Undertaking**”), though the Underwriters may, subject to having obtained the Company’s prior written approval, agree with each other from time to time prior to the Latest Time for Acceptance to vary (or further vary, whichever shall be appropriate) the First Undertaking and the Second Undertaking to which they are respectively subject to such an extent that eventually, the First Underwriter shall underwrite more than 225,137,520 Rights Shares while the Second Underwriter shall underwrite less than 56,284,380 Rights Shares, or alternatively, the First Underwriter shall underwrite less than 225,137,520 Rights Shares while the Second Underwriter shall underwrite more than 56,284,380 Rights Shares provided that the total number of Underwritten Shares shall not exceed 281,421,900 (the “**Maximum Undertakings**”), and the Underwriters shall rank *pari passu* with each other, and neither the First Underwriter nor the Second Underwriter shall be any lead underwriter for or with respect to the Rights Issue (collectively, the “**Appointment**”). Subject to the Maximum Undertakings, the First Underwriter shall not be responsible for or accountable to the Company or any other party such part of the Rights Issue and/or such portfolio of the Rights Shares for which the Second Underwriter shall be responsible under or pursuant to the Underwriting Agreement and the Appointment, and likewise, the Second Underwriter shall not be responsible for or accountable to the Company or any other party such part of the Rights Issue and/or such portfolio of the Rights Shares for which the First Underwriter shall be responsible under or pursuant to the Underwriting Agreement and the Appointment.

The Board considered the need to have two Underwriters in the Rights Issue under the best-efforts underwriting arrangement to better control and mitigate the risks of undersubscription of the Untaken Shares in the current prevailing stock market conditions in Hong Kong, as well as having regards to the Underwriters’ requirements to maintain their respective liquid capital so that none of them will be overly financial burdened by underwriting the Rights Issue. The Board considered that these factors would help to balance the financial burden of both the Underwriters and hence will improve the chances of the Untaken Shares being fully underwritten by both the Underwriters as each of

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them is comfortable with the number of Untaken Shares they have committed to underwrite on a best-efforts basis. There is also a flexibility among the Underwriters to help each other in respect of the Untaken Shares. Subject to having obtained the Company's prior written approval, the Underwriters can vary the First Undertaking and the Second Undertaking so long as the total number of Untaken Shares shall not exceed the Maximum Undertakings. This will improve the chances of the Untaken Shares being fully underwritten by both the Underwriters in a best-efforts underwriting arrangement, as compared to the situation when there is only one underwriter.

In considering the allocation of the Rights Shares to be underwritten by the First Underwriter and the Second Underwriter, the Board has considered (i) the prior pleasant experience dealing with the First Underwriter in a similar fundraising exercise via an open offer in November 2015 with the First Underwriter, as compared to no previous dealing with the Second Underwriter before this Rights Issue; (ii) the number of Untaken Shares to be underwritten by the Second Underwriter under the Second Undertaking was set by the First Underwriter, after the First Underwriter has assessed its requirements to maintain its liquid capital; and (iii) the informal leading role of the First Underwriter, given that the First Underwriter has referred the Second Underwriter to the Company for the Second Undertaking and the Second Underwriter would underwrite the Untaken Shares under the Second Undertaking in accordance with the terms and conditions that have already been agreed upon between the First Underwriter and the Company prior to the Second Underwriter being identified and appointed.

The terms of the Underwriting Agreement are summarised as below.

Principal terms of the Underwriting Agreement

Date	:	1 November 2021 (after trading hours)
Issuer	:	Deson Development International Holdings Limited
First Underwriter	:	Koala Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. The First Underwriter is a 80%-owned subsidiary of Koala Financial Group Limited (Stock Code: 8226), a company listed on GEM of the Stock Exchange. As at the Latest Practicable Date, the First Underwriter and its ultimate beneficial owners are, third parties independent and no connected with the Second Underwriter and its connected persons.

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As at the Latest Practicable Date, the First Underwriter does not hold any Shares. The First Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are Independent Third Parties. The First Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Second Underwriter : Yellow River Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. The Second Underwriter is a wholly-owned subsidiary of Silver Tide Holdings Limited (Stock Code: 1943, a company listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the Second Underwriter and its ultimate beneficial owners are, third parties independent and not connected with the First Underwriter and its connected persons.

As at the Latest Practicable Date, the Second Underwriter does not hold any Shares. The Second Underwriter and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are Independent Third Parties. The Second Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Rights Shares to be underwritten : Up to 281,421,900 Rights Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date) underwritten by the Underwriters on a best effort basis pursuant to the terms and conditions of the Underwriting Agreement

Underwriting Commission : 3.5% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares being underwritten by the Underwriters

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The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriters with reference to:

(i) The financial position of the Group

As disclosed in the interim results announcement of the Company for the six months ended 30 September 2021, the loss for the period attributable to the owners of the Company was approximately HK\$8.3 million and the net assets of the Group as at 30 September 2021 was approximately HK\$1,604 million. As at 30 September 2021, the current interest-bearing bank and other borrowings of the Company amounted to approximately HK\$281 million, which are current liabilities to be expiring within 1 year from 30 September 2021. In view of the current challenging financial position of the Group, especially the prevailing market conditions faced by the real-estate industry in the PRC market, in which the Group principally operates its property development and investment business, the Directors considered that it is essential to raise fund to reduce its liabilities and increase funding for the business development of the Group (as described in the section headed “**Reasons for and benefits of the Rights Issue**” below).

(ii) The size of the Rights Issue

The net proceeds from the Rights Issue after deducting the expenses are estimated to be not more than approximately HK\$48.0 million. The Company intends to apply the net proceeds from the Rights Issue for the purposes as described in the section headed “**Intended use of proceeds**” below. Although there is no assurance of the minimum level of acceptances and the Rights Issue is underwritten on a best-efforts basis, the Underwriters have expressed that they are confident to do their best in underwriting the Rights Shares under the current market conditions if there is no material adverse change in the economic condition. The Underwriters are likely to subscribe all Untaken Shares. The Company will be notified by the Underwriters on the number of Untaken Shares that the Underwriters would subscribe under the best-efforts underwriting arrangement on or around the evening of Monday, 20 December 2021 after the latest time for acceptance of, and payment for the Rights Shares and application for and payment for excess Rights Shares by the Qualifying Shareholders.

(iii) The current and expected market condition

Reference was made to the volatility of the stock market in Hong Kong in the past six months prior to and including the Last Trading Day. The Company noted that the Hang Seng Index fluctuated between approximately 28,357.54 and 25,154.32 at closing from 3 May 2021 and up to the Last Trading Day (“**Relevant Period**”), representing a decrease of approximately 11.3%. The highest and the lowest of the Hang Seng Index during the Relevant Period were approximately 29,468.00 and 23,966.49 on 1 June 2021 and 6 October 2021 respectively, representing a percentage difference of approximately 18.7%. In view of the volatility and the downward trend of the Hang Seng Index, the Directors considered that setting the discount to the then market prices

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of the Shares would encourage the Shareholders to participate in the Rights Issue. In light of the volatility of the stock market in Hong Kong on top of the uncertainty of COVID-19 pandemic as well as the prevailing market conditions faced by the real-estate industry in the PRC markets, the Underwriters generally adopt a more conservative strategy in the underwriting business by adopting a best-efforts basis. After discussion with the First Underwriter, and given the Company had pleasant prior experience dealing with the First Underwriter, and vice versa, in a similar fundraising exercise through open offer in November 2015, the First Underwriter, has expressed its interest and is willing to accept the underwriting arrangement. The First Underwriter then referred the Second Underwriter to the Company, which is also willing to underwrite the Rights Issue at the same commission rate. The Directors have considered the size of the fundraising exercise and noted from the recent ten comparable rights issue exercises first announced on the Stock Exchange during the period from 1 May 2021 to 1 November 2021 as referred to in page 14 above, six out of ten rights issue exercises were not underwritten while the other four were underwritten from 1.50% to 3.0%. The underwriting commission rate of the Right Issue of 3.50% is the highest compared to the other ten comparable rights issue but is in line with the market practice as elaborated in paragraph (v) below. The Directors have considered the nature of principal business of the Group as well as the prevailing market conditions and credit crunch faced by the real-estate industry in the PRC market in which the Group principally operates its property development and investment business, that result in shares of property developer companies being less attractive to the investors at large (including underwriters), and hence, subject to higher underwriting commission rate, or it might be inherent difficult for the Group to identify any underwriters at all, or to identify any underwriters who are willing to underwrite the Right Issue at reasonable commission rate. As the Company has been able to identify suitable underwriters at the outset of its plans for the Rights Issue at reasonable terms and conditions, the Company has not approached other financial institutions to underwrite this Rights Issue.

(iv) The market price of the Company

The Company had also reviewed the daily closing price of the Shares during the Relevant Period. The adjusted closing prices of the Shares closed at HK\$0.126 and HK\$0.108 on 3 May 2021 and the Last Trading Day respectively. The closing prices of the Shares fluctuated from the lowest of HK\$0.097 on 20 September 2021 to the highest of HK\$0.140 on 20 May 2021 and 24 June 2021. Nevertheless, the Directors were of the view that setting the discount to the then market prices of the Shares would balance the risk of the volatility of the Shares.

(v) The then underwriting commission of the market

In addition to the ten comparable rights issue, the Company had made reference to the underwriting commission of 29 rights issue conducted by 28 listed companies on the Stock Exchange (including those ten comparable rights issue), being all the rights issue conducted in the last six months since 1 May 2021 and up to the Last Trading Day and found that 12 out of 29 of the rights issue exercises were not underwritten while the other 17 rights issue were underwritten, (i) 5 of which were underwritten on a

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best effort basis with underwriting commission ranged from 1% to 3.5%; and (ii) 12 of which were underwritten on a fully-underwritten basis with underwriting commission ranged from 1% to 3.5% (except for one underwriter did not charge any underwriting commission as that underwriter was a company wholly-owned by the substantial shareholder of that listed company), the commission rate of which was calculated on the basis of the total subscription price of the rights shares. In addition, the Company was informed by the First Underwriter that if the underwriting arrangement is on a fully-underwritten basis, higher commission rate will be imposed as the First Underwriter would also be required to increase its liquid capital. The First Underwriter has also referred the Company to the Second Underwriter who is willing to underwrite the Rights Issue at the same commission rate to shoulder the First Underwriter's financial burden and risks in the underwriting for the Rights Issue so that it would not be required to increase its liquid capital. In view of this, the Directors (including the independent non-executive Directors) considered that the underwriting commission of 3.5% payable to the Underwriters is attractive enough to the Underwriters and not excessive to the Company in the current prevailing market conditions in view of the credit crunch faced by the real-estate industry in the PRC market that result in shares of property developer companies being less attractive to the investors at large (including underwriters), and may be subject to higher underwriting commission rate, and is in line with the market practice, and hence, such underwriting commission rate is fair and reasonable and in the interest of the Company and its Shareholders.

In light of the above, the Directors (including the independent non-executive Directors) consider the entering into of the Underwriting Agreement with the Underwriters and the terms of the Underwriting Agreement (including the underwriting commission rate) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Save for the Underwriting Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriters or any of its connected persons and their respective associate.

Subject to the fulfilment of all the conditions precedent (save and except such conditions precedent (v) and (xi) which can be waived in accordance with the paragraphs as set out in the paragraph headed "Conditions of the Underwriting Agreement") contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriters shall subscribe for or procure the subscription, on a best effort basis, of any Untaken Shares.

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Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (ii) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders for information only, if any, by no later than the Posting Date;
- (iv) the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms hereof on or before the Latest Time for Termination;
- (v) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination;
- (vi) the Company having complied with all applicable laws and regulations;
- (vii) each party having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated herein;
- (viii) the entering into of binding agreements by the Underwriters with certain subscriber(s) procured by the Underwriters and/or sub-underwriter(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriters nor any of the subscriber(s) procured by the Underwriters and/or sub-underwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue;
- (ix) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

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- (x) there being no Specified Event occurring on or before the Latest Time for Termination; and
- (xi) the Underwriters having received from the Company all the documents required under the Underwriting Agreement in such form and substance satisfactory to the Underwriters.

Save for the conditions (v) and (xi) which can be waived by the Underwriters and the Company jointly, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

As at the Latest Practicable Date, none of the conditions precedent above has been satisfied or fulfilled. Further, conditions precedent (v) and (xi) have not been waived by the Underwriters and the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, the Underwriters have not procured and have not intended to procure any sub-underwriters. In the event of any sub-underwriters being appointed, such sub-underwriters shall meet the requirement under Rule 7.19(1)(a) and shall be an Independent Third Party.

The Optionholders' undertakings

As at the Latest Practicable Date, the Company had 38,700,000 outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 38,700,000 new Shares.

On 1 November 2021, each of the Optionholders has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date. Details of the Share Options outstanding and the Optionholders are set out below:

Name	Date of grant	Exercise period	Exercise Price <i>HK\$</i>	Number of Share Options held as at the Latest Practicable Date	Percentage to issued Shares as at the Latest Practicable Date (%)
Mr. Tjia	27 November 2020	27 November 2020 to 26 November 2022	0.125	800,000	0.08
Mr. Wang Jing Ning	27 November 2020	27 November 2020 to 26 November 2022	0.125	9,000,000	0.92
Mr. Tjia Wai Yip William	27 November 2020	27 November 2020 to 26 November 2022	0.125	8,000,000	0.82
Other Share Options holders	27 November 2020	27 November 2020 to 26 November 2022	0.125	8,400,000	0.86
	27 November 2020	27 November 2020 to 26 November 2021	0.125	6,250,000	0.64
	27 November 2020	27 November 2021 to 26 November 2022	0.125	6,250,000	0.64
Total					3.96

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EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

- (i) Assuming there is no new Share being issued and no Share being repurchased by the Company on or before the Record Date and the Underwriters underwrite all Untaken Shares:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders and no share options have been exercised)		Immediately after completion of the Rights Issue (assuming (1) nil acceptance by the Qualifying Shareholders other than the Rights Shares which Mr. Tjia and Sparta will take up in accordance with the Irrevocable Undertakings; and (2) no share options have been exercised)		Immediately after completion of the Right Issue (assuming (1) nil acceptance by the Qualifying Shareholders other than the Rights Shares which Mr. Tjia and Sparta will take up in accordance with the Irrevocable Undertakings and subject to the Scaling-down so as not to trigger an MGO Obligation; (2) no Share Options have been exercised; and (3) none of the Underwriters subscribes for or procures the subscription of any Untaken Shares)	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Mr. Tjia (Note 1)	86,001,600	8.79	129,002,400	8.79	129,002,400	8.79	122,617,268	12.09
Sparta (Note 2)	349,935,000	35.79	524,902,500	35.79	524,902,500	35.79	349,935,000	34.49
Granda Overseas Holding Co., Ltd	173,698,740	17.76	260,548,110	17.76	173,698,740	11.84	173,698,740	17.12
Mr. Wang Jing Ning (Note 3)	26,429,400	2.70	39,644,100	2.70	26,429,400	1.80	26,429,400	2.61
Mr. Tjia Wai Yip, William (Note 4)	2,400,000	0.25	3,600,000	0.25	2,400,000	0.16	2,400,000	0.24
Dr. Ho Chung Tai, Raymond (Note 5)	727,500	0.07	1,091,250	0.07	727,500	0.05	727,500	0.07
Ir Siu Man Po (Note 6)	920,000	0.10	1,380,000	0.10	920,000	0.06	920,000	0.09
The Underwriters and/or its subscriber(s) procured by it (Note 8)	—	—	—	—	270,971,900	18.48	—	—
Other Shareholders (Note 9)	337,768,160	34.54	506,652,240	34.54	337,768,160	23.03	337,768,160	33.29
Total	977,880,400	100.00	1,466,820,600	100.00	1,466,820,600	100.00	1,014,496,068	100.00

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- (ii) Assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date and the Underwriters underwrite all Untaken Shares:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming (1) full acceptance by the Qualifying Shareholders; (2) all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised; and (3) no other change in the share capital of the Company on or before the Record Date)		Immediately after completion of the Rights Issue (assuming (1) nil acceptance by the Qualifying Shareholders other than the Rights Shares which Mr. Tjia and Sparta will take up in accordance with the Irrevocable Undertakings; (2) all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised; and (3) no other change in the share capital of the Company on or before the Record Date)		Immediately after completion of the Right Issue (assuming (1) nil acceptance by the Qualifying Shareholders other than the Rights Shares which Mr. Tjia and Sparta will take up in accordance with the Irrevocable Undertakings and subject to the Scaling-down so as not to trigger an MGO Obligation; (2) all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised; (3) no other change in the share capital of the Company on or before the Record Date; and (4) none of the Underwriters subscribes for or procures the subscription of any Untaken Shares)	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Mr. Tjia (Note 1)	86,001,600	8.79	129,002,400	8.61	129,002,400	8.61	129,002,400	12.24
Sparta (Note 2)	349,935,000	35.79	524,902,500	35.04	524,902,500	35.04	361,773,792	34.34
Granda Overseas Holding Co., Ltd	173,698,740	17.76	260,548,110	17.39	173,698,740	11.60	173,698,740	16.49
Mr. Wang Jing Ning (Note 3)	26,429,400	2.70	39,644,100	2.65	26,429,400	1.76	26,429,400	2.51
Mr. Tjia Wai Yip, William (Note 4)	2,400,000	0.25	3,600,000	0.24	2,400,000	0.16	2,400,000	0.23
Dr. Ho Chung Tai, Raymond (Note 5)	727,500	0.07	2,291,250	0.15	1,527,500	0.10	1,527,500	0.14
Ir Siu Man Po (Note 6)	920,000	0.10	2,580,000	0.17	1,720,000	0.12	1,720,000	0.16
Mr. Siu Kam Chau (Note 7)	—	—	1,200,000	0.08	800,000	0.05	800,000	0.08
The Underwriters and/or its subscriber(s) procured by it (Note 8)	—	—	—	—	281,421,900	18.78	—	—
Other Shareholders (Note 9)	<u>337,768,160</u>	<u>34.54</u>	<u>534,402,240</u>	<u>35.67</u>	<u>356,268,160</u>	<u>23.78</u>	<u>356,268,160</u>	<u>33.81</u>
Total	<u>977,880,400</u>	<u>100.00</u>	<u>1,498,170,600</u>	<u>100.00</u>	<u>1,498,170,600</u>	<u>100.00</u>	<u>1,053,619,992</u>	<u>100.00</u>

Notes:

- Mr. Tjia is the Managing Director and Chairman of the Company. As at the Latest Practicable Date, Mr. Tjia directly held 86,001,600 Shares and 800,000 Share Options. Pursuant to the Irrevocable Undertaking, Mr. Tjia has undertaken to take up an aggregate of 43,000,800 Rights Shares under his assured entitlement (representing approximately 8.79% of the total Rights Shares proposed to be provisionally allotted by the Company). Under the Scaling-down so as not to trigger an MGO Obligation, (i) assuming no Share Options have been exercised, the maximum of 36,615,668 Rights Shares will be taken-up by Mr. Tjia if nil

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acceptance by the Qualifying Shareholders other than Mr. Tjia and Sparta and none of the Underwriters subscribes for or procures the subscription of any Untaken Shares; or (ii) assuming all outstanding Share Options have been exercised, all 43,000,800 Rights Shares will be taken-up by Mr. Tjia if nil acceptance by the Qualifying Shareholders other than Mr. Tjia and Sparta and none of the Underwriters subscribes for or procures the subscription of any Untaken Shares.

2. Sparta is wholly-owned by Mr. Tjia. Accordingly, Mr. Tjia is deemed to be interested in 349,935,000 shares of the Company held by Sparta by virtue of the SFO. Pursuant to the Irrevocable Undertaking, Sparta has undertaken to take up an aggregate of 174,967,500 Rights Shares under its assured entitlement (representing approximately 35.70% of the total Rights Shares proposed to be provisionally allotted by the Company). Under the Scaling-down so as not to trigger an MGO Obligation, (i) assuming no Share Options have been exercised, nil Rights Shares will be taken-up by Sparta if nil acceptance by the Qualifying Shareholders other than Mr. Tjia and Sparta and none of the Underwriters subscribes for or procures the subscription of any Untaken Shares; or (ii) assuming all outstanding Share Options have been exercised, the maximum of 11,838,792 Rights Shares will be taken-up by Sparta if nil acceptance by the Qualifying Shareholders other than Mr. Tjia and Sparta and none of the Underwriters subscribes for or procures the subscription of any Untaken Shares.
3. Mr. Wang Jing Ning is an executive Director. As at the Latest Practicable Date, 26,429,400 Shares and 9,000,000 Share Options were held by Mr. Wang Jing Ning. Mr. Wang Jing Ning has given his Optionholders Undertaking to the Company to the effect that he would not exercise any of his Share Options on or before the Record Date.
4. Mr. Tjia Wai Yip, William is an executive Director. As at the Latest Practicable Date, 2,400,000 Shares and 8,000,000 Share Options were held by Mr. Tjia Wai Yip, William. Mr. Tjia Wai Yip, William has given his Optionholders Undertaking to the Company to the effect that he would not exercise any of his Share Options on or before the Record Date.
5. Dr. Ho Chung Tai, Raymond is an independent non-executive Director. As at the Latest Practicable Date, 727,500 Shares and 800,000 Share Options were held by Dr. Ho Chung Tai, Raymond.
6. Ir Siu Man Po is an independent non-executive Director. As at the Latest Practicable Date, 920,000 Shares and 800,000 Share Options were held by Ir Siu Man Po.
7. Mr. Siu Kam Chau is an independent non-executive Director. As at the Latest Practicable Date, 800,000 Share Options were held by Mr. Siu Kam Chau.
8. Pursuant to the Underwriting Agreement, the Underwriters shall confirm with the Company the actual number of Untaken Shares as at the Latest Time for Acceptance, and shall procure for subscription therefore on a best effort basis whilst using its best endeavours to ensure that (i) each of the subscribers of the Untaken Shares procured by the Underwriters (or the Underwriters concerned, whichever shall be appropriate) shall be an Independent Third Party and not connected with the Company, any of the Directors or chief executive or substantial Shareholders or their respective associates; (ii) the Public Float Requirement be fulfilled by the Company upon completion of the Rights Issue; and (iii) the Underwriters or each subscriber procured by the Underwriters (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.
9. Other Shareholders also includes the Share Options holders who are employees of the Group.

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INFORMATION ON THE UNDERWRITERS

The First Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO whose ordinary course of business includes underwriting of securities. The First Underwriter is a subsidiary of Koala Financial Group Limited (Stock Code: 8226), a company listed on GEM of the Stock Exchange. As at the Latest Practicable Date, the First Underwriter and its ultimate beneficial owners are, third parties independent and no connected with the Second Underwriter and its connected persons.

The Second Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities) regulated activities under the SFO whose ordinary course of business includes underwriting of securities. The Second Underwriter is a subsidiary of Silver Tide Holdings Limited (Stock Code: 1943, a company listed on the Main Board of the Stock Exchange. As at the Latest Practicable Date, the Second Underwriter and its ultimate beneficial owners are, third parties independent and no connected with the First Underwriter and its connected persons.

To the best of the Directors' knowledge, information and belief, the Underwriters and their ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Group is principally engaged in (a) property development and investment; (b) trading of medical equipment and home security and automation products; and (c) operation of a hotel.

As disclosed in the interim results of the Company for the six months ended 30 September 2021, the Group recorded a loss for the period attributable to owners of the Company of approximately HK\$8.3 million, representing a decrease loss of 11% as compared to the same period last year of approximately HK\$9.4 million, its gross profit for the six months ended 30 September 2021 increased by approximately 27% from that for the same period last year, mainly due to increase in sales for trading business. As at 30 September 2021, the net assets of the Group was approximately HK\$1,604 million. As at 30 September 2021, the current interest-bearing bank and other borrowings of the Company amounted to approximately HK\$281 million, which are current liabilities to be expiring within 1 year from 30 September 2021. The Group has been exploring ways to improve its liquidity and enhance its financial position.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs which will put further pressure on the financial position of the Group, and will result in additional interest burden, higher gearing ratio of the Group, subject the Group to repayment obligations and may require the provision of security and creditors will rank before the Shareholders. Also, due to the financial position of the Company with a substantial amount of bank and other borrowings which are current liabilities to be expiring within 1 year from 30 September 2021, it might be

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hard to obtain a loan with reasonable terms being offered by financial institutions. The Board considers that using the form of equity is a better alternative than debt financing as it would not result in additional interest burden and will improve the gearing of the Group. The Board considers that placings or subscription of new Shares or convertible securities will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise, and placees or subscribers might require a higher discount on issue price as a result of the current financial position of the Company. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, given the imminent need of funds to settle the outstanding liabilities owing by the Company to its creditors in respect of its short-term borrowings and overdraft facilities, as well as to maintain its operations, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.**

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or concrete plan to conduct other equity fund raising activities in the next 12 months. On the bases and assumptions that (i) the Group has stable rental income of approximately RMB23 million in the next 12 months from its ordinary and usual course of business; (ii) the Group continues to generate revenue from the sales of its properties in the ordinary and usual course of business, especially with the launch of new phase of the housing development project for Zone G of Century Place, Kaifeng, the PRC, which started in May 2021, the Group would be able to generate sales of its properties; (iii) the existing lenders continue to renew the short-term loans granted to the Group; (iv) the sale proceeds from the disposal of the Group's investment in Starway Parkview South Station Hotel project in which the Group held a minority interest, assuming the transaction proceeds to completion in the first quarter of 2022 pursuant to a disposal agreement entered into in October 2021; (v) the Group's existing cash and cash equivalents as at 30 September 2021 of approximately HK\$19 million; and (vi) the net proceeds from the Rights Issue, the Directors consider that the proceeds from the Rights Issue can satisfy the Group's expected funding needs for the next 12 months and the Group does not have further funding needs in the next 12 months. However, if there shall arise any other potential investment opportunities or any change of the Group's current circumstances and existing business

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plans and that the net proceeds may not satisfy such upcoming financing and operational needs, the Board does not rule out the possibility that the Company may conduct further equity or debt fund raising exercises to support such future developments of the Group. In the event the Rights Issue is undersubscribed, or the Rights Issue does not proceed or the minimum amount of the gross proceeds of approximately HK\$7.2 million only is raised under the Rights Issue, the Directors estimate that the Group's expected funding needs for the next 12 months can still be met based on the bases and assumptions (i) to (v) above, even in absence of any new additional debt financing being available to the Group.

INTENDED USE OF PROCEEDS

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$48.0 million (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date).

The Company intends to apply the net proceeds from the Rights Issue as to:

- (i) approximately 79% of the net proceeds (approximately HK\$38.0 million) will be used for the repayment of unsecured loans by the Group, which are expected to be fully utilised by 31 May 2022 as follows:
 - (a) a sum of HK\$20.0 million to be repaid to a lender for a short-term term loan that will mature on or before 31 January 2022;
 - (b) a sum of HK\$5.0 million to be repaid to a lender for an overdraft facility to reduce the overall financial burden of the Group arising from banking facilities which carry high interest rates on or before 28 February 2022;
 - (c) a sum of HK\$3.0 million to be repaid to a lender for an overdraft facility to reduce the overall financial burden of the Group arising from banking facilities which carry high interest rates on or before 31 March 2022; and
 - (d) a sum of HK\$10.0 million to be repaid to a lender for a short-term term loan that will mature on or before 31 May 2022; and
- (ii) the remaining 21% of the net proceeds (approximately HK\$10.0 million) will be used as general working capital for up to seven months, which are expected to be fully utilised by 31 August 2022.

Given that the Rights Issue is on best efforts basis and each of Mr. Tjia and Sparta has undertaken to take up their Rights Shares in accordance with the Irrevocable Undertakings and subject to the Scaling-down so as not to trigger an MGO Obligation, in the event that none of the other Qualifying Shareholders accept the Rights Shares and none of the Underwriters take up the Untaken Shares, the minimum amount of gross proceeds to be raised under the Rights Issue is approximately HK\$7.2 million. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

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FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Save for the Rights Issue, the Company has not engaged in any equity fund raising activities or any rights issue exercise during the past 12 months immediately before the Latest Practicable Date.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the Latest Practicable Date, there were 38,700,000 outstanding Share Options. The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the share option scheme of the Company. The Company will make further announcement(s) about the adjustments as and when appropriate.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-months period prior to the date of the Announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-months period immediately preceding the date of the Announcement and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "Termination of the Underwriting Agreement"). Accordingly, the Rights Issue may or may not proceed.

Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 8 December 2021 to Wednesday, 15 December 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the

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conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 March 2019, 2020 and 2021 and the unaudited consolidated financial information of the Group for the six months ended 30 September 2021 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.deson.com):

- (i) The unaudited financial information of the Group for the six months ended 30 September 2021 is disclosed in the interim result announcement of the Company for the six months ended 30 September 2021 published on 29 November 2021, from pages 1 to 23:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1129/2021112900531.pdf>

- (ii) The audited financial information of the Group for the year ended 31 March 2021 is disclosed in the annual report of the Company for the year ended 31 March 2021 published on 22 July 2021, from pages 81 to 226:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0722/2021072200429.pdf>

- (iii) The audited financial information of the Group for the year ended 31 March 2020 is disclosed in the annual report of the Company for the year ended 31 March 2020 published on 17 July 2020, from pages 74 to 222:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0717/2020071700007.pdf>

- (iv) The audited financial information of the Group for the year ended 31 March 2019 is disclosed in the annual report of the Company for the year ended 31 March 2019 published on 17 July 2019, from pages 46 to 149:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0717/ltn20190717015.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

	<i>HK\$'000</i>
Bank loans — secured and guaranteed	173,140
Bank loans — secured and unguaranteed	126,303
Bank overdrafts — secured and guaranteed	2,507
Bank overdrafts — secured and unguaranteed	3,253
Trust receipt loans — secured and unguaranteed	7,201
Other borrowings — unsecured and unguaranteed	186,389
Amount due to an associate — unsecured and unguaranteed	2,650
Amount due to a related company — unsecured and unguaranteed	26,625
Amount due to a non-controlling shareholder — unsecured and unguaranteed	<u>16,002</u>
	<u><u>544,070</u></u>

As at the close of business on 31 October 2021, the Group's banking facilities were secured by:

- (i) certain leasehold land and buildings of the Group situated in Hong Kong and Mainland China;
- (ii) certain investment properties of the Group situated in Mainland China;
- (iii) certain properties held for sale under development and properties held for sale of the Group situated in Mainland China;
- (iv) the assignment of rental income from the leases of certain properties of the Group;
- (v) certain time deposits of the Group; and
- (vi) certain properties held by a related company of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the normal course of business, as at the close of business on 31 October 2021, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Group since 31 October 2021 being the latest practicable date for determining the Group's indebtedness up to the date of this Prospectus.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in (a) property development and investment; (b) trading of medical equipment and home security and automation products; and (c) operation of a hotel.

The Group has been undertaking a number of measures to improve the Group's liquidity and financial position, which include, among others:

- (i) The expected substantial sales of properties at Section G of Century Place, Kaifeng, the PRC in the second half of the year ending 31 March 2022;
- (ii) The Group has intended to speed up the pre-sales and sales of properties under development and completed properties and investment properties; and controlling costs and containing capital expenditures so as to generate adequate net cash inflows; and
- (iii) In light of the COVID-19 pandemic, the Group is closely monitoring the latest development and will continue to assess the impact of the pandemic; as well as any government's stimulus in response on the Group's operations from time to time and adjust its sale and marketing strategies for its properties sales to generate sufficient cashflows from its operation.

Property development and investment

Looking forward into 2022, with the recovery of the global economy, the rollout of massive COVID-19 vaccination programme and the ease of tension between the United States and China, China is going to embrace a new historic development opportunity.

Meanwhile, 2021 marks the first year of the “14th Five-Year Plan” of Mainland China, and it is also the year to witness the achievement of the first centenary goal and the commencement of the second centenary goal. The business sector is generally optimistic about the development prospect of the PRC economy in the remaining period for the year ending 31 March 2022, and is confident about the growth potential of the Chinese companies. As opportunities and challenges coexist, the Group will take measures to overcome challenges and capture opportunities, and remain prudent and pragmatic while actively exploring new concepts to strive for new development dimensions with high quality and profit growth.

Century Place, Kaifeng

On 9 June 2005, the Group was granted the land use rights of a development site in Long Ting District of the city of Kaifeng, Henan Province, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 210,500 sq.m., known as “**Century Place, Kaifeng**”. As at the Latest Practicable Date, the construction of a gross floor area of approximately 190,000 sq.m. had been completed and achieved a total sales contract sum of approximately RMB767 million. The remaining part of the land (Section G) is under construction, and it is expected that the construction will be completed by last quarter 2021 and the pre-sale has already started in May 2021. The Group expects to start recognising the sales during the year ending 31 March 2022.

The unsold area at the Century Place, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA <i>(approximately sq.m.)</i>
Section A	Investment properties — Shops (leased out)	53,600
Section B	Properties held for sale — Apartments Car park	200 78
Section C	Properties held for sale — Villas	6,000
Section D	Properties held for sale — Offices Car park	1,200 10
Section E	Properties held for sale — Shops	350
Section F	Properties held for sale — Shops Car park	11,100 89
Section G	Properties held for sale under development — Apartments and shops	20,500

The Group plans to sell Section C together with Section G as these two sections are adjacent to each other and it is believed that the synergy effect can bring a higher return to the Group. As at the Latest Practicable Date, the discussions regarding any potential sales remained preliminary and no formal proposal had been put forward by any third party to the Group and no legally binding agreement or contract relating to such business cooperation has been entered into by the Company or any of its subsidiaries. The outcome of any discussion on such business cooperation was not known as of the Latest Practicable Date and in the event that any agreement or contract regarding the possible business cooperation with the aforementioned third party is reached, the Company will comply with the relevant requirements of the Listing Rules.

As at the Latest Practicable Date, the total contract sum from the pre-sale of Section G properties amounted to approximately RMB24 million (equivalent to approximately HK\$29 million).

World Expo, Kaifeng

On 16 February 2012, the Group successfully won a bid for the acquisition of the land use right of a residential and commercial site in the city of Kaifeng, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 95,000 sq.m.. The name of this project is “**World Expo, Kaifeng**”. As at the Latest Practicable Date, this project had been completed and achieved a total sales contract sum of approximately RMB564 million.

The unsold area at the World Expo, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA <i>(approximately sq.m.)</i>
Commercial A	Property, plant and equipment — Hotel	14,000
Commercial B	Properties held for sale — Shops	8,900
Residential 1–3	Properties held for sale — Apartments	6,500
Car park		147

Formation of companies for the property investment and/or redevelopment in Shanghai

In 2019, the Group has invested in two property projects in Shanghai, being the property redevelopment of residential apartments at Wuyi Road, Changning District, Shanghai, the PRC (“**Project Embassy**”) and property redevelopment of offices and carparks at West Huaihai Road, Changning District, Shanghai, the PRC (“**Project Stone**”). During the period ended 30 September 2021, Project Embassy sold all remaining properties and the Group has recognised a corresponding fair value gain of approximately HK\$2.3 million from this investment. As at the Latest Practicable Date, the aggregate carrying amount of these two projects was approximately HK\$13,172,000.

Project Stone is an office building, known as Shanghai City Point. It is located in a grade A mixed-use building located at Changning District. The building contains four floors with total gross floor area of approximately 6,668 sq.m. and five underground parking spaces. This project is co-invested with the same independent third party as Project Embassy through a company registered in BVI in which the Group has 5% equity interest. All properties under Project Stone were leased to third parties for rental income.

As the Group does not have significant influence over the BVI companies, the investments are classified as equity investments at fair value through profit or loss.

The Group also co-invested with an independent third party in the Starway Parkview South Station Hotel project (“**Project Parkview**”), which is located in Xuhui West Bund area, adjacent to Shanghai Botanical Garden. The Group has 30% equity interest which is accounted for as an associate. The hotel was built in 2003 with a total gross floor area of approximately 7,319 sq.m. and 56 rooms. The hotel was converted into 66-room serviced apartments with plenty of shared common area combined with mixed retail, catering, leisure and modern gym and it was renamed as “**Cohost West Bund**”, a co-living serviced apartment in Shanghai. The Group and its co-investor have been seeking potential buyers for Project Parkview. A sale and purchase agreement has been entered into with an Independent Third Party in October 2021 for the disposal of the entire equity interests in Project Parkview, including the Group’s 30% equity interest, to this third party buyer. The transaction is expected to be completed in January 2022 and the Group expects to realise a profit from this disposal by means of a dividend income from the associate.

In anticipation of the uncertain and challenging economic environment and volatility in the market ahead, the Group will continue to adopt a cautious and proactive approach in managing its core investments and to look for sound and stable investment opportunities to produce sustainable returns for the Company’s Shareholders.

Participation in a real estate investment fund

On 23 April 2019, the Group entered into a general-partner shareholders' agreement with Gusto Brave Limited, a representing entity of Pamflee Group ("Pamflee") (which is a member of Schroders Capital), and Pamflee China GP II Limited ("Pamflee China") to act as a general partner of a fund manager for property investment.

The Group owns 30% equity interest in Pamflee China. Pamflee is an independent and privately-owned real estate investment advisor with offices in Hong Kong, Singapore and Shanghai. Pamflee's experienced team seeks to create long-term value through knowledgeable deal sourcing, disciplined acquisitions, active asset management, rebranding and refurbishment with an emphasis on design, anticipating tenant and community requirements and delivering good value for money. Members of the management team of Pamflee have been involved in the selection and management of real estate investments throughout Asia for over 20 years.

Pamflee and the Group operate with a flat organisational structure, which allows and encourages collaboration.

As at the Latest Practicable Date, the fund managed by Pamflee China is Pamflee Shanghai Real Estate Fund II ("PSREFII"). The Group has also acted as a limited partner (holds 1.5%) of PSREFII. PSREFII seeks to capitalise on Pamflee's track record of its successful investments in under-performing, under-priced and distressed real estate with repositioning and value-add potential in Shanghai and other tier-one cities in Mainland China. The investment strategy of PSREFII is to identify, structure and execute successful asset repositioning investments in Shanghai and other tier-one cities in Mainland China. As at the Latest Practicable Date, the total cost of investment made by the Group was approximately HK\$6 million.

As at the Latest Practicable Date, there was only one project operated by PSREFII in Shanghai, namely Project Hub. The property is located at the junction of Daning Road and Gonghexin Road within Daning Commercial Area of Jing An District, Shanghai. It has 4 blocks of office building with a total gross floor area of approximately 37,547 sq.m. It is expected to generate higher rental income after refurbishment.

Trading of medical equipment and home security and automation products

The increasing standard of living around the globe, especially in Hong Kong and major cities in the PRC, and increasing health awareness, in particular from high-income consumers living in urban areas, together create additional demand for medical equipment. Consequently, this segment is expected to continue to be a worthwhile investment. The Group will expand its distribution channels and introduce a broader range of products to boost sales growth.

In addition, with the improving standard of living and technology in Hong Kong, major cities in the PRC and Southeast Asia, the Group aims to provide a series of solutions to smart city development for shopping malls, government facilities, border and airport, etc..

The Group has set up a new subsidiary for the trading of wellness and pandemic prevention products. Due to the COVID-19 Pandemic, the Group will increase the range of products to fulfill the demand of the society.

As at the Latest Practicable Date, the Group was the sole distributor in Hong Kong for a medical-grade air purifier developed by a team of Hong Kong air quality experts and medical professionals which has passed the “AHAM” (United States) and “CNAS” (China) standards, known as Perfect Particulates Purification (“PPP”). PPP is equipped with patented PPP Kill Virus Blue High Efficiency Particulate Air Filter Sterilisation Technologies to effectively kill the coronavirus disease, SARS-COV-2 and human pneumonia viruses. At present, several government departments have adopted the abovementioned PPP air purifiers to provide a safe, comfortable, clean and sterile environment for the public.

The Group will continue to adopt efficacious cost management strategies and maintain tight credit control measures to cope with challenges and to improve competitiveness within the volatile operating environment. The Directors will continue to make every effort to maximise the interests of the Shareholders of the Company.

Hotel operation

Holiday Inn Express Kaifeng is located in the city centre of Kaifeng with a total gross floor area of approximately 14,000 sq.m.. It consists of 243 guest rooms, including 100 king bed standard rooms, 106 single bed standard rooms, 18 king bed superior rooms, 18 single bed superior rooms and 1 suite. There are also 3 meeting rooms with a total gross floor area of approximately 460 sq.m..

The Group has signed an agreement with 六洲酒店管理(上海)有限公司 (a member of IHG Hotels & Resort) to operate the hotel under the name of “Holiday Inn Express Kaifeng City Center”. Holiday Inn Express is one of the world-famous selected service hotel brands. Holiday Inn Express Kaifeng was opened in January 2020.

The Group is taking all practicable measures to cope with the challenges. The first priority is to deliver a sense of safety to the guests. Therefore, the Group is putting in place strict sanitisation and hygiene protocol to ensure guests returning to stay or dine in the hotel will have complete peace of mind and full assurance in the hotel’s products and services. Moreover, the Group is introducing marketing and sales recovery strategies to target the domestic market for staycation and food menu for takeaway, and at the same time, taking decisive decision to reduce operating costs. The Group will continue to improve the quality of its hotel services to ensure the hotel guests having enjoyable experiences during their stays in the hotel.

Objectives for the coming 2022 are as follows: (1) the Group will continue to improve its investment portfolio through the acquisition of quality properties in Hong Kong at attractive price and the disposals of more mature properties in order to balance the demands of short-term returns and long-term capital appreciation; (2) the Group will review its management system and cost structure so as to improve efficiency and reduce expenses where possible; (3) the Group will consider gearing up its projects in a responsible manner in order to increase its return on equity; and (4) the Group will further develop the business of trading of medical equipment and more variety of security products, as well as to further explore new trading business.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED
NET TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 30 September 2021. As it is prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group upon completion of the Rights Issue as at 30 September 2021 or at any future date. The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 as extracted from the unaudited condensed consolidated financial statements for the six months ended 30 September 2021 included in the published interim results announcement of the Group, and is adjusted for the effect of the Rights Issue described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 immediately after the completion of the Rights Issue <i>HK\$'000</i>
<u>1,607,514</u>	<u>46,946</u>	<u>1,654,460</u>
Unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021 <i>(Note 3)</i>		<u>HK\$1.64</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021 immediately after the completion of the Rights Issue <i>(Note 4)</i>		<u>HK\$1.13</u>

- (1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$1,607,514,000 as at 30 September 2021 are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2021 as set out in the published interim results announcement of the Group for the six months ended 30 September 2021.
- (2) The estimated net proceeds from the Rights Issue are based on 488,940,200 Rights Shares to be issued (based on 977,880,400 Shares in issue as at 30 September 2021 (note 5) and on the basis of one Rights Share for every two existing Shares held on the Record Date) at the Subscription Price of HK\$0.10 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,948,000.
- (3) The calculation of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021 is based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 of approximately HK\$1,607,514,000 as set out in note 1 above divided by 977,880,400 Shares in issue as at 30 September 2021.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 September 2021 immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue of approximately HK\$1,654,460,000, divided by 1,466,820,600 Shares, which represent 977,880,400 Shares in issue as at 30 September 2021 and 488,940,200 Rights Shares to be issued pursuant to the Rights Issue assuming that the Rights Issue had been completed on 30 September 2021.
- (5) The Company had 977,880,400 Shares in issue as at 30 September 2021.
- (6) No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of an accountant's report, prepared for the sole purpose of inclusion in this Prospectus, received from the independent reporting accountant, SHINEWING (HK) CPA Limited, Certified Public Accountant, Hong Kong, in respect of the unaudited pro forma financial information of the Group.



SHINEWING (HK) CPA Limited
43/F., Lee Garden One, 33 Hysan Avenue
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣希慎道33號
利園一期43樓

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The Board of Directors
Deson Development International Holdings Limited
11th Floor, Nanyang Plaza,
57 Hung To Road, Kwun Tong
Kowloon, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Deson Development International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2021 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus dated 6 December 2021 (the “**Prospectus**”) in connection with the proposed rights issue on the basis of one rights share for every two shares held on the record date (the “**Rights Issue**”) issued by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in pages II-1 to II-2 to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group's consolidated net tangible assets as at 30 September 2021 as if the Rights Issue had taken place at 30 September 2021. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 September 2021 set out in the published interim results announcement of the Company, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

6 December 2021

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL AND SHARE OPTIONS

(i) Share capital

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after completion of the Rights Issue are set out as follows:

(a) Assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date and the Underwriters underwrite all Untaken Shares

(1) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
<u>1,500,000,000</u> Shares of HK\$0.10	<u>150,000,000</u>
<i>Issued and fully paid up:</i>	
<u>977,880,400</u> Shares of HK\$0.10	<u>97,788,040</u>

(2) Immediately after completion of the Rights Issue

<i>Authorised:</i>	<i>HK\$</i>
<u>1,500,000,000</u> Shares of HK\$0.10	<u>150,000,000</u>
<i>Issued and fully paid up:</i>	
977,880,400 Shares of HK\$0.10	97,788,040
<u>488,940,200</u> Rights Shares to be allotted and issued	<u>48,894,020</u>
<u>1,466,820,600</u> Total	<u>146,682,060</u>

(b) Assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date and the Underwriters underwrite all Untaken Shares

(1) As at the Latest Practicable Date

Authorised:	HK\$
<u>1,500,000,000</u> Shares	<u>150,000,000</u>
<i>Issued and fully paid up:</i>	
<u>977,880,400</u> Shares	<u>97,788,040</u>

(2) Immediately after completion of the Rights Issue

Authorised:	HK\$
<u>1,500,000,000</u> Shares	<u>150,000,000</u>
<i>Issued and fully paid up:</i>	
977,880,400 Shares	97,788,040
20,900,000 Shares in issue upon full exercise of the Share Options (other than the Share Options held by the Optionholders)	2,090,000
<u>499,390,200</u> Rights Shares to be allotted and issued	<u>49,939,020</u>
<u>1,498,170,600</u> Total	<u>149,817,060</u>

(ii) Share Options

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Name	Position	Date of grant	Exercise period	Exercise Price HK\$	Number of Share Options held as at the Latest Practicable Date
Mr. Tjia Boen Sien	Managing Director and chairman of the Board	27 November 2020	27 November 2020 to 26 November 2022	0.125	800,000
Mr. Wang Jing Ning	Executive Director	27 November 2020	27 November 2020 to 26 November 2022	0.125	9,000,000
Mr. Tjia Wai Yip William	Executive Director	27 November 2020	27 November 2020 to 26 November 2022	0.125	8,000,000
Dr. Ho Chung Tai, Raymond	Independent non-executive Director	27 November 2020	27 November 2020 to 26 November 2022	0.125	800,000
Ir Siu Man Po	Independent non-executive Director	27 November 2020	27 November 2020 to 26 November 2022	0.125	800,000
Mr. Siu Kam Chau	Independent non-executive Director	27 November 2020	27 November 2020 to 26 November 2022	0.125	800,000
Ms. Tse Hoi Ying	Director of subsidiaries	27 November 2020	27 November 2020 to 26 November 2022	0.125	6,000,000
Other employees of the Group	N/A	27 November 2020	27 November 2020 to 26 November 2021	0.125	6,250,000
		27 November 2020	27 November 2021 to 26 November 2022	0.125	6,250,000
					38,700,000

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully-paid or credited as fully-paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 38,700,000 Shares. Save as and except for the Share Options, as at the Latest Practicable Date, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests and short positions in Share, underlying Shares and debentures of the Company and associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates, in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of the Company contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

(I) Interests in Shares and underlying Shares

Name of Directors	Number of shares held, capacity and nature of interest		Share Options (Note 1)	Number of underlying ordinary Shares of HK\$0.10 each in the Company	Total	Approximate percentage of the Company's issued share capital %
	Directly beneficially owned	Through controlled corporation				
Mr. Tjia (Note 2)	86,001,600 (L)	349,935,000 (L)	800,000		436,736,600	44.66
Mr. Wang Jing Ning	26,429,400 (L)	—	9,000,000		35,429,400	3.62
Mr. Tjia Wai Yip, William	2,400,000 (L)	—	8,000,000		10,400,000	1.06
Dr. Ho Chung Tai, Raymond	727,500 (L)	—	800,000		1,527,500	0.16
Ir Siu Man Po	920,000 (L)	—	800,000		1,720,000	0.18
Mr. Siu Kam Chau	—	—	800,000		800,000	0.08

Notes:

(L) denotes long position

- The Share Options were granted on 27 November 2020 with consideration of HK\$1 under the Share Option Scheme (“Scheme”) adopted by the Company. The above Share Options could be exercised from the date of grant to 26 November 2022 in accordance with the rules of the Scheme to subscribe for ordinary shares of HK\$0.10 each in the Company at an initial exercise price of HK\$0.125 per share.
- Sparta, a company incorporated in BVI and wholly-owned by Mr. Tjia, is beneficially interested in 349,935,000 Shares of the Company.

As at the Latest Practicable Date, so far as known to any Director or chief executive of the Company, other than Mr. Tjia being the director and sole shareholder of Sparta, none of the Director is a director or employee of a company which has an interest or a short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(II) Long positions in ordinary shares of Sparta

Name of Director	Number of shares held, capacity and nature of interest			Total	Approximate percentage of the Company's issued share capital %
	Directly beneficially owned	Through controlled corporation			
Mr. Tjia (<i>Note 1</i>)	1,000	—		1,000	100

Note:

1. Sparta, a company incorporated in BVI and wholly-owned by Mr. Tjia, is beneficially interested in 349,935,000 Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (b) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(ii) Substantial shareholders' interests and short positions in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, each of the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Company and were recorded in the register to be kept under section 336 of the SFO:

Long position:

Name	Capacity/Nature of interest	Number of ordinary/ underlying shares held	Approximate percentage of issued share capital of the Company % (Note)
Sparta (Note 1)	Beneficial Owner	349,935,000	35.79
Mr. Tjia	Interests of controlled corporation	349,935,000	35.79
	Directly beneficially owned	86,001,600	8.79
Granda Overseas Holding Co., Ltd (“Granda”) (Note 2)	Beneficial Owner	173,698,740	17.76
Mr. Chen Huofa	Interests of controlled corporation	173,698,740	17.76

Notes:

1. Sparta, a company incorporated in BVI and wholly-owned by Mr. Tjia, is beneficially interested in 349,935,000 Shares of the Company.
2. Granda, a company incorporated in the BVI and wholly-owned by Mr. Chen Huofa, is beneficially interested in 173,698,740 Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

4. DIRECTORS' INTERESTS IN ASSETS CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date:

- (i) none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation;
- (ii) none of the Directors had any interest, direct or indirect, in any assets which had been, since 31 March 2021, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) save for the Irrevocable Undertakings and the Optionholders Undertakings, none of the Directors and their respective associates was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors was considered to have interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

6. LITIGATION

As at the Latest Practicable Date, the Company was not involved in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Company so far as the Directors are aware.

7. MATERIAL CONTRACTS

Save for the following, there were no material contracts (not being contract(s) entered into in the ordinary course of business) which had been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the sale and purchase agreement dated 17 December 2019 entered into between Deson Ventures Limited, an indirect wholly-owned subsidiary of the Company as vendor and Fortune Taker (BVI) Limited as purchaser in relation to the disposal of 5% of the issued share capital of Fortune Taker Limited at the consideration of RMB15,000,000; and
- (ii) the Underwriting Agreement.

8. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Name	Residential address
Executive Directors	
Mr. Tjia Boen Sien	Flat A, 26th Floor, Block 11 City Garden 233 Electric Road Hong Kong
Mr. Wang Jing Ning	Flat B, 11/F., Block 7 Provident Centre North Point Hong Kong
Mr. Tjia Wai Yip, William	Flat C, 13/F., Block 11 City Garden 233 Electric Road Hong Kong

Name	Residential address
Independent non-executive Directors	
Dr. Ho Chung Tai, Raymond	Flat 12C, Perth Apartments 27 Perth Street Homantin Kowloon Hong Kong
Ir Siu Man Po	14A Broadway, First Floor Mei Foo Sun Chuen Kowloon Hong Kong
Mr. Siu Kam Chau	Flat D, 7/F., Tower 8, One Beacon Hill No. 1 Beacon Hill Road, Kowloon Tong Kowloon Hong Kong

The brief biographies of the Directors are set out below.

Executive Directors

Mr. TJIA Boen Sien (“Mr. Tjia”) (謝文盛), aged 78, is one of the co-founders of the Group. He was appointed as a director of the Company in September 1993 and is currently the executive Managing Director and Chairman of the Group. Mr. Tjia is responsible for the overall corporate strategy and the daily operations of the Group, including business development and overall management. He graduated from chemistry studies at the Huaqiao University (華僑大學) in the PRC in July 1966. He was admitted as member of The Chartered Institute of Building in November 1996 and is a professional member of The Royal Institution of Chartered Surveyors since October 2002. Mr. Tjia previously served as the vice chairman and honourable member of Zhan Tian You Civil Engineering Science and Technology Development Fund Management Committee (詹天佑土木工程科學技術發展基金管理委員會). Mr. Tjia was the chairman and non-executive director of Smart City Development Holdings Limited (formerly known as Deson Construction International Holdings Limited) (stock code: 8268), a company listed on the GEM of Stock Exchange of Hong Kong Limited, for the period from 16 December 2014 to 29 July 2019. Mr. Tjia is father of Mr. Tjia Wai Yip, William (an executive Director of the Company) and Ms. Tse Hoi Ying, Irene (senior management of the Group).

Mr. WANG Jing Ning (“Mr. Wang”) (王京寧), aged 65, is an executive Director of the Company and was appointed as a director of the Company in September 1993. He joined the Group in July 1989. He is also a director of various main operating subsidiaries of the Group, among others, Deson Ventures (Hong Kong) Ltd., Winsome Properties Ltd. and Honour Advance Ltd. Mr. Wang has over 32 years of experience in hotel management and construction engineering in Mainland China and Hong Kong. He is responsible for managing the Group’s projects in Mainland China.

Mr. TJIA Wai Yip, William (“Mr. William Tjia”) (謝維業), aged 46, is an executive Director of the Company since January 2015. He joined the Group in February 2000. Mr. William Tjia is a director of Deson Innovative Limited since July 2005, one of the subsidiaries of the Company. He is responsible for intelligent building and security systems business of the Group and the Group’s development including business development and overall management, and has over 21 years of experience in business management. He graduated from the City University of Hong Kong with a Bachelor of Arts with Honours Degree in Information Systems in 1998. He is the son of Mr. Tjia, the Managing Director and Chairman of the Group and the younger brother of Ms. Tse Hoi Ying, Irene, the senior management of the Group.

Independent Non-Executive Directors

Dr. HO Chung Tai, Raymond (“Dr. Ho”) (何鍾泰博士) SBS, MBE, S.B. St. J., JP, aged 82, is an independent non-executive Director of the Company and was appointed as a director of the Company in September 1993. He was previously a project director for the electrification and modernisation of the Kowloon-Canon Railway (now the East Rail), and the infrastructure works for Shatin New Town and Tseung Kwan O New Town. Dr. Ho holds a Degree of Doctor of Philosophy in Civil Engineering from City University of London, United Kingdom, Honorary Degree of Doctor of Business Administration from the City University of Hong Kong, Honorary Degree of Doctor of Laws from University of Manchester, United Kingdom, a postgraduate Diploma for Advanced Studies in Foundations Soil Mechanics from the Victoria University of Manchester, United Kingdom and a Degree of Bachelor of Science in Civil Engineering from the University of Hong Kong. Dr. Ho was formerly a partner and senior director of Maunsell Consultants Asia Limited from January 1976 to August 1993. Dr. Ho was formerly a Hong Kong Deputy to the 10th & 11th National People’s Congress of the PRC, member of the 1st, 2nd, 3rd & 4th Legislative Council (Engineering Functional Constituency) (1998–2012), member of the Provisional Legislative Council (1996–1998), President of the Hong Kong Institution of Engineers, Founding Council Chairman of the City University of Hong Kong, Council Chairman of the former City Polytechnic of Hong Kong, Chairman of the Transport Advisory Committee, Hong Kong Affairs Adviser, member of the Consultative Committee on the New Airport and Related Projects, board member of the Hong Kong Airport Authority, founding Vice Chairman of Executive Committee of the former Hong Kong

Council Academic Accreditation and member of the Gas Safety Advisory Committee. Currently Dr. Ho is Chairman of Guangdong Daya Bay Nuclear Power Station and Ling Ao Nuclear Power Station Safety Consultative Committee. Dr. Ho is also an advisor to the Ombudsman, Hong Kong. Dr. Ho currently is an independent non-executive director of GCL-Poly Energy Holdings Limited (stock code: 3800), ChinLink International Holdings Limited (stock code: 997), AP Rentals Holdings Limited (stock code: 1496) and Superland Group Holdings Limited (stock code: 368). The issued shares of the aforesaid companies are listed on the Main Board of the Stock Exchange. Dr. Ho was (i) an independent non-executive director of China State Construction International Holdings Limited (stock code: 3311) for the period from 1 June 2005 to 3 June 2019; (ii) the chairman and non-executive director of Veson Holdings Limited (formerly Known as SCUD Group Limited) (stock code: 1399) for the period from 27 September 2018 to 16 June 2020; and (iii) an independent non-executive director of Fu Shek Financial Holdings Limited (stock code: 2263) for the period from 22 January 2020 to 1 October 2021. The issued shares of the aforesaid companies are listed on the Main Board of the Stock Exchange.

Ir SIU Man-po (“Ir Siu”) (蕭文波), aged 83, is an independent non-executive Director of the Company since September 2001. He was awarded the MEDAL OF HONOUR (MH) by the Chief Executive of the Government of the Hong Kong Special Administrative Region (HKSAR) in 2004 for his valuable contribution to the development of the engineering profession in Hong Kong. Ir Siu holds a Master of Science in Civil Engineering in 1963 from Auburn University in Auburn, Alabama, U.S.A. Ir Siu has extensive experience in construction field including the construction of Tsing Yi Power Station in 1966–1977, MTR stations in 1977–1987, and Hong Kong Baptist University campus development in 1989–1999. Ir Siu is a Fellow Member of the Hong Kong Institution of Engineers and the American Society of Civil Engineers. Ir Siu was the Managing Director of Ho Wang Siu Mak Management Ltd.

Mr. SIU Kam Chau (“Mr. Siu”) (蕭錦秋), aged 57, is an independent non-executive Director of the Company since March 2014. He is also the Chairman of the audit committee and the remuneration committee, and a member of the nomination committee of the Board. Mr. Siu graduated from the City University of Hong Kong with a Degree of Bachelor of Arts in Accountancy. He is a fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is also a Certified Public Accountant (practicing) in Hong Kong. Mr. Siu has over 31 years of working experience in auditing, accounting, company secretarial and corporate finance. Mr. Siu is an independent non-executive director of Wang On Group Limited (stock code: 1222), and he was an executive director of Power Financial Group Limited (stock code: 397) from 29 April 2020 to 21 June 2021. The issued shares of the aforesaid companies are listed on the Stock Exchange.

Company Secretary

Mr. LAM Wing Wai, Angus (“**Mr. Lam**”) (林榮偉), aged 45, joined the Group in September 2005. He is the Financial Controller and Company Secretary of the Group. He is responsible for all the Group’s accounting, finance, listing compliance and company secretary functions. He holds a Degree of Bachelor of Business Administration in Accounting (Financial Accounting Stream) from the Hong Kong University of Science and Technology. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Group, he has several years’ experience with an international accounting firm. Mr. Lam was the company secretary and financial controller of Smart City Development Holdings Limited (formerly known as Deson Construction International Holdings Limited) (stock code: 8268), a company listed on the GEM of the Stock Exchange, for the period from 8 January 2015 to 29 July 2019.

Other Senior Management

Ms. Tse Hoi Ying, Irene (“**Ms. Tse**”) (謝海英), aged 49, joined the Group in August 1999. She was appointed as the Director of the Group’s subsidiaries, Medical Technologies Limited and Allied Health Elements Company Limited in September 2002 and September 2019, respectively. Ms. Tse is responsible for trading of medical equipment, health products and related consulting business of the Group, and has over 19 years of experience in rehabilitation and medical equipment. She graduated from the University of British Columbia (Canada) with a Bachelor of Arts (Psychology) in May 1995. She is the daughter of Mr. Tjia, the Managing Director and Chairman of the Group and the elder sister of Mr. William Tjia, an executive Director of the Company.

Mr. Kwok Chung Fai (“**Mr. Kwok**”) (郭振輝), aged 78, joined the Group in February 1991. He is the project manager of the Group and is responsible for the Group’s construction projects in Mainland China. He has over 30 years’ experience in the industry. He graduated from Fujian Overseas Chinese University in Mainland China in Civil Industrial and Civil Building. Mr. Kwok obtained the International Engineering and Professional Manager Qualification Certificate and is a Member of Architectural Society of China.

9. EXPERT’S CONSENT AND QUALIFICATION

The following sets out the qualification of the expert who has given opinions, letters or advices included in this Prospectus:

Name	Qualification
Shinewing (HK) CPA Limited	Certified Public Accountants

Shinewing (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and reference to its name in the form and context in which it respectively appears. As at the Latest Practicable Date, Shinewing (HK) CPA Limited did not have any shareholding, directly or indirectly, in any member of the Group nor did Shinewing (HK) CPA Limited have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Shinewing (HK) CPA Limited did not have any direct or indirect interest in any assets which had been, since 31 March 2021 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office of the Company:	Victoria Place 5th Floor 31 Victoria Street Hamilton HM10 Bermuda
Principle place of business of the Company in Hong Kong:	11th Floor, Nanyang Plaza 57 Hung To Road, Kwun Tong Kowloon Hong Kong
First Underwriter:	Koala Securities Limited Units 01–02, 13/F, Everbright Centre 108 Gloucester Road Wanchai Hong Kong
Second Underwriter:	Yellow River Securities Limited Room A, 24/F, Tai Yau Building 181 Johnston Road Wan Chai Hong Kong
Legal adviser to the Company as to the Rights Issue:	<i>As to Hong Kong law</i> Howse Williams 27/F, Alexandra House 18 Chater Road Central Hong Kong

Hong Kong branch share registrar and transfer office:	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal share registrar and transfer office:	Ocorian Management (Bermuda) Limited Victoria Place 5th Floor, 31 Victoria Street Hamilton HM10 Bermuda
Reporting accountants:	Shinewing (HK) CPA Limited (<i>Certified Public Accountants</i>) 43/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Principal bankers:	United Overseas Bank Limited 28/F, Champion Tower Three Garden Road Central Hong Kong Nanyang Commercial Bank Limited 151 Des Voeux Road Central Hong Kong
Authorised representatives:	Mr. Tjia Boen Sien Flat A, 26th Floor, Block 11 City Garden 233 Electric Road Hong Kong Mr. Lam Wing Wai, Angus 25E, Tower 11 Ocean Shores Phase 3 88 O King Road New Territories Hong Kong
Company secretary:	Mr. Lam Wing Wai, Angus (<i>HKICPA</i>)

11. EXPENSES

Expenses in relation to the Rights Issue (including the underwriting commission, financial advisory fee, printing, translation, registration, legal, accounting, levy, and documentation charges) are estimated to be approximately HK\$1.90 million, which are payable by the Company.

12. BINDING EFFECT

This Prospectus, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

13. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed “9. EXPERT’S CONSENT AND QUALIFICATION” in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

14. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.deson.com) for a period of 14 days from the date of this Prospectus:

- (i) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (ii) the written consent referred to in the paragraph headed “9. EXPERT’S CONSENT AND QUALIFICATION” in this appendix;
- (iii) the material contracts of the Company referred to in the paragraph headed “7. MATERIAL CONTRACTS” in this appendix; and
- (iv) the Prospectus Documents.

15. LANGUAGE

In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

16. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong and from outside Hong Kong.
- (ii) As at the Latest Practicable Date, the Company had no significant exposure to foreign exchange liabilities.
- (iii) The business address of all Directors and authorised representatives of the Company is 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (iv) As at the Latest Practicable Date, save for the Irrevocable Undertakings, the Board had not received any information from any Substantial Shareholders (as defined under the Listing Rules) of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.