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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)

**DISCLOSEABLE TRANSACTION–
PROVISION OF ADVANCEMENT**

PROVISION OF ADVANCEMENT

The Board is pleased to announce that on 20 September 2018, the Subsidiary, a non wholly-owned subsidiary of the Company, entered into the Agreement with the Recipient pursuant to which the Subsidiary has agreed to provide an unsecured interest-free Advance of HK\$16,955,640 to the Recipient.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Advance are more than 5% but less than 25%, the provision of the Advance constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms and conditions of the Agreement are set out below.

THE AGREEMENT

Date: 20 September 2018

Parties: (i) The Subsidiary; and
(ii) the Recipient, which is principally engaged in investment holding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Recipient and its ultimate beneficial owner is an Independent Third Party and is not connected with the Group.

* For identification purpose only

Amount: HK\$16,955,640

The Advance will be made to the Recipient in full on the date of the Agreement.

Capitalisation: Subject to the Recipient and the Property Developer acquiring property interest as set out in the Agreement and upon the written request of the Subsidiary (“**Capitalisation Condition**”), the Recipient shall utilise the entire amount of the Advance by:

- (i) partially converting the Advance into share capital in the Recipient by allotting and issuing such number of new shares of the Recipient to the Subsidiary as fully paid-up shares, being consideration for the Subsidiary’s investment in the Recipient; and
- (ii) converting the remaining part of the Advance into a shareholder’s loan due and payable by the Recipient to the Subsidiary (collectively the “**Capitalisation**”).

The number of new shares as well as terms and conditions relating to the issue of the new shares and conversion of the Advance into shareholder’s loan should be set out in the subscription agreement and/or any other agreement(s) that the parties consider necessary.

If the Capitalisation Condition is satisfied, the parties shall enter into a subscription agreement and/or any other agreement(s) that the parties consider necessary setting out the terms and conditions of the new shares to be issued to the Subsidiary and the Advance made by the Subsidiary to the Recipient and/or any other agreement(s) that the parties consider necessary.

If the Capitalisation Condition is not fulfilled and the Capitalisation is not completed by 22 October 2018 or if any reason the parties fail to enter into the subscription agreement and/or any other agreement(s) that the parties consider necessary by 22 October 2018, the Recipient shall repay the Advance (without interest) after deducting any expenses and losses incurred for the proposed property investment and redevelopment project, which shall be agreed by the parties in writing and thereafter, the parties thereto shall have no further claim against each other.

FUNDING OF THE ADVANCE

The Advance under the Agreement will be financed by the Group's available internal resources.

INFORMATION ON THE RECIPIENT

The Recipient is a company incorporated in the British Virgin Islands, which is wholly owned by a holding company, which is principally engaged in the business of investment holding and property development.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) property development and investment; and (ii) 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.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

As at the date of this announcement, the Recipient has a wholly-owned subsidiary, being the Property Developer, which is exploring the opportunities in acquiring a property interest in Hong Kong. The purpose of the Advance is for partial payment for the Subsidiary's proposed investment in the Recipient in the future to be capitalised partially into share capital and shareholder's loan if the Capitalisation Condition is met. The Recipient shall apply all amounts of the Advance for the financing of its acquisition of property interest in Hong Kong and working capital. The Company will comply with the relevant requirements of the Listing Rules and make the necessary announcement when the Capitalisation is implemented and approved by the Board.

The terms and conditions of the Agreement are negotiated on an arm's length basis between the Subsidiary and the Recipient with reference to the normal prevailing commercial practice. The Directors (including the independent non-executive Directors) consider that the Agreement is on normal commercial terms entered into based on the Group's credit assessment towards the Recipient. Taking into account the satisfactory assets backing of the Recipient, and the expected return to be generated from the proposed property development project through the investment in the Recipient, the Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Advance as provided under the Agreement constitutes a financial assistance provided by the Subsidiary within the meaning of the Listing Rules.

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Advance are more than 5% but less than 25%, the provision of the Advance constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Advance”	the advance in the amount of HK\$16,955,640 to be made by the Subsidiary to the Recipient in accordance with the Agreement;
“Agreement”	the Agreement entered into on 20 September 2018 between the Subsidiary and the Recipient regarding the Advance, as may be amended/supplemented from time to time;
“Board”	the board of Directors;
“Business Day”	means a day on which commercial banks are open for business in Hong Kong;
“Company”	Deson Development International Holdings Limited (stock code: 262), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	a third party independent of and not connected with the Company and its subsidiaries and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Property Developer”	Excel Castle International (HK) Limited (卓堡國際(香港)有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Recipient;
“Recipient”	Excel Castle International Limited (卓堡國際有限公司), a company established in the British Virgin Islands with limited liability;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	Universal Focus Developments Limited, a company established in the British Virgin Islands with limited liability, which is a non wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 20 September 2018

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