

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, 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 this joint announcement.

This joint announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



**DESON DEVELOPMENT
INTERNATIONAL
HOLDINGS LIMITED**
**迪臣發展國際集團
有限公司***

*(Incorporated in Bermuda with
limited liability)*

(Stock Code: 262)



**DESON CONSTRUCTION
INTERNATIONAL
HOLDINGS LIMITED**
**迪臣建設國際集團
有限公司**

*(Incorporated in Cayman Islands with
limited liability)*

(Stock Code: 8268)

ENERGY LUCK LIMITED

*(Incorporated in the British Virgin
Islands with limited liability)*

JOINT ANNOUNCEMENT

**(1) VERY SUBSTANTIAL DISPOSAL FOR CASH IN RELATION TO THE
DISPOSAL OF 31.18% SHAREHOLDING IN DCIHL TO THE OFFEROR; AND**

**(2) POSSIBLE CONDITIONAL MANDATORY CASH OFFER BY
GLORY SUN SECURITIES LIMITED**

**ON BEHALF OF THE OFFEROR TO ACQUIRE ALL ISSUED SHARES IN THE
ISSUED SHARE CAPITAL OF DCIHL (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES
ACTING IN CONCERT WITH IT)**

Joint Financial Advisers to the Offeror



* For identification purpose only

VERY SUBSTANTIAL DISPOSAL FOR CASH

THE SALE AND PURCHASE AGREEMENT — THE DISPOSAL OF 36.13% SHAREHOLDING IN DCIHL TO THE OFFEROR

On 12 April 2019 (after trading hours), DDHL, Sparta and Mr. Tjia as sellers, the Offeror as purchaser and Mr. Wong as guarantor entered into the Sale and Purchase Agreement whereby each of DDHL, Sparta and Mr. Tjia has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase from each of DDHL, Sparta and Mr. Tjia, the Sale Shares, being in aggregate 361,302,082 DCIHL Shares, representing approximately 36.13% of the issued share capital of DCIHL as at the date of this joint announcement, at the Consideration of HK\$79,486,458.04 (representing a purchase price of HK\$0.22 per Sale Share).

The Sale and Purchase Completion is conditional upon fulfillment (or, if applicable, waiver) of the Conditions Precedent. The Sale and Purchase Completion shall take place on the fifth Business Day following the day on which the last of the Conditions Precedent having been fulfilled (or, where applicable, waived), or such later date as the Parties may agree in writing, and in any event no later than the Long Stop Date.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal for DCIHL under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

POSSIBLE CONDITIONAL MANDATORY CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold any DCIHL Shares. Subject to fulfillment (or, where applicable, waiver) of the Conditions Precedent under the Sale and Purchase Agreement and immediately following the Sale and Purchase Completion, the Offeror and parties acting in concert with it will own 361,302,082 DCIHL Shares, representing approximately 36.13% of the issued share capital of DCIHL. Upon the Sale and Purchase Completion, pursuant to Rule 26.1 of the Takeovers Code, the Offeror and parties acting in concert with it will be required to make a conditional mandatory cash offer for all issued DCIHL Shares (other than those DCIHL Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the date of this joint announcement, there are a total of (a) 1,000,000,000 DCIHL Shares in issue; and (b) the outstanding Convertible Bonds in the principal amount of HK\$30.9 million, which will mature on 18 April 2019. As at the date of this joint announcement, given that the conversion period of the Convertible Bonds has expired and DCIHL has not received any notice from the CB Holders stating their intention to convert the whole or any parts of the principal amount of the Convertible Bonds to DCIHL Shares, DCIHL intended to fully repay the sum due and payable under the Convertible Bonds to the CB Holders on the maturity date. As at the date of this joint announcement, none of the Offeror and parties acting in concert with it has any interest in the DCIHL Shares or the Convertible Bonds.

Subject to and immediately following the Sale and Purchase Completion, Glory Sun will, on behalf of the Offeror, make a conditional mandatory cash offer for all issued DCIHL Shares (other than those DCIHL Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the Composite Offer Document in accordance with the Takeovers Code on the following basis:

The Offer

For each DCIHL Share under the Offer HK\$0.22 in cash

As at the date of this joint announcement, there are 1,000,000,000 DCIHL Shares in issue. Assuming that there is no change in the issued share capital of DCIHL and on the basis of the Offer Price at HK\$0.22 per DCIHL Share, the entire issued share capital of DCIHL would be valued at HK\$220,000,000.

Based on the Offer Price as referred to in the paragraph headed “Principal terms of the Possible Offer” in this joint announcement, assuming that there is no change in the issued share capital of DCIHL up to the making of the Offer, a total of 638,697,918 DCIHL Shares will be subject to the Offer. On the basis of full acceptance of the Offer, the cash consideration payable by the Offeror would be approximately HK\$140,513,541.96 for the Offer.

It is the intention of the Offeror to maintain the listing of the DCIHL Shares on GEM of the Stock Exchange after the close of the Possible Offer.

The Offeror would finance the Consideration payable under the Sale and Purchase Agreement and the cash consideration payable under the Possible Offer from its internal resources, which has been deposited into the Offeror's Securities account opened with Glory Sun, and the Facility granted by Glory Sun (as lender) to the Offeror (as borrower) for the purpose of financing the Possible Offer, which is secured by a charge over (i) the DCIHL Shares to be owned by the Offeror and deposited into a securities account opened with Glory Sun, (ii) personal guarantee provided by Mr. Wong, and (iii) the balance from time to time standing to the credit of such account and a floating charge over all the assets, properties and undertakings including book-debts of the Offeror. The availability of the Facility will not be affected by subjective condition and the underlying value of the security up to the date falling on the seventh (7th) Business Day after the close of the Offer. On 4 April 2019, the Facility has been drawn down in full and on 4 April 2019, the full amount of the Facility has been deposited into the securities account opened with Glory Sun. INCU Corporate Finance Limited and Global Mastermind Securities Limited, have been appointed as the joint financial advisers to the Offeror in respect of the Possible Offer, and are satisfied that sufficient resources are, and will remain, available to the Offeror to satisfy the consideration under the Sale and Purchase Agreement and the full acceptance of the Possible Offer.

CONDITION TO THE OFFER

The Offer is conditional on the number of DCIHL Shares in respect of valid acceptances of the Offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. on the date on which the Offer closes (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the DCIHL Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights in DCIHL.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, DCIHL will establish the DCIHL Independent Board Committee, comprising one non-executive DCIHL Director and three independent non-executive DCIHL Directors who have no direct or indirect interest in the Offer, namely Mr. Ong King Keung, Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin, to consider and advise the DCIHL Independent Shareholders in relation to the fairness and reasonableness of the terms of the Possible Offer and advise the DCIHL Independent Shareholders as to whether to accept the Possible Offer or not. Mr. Tjia, as one of the sellers under the Sale and Purchase Agreement, is deemed to have interest in the Offer and excluded from the DCIHL Independent Board Committee.

The DCIHL Independent Board Committee will appoint the Independent Financial Adviser to advise the terms of the Possible Offer. Announcement will be made as soon as practicable by DCIHL upon appointment of the Independent Financial Adviser in accordance with Rule 2.1 of the Takeovers Code.

DDIHL SGM AND DDIHL CIRCULAR

The DDIHL SGM will be held for the purposes of considering and, if thought fit, approving the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder by the DDIHL Shareholders, by way of poll. Sparta and Mr. Tjia and their respective associates are considered to have material interests in the Disposal and therefore will abstain from voting in the DDIHL SGM in respect of the resolutions approving the Disposal.

The DDIHL Circular containing, among other things, details of the Sale and Purchase Agreement and the transactions contemplated thereunder, the relevant financial information in respect of the DDIHL Group, DCIHL Group and other information as required by the Listing Rules, together with a notice convening the DDIHL SGM and the proxy form in respect of the DDIHL SGM will be sent to the DDIHL Shareholders in accordance with the Listing Rules. As DDIHL will require more than fifteen (15) Business Days after publication of this joint announcement for compiling relevant information to be included in the DDIHL Circular, it is expected that the DDIHL Circular will be despatched to the DDIHL Shareholders on or before 7 May 2019.

AVAILABILITY OF THE COMPOSITE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing, among other matters, the terms and conditions of the Possible Offer to the DCIHL Shareholders within twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve. Note 2 to Rule 8.2 of the Takeovers Code provides that the Executive's consent is required if the making of an offer is subject to the prior fulfillment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code.

Since there is a pre-condition, namely the Sale and Purchase Completion, an application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Offer Document (combining the offer documents and the offeree board circular) to be issued by the Offeror and DCIHL jointly in connection with the Possible Offer to a date falling within seven (7) days from the Sale and Purchase Completion Date or from the Long Stop Date, whichever is earlier. The Composite Offer Document will set out, among other matters, details of the Possible Offer, accompanied by the form of acceptance and transfer of the DCIHL Shares in respect of the Possible Offer, and incorporating the respective letters of advice from the DCIHL Independent Board Committee and the Independent Financial Adviser as to whether the terms of the Possible Offer are fair and reasonable and as to acceptance.

WARNING: THE POSSIBLE OFFER WILL ONLY BE MADE IF THE SALE AND PURCHASE COMPLETION TAKES PLACE AND IS CONDITIONAL. THE SALE AND PURCHASE COMPLETION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT. THEREFORE, THE SALE AND PURCHASE COMPLETION MAY OR MAY NOT TAKE PLACE AND ACCORDINGLY, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE. AS THE OFFER IS CONDITIONAL UPON FULFILLMENT OF THE CONDITION SET OUT IN THE SECTION HEADED "CONDITION OF THE OFFER" IN THIS JOINT ANNOUNCEMENT, DDIHL SHAREHOLDERS, DCIHL SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN DDIHL AND DCIHL ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN DDIHL SHARES AND DCIHL SHARES. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT A LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

INTRODUCTION

References are made to the joint announcement of DDIHL and DCIHL dated 19 February 2019, and joint announcements of DDIHL, DCIHL and Energy Luck dated 21 February 2019 and 19 March 2019 in relation to the possible sale and purchase of the Sale Shares. On 12 April 2019 (after trading hours), DDHL, Sparta and Mr. Tjia as sellers, the Offeror as purchaser and Mr. Wong as guarantor entered into the Sale and Purchase Agreement whereby each of DDHL, Sparta and Mr. Tjia has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase from each of DDHL, Sparta and Mr. Tjia, the Sale Shares. A summary of the major terms of the Sale and Purchase Agreement is set out below.

A. THE DISPOSAL

THE SALE AND PURCHASE AGREEMENT

Date

12 April 2019

Parties

- (a) DDHL, Sparta and Mr. Tjia as sellers of the Sale Shares;
- (b) the Offeror as the purchaser; and
- (c) Mr. Wong as the guarantor to the Offeror.

As at the date of this joint announcement, DDHL, Sparta and Mr. Tjia held 311,769,867 DCIHL Shares, 26,645,015 DCIHL Shares and 22,887,200 DCIHL Shares, representing approximately 31.18%, 2.66% and 2.29% of the issued share capital of DCIHL, respectively.

To the best knowledge, information and belief of the DDIHL Directors, having made all reasonable enquiries, each of the Offeror and the Guarantor is (i) a third party independent of and not connected with DDIHL, DCIHL and their respective connected persons; and (ii) not acting in concert with Sparta, Mr. Tjia or parties acting in concert with them as at the date of this joint announcement.

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendors as sellers have agreed to sell, and the Offeror as purchaser has agreed to purchase, the Sale Shares free from all the Encumbrances and together with all rights attaching to them at the Sale and Purchase Completion Date at a cash consideration of HK\$0.22 per DCIHL Share in the following manner:

| Vendors | As at the date of this joint announcement | | Share purchase | |
|--------------|--|---|--|---|
| | Number of DCIHL Shares held | Approximately percentage of issued share capital | Number of Sale Shares to be sold to the Offeror | Purchase Price payable by the Offeror |
| DDHL | 311,769,867 | 31.18% | 311,769,867 | 68,589,370.74 |
| Sparta | 26,645,015 | 2.66% | 26,645,015 | 5,861,903.30 |
| Mr. Tjia | 22,887,200 | 2.29% | 22,887,200 | 5,035,184.00 |
| Total | 361,302,082 | 36.13% | 361,302,082 | 79,486,458.04 |

The total Consideration of approximately HK\$79.5 million is payable as follows:

- (a) the Earnest Sum was paid to the Vendors proportionate to their respective percentage of the Sale Shares on the date of the MOU;
- (b) a sum equivalent to the Deposit less the Earnest Sum was paid to the Vendors proportionate to their respective percentage of the Sale Shares on the date of the Sale and Purchase Agreement; and
- (c) the Balance of Consideration shall be paid by a cashier's order drawn from a licensed bank in Hong Kong and made payable to the Vendors proportionate to their respective percentage of the Sale Shares at the Sale and Purchase Completion.

The Consideration was determined after arm's length negotiations between the Vendors and the Offeror taking into account factors including but not limited to the prevailing market price of the DCIHL Shares and the unaudited consolidated net asset value of the DCIHL Group as at 31 December 2018 of HK\$0.122 per DCIHL Share. The DDIHL Directors (including the independent non-executive DDIHL Directors) consider that the Consideration was fair and reasonable and in the interests of DDIHL and DDIHL Shareholders taken as a whole.

Conditions Precedent

The Sale and Purchase Completion is conditional upon the following Conditions Precedent being fulfilled or, where applicable, waived (as the case may be) in full:

- (a) the shareholders' approval of DDIHL approving the disposal of 311,769,867 DCIHL Shares, the entering into by DDHL of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained in accordance with the requirements of the Listing Rules;
- (b) the current listing of the DCIHL Shares not having been withdrawn, the DCIHL Shares continuing to be traded on GEM of the Stock Exchange prior to the Sale and Purchase Completion Date (save for any temporary suspension for no longer than ten consecutive trading days or such other period as the Offeror may agree in writing or the temporary suspension in connection with transactions contemplated under the Sale and Purchase Agreement) and neither the Stock Exchange nor the SFC having indicated that either one of them will object to such continued listing for reasons related to or arising from the transactions contemplated under the Sale and Purchase Agreement;
- (c) there not having occurred any event or series of events since the date of the Sale and Purchase Agreement which, individually or collectively, would probably have a material adverse effect on the business or financial positions of the DCIHL Group, or which would materially adversely affect DCIHL's ability to perform its obligations under the Sale and Purchase Agreement or the transactions contemplated thereunder. For this purpose, a "material adverse effect" means any event or series of events which individually or collectively caused DCIHL Group taken as a whole, to incur or suffer a liability or loss in value of a sum in excess of HK\$20,000,000; and
- (d) DCIHL having maintained the public float of not less than 25% in accordance with the GEM Listing Rules and its listing status on GEM of the Stock Exchange from the date of the Sale and Purchase Agreement to the Sale and Purchase Completion Date.

The Offeror may fully or partially waive, conditionally or unconditionally, any of the Conditions Precedent (except the Condition Precedent in item (a) above which cannot be waived).

Each of the Vendors shall use their respective best endeavours to procure (so far as it is within their power and capacity to procure) the fulfilment of the Conditions Precedent as soon as practicable, and in any event, on or before the Long Stop Date (or such other date as the Parties may agree in writing).

In the event that any of the Conditions Precedent shall not have been fulfilled (or waived pursuant to the Sale and Purchase Agreement) by Long Stop Date (in each case other than as a result of any material breach on the part of the Offeror of the Sale and Purchase Agreement), then none of the Parties shall be bound to proceed with the Disposal and the Sale and Purchase Agreement shall be terminated and cease to be of any effect and the Vendors shall return, or procure the return of, the Deposit (without interest) to the Offeror and thereafter, none of the Parties shall have any rights against any other party except for (where applicable) liability for any antecedent breach of its obligations under the Sale and Purchase Agreement.

Sale and Purchase Completion

The Sale and Purchase Completion is to take place on the fifth (5th) Business Day following the day on which the last of the Conditions Precedent having been fulfilled or waived by the Offeror (as the case may be), or such other date as the Parties may agree in writing, and in any event, not later than the Long Stop Date.

Guarantee

Pursuant to the Sale and Purchase Agreement, the Guarantor as guarantor of the Offeror has irrevocably and unconditionally guaranteed the payment obligations of the Offeror under the Sale and Purchase Agreement. If the Offeror fails to make any payment to the Vendors pursuant to the Sale and Purchase Agreement, the Guarantor shall immediately on demand and without deduction or withholding pay such amount as if it was the principal obligor.

Specific warranties

The Offeror and the Guarantor have undertaken to the Vendors that as soon as practicable after the Sale and Purchase Completion Date but no later than 3 months after the Sale and Purchase Completion Date, the Purchaser shall procure DCIHL to change its English and Chinese names as soon as practicable and cease to use the names “Deson Construction International Holdings Limited” and “迪臣建設國際集團有限公司” thereafter.

FINANCIAL EFFECT OF THE DISPOSAL

The Sale Price of the Sale Shares was arrived at after arm’s length negotiations, with reference to the prevailing market price of the DCIHL Shares after taking into account the unaudited consolidated net asset value of the DCIHL Group as at 31 December 2018. The Disposal enables DDIHL to realise all its share investment in DCIHL with an expected loss of approximately HK\$36,373,000, which is calculated based on the gross proceeds of approximately HK\$68,589,000 (based on the Offer Price) less the investment in DCIHL of the DDIHL Group as at 31 December 2018 of approximately HK\$102,792,000 and the estimated related costs of approximately HK\$2,170,000. However, if we take into consideration of investment in DCIHL of

DDIHL Group without taking into account of the goodwill of DCIHL of approximately HK\$64,689,000, DDIHL has a gain of approximately HK\$28,316,000 arising from the Disposal.

DDIHL Shareholders should note that the exact amount of the loss on the Disposal to be recorded in the consolidated statement of profit or loss of the DDIHL Group for the year ending 31 March 2020 is subject to audit, and will be calculated based on the net asset value of the DCIHL Group as at the Sale and Purchase Completion Date and net of any incidental expenses and therefore may be varied from the figures provided above.

USE OF PROCEEDS FROM THE DISPOSAL

The net proceeds to be received from the Disposal of approximately HK\$66,419,000 will be used as to around 30% of approximately HK\$20 million to the development and expansion to the existing property development and investment business, as to around 45% of approximately HK\$30 million for the repayment of bank loans and the remaining amount to be applied for the general working capital of DDIHL Group to strengthen the capital base of DDIHL Group and special dividend of approximately HK\$5 million. The amount of special dividend is subject to the board meeting of DDIHL after the Sale and Purchase Completion. Save for the Disposal, as at the date of this joint announcement, DDIHL does not have any intention or negotiation to enter into any agreement, arrangement or understanding regarding any potential acquisition(s)/disposal(s).

REASONS FOR THE DISPOSAL OF THE DCIHL SHARES HELD BY DDHL FOR CASH

The DDIHL Board considers that the Disposal provides an attractive exit opportunity for the DDIHL Group to realise its long term investment in DCIHL. The Disposal enables the DDIHL Group to recycle capital into existing property development and investment business. The DDIHL Directors are of the view that the Disposal will benefit the DDIHL Group by realising its investment and also strengthen the liquidity and overall financial position of the DDIHL Group. Having regards to the prevalent unstable economy and financial market conditions, the purpose of use of proceeds for development and expansion of the existing businesses, for general working capital purpose and for the return to the shareholders of DDIHL, the DDIHL Board (including the independent non-executive directors of DDIHL) considers that the terms of the Sale and Purchase Agreement, the Sale Price and the Disposal, which have been determined on an arm's length basis, are fair and reasonable and on normal commercial terms and are in the interests of DDIHL and the DDIHL Shareholders as a whole.

Subject to the then business, financial and cash flow positions of DDIHL at the Sale and Purchase Completion, and assuming that the Disposal would be approved by the DDIHL Shareholders in the DDIHL SGM, the DDIHL Directors currently intend

to consider, after the Sale and Purchase Completion, the distribution of a special dividend to the DDIHL Shareholders, which is to be paid out of a part of the net sale proceeds from the Disposal.

Upon the Sale and Purchase Completion, each of DDIHL, Sparta and Mr. Tjia will cease to have any shareholding interest in DCIHL and DCIHL will cease to be an associated company of DDIHL.

IMPLICATIONS OF THE DISPOSAL OF THE DCIHL SHARES HELD BY DDIHL UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal for DDIHL under the Listing Rules and is subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON DCIHL AND THE DCIHL GROUP

DCIHL is an investment holding company and the principal activities of its subsidiaries consist of (a) the construction business, as a main contractor and fitting-out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related business; (b) investment in securities; and (c) investment in properties.

The following table sets out the breakdown of turnover of DCIHL Group by business segments for the two years ended 31 March 2018, for the six months ended 30 September 2018 and for the nine months ended 31 December 2018:

| | For the year ended 31 March 2017 (audited) HK\$'000 | | For the year ended 31 March 2018 (audited) HK\$'000 | | For the six months ended 30 September 2018 (unaudited) HK\$'000 | | For the nine months ended 31 December 2018 (unaudited) HK\$'000 | |
|---|---|------------|---|------------|---|------------|---|------|
| | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | |
| Construction contracting and related business | 872,762 | 95% | 748,651 | 95% | 360,338 | 101% | 536,720 | 101% |
| Investment in securities | 45,042 | 5% | 43,359 | 5% | (3,396) | -1% | (4,260) | -1% |
| Property investment | — | 0% | — | 0% | 178 | 0% | 316 | 0% |
| | <u>917,804</u> | | <u>792,010</u> | | <u>357,120</u> | | <u>532,776</u> | |

FINANCIAL INFORMATION OF DCIHL AND THE DCIHL GROUP

Set out below is the consolidated financial information of DCIHL Group for the two years ended 31 March 2018, for the six months ended 30 September 2018 and for the nine months ended 31 December 2018, respectively, prepared under HKFRS:

| | For the year ended 31 March 2017 <i>HK\$'000</i> (audited) | For the year ended 31 March 2018 <i>HK\$'000</i> (audited) | For the six months ended 30 September 2018 <i>HK\$'000</i> (unaudited) | For the nine months ended 31 December 2018 <i>HK\$'000</i> (unaudited) |
|--------------------------------------|--|--|---|---|
| Net profit/(loss) before taxation | 68,808 | 29,647 | (6,710) | (14,822) |
| Net profit/(loss) after taxation | 66,774 | 28,742 | (6,688) | (14,800) |

As at 31 December 2018, the unaudited consolidated net asset value of the DCIHL Group was approximately HK\$122 million.

INFORMATION ON DDIHL AND DDHL

DDIHL is an investment holding company and the principal activities of its subsidiaries consist of (a) property development and investment; and (b) trading of medical equipment and home security and automation products, and provision of related installation and maintenance services.

DDHL is a direct wholly-owned subsidiary of DDIHL, which is an investment holding company.

INFORMATION ON THE OFFEROR

Please refer to the paragraph headed “**B. Possible conditional mandatory cash offer by Glory Sun on behalf of the Offeror to acquire all issued shares in the issued share capital of DCIHL (other than those DCIHL Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) — Information on the Offeror**” below for details of the Offeror.

B. POSSIBLE CONDITIONAL MANDATORY CASH OFFER BY GLORY SUN ON BEHALF OF THE OFFEROR TO ACQUIRE ALL ISSUED SHARES IN THE ISSUED SHARE CAPITAL OF DCIHL (OTHER THAN THOSE DCIHL SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold any DCIHL Shares. Subject to the fulfillment (or, where applicable, waiver) of the Conditions Precedent under the Sale and Purchase Agreement and immediately following the Sale and Purchase Completion, the Offeror and parties acting in concert with it will own 361,302,082 DCIHL Shares, representing approximately 36.13% of the issued share capital of DCIHL.

Upon the Sale and Purchase Completion, pursuant to Rule 26.1 of the Takeovers Code, the Offeror and parties acting in concert with it will be required to make the Offer.

Under Rule 26.1 of the Takeovers Code, immediately following the Sale and Purchase Completion, the Offeror and parties acting in concert with it will be required to make conditional mandatory cash offer for all issued DCIHL Shares (other than those DCIHL Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Subject to the Sale and Purchase Completion, the Offer is conditional mandatory cash offer which will be conditional upon acceptances being received in respect of a minimum number of DCIHL Shares or any other conditions.

As at the date of this joint announcement, there are a total of (a) 1,000,000,000 DCIHL Shares in issue; and (b) the outstanding Convertible Bonds in the principal amount of HK\$30.9 million, which will mature on 18 April 2019. As at the date of this joint announcement, given that the conversion period of the Convertible Bonds has expired and DCIHL has not received any notice from the CB Holders stating their intention to convert the whole or any parts of the principal amount of the Convertible Bonds to DCIHL Shares, DCIHL intended to fully repay the sum due and payable under the Convertible Bonds to the CB Holders on the maturity date. As at the date of this joint announcement, none of the Offeror and parties acting in concert with it has any interest in the DCIHL Shares or the Convertible Bonds.

Save for the aforesaid, there are no outstanding warrants, options, derivatives or securities convertible into DCIHL Shares and DCIHL has not entered into any agreement for the issue of such securities, options, derivatives or warrants of DCIHL as at the date of this joint announcement. Save for the Offeror's interest in the Sale Shares pursuant to the Sale and Purchase Agreement, the Offeror and parties acting in concert with it do not own, have control or direction over or hold any voting rights or rights over the DCIHL Shares or convertible securities, warrants or options of DCIHL as at the date of this joint announcement.

Principal terms of the Possible Offer

Subject to and immediately following the Sale and Purchase Completion, Glory Sun will, on behalf of the Offeror, make conditional mandatory cash offer for all issued DCIHL Shares (other than those DCIHL Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the Composite Offer Document in accordance with the Takeovers Code on following basis:

The Offer

For each DCIHL Share under the Offer. HK\$0.22 in cash

The Offer Price of HK\$0.22 for each DCIHL Share under the Offer is equivalent to the purchase price per Sale Share under the Sale and Purchase Agreement.

Condition to the Offer

The Offer is conditional on the number of DCIHL Shares in respect of valid acceptances of the Offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. on the date on which the Offer closes (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the DCIHL Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights in DCIHL.

Comparison of value

The Offer Price of HK\$0.22 for each DCIHL Share under the Offer represents:

- (a) a premium of approximately 37.5% over the closing price of HK\$0.160 per DCIHL Share as quoted on GEM of the Stock Exchange on 18 February 2019, being the last trading day preceding the date of the joint announcement issued by DDIHL and DCIHL;
- (b) a premium of approximately 15.2% over the closing price of HK\$0.191 per DCIHL Share as quoted on GEM of the Stock Exchange on 12 April 2019, being the Last Trading Day;
- (c) a premium of approximately 13.5% over the average of the closing prices of DCIHL Share of approximately HK\$0.194 per DCIHL Share, as quoted on GEM of the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;

- (d) a premium of approximately 14.5% over the average of the closing prices of the DCIHL Share of approximately HK\$0.192 per DCIHL Share, as quoted on GEM of the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 16.1% over the average of the closing prices of the DCIHL Share of approximately HK\$0.190 per DCIHL Share, as quoted on GEM of the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 59.4% over the audited consolidated net asset value attributable to the DCIHL Shareholders of approximately HK\$0.138 per DCIHL Share as at 31 March 2018, based on the annual report of DCIHL dated 21 June 2018;
- (g) a premium of approximately 65.4% over the unaudited consolidated net asset value attributable to the DCIHL Shareholders of approximately HK\$0.133 per DCIHL Share as at 30 September 2018, based on the interim report of DCIHL dated 7 November 2018; and
- (h) a premium of approximately 74.6% over the unaudited consolidated net asset value attributable to the DCIHL Shareholders of approximately HK\$0.126 per DCIHL Share as at 31 December 2018, based on the third quarterly report of DCIHL dated 11 February 2019.

Highest and lowest DCIHL Share prices

The highest and lowest closing prices of the DCIHL Shares as quoted on GEM of the Stock Exchange during the six-month period immediately preceding 19 February 2019 (being the date of commencement of the offer period pursuant to Rule 3.7 of the Takeovers Code) and up to and including the Last Trading Day were HK\$0.215 per DCIHL Share on 20 February 2019 and HK\$0.143 per DCIHL Share on 1 February 2019 respectively.

Total value of the Possible Offer

As at the date of this joint announcement, there are 1,000,000,000 DCIHL Shares in issue. Assuming that there is no change in the issued share capital of DCIHL prior to the making of the Offer and on the basis of the Offer Price at HK\$0.22 per DCIHL Share, the entire issued share capital of DCIHL would be valued at HK\$220,000,000.

Based on the Offer Price as referred to in the paragraph headed “Principal terms of the Possible Offer” above, assuming that there is no change in the issued share capital of DCIHL up to the making of the Offer, a total of 638,697,918 DCIHL Shares will be subject to the Offer. On the basis of full acceptance of the Offer, the cash consideration payable by the Offeror would be approximately HK\$140,513,541.96 for the Offer.

Financial resources available for the Possible Offer

The Offeror intends to finance the Consideration payable under the Sale and Purchase Agreement and the cash consideration payable under the Possible Offer from (i) its internal resources, which has been deposited into the Offeror's securities account opened with Glory Sun; and (ii) the Facility granted by Glory Sun (as lender) to the Offeror (as borrower) for the purpose of financing the Possible Offer, which is secured by a charge over (i) the DCIHL Shares to be owned by the Offeror and deposited into a securities account opened with Glory Sun; (ii) a personal guarantee provided by Mr. Wong; and (iii) the balance from time to time standing to the credit of such account and a floating charge over all the assets, properties and undertakings including book-debts of the Offeror. The availability of the Facility will not be affected by subjective condition and the underlying value of the security up to the date falling on the seventh (7th) Business Day after the close of the Offer. On 4 April 2019, the Facility has been drawn down in full and on 4 April 2019, the full amount of the Facility has been deposited into the securities account opened with Glory Sun.

INCU Corporate Finance Limited and Global Mastermind Securities Limited, who have been appointed as the joint financial advisers to the Offeror in respect of the Possible Offer, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration under the Sale and Purchase Agreement and the full acceptance of the Possible Offer.

Effect of accepting the Possible Offer

Subject to the Offer becoming unconditional, by validly accepting the Offer, DCIHL Independent Shareholders will sell their tendered DCIHL Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Possible Offer is made, that is, the date of despatch of the Composite Offer Document.

Acceptance of the Possible Offer by any DCIHL Independent Shareholder will be deemed to constitute a warranty by such person that all DCIHL Shares sold by such person under the Possible Offer are free from all encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Possible Offer is made, that is, the date of despatch of the Composite Offer Document.

Acceptance of the Possible Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Payment

Payment in cash in respect of acceptance of the Possible Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror or the date on which the Offer become or are declared unconditional in all aspects, whichever is later, to render such acceptance complete and valid.

If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the branch registrar of DCIHL in Hong Kong will be returned to the DCIHL Shareholders who have accepted the Offer by ordinary post at the DCIHL Shareholders' own risk as soon as possible but in any event within ten (10) days after the Offer has lapsed.

Stamp duty

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance or if higher, the market value of the DCIHL Shares, as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 111 of the laws of Hong Kong), will be deducted from the cash amount payable by the Offeror on behalf of the relevant DCIHL Independent Shareholders who accept the Offer. The Offeror will bear the buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the DCIHL Shares, and will arrange for the payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant DCIHL Independent Shareholders accepting the Offer and the transfer of the DCIHL Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the laws of Hong Kong).

Overseas DCIHL Shareholders

As the Possible Offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, overseas DCIHL Shareholders whose addresses as shown in the registers of members of DCIHL are outside Hong Kong and beneficial owners of the DCIHL Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Possible Offer. It is the responsibility of the overseas DCIHL Shareholders who wish to accept the Possible Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or

other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any overseas DCIHL Shareholder will be deemed to constitute a representation and warranty from such overseas DCIHL Shareholder to the Offeror that the local laws and requirements have been complied with. The overseas DCIHL Shareholders should consult their professional advisers if in doubt.

Taxation advice

DCIHL Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Possible Offer. None of the Offeror, parties acting in concert with the Offeror, DCIHL, DDIHL and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Possible Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Possible Offer.

Dealing and interests in the DCIHL's securities

For the six months immediately prior to 19 February 2019, i.e. the date of the joint announcement of DDIHL and DCIHL up to the date of this joint announcement, save for the entering into of the MOU, the Sale and Purchase Agreement and the Facility Agreement, the Offeror and parties acting in concert with it have not dealt in nor do they have any DCIHL Shares or relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of DCIHL.

Other arrangements

The DCIHL Board is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any shareholder of DCIHL and DCIHL, its subsidiaries or associated companies.

The Offeror confirms that, as at the date of this joint announcement:

- (a) save for the Offeror's interest in the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it owns or has control or direction over any voting rights or rights over the DCIHL Shares, options, derivatives, warrants or other securities convertible into DCIHL Shares;
- (b) the Offeror and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Possible Offer;

- (c) there is no outstanding derivative in respect of securities in DCIHL which has been entered into by the Offeror, its ultimate beneficial owner or any person acting in concert with it;
- (d) save for the MOU, the Sale and Purchase Agreement and the Facility Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or DCIHL and which might be material to the Possible Offer;
- (e) save for the MOU, the Sale and Purchase Agreement and the Facility Agreement, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Possible Offer;
- (f) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in DCIHL;
- (g) other than the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendors or any party acting in concert with them in connection with the Sale and Purchase Agreement;
- (h) there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any party acting in concert with it, and the Vendors and any party acting in concert with them; and
- (i) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any shareholder of DCIHL and the Offeror and any parties acting in concert with it.

DCIHL Shareholders are encouraged to read the recommendations of the DCIHL Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Possible Offer that will be included in the Composite Offer Document before deciding whether or not to accept the Possible Offer.

SHAREHOLDING STRUCTURE OF DCIHL

The following table sets out the shareholding structure of DCIHL (based on information received by DCIHL and notified pursuant to Part XV of the SFO as at the date of this joint announcement) immediately before and after the Sale and Purchase Completion (assuming that there are no changes other than those contemplated in the Sale and Purchase Agreement):

| | Immediately before the Sale and Purchase Completion | | Immediately after the Sale and Purchase Completion | |
|---|--|--------------------------|---|--------------------------|
| | No. of DCIHL Shares | Approximate % | No. of DCIHL Shares | Approximate % |
| DDHL and parties acting in concert with it (<i>Note 1</i>) | 311,769,867 | 31.18 | — | — |
| Sparta (<i>Note 2</i>) | 26,645,015 | 2.66 | — | — |
| Mr. Tjia (<i>Note 2</i>) | 22,887,200 | 2.29 | — | — |
| DCIHL Directors: | | | | |
| Kwok Koon Keung (<i>Note 3</i>) | 500 | 0.00 | 500 | 0.00 |
| Ong Chi King (<i>Note 4</i>) | 8,802,000 | 0.88 | 8,802,000 | 0.88 |
| CB Holders (<i>Note 5</i>) | — | — | — | — |
| The Offeror and parties acting in concert with it | — | — | 361,302,082 | 36.13 |
| Public | 629,895,418 | 62.99 | 629,895,418 | 62.99 |
| Total | 1,000,000,000 | 100.00 | 1,000,000,000 | 100.00 |

Notes:

- DDHL is a company incorporated in the British Virgin Islands and is wholly owned by DDIHL. DDIHL is deemed to be interested in the DCIHL Shares owned by DDHL.
- Mr. Tjia directly beneficially owns 22,887,200 DCIHL shares and directly beneficially owns all the shares in Sparta, a company incorporated in the British Virgin Islands. Sparta directly beneficially owns 26,645,015 DCIHL Shares and it beneficially owns 349,935,000 shares in DDIHL, representing approximately 35.79% of the issued share capital in DDIHL. By virtue of the SFO, Mr. Tjia is deemed to be interested in 338,414,882 DCIHL Shares (being the aggregate of 26,645,015 DCIHL Shares held by Sparta and 311,769,867 DCIHL Shares indirectly owned by DDIHL (through DDHL) which Sparta is deemed to be interested in.
- Mr. Kwok Koon Keung is an executive director of DCIHL.
- Mr. Ong Chi King is an executive director of DCIHL.
- The Convertible Bonds will mature on 18 April 2019. As at the date of this joint announcement, given that the conversion period of the Convertible Bonds has expired and DCIHL has not received any notice from the CB Holders stating their intention to convert the whole or any parts of the principal amount of the Convertible Bonds to DCIHL Shares, DCIHL intended to fully repay the sum due and payable under the Convertible Bonds to the CB Holders on the maturity date. As such, there will be no conversion of the Convertible Bonds into DCIHL Shares before the Sale and Purchase Completion.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands on 6 March 2018 and is wholly-owned by Mr. Wong, who is also the sole director of the Offeror.

Mr. Wong, aged 59, holds a Bachelor of Arts degree from the University of Hong Kong. He has extensive exposure in the financial and investment fields for over 20 years and is well experienced in the international investment market. He is currently the chairman and chief executive officer of the China Information Technology Development Limited (Stock Code: 8178), an executive director of Huiyin Holdings Group Limited (Stock Code: 1178) and Larry Jewelry International Company Limited (Stock Code: 8351), a non-executive director of TFG International Group Limited (Stock Code: 542), and an independent non-executive director of Tech Pro Technology Development Limited (Stock Code: 3823) and Far East Holdings International Limited (Stock Code: 36). Though Mr. Wong did not have direct experience in the construction sector, he has extensive experience in the financial and investment fields as well as experience in corporate and business management in listed companies, as disclosed above. Mr. Wong has carefully assessed his current business and investment portfolio and decided to invest in the construction business in order to widen variety of his investments and diversify investment risk in his investment portfolio. Mr. Wong intends to retain the management and experienced staff of DCIHL to leverage on their expertise in construction industry to run the construction operation. As disclosed in the paragraph headed “**REASONS FOR THE ACQUISITION AND FUTURE INTENTION OF THE OFFEROR ON DCIHL**”, Mr. Wong will review the business of DCIHL and might consider to hire more experienced staff if deem fit.

As at the date of this joint announcement, the sole director of the Offeror is the Guarantor.

Save for the Offeror’s interest in the Sale Shares pursuant to the Sale and Purchase Agreement, the Offeror, its ultimate beneficial owner and the parties acting in concert with it do not hold any DCIHL Shares or any other securities of DCIHL as at the date of this joint announcement.

REASONS FOR THE ACQUISITION AND FUTURE INTENTION OF THE OFFEROR ON DCIHL

The Acquisition is an important step of the Offeror to enter into construction businesses in Hong Kong and the PRC. DCIHL has been engaging in construction business in Hong Kong and the PRC for many years. Over the years, DCIHL has built up an extensive network of customers and suppliers in the construction industry as well as renown reputation. The Offeror will be able to tap into DCIHL’s network and reputation. As disclosed in the paragraph headed “**INFORMATION ON THE OFFEROR**” above, Mr. Wong, the Offeror’s sole beneficial owner, intends to diversify his investment portfolio and leverage on the expertise of the management and experienced staff of DCIHL to enter into construction businesses.

Following the close of the Possible Offer, the Offeror intends to continue with the DCIHL Group’s existing construction business. The Offeror would conduct a detailed review on the financial position and the operations of the DCIHL Group

and formulate long-term business plans and strategy for the future business development of DCIHL Group. In the meantime, the Offeror would explore other business opportunities and consider if any asset disposal or acquisition, business rationalisation, divestment, restructuring or diversification or fund raising would be appropriate to enhance the long-term growth potential of DCIHL Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the GEM Listing Rules by DCIHL. As at the date of this joint announcement, the Offeror has no intention to inject any of business/assets into DCIHL Group.

The Offeror has no intention to discontinue the employment of any employees of DCIHL Group or redeploy the fixed assets of DCIHL Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF COMPOSITION OF DCIHL BOARD

The DCIHL Board is currently made up of nine (9) directors, comprising four (4) executive directors, two (2) non-executive directors and three (3) independent non-executive directors. Upon the Sale and Purchase Completion, the Offeror intends to nominate new directors to the DCIHL Board with effect from the earliest time permitted under the Takeovers Code. As at the date of this joint announcement, the Offeror has not reached any final decision as to who will be nominated as new directors of DCIHL and which DCIHL Directors will resign. Any changes to the DCIHL Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement will be made accordingly.

MAINTAINING OF THE LISTING STATUS OF DCIHL

The Offeror intends to maintain the listing of the DCIHL Shares on GEM of the Stock Exchange following the close of the Possible Offer.

Upon the close of the Possible Offer, if there is less than 25% of the DCIHL Shares held by the public, the DCIHL Directors and the new directors of DCIHL to be nominated by the Offeror and appointed as directors of DCIHL will jointly and severally undertake to the Stock Exchange to take appropriate steps to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Possible Offer to ensure that sufficient public float exists for the DCIHL Shares.

The Stock Exchange had stated that if, at the close of the Possible Offer less than the minimum prescribed percentage applicable to DCIHL, being 25% of the issued DCIHL Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the DCIHL Shares; or

(b) that there are insufficient DCIHL Shares in public hands to maintain an orderly market,

it would consider exercising its discretion to suspend dealings in the DCIHL Shares.

In this connection, it should be noted that following the close of the Possible Offer, there might be insufficient public float of the DCIHL Shares and therefore, trading in the DCIHL Shares might be suspended until sufficient public float exists in the DCIHL Shares.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of DCIHL and the Offeror respectively (including DCIHL Shareholders who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of DCIHL, or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of DCIHL, and Offeror's shareholders who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Offeror are hereby reminded to disclose their dealings in the relevant securities of DCIHL pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of the Offeror or DCIHL and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, DCIHL will establish the DCIHL Independent Board Committee, comprising one non-executive DCIHL Director and three independent non-executive DCIHL Directors who have no direct or indirect interest in the Offer, namely Mr. Ong King Keung, Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin, to (i) consider and advise the DCIHL Independent Shareholders in relation to the fairness and reasonableness of the terms of the Possible Offer and; (ii) advise the DCIHL Independent Shareholders as to whether to accept the Possible Offer or not. Mr. Tjia, as one of the sellers under the Sale and Purchase Agreement, is deemed to have interest in the Offer and excluded from the DCIHL Independent Board Committee.

The DCIHL Independent Board Committee will appoint the Independent Financial Adviser to advise the terms of the Possible Offer. Announcement will be made as soon as practicable by DCIHL upon the appointment of the Independent Financial Adviser in accordance with Rule 2.1 of the Takeovers Code.

THE DDIHL SGM AND THE DDIHL CIRCULAR

The DDIHL SGM will be held for the purposes of considering and, if thought fit, approving the resolution(s) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder by the DDIHL Shareholders, by way of poll. Sparta and Mr. Tjia and their respective associates are considered to have material interests in the Disposal and therefore will abstain from voting in the DDIHL SGM in respect of the resolutions approving the Disposal.

The DDIHL Circular containing, among other things, details of the Sale and Purchase Agreement and the transactions contemplated thereunder, the relevant financial information in respect of the DDIHL Group, DCIHL Group and other information as required by the Listing Rules, together with a notice convening the DDIHL SGM and the proxy form in respect of the DDIHL SGM will be sent to the DDIHL Shareholders in accordance with the Listing Rules. As DDIHL will require more than fifteen (15) Business Days after publication of this joint announcement for compiling relevant information to be included in the DDIHL Circular, it is expected that the DDIHL Circular will be despatched to the DDIHL Shareholders on or before 7 May 2019.

AVAILABILITY OF THE COMPOSITE OFFER DOCUMENT

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing, among other matters, the terms and conditions of the Possible Offer to the DCIHL Shareholders within twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve. Note 2 to Rule 8.2 of the Takeovers Code provides that the Executive's consent is required if

the making of an offer is subject to the prior fulfillment of a pre-condition and the pre-condition cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code.

Since there is a pre-condition, namely the Sale and Purchase Completion, an application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Offer Document (combining the offer documents and the offeree board circular) to be issued by the Offeror and DCIHL jointly in connection with the Possible Offer to a date falling within seven (7) days from the Sale and Purchase Completion Date or from the Long Stop Date, whichever is earlier. The Composite Offer Document will set out, among other matters, details of the Possible Offer, accompanied by the form of acceptance and transfer of the DCIHL Shares in respect of the Possible Offer, and incorporating the respective letters of advice from the DCIHL Independent Board Committee and the Independent Financial Adviser as to whether the terms of the Possible Offer are fair and reasonable and as to acceptance.

WARNING: THE POSSIBLE OFFER WILL ONLY BE MADE IF THE SALE AND PURCHASE COMPLETION TAKES PLACE AND ARE CONDITIONAL. THE SALE AND PURCHASE COMPLETION IS SUBJECT TO THE FULFILMENT OF THE CONDITIONS PRECEDENT. THEREFORE, THE SALE AND PURCHASE COMPLETION MAY OR MAY NOT TAKE PLACE AND ACCORDINGLY, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE. AS THE OFFER IS CONDITIONAL UPON FULFILMENT OF THE CONDITION SET OUT IN THE SECTION HEADED "CONDITION OF THE OFFER" IN THIS JOINT ANNOUNCEMENT, DDIHL SHAREHOLDERS, DCIHL SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN DDIHL AND DCIHL ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN DDIHL SHARES AND DCIHL SHARES. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT A LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following terms have the meanings set out below:

- | | |
|---------------------|--|
| “Acquisition” | the proposed acquisition of 36.13% shareholding in DCIHL by Energy Luck from DDHL, Sparta and Mr. Tjia pursuant to the Sale and Purchase Agreement |
| “acting in concert” | has the same meaning as ascribed to it under the Takeovers Code |

| | |
|----------------------------|--|
| “associate(s)” | has the same meaning as ascribed to it under the Takeovers Code or the Listing Rules or the GEM Listing Rules as the context may require |
| “Balance of Consideration” | the sum equivalent to the Consideration less the Deposit |
| “Business Day(s)” | a day (excluding Saturday, Sunday, any public holiday in Hong Kong, and any day on which typhoon warning signal No.8 or above or the black rainstorm warning signal is hoisted during 9 a.m. to 5 p.m.) on which banks in Hong Kong are open for business |
| “CB Holders” | the holders of the Convertible Bonds |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited |
| “Composite Offer Document” | the document proposed to be jointly issued by and on behalf of the Offeror and DCIHL to all DCIHL Shareholders in accordance with the Takeovers Code containing, among others, the terms and conditions of the Possible Offer, the form of acceptance and transfer of the DCIHL Shares in respect of the Possible Offer, the letter of advice of the Independent Financial Adviser to the DCIHL Independent Board Committee in respect of the Possible Offer, and the letter of advice of the DCIHL Independent Board Committee to the DCIHL Shareholders as to whether the terms of the Possible Offer are fair and reasonable and as to acceptance |
| “Conditions Precedent” | the conditions precedent to the Sale and Purchase Completion |
| “connected person(s)” | has the same meaning as ascribed to it under the Listing Rules or the GEM Listing Rules |
| “Consideration” | the consideration payable by the Offeror for the Sale Shares pursuant to the Sale and Purchase Agreement |
| “Convertible Bonds” | the unsecured, three-year maturity 2% coupon convertible bonds with a principal amount of HK\$30,900,000 issued by DCIHL on 18 April 2016 |

| | |
|-------------------------------------|---|
| “DCIHL” | Deson Construction International Holdings Limited (stock code: 8268), a company incorporated in the Cayman Islands with limited liability and which securities are listed on GEM of the Stock Exchange. DCIHL is an indirect associated company of DDIHL |
| “DCIHL Board” | the board of directors of DCIHL |
| “DCIHL Directors” | the directors of DCIHL |
| “DCIHL Group” | DCIHL and its subsidiaries |
| “DCIHL Independent Board Committee” | the independent committee of the DCIHL Board (comprising one non-executive director and the three independent non-executive directors of DCIHL, namely Mr. Ong King Keung, Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin) to be formed to advise and give recommendation to the DCIHL Shareholders in respect of the Possible Offer |
| “DCIHL Independent Shareholders” | the DCIHL Shareholders other than (i) DDIHL, its associates and parties acting in concert with any of them; (ii) Sparta and Mr. Tjia, their associates and parties acting in concert with them; and (iii) the Offeror, its ultimate beneficial owner and parties acting in concert with it |
| “DCIHL Share(s)” | share(s) of HK\$0.025 each in the share capital of DCIHL |
| “DCIHL Shareholders” | the shareholders of DCIHL |
| “DDHL” | Deson Development Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of DDIHL, holding 311,769,867 DCIHL Shares (representing approximately 31.18% of the issued share capital of DCIHL) as at the date of this joint announcement |
| “DDIHL” | Deson Development International Holdings Limited (stock code: 262), a company incorporated in Bermuda with limited liability and which securities are listed on the Main Board of the Stock Exchange, and is the holding company of DDHL |
| “DDIHL Board” | the board of directors of DDIHL |

| | |
|------------------------|---|
| “DDIHL Circular” | the circular to be despatched to the DDIHL Shareholders containing details of the Sale and Purchase Agreement and the transactions contemplated thereunder and the notice convening the DDIHL SGM |
| “DDIHL Directors” | the directors of DDIHL |
| “DDIHL Group” | DDIHL and its subsidiaries |
| “DDIHL SGM” | the special general meeting of DDIHL to be convened to seek the DDIHL Shareholders’ approval in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder |
| “DDIHL Shareholder(s)” | the shareholder(s) of DDIHL |
| “DDIHL Shares” | shares of HK\$0.10 each in the share capital of DDIHL |
| “Deposit” | a deposit in the sum of HK\$7,948,645.80 being equivalent to 10% of the Consideration (including the Earnest Sum) payable by the Offeror to the Vendors upon the signing of the Sale and Purchase Agreement pursuant to the Sale and Purchase Agreement. Upon the Sale and Purchase Completion, the Deposit will be applied towards the Consideration for the Sale Shares |
| “Disposal” | the disposal of 311,769,867 DCIHL Shares (being part of the Sale Shares) by DDHL to the Offeror as contemplated under the Sale and Purchase Agreement |
| “Due Diligence Period” | means the period commencing from 19 February 2019 to the date of the Sale and Purchase Agreement |
| “Earnest Sum” | an aggregate amount of HK\$2,000,000, has been paid to the Vendors in proportionate to the percentage of their Sale Shares |
| “Encumbrance” | any security arrangement, claim, encumbrance, equity, mortgage, option to subscribe or acquire, charge, pledge, lien or other third party right of any kind |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |

| | |
|---------------------------------|--|
| “Facility” | a loan facility in the amount of HK\$204 million granted by Glory Sun as lender to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing the Offer and the Consideration |
| “Facility Agreement” | the loan facility agreement entered into among Glory Sun as lender, the Offeror as borrower and Mr. Wong as guarantor dated 3 April 2019 |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange |
| “Glory Sun” | Glory Sun Securities Limited (寶新證券有限公司) (formerly known as China Goldjoy Securities Limited (中國金洋證券有限公司)), a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |
| “Guarantor” or “Mr. Wong” | Mr. Wong Kui Shing, Danny, being the ultimate beneficial owner of the Offeror |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “HKFRS” | the Hong Kong Financial Reporting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic China |
| “Independent Financial Adviser” | the independent financial adviser to be appointed by the DCIHL Independent Board Committee to advise the DCIHL Independent Board Committee in respect of the Possible Offer |
| “Last Trading Day” | 12 April 2019, being the last trading day prior to the publication of this joint announcement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 30 June 2019 (or such other later date as may be agreed by the Offeror and the Vendors) |

| | |
|-------------------------------------|--|
| “MOU” | the memorandum of understanding entered into between the Offeror, DDHL, Sparta, Mr. Tjia and Mr. Wong relating to the possible sale and purchase of the Sale Shares on 21 February 2019 |
| “Mr. Tjia” | Mr. Tjia Boen Sien, the managing director and deputy chairman of DDIHL and a non-executive director and chairman of DCIHL, which is a controlling shareholder of DDIHL and who held as to 22,887,200 DCIHL Shares representing approximately 2.29% of the entire issued share capital of DCIHL as at the date of this joint announcement |
| “Offer Price” | the purchase price per DCIHL Share of HK\$0.22 payable in cash by the Offeror to the DCIHL Shareholders under the Possible Offer |
| “Offeror” or “Energy Luck” | Energy Luck Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by the Guarantor |
| “Parties” | DDHL, Sparta, Mr. Tjia and the Offeror and the Guarantor, being the parties to the Sale and Purchase Agreement |
| “Possible Offer” or “Offer” | the conditional mandatory cash offer to be made by Glory Sun for and on behalf of the Offeror for all the issued DCIHL Shares not already owned or agreed to be acquired by the Offeror or parties acting in concert with it in accordance with the Takeovers Code |
| “PRC” | the People’s Republic of China |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 12 April 2019 entered into among DDHL, Sparta, Mr. Tjia, Energy Luck and Mr. Wong Kui Shing Danny for the sale and purchase of the Sale Shares |
| “Sale and Purchase Completion” | completion of the Sale and Purchase Agreement |
| “Sale and Purchase Completion Date” | the date of completion of the Sale and Purchase Agreement |
| “Sale Price” | the sale price of the Sale Share, being HK\$0.22 per Sale Share |

| | |
|---------------------------|---|
| “Sale Shares” | the 361,302,082 DCIHL Shares (representing approximately 36.13% of the issued share capital of DCIHL as at the date of this joint announcement) agreed to be sold by DDHL, Sparta and Mr. Tjia to the Offeror under the Sale and Purchase Agreement |
| “SFC” | the Securities and Futures Commission in Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Sparta” | Sparta Assets Limited, a company owned by Mr. Tjia, which held as to 26,645,015 DCIHL Shares representing approximately 2.66% of the entire issued share capital of DCIHL as at the date of this joint announcement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning as ascribed to it under the Listing Rules or the GEM Listing Rules |
| “Takeovers Code” | the Code on Takeovers and Mergers issued by the SFC as amended from time to time |
| “Vendors” | collectively, DDHL, Sparta and Mr. Tjia |
| “%” | per cent |

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

By Order of the Board of
**Deson Construction
International
Holdings Limited**
Keung Kwok Cheung
*Chief Executive Officer and
Executive Director*

By Order of the Board of
Energy Luck Limited

Wong Kui Shing, Danny
Sole Director

Hong Kong, 12 April 2019

As at the date of this joint announcement, the board composition of each of DDIHL, DCIHL and Energy Luck is as follows:

**Deson Development
International Holdings Limited**

Executive directors:

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

Independent non-executive directors:

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

**Deson Construction
International Holdings Limited**

Executive directors:

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

Non-executive directors:

Mr. Tjia Boen Sien
Mr. Ong King Keung

Independent non-executive directors:

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

Energy Luck Limited

Sole director:

Mr. Wong Kui Shing,
Danny

The directors of DDIHL jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to DCIHL and the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of DCIHL and the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of DCIHL jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to DDIHL and the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of DDIHL and the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The sole director of the Offeror accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to DDIHL and DCIHL) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of DDIHL and DCIHL) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

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

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