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Deson Development International Holdings Limited

迪臣發展國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 262)

**PROPOSED OPEN OFFER OF NOT LESS THAN 325,960,133 OFFER SHARES
AND NOT MORE THAN 330,670,133 OFFER SHARES AT
THE OFFER PRICE OF HK\$0.32 EACH
ON THE BASIS OF ONE (1) OFFER SHARE
FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE**

Underwriter of the Open Offer



KOALA Securities Limited
樹熊證券有限公司

PROPOSED OPEN OFFER

The Company proposes to raise not less than HK\$104.3 million and not more than HK\$105.8 million before expenses by issuing not less than 325,960,133 Offer Shares and not more than 330,670,133 Offer Shares at the Offer Price of HK\$0.32 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date and payable in full upon application. No excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares (excluding the Undertaken Shares) not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Assuming (i) no exercise of any outstanding and exercisable Share Options; (ii) no new Shares being issued; and (iii) no Shares being repurchased by the Company on or before the Record Date, the 325,960,133 Offer Shares proposed to be allotted and issued represents approximately 50% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital of 977,880,400 Shares as enlarged by the allotment and issue of 325,960,133 Offer Shares immediately after completion of the Open Offer.

* for identification only

The Open Offer is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Thursday, 10 December 2015.

OFFER SHARE UNDERTAKING AND UNDERWRITING ARRANGEMENTS

As at the date of this announcement, the Undertaken Shareholders are interested in an aggregate of 394,863,560 Shares, representing approximately 60.57% of the total issued share capital of the Company. The Undertaken Shareholders have irrevocably undertaken to the Company and the Underwriter:

- (1) not to sell, transfer or otherwise dispose an aggregate of such 394,863,560 Shares from the date of the Offer Shares Undertakings up to and including the Record Date (both dates inclusive); and
- (2) to procure the acceptance of an aggregate of not less than 197,431,780 Offer Shares and not more than 197,521,780 Offer Shares to be allotted and issued under their entitlements pursuant to the Open Offer by no later than the Latest Acceptance Time.

The Board is pleased to announce that on 27 November 2015 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting and the relevant arrangements in respect of the Open Offer. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all the Offer Shares which are not taken up by the Qualifying Shareholders pursuant to their assured entitlements under the Open Offer, being not less than 128,528,353 Offer Shares and not more than 133,148,353 Offer Shares. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed "Underwriting arrangements" of this announcement.

The Record Date is Thursday, 17 December 2015. The last day of dealings in the Shares on the Stock Exchange on a cum-entitlement basis will be on Tuesday, 8 December 2015. The Shares will be dealt in on an ex-entitlement basis on the Stock Exchange from Wednesday, 9 December 2015. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not being a Non-Qualifying Shareholder. In order for a transferee of a Share to be registered as a Shareholder on the Record Date, the transfer of Shares (with the relevant share certificates) must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 10 December 2015.

USE OF PROCEEDS

The gross proceeds from the Open Offer will not be less than approximately HK\$104.3 million and not more than approximately HK\$105.8 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than approximately HK\$102.8 million but not more than approximately HK\$104.3 million.

The Group intends to apply the net proceeds from the Open Offer in the following manner:

- approximately 19.6% of the net proceeds from the Open Offer for the repayment of the term loan and accrued interest;
- approximately 35.6% of the net proceeds from the Open Offer for the capital injection to the e-commerce projects at Kaifeng City, Henan Province in the PRC; and
- approximately 44.8% of the net proceeds from the Open Offer for general working capital of the Group for the expansion of existing businesses of the Group.

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is not subject to Shareholders' approval.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 11 December 2015 to Thursday, 17 December 2015 (both days inclusive) for the purpose of, inter alia, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this book closure period.

GENERAL

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Open Offer and the Application Form will be despatched to the Qualifying Shareholders; and the Prospectus and the Overseas Letter, without the Application Form, will be sent to the Non-Qualifying Shareholders (if any) for their information only on Friday, 18 December 2015.

WARNING OF THE RISK OF DEALING IN SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon, *inter alia*, the underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

PROPOSED OPEN OFFER

The Company proposes to raise not less than HK\$104.3 million and not more than HK\$105.8 million before expenses by issuing not less than 325,960,133 Offer Shares and not more than 330,670,133 Offer Shares at the Offer Price of HK\$0.32 per Offer Share on the basis of one (1) Offer Share for every two (2) existing Shares held on the Record Date.

Offer statistics

Basis of the Open Offer	:	One (1) Offer Share for every two (2) existing Shares held on the Record Date
Offer Price	:	HK\$0.32 per Offer Share
Number of Shares in issue as at the date of this announcement	:	651,920,267 Shares
Number of Offer Shares	:	Not less than 325,960,133 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 330,670,133 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date) <i>(Note)</i>
Number of Offer Shares to be underwritten by the Underwriter	:	Save for the Undertaken Shares, all of the remaining Offer Shares to be issued under the Open Offer, being not less than 128,528,353 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 133,148,353 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). Taking into account of the Offer Shares Undertakings, the Open Offer is fully underwritten. <i>(Note)</i>

Number of Shares in issue : Not less than 977,880,400 Shares (assuming no new immediately following the Shares being issued and no Shares being repurchased by completion of the Open Offer the Company on or before the Record Date) and not more than 992,010,400 Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). *(Note)*

Note: As at the date of this announcement, the Company has outstanding Share Options carrying rights to subscribe for total of 39,420,000 new Shares of which Share Options carrying the rights to subscribe for a total of 9,420,000 new Shares are exercisable during the period covering the date of this announcement until the Record Date. Such outstanding Share Options have all been vested and are exercisable as at the date of this announcement and before the Record Date. Assuming no grant of Share Options by the Company and full exercise of the subscription rights attaching to such outstanding and exercisable Share Options, an additional 4,710,000 Offer Shares will be issued.

Save for the Share Options, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Share Options outstanding as at the date of this announcement have the following exercise price, exercise period and expiry date:

Exercise price per Share (HK\$)	Exercise period	Expiry date	Number of Share Options held by Employees/Directors
0.71	17 April 2015 to 16 April 2016	16 April 2016	9,420,000
0.71	17 April 2016 to 16 April 2017	16 April 2017	15,260,000
0.71	17 April 2017 to 16 April 2018	16 April 2018	14,740,000

Adjustments to the exercise price and number of Shares which may be subscribed pursuant to the outstanding Share Options may be required under the terms and conditions of the Share Option Scheme as a result of the completion of the Open Offer. The auditors or an approved financial adviser of the Company will be appointed to certify the necessary adjustments, if any, to the exercise price and number of Shares which may be subscribed pursuant to the outstanding Share Options. Further announcement will be made by the Company in this regard as and when appropriate.

Assuming (i) no exercise of any outstanding and exercisable Share Options; (ii) no new Shares being issued; and (iii) no Shares being repurchased by the Company on or before the Record Date, the 325,960,133 Offer Shares proposed to be allotted and issued represents approximately 50% of the

Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital of 977,880,400 Shares as enlarged by the allotment and issue of 325,960,133 Offer Shares immediately after completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be not less than HK\$32,596,013.30 (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than HK\$33,067,013.30 (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date).

Offer Price

The Offer Price for the Offer Shares is HK\$0.32 per Offer Share, which will be payable in full upon application.

The Offer Price represents:

- (1) a discount of approximately 40.7% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and the Last Trading Date;
- (2) a discount of approximately 31.9% to the theoretical ex-entitlement price of HK\$0.47 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Date; and
- (3) a discount of approximately 39.6% to the average of the closing prices of HK\$0.53 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date.

The Offer Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the prevailing market prices of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price; and (ii) the prevailing market conditions and recent financial conditions of the Group. The Directors consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Offer Price in proportion to his/her/its shareholding held on the Record Date. In addition, the Offer Price has been set as a discount to the recent closing prices of the Shares with an objective of encouraging Qualifying Shareholders to take up their entitlements so as to share in the potential growth of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Offer Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.32 (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) or approximately HK\$0.32 (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date).

Basis of entitlement

The basis of the entitlement shall be one (1) Offer Share for every two (2) existing Shares held on the Record Date, being not less than 325,960,133 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 330,670,133 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the offer Shares being accepted for.

Qualifying Shareholders

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus and the Overseas Letter, but without the Application Form, to the Non-Qualifying Shareholders (if any) for information only, on Friday 18 December 2015.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being a Non-Qualifying Shareholders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies 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.

In order for a transferee of a Share to be registered as a Shareholder on the Record Date, the transfer of Shares (with the relevant share certificates) must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Thursday, 10 December 2015.

Closure of register of members for the Open Offer

The register of members of the Company will be closed from Friday, 11 December 2015 to Thursday, 17 December 2015 (both days inclusive) for the purpose of, inter alia, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this book closure period.

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 Open Offer.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders who will become the Non-Qualifying Shareholders. The results of the enquiries and the basis of the exclusion of the Overseas Shareholders will be included in the Prospectus.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Friday, 18 December 2015. The Company will send copies of the Prospectus to the Non-qualifying Shareholders for their information only, but no Application Form will be sent to them.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Ranking of the Offer Shares

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

Share certificates and refund cheques for the Offer Shares

Subject to the fulfilment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 13 January 2016. If the Open Offer is terminated, refund cheques will be despatched on or around Wednesday, 13 January 2016 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and save for the Undertaken Shares, any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Fractions of the Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be round down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fraction of Offer Shares will be counted as the Shortfall Underwritten Shares.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with Company's branch share registrar in Hong Kong by the Latest Acceptance Time.

Application for listing

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Offer Shares. The Offer Shares shall have the board lot size of 5,000 Shares per board lot. None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought. Dealings in the Offer Shares will be subject to payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as 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.

All necessary arrangements will be made to enable the Offer Shares in their fully-paid form to be admitted into CCASS.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all the Offer Shares which are not taken up by the Qualifying Shareholders pursuant to their assured entitlements under the Open Offer, being not less than 128,528,353 Offer Shares and not more than 133,148,353 Offer Shares.

Date	:	27 November 2015
Issuer	:	Deson Development International Holdings Limited
Underwriter	:	Koala Securities Limited
Number of Underwritten Shares	:	Save for the Undertaken Shares, all of the remaining Offer Shares to be issued under the Open Offer, being not less than 128,528,353 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date) and not more than 133,148,353 Offer Shares (assuming full exercise of all the outstanding and exercisable Share Options and no other issue of any Shares on or before the Record Date). Taking into account of the Offer Shares Undertakings, the Open Offer is fully underwritten.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and their respective ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

Pursuant to the Underwriting Agreement, taking into account the Offer Shares Undertakings, the Open Offer is fully underwritten by the Underwriter who shall not subscribe, for its own account, for such number of the Shortfall Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company equal to or exceeding 10% of the voting rights of the Company immediately after completion of the Open Offer.

Underwriting commission

The Company will pay the Underwriter an underwriting commission of 3.5% of the aggregate Offer Price in respect of the maximum number of the Underwritten Shares agreed to be Underwritten by the Underwriter as determined on the Record Date. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Open Offer and the current and expected market condition. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, and are fair and reasonable so far as the Company and the Shareholders are concerned.

Irrevocable undertakings given by the Undertaken Shareholders

Offer Shares Undertakings:

As at the date of this announcement, each of Mr. Tjia, Sparta and Granda (collectively being the Undertaken Shareholders) is directly beneficially interested in 45,774,400 Shares, 233,290,000 Shares and 115,799,160 Shares respectively, being an aggregate of 394,863,560 Shares, representing approximately 60.57% of the total issued share capital of the Company. The Undertaken Shareholders have irrevocably undertaken to the Company and the Underwriter:

- (1) not to sell, transfer or otherwise dispose an aggregate of such 394,863,560 Shares from the date of the Offer Shares Undertakings up to and including the Record Date (both dates inclusive); and
- (2) to procure the acceptance of an aggregate of not less than 197,431,780 Offer Shares and not more than 197,521,780 Offer Shares to be allotted and issued under their entitlements pursuant to the Open Offer by no later than the Latest Acceptance Time.

The Undertaken Shareholders intend to finance the consideration payable under the Offer Shares Undertakings by their own resources.

Conditions of the Open Offer

The obligations of the Underwriter under the Underwriting Agreement are conditional on the following conditions precedent being fulfilled on or before the Latest Time for Acceptance:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the date on which the Prospectus Documents are despatched;
- (b) the despatch of the Prospectus Documents to the Qualifying Shareholders and, if required by or in compliance with the Listing Rules, the despatch of the Prospectus and the Overseas Letter to the Non-Qualifying Shareholders), if any, stamped “For information only” (if and to the extent legally and practicably permissible);
- (c) the compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement (including the filing and registration of the Prospectus Documents and all documents related to the Open Offer, which are required to be filed with the Registrar of Companies in Hong Kong under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong));

- (d) the delivery of the Offer Shares Undertakings to the Underwriter on the date of the Underwriting Agreement; and
- (e) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, all the Offer Shares by not later than the date on which the Prospectus Documents are despatched.

The Company shall use all reasonable endeavours to procure the fulfilment of the conditions set out in the Underwriting Agreement by the due time and/or date referred to in each case and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Offer Shares or to give effect to the Open Offer and the arrangements contemplated under the Underwriting Agreement. All the conditions set out above cannot be waived.

If any of the conditions of the Open Offer is not fulfilled on or before the Latest Time for Termination (or such other day as may be agreed by the Company and the Underwriter), the Open Offer may or may not become unconditional and may or may not proceed. Investors' attention is drawn to the section headed "WARNING OF THE RISK OF DEALING IN THE SHARES" below.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination, any of the following happens-

- (a) in the reasonable opinion of the Underwriter acting in good faith, the success of the Open Offer would be materially and adversely affected by-
 - (1) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (2) 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, financial, economic, currency, market 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 Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (3) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (4) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (5) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (6) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of such provision includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) the Prospectus when published contain 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 in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and the Open Offer will not proceed and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise in connection with the Underwriting Agreement.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer:

(a) Assuming no exercise of any outstanding and exercisable Share Options on or before the Record Date

	As at the date of this announcement		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than the Undertaken Shareholders under the Offer Shares Undertaking)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Substantial Shareholders						
Mr. Tjia (Notes 1 and 2)	45,774,400	7.02	68,661,600	7.02	68,661,600	7.02
Sparta (Note 1)	233,290,000	35.79	349,935,000	35.79	349,935,000	35.79
Granda (Note 1)	115,799,160	17.76	173,698,740	17.76	173,698,740	17.76
Sub-total	<u>394,863,560</u>	<u>60.57</u>	<u>592,295,340</u>	<u>60.57</u>	<u>592,295,340</u>	<u>60.57</u>
Public						
Underwriter	–	–	–	–	128,528,353	13.14
Existing public Shareholders	<u>257,056,707</u>	<u>39.43</u>	<u>385,585,060</u>	<u>39.43</u>	<u>257,056,707</u>	<u>26.29</u>
Total	<u><u>651,920,267</u></u>	<u><u>100.00</u></u>	<u><u>977,880,400</u></u>	<u><u>100.00</u></u>	<u><u>977,880,400</u></u>	<u><u>100.00</u></u>

(b) Assuming the full exercise of all outstanding and exercisable Share Options on or before the Record Date

	As at the date of this announcement		Upon exercise of the Share Options on or before the Record Date		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than the Undertaken Shareholder under the Offer Shares Undertaking)	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Substantial Shareholders								
Mr. Tjia (<i>Notes 1 and 2</i>)	45,774,400	7.02	45,954,400	6.95	68,931,600	6.95	68,931,600	6.95
Sparta (<i>Note 1</i>)	233,290,000	35.79	233,290,000	35.28	349,935,000	35.28	349,935,000	35.28
Granda (<i>Note 1</i>)	115,799,160	17.76	115,799,160	17.50	173,698,740	17.50	173,698,740	17.50
Sub-total	<u>394,863,560</u>	<u>60.57</u>	<u>395,043,560</u>	<u>59.73</u>	<u>592,565,340</u>	<u>59.73</u>	<u>592,565,340</u>	<u>59.73</u>
Public								
Underwriter	–	–	–	–	–	–	133,148,353	13.43
Option Holders	–	–	9,240,000	1.40	13,860,000	1.40	9,240,000	0.93
Existing public Shareholders	<u>257,056,707</u>	<u>39.43</u>	<u>257,056,707</u>	<u>38.87</u>	<u>385,585,060</u>	<u>38.87</u>	<u>257,056,707</u>	<u>25.91</u>
Total	<u><u>651,920,267</u></u>	<u><u>100.00</u></u>	<u><u>661,340,267</u></u>	<u><u>100.00</u></u>	<u><u>992,010,400</u></u>	<u><u>100.00</u></u>	<u><u>992,010,400</u></u>	<u><u>100.00</u></u>

Notes:

- Pursuant to the Offer Shares Undertakings, the Undertaken Shareholders have irrevocably undertaken to the Company (i) not to sell, transfer or otherwise dispose of an aggregate of such 394,863,560 Shares from the date of the Offer Shares Undertakings up to and including the Record Date (both dates inclusive); and (ii) to procure the acceptance of an aggregate of not less than 197,431,780 Offer Shares and not more than 197,521,780 Offer Shares to be allotted and issued under their entitlements pursuant to the Open Offer by no later than the Latest Acceptance Time.
- As at the date of this announcement, Mr. Tjia has outstanding Share Option carrying rights to subscribe for 180,000 new Shares which are exercisable during the period covering the date of this announcement until the Record Date.

As at the date of this announcement, the existing public shareholders hold in aggregate approximately 39.43% of the entire issued share capital of the Company. Upon completion of the Open Offer (i) assuming none of the Offer Shares are subscribed for the Qualifying Shareholders, the existing public shareholders will hold as to in aggregate approximately 26.29% of the entire enlarged issued share capital of the Company; and (ii) assuming full exercise of all the outstanding and exercisable Share Options and none of the Offer Shares are subscribed by the Qualifying Shareholders, the existing public shareholders and Share Option holders will hold in aggregate approximately 26.84% of the entire enlarged issued share capital of the Company. **Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.**

REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Company is an investment holding company and the principal activities of its subsidiaries consist of (a) property development and investment; (b) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services as well as trading of various granite and marble products, stone slabs and products for construction market; and (c) the construction business, as a main contractor and decoration, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong and the PRC.

The gross proceeds from the Open Offer will not be less than approximately HK\$104.3 million and not more than approximately HK\$105.8 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than approximately HK\$102.8 million but not more than approximately HK\$104.3 million.

The Group intends to apply the net proceeds from the Open Offer in the following manner:

- approximately 19.6% of the net proceeds from the Open Offer for the repayment of the term loan and accrued interest;
- approximately 35.6% of the net proceeds from the Open Offer for the capital injection to the e-commerce projects at Kaifeng City, Henan Province in the PRC; and
- approximately 44.8% of the net proceeds from the Open Offer for general working capital of the Group for the expansion of existing businesses of the Group.

The Open Offer will enlarge the capital base of the Company, which may facilitate long-term development of the Group. The Open Offer allows the Company to increase its capital base without diluting the shareholdings of Shareholders who decide to take up in full their entitled Offer Shares. On this basis, the Directors (including the independent non-executive Directors) are of the view that the Open Offer is in the interests of the Group and the Shareholders as a whole since it offers the Qualifying Shareholders the opportunity to maintain their pro rata shareholdings interests in the Company.

FUND RAISING EXERCISES OF THE COMPANY IN THE PAST 12 MONTHS

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
21 January 2015	Placing of 100,000,000 new shares of an aggregate principal amount of HK\$72 million	Approximately HK\$70 million	(i) Approximately HK\$50 million for property development of the Group in Kaifeng City, the PRC; and (ii) Approximately HK\$20 million for general working capital of the Group.	(i) Approximately HK\$62 million for property development of the Group in Kaifeng City, the PRC; and (ii) Approximately HK\$8 million for general working capital of the Group.

Save for the above, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Hong Kong Time
Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 8 December 2015
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 9 December 2015
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Thursday, 10 December 2015
Register of members of the Company closes	Friday, 11 December 2015 to Thursday, 17 December 2015 (both dates inclusive)
Record Date	Thursday 17 December 2015

Despatch of the Prospectus Documents
(in case of the Non-Qualifying Shareholders,
the Prospectus and the Overseas Letter only).Friday, 18 December 2015

Latest Time for Acceptance of and payment for
Offer Shares4:00 p.m. on Tuesday, 5 January 2016

Latest Time for Termination by the Underwriter 4:00 p.m. on Friday, 8 January 2016

Announcement of results of
acceptance of the Offer Shares
to be published on the Stock Exchange Tuesday, 12 January 2016

Despatch of share certificates for Offer Shares
or refund cheques if the Open Offer is terminatedWednesday, 13 January 2016

Expected first day of dealings in Offer Shares. 9:00 a.m. on Thursday, 14 January 2016

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

All times stated in this announcement refer to Hong Kong time. The Latest Acceptance Time will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 5 January 2016. Instead, the Latest Acceptance Time will be extended to 5:00 p.m. on the same Business Day,
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 5 January 2016. Instead, the Latest Acceptance Time will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Acceptance Time does not take place on Tuesday, 5 January 2016, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

LISTING RULES IMPLICATIONS

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer is not subject to Shareholders' approval.

GENERAL

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Open Offer and the Application Form will be despatched to the Qualifying Shareholders; and the Prospectus and the Overseas Letter, without the Application Form, will be sent to the Non-Qualifying Shareholders (if any) for their information only on Friday, 18 December 2015.

WARNING OF THE RISK OF DEALING IN SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon, inter alia, the underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 9 December 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Friday, 8 January 2016), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code;
“Application Form(s)”	the form(s) of application for use by the Qualifying Shareholders to apply for the Offer Shares in the prescribed form;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday and public holiday in Hong Kong or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m and 4:00 p.m) on which licensed banks generally are open for business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Deson Development International Holdings Limited 迪臣發展國際集團有限公司*, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Granda”	Granda Overseas Holding Co., Ltd, a company incorporated in the British Virgin Islands and wholly owned by Mr. Chen Huofa, a substantial Shareholder of the Company;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

* *For identification purpose only*

“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties not connected with or acting in concert with any directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates;
“Last Trading Date”	27 November 2015, being the last trading day of the Shares being the date of this announcement;
“Latest Acceptance Time”	4:00 p.m. on Tuesday, 5 January 2016 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of and payment for the offer of Offer Shares;
“Latest Time for Termination”	4:00 p.m. on Friday, 8 January 2016, or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time by which the Underwriter may 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;
“Mr. Tjia “	Tjia Boen Sien, the executive Director and the controlling Shareholder of the Company;
“Non-Qualifying Shareholders”	the Overseas Shareholders whose address is/are in a place(s) outside of Hong Kong where, the Directors, based on legal opinions provided by the legal advisers of the Company, consider it necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholder(s);
“Offer Price”	the offer price of HK\$0.32 per Offer Share;
“Offer Share(s)”	not less than 325,960,133 Offer Shares and not more than 330,670,133 Offer Shares to be issued by the Company pursuant to the Open Offer proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in Prospectus Documents;

“Offer Shares Undertakings”	the irrevocable undertakings given by the Undertaken Shareholders not to dispose of an aggregate of 394,863,560 Shares from the date of the Offer Share Undertakings to and including the Record Date and to procure the acceptance of not less than 197,431,780 Offer Shares and not more than 197,521,780 Offer Shares pursuant to the Open Offer;
“Open Offer”	the proposed issue of Offer Shares by the Company on the basis of one (1) Offer Share for every two (2) existing Shares to the Qualifying Shareholders at the Offer Price, pursuant to the terms and conditions set out in Prospectus Documents;
“Option Shares”	a maximum of 9,420,000 new Shares to be allotted and issued upon the exercise of all the 9,420,000 vested outstanding Share Options which are exercisable from the date of this announcement and up to the Record Date;
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholder(s) explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Open Offer;
“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which is/are outside Hong Kong;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer;
“Prospectus Documents”	the Prospectus and the Application Form;
“Qualifying Shareholders”	Shareholders whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders;
“Record Date”	Thursday, 17 December 2015 or such later date as may be agreed between the Company and the Underwriters, to which entitlements to the Open Offer will be determined
“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 share capital of the Company;
“Share Option(s)”	option(s) to subscribe for Shares granted by the Company in accordance with the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 13 August 2012;
“Shareholder(s)”	holders of the Share(s);
“Shortfall Underwritten Shares”	those, if any, Underwritten Shares not accepted by Shareholders or for which duly completed Application Form(s) (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before the Latest Acceptance Time;
“Sparta “	Sparta Assets Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Tjia Boen Sien;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules;
“Takeovers Code”	The Codes of Takeovers and Mergers and Share Buy-backs;
“Undertaken Shareholders”	collectively, Mr. Tjia, Sparta and Granda, and each an “Undertaken Shareholder”;
“Undertaken Shares”	the aggregate of not less than 197,431,780 Offer Shares and not more than 197,521,780 Offer Shares to be applied for by the Undertaken Shareholders in their capacity as Qualifying Shareholders under the Open Offer pursuant to the Offer Shares Undertakings;
“Underwriter”	Koala Securities Limited, a licence corporation to carry on Type 1 (dealing in securities) regulated activities for the purpose of the SFO;
“Underwritten Shares”	the Offer Shares (which do not include the Undertaken Shares) underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, being not less than 128,528,353 Offer Shares and not more than 133,148,353 Offer Shares;

“Underwriting Agreement”	the underwriting agreement dated 27 November 2015 entered into among the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

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

Hong Kong, 27 November 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Lu Quanzhang, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Tjia Wai Yip, William, the independent non-executive Directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Siu Kam Chau.