
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Deson Development International Holdings Limited**, you should at once hand this circular together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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



**(1) MAJOR TRANSACTION
IN RELATION TO LEASE AGREEMENTS
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board is set out on pages 5 to 18 of this circular.

A notice convening the SGM of the Company to be held at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27 August 2024 at 11:45 a.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place) or any adjourned meeting thereof is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use by the Shareholders of the Company at the SGM is enclosed herein.

Whether or not you are able or intend to attend the SGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish.

[#] For identification purposes only

17 July 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Appendix I — Financial information of the Group	I-1
Appendix II — Valuation report	II-1
Appendix III — General information	III-1
Notice of SGM	SGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate” or “close associates”	has the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liabilities, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 262)
“connected person(s)”	has the same meaning ascribed to it under Listing Rules
“Directors”	the directors of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Guarantor”	迪臣置業發展(開封)有限公司 (Deson Property Development (Kaifeng) Co., Ltd.), an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Property Valuer”	the independent property valuer appointed by the Company, Peak Vision Appraisals Limited
“Independent Third Party(ies)”	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 enquires, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	15 July 2024, being the latest practicable date prior to the despatch of this circular for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Lease Agreements”	collectively the Lease Agreement 1, the Lease Agreement 2, the Lease Agreement 3, the Lease Agreement 4, the Lease agreement 5, the Lease Agreement 6, the Lease Agreement 7 and the Lease Agreement 8 and the lease thereto shall be the “Lease” and collectively the “Leases”
“Lease Agreement 1”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 1 for the lease of Premises 1
“Lease Agreement 2”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 2 for the lease of Premises 2
“Lease Agreement 3”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 3 for the lease of Premises 3
“Lease Agreement 4”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 4 for the lease of Premises 4
“Lease Agreement 5”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 5 for the lease of Premises 5
“Lease Agreement 6”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 6 for the lease of Premises 6
“Lease Agreement 7”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 7 for the lease of Premises 7
“Lease Agreement 8”	the lease agreement dated 25 June 2024, as supplemented by a supplemental agreement dated 12 July 2024, entered into between the Lessee, Guarantor and Lessor 8 for the lease of Premises 8
“Lessee”	迪臣跨境商貿(開封)有限公司 (Deson E-Commerce (Kaifeng) Co., Ltd.), an indirect wholly-owned subsidiary of the Company
“Lessor(s)”	collectively, Lessor 1, Lessor 2, Lessor 3, Lessor 4, Lessor 5, Lessor 6, Lessor 7 and Lessor 8, and “Lessor” means any one of them
“Lessor 1”	吳曉梅 (Wu Xiao Mei)*, an Independent Third Party
“Lessor 2”	王晨 (Wang Chen)*, an Independent Third Party

* *English name for identification purposes only*

DEFINITIONS

“Lessor 3”	申成 (Shen Cheng)*, an Independent Third Party
“Lessor 4”	師曉風 (Shi Xiao Feng)*, an Independent Third Party
“Lessor 5”	王姝和王建國 (Wang Shu and Wang Jian Guo)*, each is an Independent Third Party
“Lessor 6”	李佳 (Li Jia)*, an Independent Third Party
“Lessor 7”	焦姍姍 (Jiao Shan Shan)*, an Independent Third Party
“Lessor 8”	湯濟任 (Tang Ji Ren)*, an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Premises”	collectively Premises 1, Premises 2, Premises 3, Premises 4, Premises 5, Premises 6, Premises 7 and Premises 8
“Premises 1”	all the four-storey house (including an attic and a basement) located at No. 01, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“Premises 2”	all the four-storey house (including an attic and a basement) located at No. 02, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“Premises 3”	all the four-storey house (including an attic and a basement) located at No. 03, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“Premises 4”	all the four-storey house (including a basement) located at No. 04, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“Premises 5”	all the four-storey house (including an attic and a basement) located at No. 05, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“Premises 6”	all the four-storey house (including an attic and a basement) located at No. 06, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC

* *English name for identification purposes only*

DEFINITIONS

“Premises 7”	all the four-storey house (including an attic and a basement) located at No. 07, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“Premises 8”	all the four-storey house (including a basement) located at No. 08, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Shareholders to be held by the Company at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27 August 2024 at 11:45 a.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place) or any adjourned meeting thereof the details of which are set out on pages SGM-1 to SGM-3 of this circular
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Code on the Takeovers and Mergers issued by the SFC as amended from time to time
“%”	per cent.

For the purpose of this circular, RMB has been converted into HK\$ at the rate of RMB1.00 to HK\$1.08 for illustrative purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



Deson Development International Holdings Limited
迪臣發展國際集團有限公司[#]

(Incorporated in Bermuda with limited liability)

(Stock Code: 262)

Executive Directors:

Mr. Tjia Boen Sien
Mr. Wang Jing Ning
Mr. Tjia Wai Yip, William
Mr. Tse Hoi Ying

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Independent non-executive Directors:

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

Head office and principal

place of business in Hong Kong:
11th Floor, Nanyang Plaza
57 Hung To Road
Kwun Tong
Kowloon
Hong Kong

17 July 2024

To the Shareholders

Dear Sirs,

**(1) MAJOR TRANSACTION
IN RELATION TO LEASE AGREEMENTS
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 25 June 2024 and 12 July 2024, pursuant to which the Board announced that on 25 June 2024 (after trading hours), the Lessee (as lessee) and the Guarantor (as guarantor to the Lessee), both indirect wholly-owned subsidiaries of the Company, entered into eight Lease Agreements in respect of the lease of eight Premises with eight Lessors (as lessors), all are Independent Third Parties, for a period of 180 months commencing from 1 July 2024 to 30 June 2039, which constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

[#] For identification purposes only

LETTER FROM THE BOARD

As the highest applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreements and the transactions contemplated thereunder is 25% or more but is less than 100%, the entering into of the Lease Agreements and the transactions contemplated thereunder constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Lease Agreements; (ii) the financial information of the Group; (iii) the valuation report of the Premises; and (iv) the notice of SGM together with the proxy form and other information as required under the Listing Rules.

THE LEASE AGREEMENTS

On 25 June 2024 (after trading hours), the Lessee (as lessee) and the Guarantor (as guarantor to the Lessee), both indirect wholly-owned subsidiaries of the Company, entered into eight Lease Agreements (as supplemented by supplemental agreements dated 12 July 2024) in respect of the lease of eight Premises with eight Lessors (as lessors), all are Independent Third Parties, for a period of 180 months commencing from 1 July 2024 to 30 June 2039.

The principal terms of the eight Lease Agreements are set out below:

(1) Lease Agreement 1

Date:	25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)
Lessee:	The Lessee
Guarantor:	The Guarantor
Lessor:	Lessor 1, an Independent Third Party.
Premises:	Premises 1, being all the four-storey house (including an attic and a basement) located at No. 01, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.
Term of lease:	180 months from 1 July 2024 to 30 June 2039
Monthly rent payable:	Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).
Security Deposit:	RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Lease Agreement 1

LETTER FROM THE BOARD

(2) Lease Agreement 2

Date: 25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)

Lessee: The Lessee

Guarantor: The Guarantor

Lessor: Lessor 2, an Independent Third Party.

Premises: Premises 2, being all the four-storey house (including an attic and a basement) located at No. 02, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

Term of lease: 180 months from 1 July 2024 to 30 June 2039

Monthly rent payable: Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).

Security Deposit: RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Least Agreement 2

(3) Lease Agreement 3

Date: 25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)

Lessee: The Lessee

Guarantor: The Guarantor

Lessor: Lessor 3, an Independent Third Party.

Premises: Premises 3, being all the four-storey house (including an attic and a basement) located at No. 03, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

Term of lease: 180 months from 1 July 2024 to 30 June 2039

Monthly rent payable: Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).

Security Deposit: RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of the signing of Lease Agreement 3

LETTER FROM THE BOARD

(4) Lease Agreement 4

Date: 25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)

Lessee: The Lessee

Guarantor: The Guarantor

Lessor: Lessor 4, an Independent Third Party.

Premises: Premises 4, being all the four-storey house (including a basement) located at No. 04, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

Term of lease: 180 months from 1 July 2024 to 30 June 2039

Monthly rent payable: Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).

Security Deposit: RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Least Agreement 4

(5) Lease Agreement 5

Date: 25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)

Lessee: The Lessee

Guarantor: The Guarantor

Lessor: Lessor 5, an Independent Third Party.

Premises: Premises 5, being all the four-storey house (including an attic and a basement) located at No. 05, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

Term of lease: 180 months from 1 July 2024 to 30 June 2039

Monthly rent payable: Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).

Security Deposit: RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Least Agreement 5

LETTER FROM THE BOARD

(6) Lease Agreement 6

Date: 25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)

Lessee: The Lessee

Guarantor: The Guarantor

Lessor: Lessor 6, an Independent Third Party.

Premises: Premises 6, being all the four-storey house (including an attic and a basement) located at No. 06, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

Term of lease: 180 months from 1 July 2024 to 30 June 2039

Monthly rent payable: Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).

Security Deposit: RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Least Agreement 6

(7) Lease Agreement 7

Date: 25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)

Lessee: The Lessee

Guarantor: The Guarantor

Lessor: Lessor 7, an Independent Third Party.

Premises: Premises 7, being all the four-storey house (including an attic and a basement) located at No. 07, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

Term of lease: 180 months from 1 July 2024 to 30 June 2039

Monthly rent payable: Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).

Security Deposit: RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Least Agreement 7

LETTER FROM THE BOARD

(8) Lease Agreement 8

Date:	25 June 2024 (as supplemented by a supplemental agreement dated 12 July 2024)
Lessee:	The Lessee
Guarantor:	The Guarantor
Lessor:	Lessor 8, an Independent Third Party.
Premises:	Premises 8, being all the four-storey house (including a basement) located at No. 08, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.
Term of lease:	180 months from 1 July 2024 to 30 June 2039
Monthly rent payable:	Total monthly rent of approximately RMB34,153 (equivalent to approximately HK\$36,885).
Security Deposit:	RMB200,000 (equivalent to approximately HK\$216,000) to be paid within 3 days of signing of Least Agreement 8

The monthly rent for each Premises is payable in advance by the Lessee to the Lessors on the 1st day of each calendar month. The Lessee shall only be required to commence payment of the monthly rent after all conditions precedent have been fulfilled. The security deposit for each Premises is refundable and shall be returned to the Lessee within 5 days following the end of the lease term. The security deposits shall not be used to offset any rent payable under the Lease Agreements.

The agreed permitted usage of the Premises pursuant to the Lease Agreements is for hotel operations of the Group. The Lessee shall not sublet or sublease the Premises without consent of the Lessors. Any adjustment upward or downward of the abovementioned monthly rent for each Premises shall be negotiated every three years based on the then prevailing market rent with reference to the market rent valuation of the Premises performed by an independent property valuer at the end of every three years term PROVIDED THAT any adjustment upward of the abovementioned monthly rent for each Premises every three years term shall not exceed 5% of that of the last agreed monthly rent throughout the 15 years lease term. The rent under the Lease Agreements are expected to be funded through revenue from such hotel business operations and other internal resources of the Group.

LETTER FROM THE BOARD

OTHER KEY TERMS OF THE LEASE AGREEMENTS

Conditions precedent to the Lease Agreements

Each of the Lease Agreements is conditional and effective only after (i) all three parties to the relevant Lease Agreements have signed and sealed the relevant Lease Agreements; (ii) the Lessors having fully paid for the purchase price of the Premises and obtained the housing ownership certificates of the Premises; and (iii) the Lessee having obtained the Shareholders' approval of the Company at the SGM for the Lease Agreements and the transactions contemplated thereunder. None of these conditions precedent can be waived. As at the Latest Practicable Date, only item (i) has been fulfilled. Item (ii) is expected to be fulfilled on or before 31 July 2024 while item (iii) will be fulfilled on 27 August 2024 after the SGM is held.

Guarantee by the Guarantor

Pursuant to the Lease Agreements, if the Lessee defaults in payment of the monthly rent for consecutive three months and unable to rectify this, the Guarantor shall be responsible to assume the rental payment obligations.

Right of first refusal

During the lease term, if there is a change or proposed change of ownership of the relevant Premises, the relevant Lessor shall provide at least 60 days written notice in advance to the Lessee and the owners of the other seven Premises to provide them with the right of first refusal to acquire the relevant Premises on same terms and conditions. The Lessee and the owners of the other seven Premises shall respond within 30 days of receiving the relevant notice but if they fail to execute a sale and purchase agreement within the 30 days period, they shall be deemed to have waived the right of first refusal for the relevant Premises.

Exit clauses

Early termination with consent

The Lessors, the Lessee and the Guarantor may negotiate to amend the terms of the Lease Agreements or terminate the Lease Agreements.

Early termination without consent

If the Lessee unilaterally early terminates the relevant Lease Agreements without the consent of the relevant Lessor, the Lessee shall pay the relevant Lessor an amount equivalent to 70% of the total rent for the whole lease term under the relevant Lease Agreements as compensation. If such compensation is insufficient to compensate the relevant Lessor's losses, the Lessee shall indemnify the relevant Lessor for all such liabilities.

LETTER FROM THE BOARD

Early termination due to breach

The Lessee shall have the right to terminate the relevant Lease Agreements if the relevant Premises is seized by judicial or administrative authorities in accordance with the law; or if there is a dispute over the ownership of the relevant Premises which renders the relevant Premises impossible to use.

The Lessor shall have the right to terminate the relevant Lease Agreement and repossess the relevant Premises if the Lessee, among others, without the prior written consent of the Lessor, sublets or lends the relevant Premises or fails to pay rent for six months or various fees payable by the lessee but overdue as agreed in the relevant Lease Agreements and the Lessee fails to rectify such default.

Liability for breach of the Lease Agreements by the Lessor

If the relevant Lessor unilaterally early terminates or fails to provide the relevant Premises resulting in termination of the relevant Lease Agreements, the relevant Lessor shall be liable to pay the Lessee an amount equivalent to 20% of the total rent for the whole lease term under the relevant Lease Agreements as compensation. In addition, the relevant Lessor shall also compensate the Lessee for all losses exceeding the compensation amount, including but not limited to the Lessee's renovation costs and commercial profits from normal business operations.

If the Lessee requires the relevant Lessor to continue performing the relevant Lease Agreements, the relevant Lessor shall pay to the Lessee a daily late payment penalty being double the daily rent for each day of delay in delivering the relevant Premises. The relevant Lessor shall also bear the losses caused to the Lessee due to such delay, including but not limited to the Lessee's renovation costs and commercial profits from normal business operations.

If the relevant Lessor commits a breach of the relevant Lease Agreements and repossesses the relevant Premises before expiration of lease term, the relevant Lessor shall pay the Lessee an amount equivalent to 50% of the total rent for the whole lease term under the relevant Lease Agreements as compensation. If such compensation is insufficient to compensate the Lessee's loss, the relevant Lessor shall indemnify the Lessee for such liabilities including but not limited to the Lessee's renovation costs and commercial profits from normal business operations.

Liability for breach of the Lease Agreements by the Lessee

If the Lessee commits a breach of the relevant Lease Agreements, the relevant Lessor shall have the right to terminate the relevant Lease Agreements and repossess the relevant Premises. The Lessee shall pay the relevant Lessor an amount equivalent to 20% of the total rent for the whole lease term under the relevant Lease Agreements as compensation. If such compensation is insufficient to compensate the Lessor's losses, the Lessee shall be responsible for additional compensation until all losses borne by the relevant Lessor are fully recovered.

LETTER FROM THE BOARD

For overdue fees by the Lessee, the Lessee shall pay a penalty charge of 1% of the total amount of the said fees for each day of delay to the relevant Lessor.

For overdue rent of more than 30 days, the Lessee shall pay a penalty, being double the daily rent of each day of delay.

REASONS AND BENEFITS OF THE LEASE AGREEMENTS

Each of the Premises is a four-storey house located at Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC, located at one of the property development projects of the Group in the PRC. As one of the principal businesses of the Group is hotel operation, which the Group currently operates under the name of “Holiday Inn Express Kaifeng City Center”, as at the Latest Practicable Date, the Group intends to operate the Premises, together with other premises owned by the Group located at the same location at Building No. 3, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC, for a new hotel business with 90 guest rooms under the franchised brand of “Orange Hotel”. The Group had entered into a hotel franchise agreement with a member of H World Group Limited (NASDAQ: HTHT; HK: 01179), a company whose shares are listed on NASDAQ and the Main Board of the Stock Exchange and is involved in the principal business of development of leased and owned, managed and franchised hotels mainly in the PRC (“**H World Group**”). Pursuant to the hotel franchise agreement, the Group has the right to operate the new hotel under the franchised brand of “Orange Hotel” for a period of 10 years commencing from 28 September 2024 to 27 September 2034, subject to renewal after negotiation for a new hotel franchise agreement three months before the end of the franchise period. Therefore, the leasing of the Premises is to support the new hotel business of the Group for the entire franchise period with the possibility of further renewal.

The Group leases each of the Premises for a period of 15 years to ensure that it has continuous and uninterrupted long-term use of the Premises for such duration to cover the franchise period as well as the potential renewed period for its new franchised hotel business, having also considered (i) the long-term usage of the Premises for the operation and sustainability of the new franchised hotel business; (ii) the capital commitment of RMB15 million that the Group will spend to renovate the Premises as per requirements of the franchised brand for such new franchised hotel business; (iii) the adjustment of the monthly rental upwards or downwards with reference to prevailing market rent as disclosed above subject to a cap of upward adjustment of not exceeding 5% of the last agreed monthly rent; (iv) the exit clauses as disclosed above; (v) the potential risk of dealing with unreasonable terms imposed by any of the Lessors (such as excessive monthly rent increase) before any of them would agree to renew the relevant Lease Agreements at the end of every three years if such Lease Agreements were to be for a shorter term of three years; and (vi) the relocation, renovation and reinstatement costs during the franchise period when the Group would still need to find a replacement property in order to meet the requirement under the hotel franchise agreement of having 90 guest rooms if any one of the Lessors would not agree to renew the relevant Lease Agreements at the end of every three years if

LETTER FROM THE BOARD

such Lease Agreements were to be for a shorter term of three years. Therefore, the Board considers that it is in the commercial interest of the Group and fair and reasonable for the Group to enter into the Lease Agreements for such a long period of time.

The terms of the Lease Agreements were determined after arm's length negotiations between each of the Lessors and the Lessee and with reference to the prevailing market rental for properties of similar type, age and location as set out in the valuation report in respect of the market rent valuation of the Premises performed by the Independent Property Valuer, a copy of which is set out in Appendix II to this circular. The Independent Property Valuer has assessed the market rent of the Premises (defined as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion). In determining the market rent, the Independent Property Valuer has adopted the direct comparison method which provides an indication of value by comparing the asset with identical or similar assets for which monthly rental information is available. Adjustments were made to reflect difference in various aspects between the Premises and the comparables to arrive at the adopted market rent unit rate of the Premises. The Independent Property Valuer has adopted an average market rent of approximately RMB128.1 per sq.m./month for the Premises. In determining the market rent, the Independent Property Valuer has considered (i) location; (ii) usage; and (iii) transaction date to select the appropriate comparables to derive the market rent of the Premises. To the extent possible, the Independent Property Valuer has selected the comparables (i) located in the vicinity, namely, Longting District or within 2 to 12 minutes driving distance from the Premises; (ii) low-rise properties with the same type of usage of which is the same as the Premises; (iii) transaction within 3 months from the valuation date; and (iv) lease period of 2 to 3 years. These comparables are deemed sufficient, appropriate and reasonable to derive a reliable opinion of value of the Premises as at the valuation date. The rental comparables are about RMB100 to RMB150 per sq.m./month for commercial properties. The rental unit rate adopted by the Independent Property Valuer are consistent with the said rental comparable references after due adjustments. Due adjustments to those rental comparables have been made to reflect factors including but not limited to floor, layout, time, size and location in arriving at their opinion of market rent.

Based on the above selection criteria, the Independent Property Valuer had selected five comparables for the Premises on an exhaustive basis to the best of the Independent Property Valuer's understanding and considered these selected comparables are the most representative transactions for deriving the market rent of the Premises. The Independent Property Valuer has considered and discussed with the Company the details of the selected comparables such as dates of transactions, usage, location, size and monthly rent. In valuing the market rents of the Premises and preparing the valuation report, the Independent Property Valuer confirmed that it has complied with all the requirements contained in The HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors and the International Valuation Standards (effective 31 January 2022) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

LETTER FROM THE BOARD

Having taken into account (i) the discussion between the Board and the Independent Property Valuer of the basis of the selection criteria, relevancy of the selected comparables and appropriateness of the adjustment mechanisms adopted in the valuation report; (ii) the Board's understanding of conditions of the Premises; (iii) the usage of the Premises; (iv) the renegotiation of the monthly rent of the Premises every three years based on prevailing market rent valuation of the Premises performed by an independent property valuer at the end of every three years term, and that upward adjustment of the monthly rent at every three years term shall not exceed 5% of that of the last agreed monthly rent throughout the 15 years lease term; (v) the research performed by the China Index Academy for monthly rent of commercial properties in the PRC during the period from 2018 to first quarter of 2024, which shows that the compound annual growth rate during the period was approximately 0.4%; and (vi) the cost benefit analysis of the Group for the new hotel operation justifies the fixing of the upward adjustment ceiling of 5% every three years with reference to the average lending prime rate in the PRC every three years during 2009 to 2024 for five years or above issued by the National Interbank Funding Center as quoted on the People's Bank of China's website where the changes every three years during this period were in the range of -25.6% to 0.6% as the Lessors are taking loan to finance the purchase of the Premises and they would use the increase in lending prime rate in the PRC as a reason to justify increase in monthly rent, the Board considers that the selection criteria and selected comparables with a lease term significantly shorter than that of the Premises for deriving the market rent of the Premises by the Independent Property Valuer are fair and reasonable. Accordingly, the Board considered that the monthly rent under each of the Lease Agreements, which was determined with reference to the market rent of the comparables, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The entering into of the Lease Agreements is necessary for the operation of the Group's new hotel business in the ordinary and usual course, which will be operated with the other premises owned by the Group in the same location as mentioned above. Therefore, the Board considers that the terms of the Lease Agreements are on normal commercial terms and are fair and reasonable and the entering into of the Lease Agreements is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF ENTERING INTO THE LEASE AGREEMENTS

The aggregated estimated value of the right-of-use assets (inclusive of the upward adjustment in monthly rent of not exceeding 5% every three years during the duration of the term of the Lease Agreement) to be recognised in accordance with HKFRS 16 by the Group under the Lease Agreements amounted to approximately RMB29.2 million (equivalent to approximately HK\$31.5 million), being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Lease Agreements in accordance with HKFRS 16. The discount rate of approximately 4.15% per annum is applied to compute the present value of aggregate lease payments under the Lease Agreements, being with reference to the lending prime rate in the PRC for five years or above issued by the National Interbank Funding Center as quoted on the People's Bank of China's website for the first 6 months of 2024 in the range of 3.95% to 4.20%. The right-of-use assets will be depreciated on a straight line basis over the lease term with

LETTER FROM THE BOARD

annual depreciation charge amounting to approximately HK\$2.8 million which will be charged to the consolidated statement of profit or loss and other comprehensive income. Interest expenses on the lease liabilities will be recognised at the rate of approximately 4.15% per annum on the carrying amount of the lease liabilities, adjusted for lease modification of the term (if any) and after deducting the periodic lease payment. Both the depreciation charge on the right-of-use assets and the interest expenses on the lease liabilities will have the aggregate effect of decrease in the Group's earnings. The above figure is unaudited and may be subject to adjustment in the future.

INFORMATION OF THE PARTIES

The Company and the Group

The Company is an investment holding company. The Group is principally engaged in (i) property development and investment; (ii) trading of medical equipment and home security and automation products, including the provision of related installation and maintenance services; and (iii) operation of a hotel.

The Lessors

Each of the Lessors is the legal owner of the Premises. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Lessors is an Independent Third Party and is individual ordinary residing in the PRC.

IMPLICATION OF THE LISTING RULES

Acquisition of assets by the Company

Pursuant to HKFRS 16, as a result of the entering into of the Lease Agreements, the Group shall recognise the rent payable in relation to the Premises as right-of-use asset in the consolidated financial statements of the Company. Therefore, the entering into of the Lease Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The aggregated estimated value of the right-of-use asset to be recognised by the Company under the Lease Agreements shall amount to approximately RMB29.2 million (equivalent to approximately HK\$31.5 million), being the present value of the aggregate lease payments using the rate applicable at the commencement date of the Lease Agreements in accordance with HKFRS 16. The discount rate of approximately 4.15% per annum is applied to compute the present value of aggregate lease payments under the Lease Agreements. The above figure is unaudited and may be subject to adjustment in the future.

LETTER FROM THE BOARD

Major transaction

As the highest applicable percentage ratio as calculated under Rule 14.07 of the Listing Rules in respect of the acquisition of right-of-use asset recognised by the Group pursuant to HKFRS 16 based on the consideration under the Lease Agreements and the transactions contemplated thereunder is 25% or more but is less than 100%, the entering into of the Lease Agreements and the transactions contemplated thereunder constitutes a major transaction of the Company and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

No Director has a material interest in the Lease Agreements and the transactions contemplated thereunder and is required to abstain from voting on the Board resolutions of the Company to approve any of the same.

SGM

The SGM will be convened and held at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27 August 2024 at 11:45 a.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place) or any adjourned meeting thereof to consider and, if thought fit, approve the entering into of the Lease Agreements and the transactions contemplated thereunder by way of poll, the results of which will be announced after the SGM. A notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Lease Agreements and his/her/its close associates will abstain from voting on the relevant resolutions at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Lease Agreements and the transactions contemplated thereunder, and therefore none of the Shareholders and their associates would be required to abstain from voting on the resolution to approve the Lease Agreements and the transaction contemplated thereunder at the SGM.

As at the Latest Practicable Date, Mr. Tjia Boen Sien (including his personal interest and deemed interest via Sparta Assets Limited) holds 653,904,900 Shares and Granda Overseas Holding Co., Ltd holds 260,548,110 Shares, representing approximately 44.58% and 17.76% of the total issued Shares, respectively.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

VOTING BY POLL AT SGM

Pursuant to the Rule 13.39(4) of the Listing Rules, any votes of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith and in compliance with the Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, pursuant to Bye-Law 69, each resolution set out in the notice to the SGM which is put to vote at the SGM shall be decided by poll. The Company will appoint scrutineers to handle vote-taking procedures at the SGM. The results of the poll will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.deson.com as soon as possible after the conclusion of the SGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) believe that the terms of the Lease Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Lease Agreements and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three years ended 31 March 2022, 2023 and 2024 are disclosed in the annual reports or annual results of the Company for the three years ended 31 March 2022, 2023 and 2024, respectively. Details of these financial statements have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.deson.com):

- annual report of the Company for the year ended 31 March 2022 published on 22 July 2022 (pages 97 to 230)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200323.pdf>;
- annual report of the Company for the year ended 31 March 2023 published on 20 July 2023 (pages 106 to 250)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0720/2023072000243.pdf>;
and
- annual report of the Company for the year ended 31 March 2024 published on 12 July 2024 (pages 103 to 254)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0711/2024071100576.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group was as follows:

(a) Interest-bearing bank and other borrowings

The Group had outstanding interest-bearing bank and other borrowings of HK\$354,421,000, details of which are set out below:

	Secured	Unsecured	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans	185,076	—	185,076
Bank overdrafts	24,613	—	24,613
Trust receipt loans	2,612	—	2,612
Borrowings from other finance providers	20,000	61,040	81,040
Loan from a related party	—	28,080	28,080
Bonds payable	—	33,000	33,000
	<u>232,301</u>	<u>122,120</u>	<u>354,421</u>

The bank and other borrowings were principally denominated in HK\$ and Renminbi, hence, there was no significant exposure to foreign exchange rate fluctuations.

Except for the bank overdrafts of HK\$24,613,000 which were borrowed at floating rate, the remaining bank and other borrowings of HK\$329,808,000 were borrowed at fixed interest rate.

As at the close of business on 31 May 2024, the Group's banking facilities were secured by:

- (i) the pledge of certain leasehold land and buildings and investment properties of the Group situated in Hong Kong and the PRC of HK\$166,497,000 and HK\$422,800,000 respectively;
- (ii) the pledge of certain completed properties held for sale of the Group situated in the PRC totalling HK\$145,800,000;
- (iii) the assignment of annual rental income of HK\$4,140,000 from the leases of certain properties of the Group;
- (iv) the pledge of certain time deposits of the Group of HK\$4,000,000; and
- (v) the pledge of certain properties held by a related company of the Group of with the fair value of HK\$15,750,000.

At 31 May 2024, the borrowings amounting to HK\$99,316,000 were guaranteed individually or in combination by subsidiaries within the Group. The remaining indebtedness amounting to HK\$255,105,000 were not guaranteed.

(b) Lease liabilities

The Group has certain lease contracts for leased properties. As at 31 May 2024, the Group recognised aggregate lease liabilities of HK\$675,000 under HKFRS 16 "Leases" in respect of non-cancellable operating lease contracts.

(c) Other liabilities

As at 31 May 2024, the Group had outstanding amounts due to non-controlling shareholder of a subsidiary and related parties of HK\$17,202,000 and HK\$8,640,000 respectively. These balances due were unsecured, interest-free and repayable on demand.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the normal course of business, as at the close of business on 31 May 2024, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances

(other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Group since 31 May 2024, being the latest practicable date for determining the Group's indebtedness up to the date of this circular.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the internal financial resources presently available to the Group, the cash flows to be generated from the operating activities and the available banking facilities, and in the absence of any unforeseeable circumstances, the Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular. The Group has obtained the relevant confirmation from its auditors as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there were no material adverse changes in the financial or trading position or prospects of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group had been made up) up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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

Property development and investment business

In Mainland China, the economic outlook in 2024 depends on a number of key factors, such as domestic policies, the global economic conditions, and the international trade environment. It is expected that the Central Government will continue its effort to provide proactive and accommodative monetary policy and fiscal stimulus to ensure stable economic growth. To revive and support the property market, more supportive policies and measures by Central Government are expected to be put in place as the property market is very vital to the overall economy. With the support from the Central Government to boost confidence for the economy, it is anticipated that the property market will gradually recover and improve in the long run.

During the Politburo meeting in December 2023, top leadership has committed to boosting domestic demand and solidifying the economic recovery in 2024. To achieve this, fiscal policy will be moderately strengthened, while a prudent monetary policy will be executed with flexibility, moderation, precision, and effectiveness. With the goal of

establishing a virtuous cycle between consumption and investment, profound reforms will be implemented in key areas, providing a strong driving force for high-quality development.

To support post-pandemic economic recovery, the Central Government has implemented a series of policy measures in recent months. In the property sector, several initiatives have been introduced to stimulate the market. These include the reduction of payment ratios, the lowering of interest rates for second homes, the adoption of a non-loan-based mortgage system, and the removal of upper limit pricing restrictions on land sales in additional cities. Since November 2023, the Central Government and Central Bank have consistently offered support for the reasonable financing needs of real estate companies. These measures aim to reduce financial pressure and encourage a healthy cycle between finance and real estate. The Group remains positive about the future of the mainland property market in the medium-to-long term.

Century Place, Kaifeng

On 9 June 2005, the Group was granted the land use rights of a development site with in Long Ting District of the city of Kaifeng, Henan Province, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 210,500 sq.m., known as “Century Place, Kaifeng”. Up to the Latest Practicable Date, the construction of a gross floor area of approximately 190,000 sq.m. has been completed and a total sales contract sum of approximately RMB767 million has been achieved.

The unsold area at the Century Place Section A — Section F, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA
Section A	Investment properties — Shops (leased out)	53,600 sq.m.
Section B	Properties held for sales — Apartments Car park	200 sq.m. 70 units
Section C	Properties held for sales — Villas	6,000 sq.m.
Section D	Properties held for sales — Offices Car park	1,200 sq.m. 10 units
Section E	Properties held for sales — Shops	350 sq.m.
Section F	Properties held for sales — Shops Investment properties — Hotel (leased out) Car park	4,900 sq.m. 6,200 sq.m. 86 units

During the Reporting Period, the Group has leased certain area of Section F to an independent third party to operate a hotel. Rental income was earned and such portion has been reclassified as investment properties. In view of the improvement of the tourism industry, the Group expects to leased out other unsold area to reliable tenants to earn additional rental income.

The remaining part of the land (Section G) has been launched to the market during the Reporting Period. The unsold area at the Century Place Section G, Kaifeng consists of the following:

	CURRENT USE	GROSS FLOOR AREA
Section G	Properties held for sales — Apartments	17,000 sq.m.
	Properties held for sales — Shops	3,400 sq.m.
	Car park	88 units

Up to the Latest Practicable Date, the construction of a gross floor area of approximately 1,500 sq.m. has been completed and a total sales contract sum of approximately RMB23 million has been achieved.

World Expo, Kaifeng

On 16 February 2012, the Group successfully won a bid for the acquisition of land use right of a residential and commercial site in the city of Kaifeng, the PRC, which has been developed into a residential and commercial complex with an estimated gross floor area of approximately 95,000 sq.m., known as “World Expo, Kaifeng”. Up to the Latest Practicable Date, this project has been completed and achieved a total sales of gross floor area of approximately 68,000 sq.m. with a contract sum of approximately RMB573 million.

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

	CURRENT USE	GROSS FLOOR AREA
Commercial Section A	Property, plant and equipment	14,000 sq.m.
	— Hotel	
Commercial Section B	Properties held for sales — Shops	2,300 sq.m.
Residential Blocks 1–3	Properties held for sales	6,700 sq.m.
	— Apartments	
	Car park	142 units

Trading of medical equipment as well as home security and automation products***Medical equipment***

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

The Group has set up two associates, namely Hope4Care Limited (20% owned by the Group) and UltraX Technologies Co., Ltd. (35% owned by the Group), with independent third parties.

Hope4Care Limited (“**Hope4Care**”) is a research and development company which engages in inventing intelligent human-computer interaction rehabilitation training platforms for the elderly and persons with chronic diseases. The Group cooperates with a professor from the Chinese University of Hong Kong to develop the online augmented reality and virtual reality training platforms for stroke survivors and the elderly, including upper limb, lower limb, balance and coordination exercises. The products specially target on elderly and persons with chronic diseases and to provide online rehabilitation service to improve their quality of life.

During the year ended 31 March 2024, Hope4Care has been granted ISO13485, which is applicable to research, design, development, marketing and distribution of medical software. On the other hand, Hope4Care has been granted HK\$1.1 million under the Chinese University of Hong Kong Technology Start-up Support Scheme for Universities 2024–2025.

UltraX Technologies Co., Ltd. (“**UltraX**”) (晁能力科技股份有限公司), is a company incorporated in Taiwan which holds the licence for trading of medical equipment for both retail and wholesale markets in Taiwan. UltraX has successfully obtained the distribution right from EWAC Medical, a world market leader in aquatic rehabilitation equipment. Based on our experiences in hydrotherapy products, the Group intends to increase its market share in Taiwan medical market.

Home security and automation products

Through one of the associates of the Group, Axxonsoft Hong Kong Limited, the Group continues to promote the application of artificial intelligence (“**AI**”) video analysis technology, which can provide various functions such as preventing loitering, assist in controlling the spread of diseases, analysing human posture and behaviour, and assisting property valuation.

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

In Hong Kong, we provide people flow analysis services to financial institutions located in different areas to help them better understand customer traffic patterns. We also provide advanced video management platform software to various organisations of the Hong Kong Government to enhance their monitoring and management capabilities.

In Mainland China, we have successfully obtained the first large-scale airport project which integrates multiple different systems, such as access control systems, intrusion alarm systems and fire alarm systems, etc., while combining over 18,000 channels of video cameras, some of which are equipped with AI analysis capabilities, to provide more comprehensive physical security information management services for airport managers.

We actively increase our market share by attending seminars and exhibitions in order to promote our products and expand the sales channel.

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

Hotel operations

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

In view of the increasing number of visitors at Kaifeng, the PRC, the Group will continue to improve the quality of its hotel services to ensure hotel guests will have enjoyable experiences during their stays in the hotel.

The Board will strive for new breakthroughs in terms of industry and geographical coverage by improving the Group’s corporate governance to comply with the Listing Rules, increasing the risk control level, enhancing asset management capability, further forging a professional and high-quality talent team to seize development opportunities and actively develop new customers. The Group will also pay attention to maintain relationships with existing customers and explore deeper cooperation with quality customers in order to achieve steady and long-term development of the Group.

* *English name for identification purposes only*

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Peak Vision Appraisals Limited, an independent property valuer, in connection with its opinion of market rent of the property as at 18 June 2024.



Unit 702, 7th Floor, Capital Centre
No. 151 Gloucester Road
Wanchai, Hong Kong

www.peakval.com

Tel (852) 2187 2238

Fax (852) 2187 2239

17 July 2024

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

Dear Sirs,

Re: Market rent valuation of Building No. 4 of No. 1 Longting Lake • Xiyuen, South of Fayuan Street, West of Longting Hu West Road, Longting District, Kaifeng City, Henan Province, the People's Republic of China

In accordance with the instruction from Deson Development International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for us to value the market rent of the captioned property located in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of the market rent of the property as at 18 June 2024 (the “**Valuation Date**”) for public documentation purpose.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation and lists out the assumptions and title investigations, which we have made in the course of our valuation, as well as the limiting conditions.

Our valuation is our opinion of market rent which is defined to mean “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We are instructed by the Company to conduct our valuation based on the special assumption that the property can be freely operated as a hotel.

In arriving at the market rent of the property, we have adopted the direct comparison method assuming the property is capable of being leased in its existing state with the benefit of vacant possession and by making reference to comparables letting evidence as available in the relevant market (see note viii for details). The property is assumed to be let in the open market in its existing state for a term of 2 to 3 years under normal terms and conditions with rental exclusive of value-added tax, management fees, utilities and other outgoings.

Our valuation has been made on the assumption that the property is leased on the open market in its existing state without the benefit of deferred terms contracts, joint ventures, management agreements or any similar arrangements which could serve to affect the rent of the property. No forced leased situation in any manner is assumed in our valuation. In addition, no account has been taken for any option or right of pre-emption which would concern or affect the leasing of the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a lease. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its market rent.

We have been provided by the Group with extract copies of documents in relation to the title to the property located in the PRC. We have not examined the original documents to verify the ownership and to ascertain the existence of any amendments which do not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group and the legal opinions prepared by Henan Lунheng Law Firm, the Group's legal adviser on the PRC law (the "**PRC Legal Adviser**"), regarding the title to the property.

The property was inspected during May 2024 by Mr. Tony M. W. Cheng, a manager of our firm who has over 10 years of experience in the inspection of properties in Hong Kong and the PRC. We have inspected the exterior and, where possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached property valuation report are based on information contained in the documents provided to us and are, therefore, only approximations.

We have relied to a considerable extent on the information provided by the Group and the PRC Legal Adviser regarding the title to the property and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site and floor areas and all other relevant materials regarding the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld. The management of the Company has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (the “HKIS”) and the International Valuation Standards (Effective 31 January 2022) published by the International Valuation Standards Council, where applicable, and under generally accepted valuation procedures and practices.

Peak Vision Appraisals Limited has previously been involved in the valuation of market value of the property and Mr. Nick C. L. Kung has been the signatory to the valuation of the property since 2016. For the subject valuation, Peak Vision Appraisals Limited does not yet adopt a rotation policy, and instead, our valuation will be periodically reviewed by another member of the HKIS.

The proportion of total fees payable by the Company during the preceding year relative to the total fee income of Peak Vision Appraisals Limited is minimal.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We hereby confirm that we have no material connection or involvement with the Group, the property or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

Our property valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
Peak Vision Appraisals Limited
Nick C. L. Kung
MRICS, MHKIS, RPS (G.P.),
RICS Registered Valuer, MCIREA
Director

Note: Mr. Nick C. L. Kung is a RICS Registered Valuer and a Registered Professional Surveyor who has over 20 years of experience in the valuation of properties in Hong Kong, the PRC and abroad.

PROPERTY VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 18 June 2024
Building No. 4 of No. 1 Longting Lake • Xiyuen, South of Fayuan Street, West of Longting Hu West Road, Longting District, Kaifeng City, Henan Province, the PRC	<p>No. 1 Longting Lake • Xiyuen (the “Development”), completed in about 2023, comprises 9 blocks of 4 to 6-storey commercial/residential buildings (including basement and cockloft) erected on an irregular-shaped site with a registered site area of approximately 14,542.90 sq.m. It is located on the western side of Longting Hu West Road at its junction with Fayuan Street near Dragon Pavilion Park within Longting District, Kaifeng City. Other developments nearby are mainly commercial and residential composite developments.</p> <p>The property comprises 8 terraced houses of 4-storey (of which 6 terraced houses with cockloft on level 3 and all 8 terraced houses including basement) (known as “Building No. 4”) of the Development for residential use, having a total gross floor area of approximately 2,146.31 sq.m. (excluding cockloft area of approximately 150 sq.m. and basement area of approximately 1,082 sq.m.). Details of the gross floor area breakdown are set out in <i>Note v</i>) below.</p> <p>The land use rights of the property have been granted for terms expiring on 22 December 2056 and 22 December 2086 for commercial service use and residential use respectively.</p>	As advised by the Company, as at the Valuation Date, the property was vacant.	<p>RMB275,000 RENMINBI TWO HUNDRED AND SEVENTY FIVE THOUSAND ONLY per month, exclusive of value-added tax, management fees, utilities and other outgoings</p> <p><i>(See Notes i) to iv) below)</i></p>

Notes:

- i) Pursuant to the Letter issued by the People’s Government of Longting District of Kaifeng City dated 2 April 2024, the People’s Government of Longting District of Kaifeng City agreed that Deson Property Development (Kaifeng) Co., Ltd. (“**Deson Kaifeng**”), an indirect wholly owned subsidiary of the Company, is authorized to operate the property as a hotel.
- ii) We are instructed by the Company to conduct our valuation based on the special assumption that the property can be freely operated as a hotel.

- iii) Our valuation of the market rent of the property is assumed to be let in the open market in its existing state for a term of 2 to 3 years under normal terms and conditions with rental exclusive of value-added tax, management fees, utilities and other outgoings. We also understand that the property will be subject to eight lease agreements for a fixed term of 15 years and the rental will be subject to review every 3 years at the prevailing market rent.
- iv) The property is assumed to be let in the open market in its existing state for a term of 2 to 3 years under normal terms and conditions with rental exclusive of value-added tax, management fees, utilities and other outgoings. As advised, given that (i) the monthly rent of the property shall be negotiated every three years based on prevailing market rent valuation of the property performed by an independent property valuer at the end of every three years term and that adjustment upward of the monthly rent at every three years term shall not exceed 5% of that of the last agreed monthly rent throughout the 15 years lease term; and (ii) based on the research performed by The China Index Academy* for monthly rent of commercial properties in the PRC during the period from 2018 to first quarter of 2024, the compound annual growth rate during the period was approximately 0.4%, we consider the assumption is generally consistent with the initial terms of the leases, which is reasonable.
- v) Pursuant to 8 Real Estate Title Certificates issued by Kaifeng City Natural Resources and Planning Bureau all dated 23 November 2023, the building ownership of 8 terraced houses of the property, having a total gross floor area of approximately 2,146.31 sq.m. (excluding basement and cockloft areas) is vested in Deson Kaifeng, being the grantee of the land use rights and developer of the Development, and the land use rights of 8 terraced houses of the property with a total site area of approximately 481.54 sq.m., are apportioned from the land use rights of the Development with a site area of approximately 14,542.90 sq.m. have been granted for terms expiring on 22 December 2056 and 22 December 2086 for commercial service use and residential use respectively. Details of the certificates are summarized as follows:

Certificate No.	Building	Level	Block Unit	Approximate Apportioned Site Area (sq.m.)	Approximate Gross Floor Area (sq.m.)
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085702	Building No. 4	1 to 3	01	60.51	269.70
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085703	Building No. 4	1 to 3	02	60.51	269.70
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085704	Building No. 4	1 to 3	03	60.51	269.70
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085705	Building No. 4	1 to 3	04	57.97	258.41

* *The China Index Academy (中國指數研究院) is one of the subsidiaries of China Index Holdings Limited. It has a long history and is known for establishing the extensive CREIS (China Real Estate Information System) database. This database covers information related to land, residential, and commercial real estate projects. The China Index Academy provides data, research analysis, SAAS tools, and promotional services to real estate developers, financial institutions, brokers, and property management companies. Data of the China Index Academy was widely adopted by various parties in the PRC, including government organizations, academic institutions, financial institutions, etc.*

Certificate No.	Building	Level	Block Unit	Approximate Apportioned Site Area (sq.m.)	Approximate Gross Floor Area (sq.m.)
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085706	Building No. 4	1 to 3	05	60.51	269.70
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085707	Building No. 4	1 to 3	06	60.51	269.70
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085708	Building No. 4	1 to 3	07	60.51	269.70
Yu (2023) Kaifeng Shi Bu Dong Chan Quan Di 0085709	Building No. 4	1 to 3	08	60.51	269.70
Total:				<u>481.54</u>	<u>2,146.31</u>

- vi) Pursuant to the Real Estate Title Certificate No. Yu (2017) Kaifeng Shi Bu Dong Chan Quan Di 2000005 issued by Kaifeng City Land and Resources Bureau dated 16 June 2017, the land use rights of the Development have been granted to Deson Kaifeng with a registered site area of approximately 14,542.90 sq.m. for the terms expiring on 22 December 2056 and 22 December 2086 for commercial service use and residential use respectively.
- vii) We have been provided with a legal opinion on the property by the PRC Legal Adviser, which contains, *inter alia*, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) Deson Kaifeng owns the title certificates of the property and is legally entitled to the exclusive real estate rights of the property (including the rights to occupy, utilize, lease and dispose of the property); and
 - b) The local government supports the operation of hotel services by utilizing the property through documents, and the business activity does not violate the current prohibitive regulations in the PRC.
- viii) In valuing the property, we have adopted the direct comparison method. Direct comparison method has generally been regarded by the valuation industry as the primary method for valuing market rent of property if there are market evidences of transactions or listings, as those market evidences are based on publicly available information which accurately reflect the rental market conditions at the locality and involve fewer assumptions and judgments. Direct comparison method provides an indication of value by comparing the asset with identical or similar assets for which monthly rental information is available. Adjustments were made to reflect difference in various aspects between the subject property and the comparables to arrive at the adopted market rent unit rate of the property. The direct comparison method is the most commonly adopted and generally considered the most acceptable method for assessing market rent of various types of property.

- ix) In our valuation, we have adopted an average market rent of approximately RMB128.1 per sq.m./month for the property.

In our valuation, we have adopted the following selection criteria of the comparables: (i) rental comparables in the vicinity, i.e. rental comparables in Longting District or within 2 to 12 minutes driving distance from the property; (ii) the rental comparables that are low-rise properties with the same uses (i.e. commercial use); (iii) transaction within 3 months* from the valuation Date; and (iv) lease period of 2 to 3 years. These comparables are deemed sufficient, appropriate, and reasonable to derive a reliable opinion of value of the property as at the Valuation Date. The rental comparables are about RMB100 to RMB150 per sq.m./month for commercial properties. The rental unit rate adopted by us are consistent with the said rental comparable references after due adjustments. Due adjustments to those rental comparables have been made to reflect factors including but not limited to floor, layout, time, size and location in arriving at our opinion of value.

In the course of our valuation, given that the property is of commercial service use and residential use, and will be operated as a hotel (i.e. commercial use), to match with the expected use of the property, we have only selected commercial properties as our comparables in our valuation analysis.

Furthermore, the comparables selected are low-rise properties located in the vicinity, which are currently used as commercial properties. Given that the property and the comparable properties are of similar characteristics, including: to be used or used as commercial properties, low-rise, and located in the vicinity, we consider the rental of the comparable properties would be comparable to the property, as such, they are relevant comparables.

The rental comparables adopted for each of commercial properties are exhaustive based on the selection criteria. The details are as follows:

Comparable	1	2	3
Property Address	No. 428, Ximen Main Street, Longting District	No. 48 North Section of Zhongshan Road, Longting District	No. 48 Beishudian Street, Longting District
Level	Level 1 to Level 2	Level 1	Level 1 to Level 2
Use	Commercial	Commercial	Commercial
Approximate Gross Floor Area (sq.m.)	200	30	180
Monthly Rental (RMB)	30,000	3,500	18,000
Unit Rate (RMB/sq.m.)	150.00	116.67	100.00
Date	22 March 2024	6 April 2024	22 April 2024
Adjustments			
Time	Similar with the property	Similar with the property	Similar with the property
Location	Superior to the property	Inferior to the property	Inferior to the property
Floor	Superior to the property	Superior to the property	Superior to the property
Size	Superior to the property	Superior to the property	Superior to the property
Layout and condition	Similar with the property	Inferior to the property	Inferior to the property

* Generally, comparables that are closer to the Valuation Date offer a more accurate reflection of market conditions as at the Valuation Date, and the time frame of comparables depends on the availability of relevant comparables. Typically, we incorporate more than 3 comparables in our valuations whenever possible. In the course of our valuation, given that transactions occurred within 3 months from the Valuation Date are sufficient to derive an objective and reliable opinion of market rent, we deemed 3-month time frame to be reasonable.

Comparable	4	5
Property Address	Wanbo Time Plaza, No. 2 North Section of Zhongshan Road, Longting District	No. 153 Jin'an Road, Longting District
Level	Level 1	Level 1
Use	Commercial	Commercial
Approximate Gross Floor Area (sq.m.)	138	60
Monthly Rental (RMB)	15,000	6,800
Unit Rate (RMB/sq.m.)	108.70	113.33
Date	15 May 2024	16 June 2024
Adjustments		
Time	Similar with the property	Similar with the property
Location	Inferior to the property	Inferior to the property
Floor	Superior to the property	Superior to the property
Size	Superior to the property	Superior to the property
Layout and condition	Inferior to the property	Inferior to the property

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date is as follows:

Authorised	<i>HK\$</i>
5,000,000,000	500,000,000
Issued and to be issued, fully paid or credited as fully paid	
1,466,820,600 Shares in issue as at the Latest Practicable Date	146,682,060

As at the Latest Practicable Date, the Company has no other securities convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company and associated corporations

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

pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in Shares and underlying Shares

Name of Directors	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Tjia Boen Sien (Mr. Tjia) (<i>Note 1</i>)	129,002,400 (L)	524,902,500 (L)	653,904,900	44.58%
Mr. Wang Jing Ning	39,644,100 (L)	—	39,644,100	2.70%
Mr. Tjia Wai Yip, William	3,600,000 (L)	—	3,600,000	0.25%
Dr. Ho Chung Tai, Raymond	727,500 (L)	—	727,500	0.05%
Ir Siu Man Po	1,580,000 (L)	—	1,580,000	0.11%

Note:

(L) denotes long position.

1. Sparta Assets Limited (“**Sparta Assets**”), a company incorporated in the British Virgin Islands (“**BVI**”) and wholly-owned by Mr. Tjia, is beneficially interested in 524,902,500 Shares of the Company. Accordingly, Mr. Tjia is deemed to be interested in 524,902,500 Shares of the Company held by Sparta Assets by virtue of the SFO.

(ii) Long positions in ordinary shares of Sparta Assets

Name of Director	Name of shares held, capacity and nature of interest			Percentage of Sparta Assets' issued share capital
	Directly beneficially owned	Through controlled corporation	Total	
Mr. Tjia*	1,000	—	1,000	100.00%

* *Sparta Assets is beneficially interested in 524,902,500 Shares of the Company.*

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

(b) Substantial Shareholders' and other person's interests and short positions in shares and underlying shares

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

Long position:

Name	Capacity and nature of interest	Number of ordinary/ underlying ordinary shares held	Percentage of the Company's issued share capital
Sparta Assets (<i>Note 1</i>)	Beneficial owner	524,902,500	35.79%
Granda Overseas Holding Co., Ltd ("Granda") (<i>Note 2</i>)	Beneficial owner	260,548,110	17.76%
Mr. Chen Huofa	Interests of controlled corporation	260,548,110	17.76%

Notes:

- 1 Sparta Assets is beneficially interested in 524,902,500 Shares of the Company.
- 2 Granda, a company incorporated in the BVI and wholly owned by Mr. Chen Huofa, is beneficially interested in 260,548,110 Shares of the Company. Accordingly, Mr. Chen Huofa is deemed to be interested in 260,548,110 Shares of the Company held by Granda by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a Director or chief executive of the Company or a member of the Group) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivatives in respect of Shares.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

5. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

None of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group and subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

Save for the tenancy agreement dated 20 March 2024 entered into between Grand On Enterprise Limited, a wholly-owned subsidiary of the Company, with Fitness Concept Limited, a company wholly-owned by Mr. Tjia, the Managing Director and Chairman and a substantial shareholder of the Company, for the leasing of a property of the Group in Hong Kong for a term of one year from 1 April 2024 to 31 March 2025 with a rental of HK\$14,000 per month payable in advance, none of the Directors has or had any interest, direct or indirect, in any asset which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder) or have or may have any other conflict of interest with the Group pursuant to the Listing Rules.

7. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group.

8. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT'S INTERESTS

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Peak Vision Appraisals Limited	Independent property valuer

As at the Latest Practicable Date, the above expert:

- (a) was not interested beneficially in the shares in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and
- (b) did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024 (being the date up to which the latest published audited consolidated financial statements of the Company were made up).

As at the date of this circular, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and reference to its name included herein in the form and context in which it appears.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

- (a) the subscription agreement dated 11 August 2022 between Latest Ventures Limited and the Company regarding the subscription 7% coupon unsecured bonds in an aggregate principal amount of HK\$20,000,000 by Latest Ventures Limited;
- (b) the letter of intent dated 20 October 2022 in relation to the disposals of the entire equity interest in (i) 江裕置業(海南)有限公司 (Honour Advance Real Estate (Hainan) Limited*) by Honour Advance Limited (江裕有限公司); and (ii) 海南富迪商業管理有限公司 (Hainan Fruitful Business Management Ltd.*) by Fanning Properties Limited (富海地產投資有限公司) for the aggregate consideration of RMB385.0 million, payable in tranches;

* English name for identification purposes only

- (c) the equity transfer agreement dated 7 August 2023 entered into among Honour Advance Limited (江裕有限公司) and Fanning Properties Limited (富海地產投資有限公司) as vendors and 海口市龍華區城市投資控股有限公司 (Haikou Longhua City Investment Holding Co., Ltd.*) as purchaser in relation to the disposals of the entire equity interests in 江裕置業(海南)有限公司 (Honour Advance Real Estate (Hainan) Limited*) and 海南富迪商業管理有限公司 (Hainan Fruitful Business Management Ltd.*) for the aggregate consideration of RMB385.0 million, payable in tranches;
- (d) the placing agreement dated 29 January 2024 between the Company and Astrum Capital Management Limited regarding the placing of one-year 10% coupon unlimited and unsecured bonds in an aggregate principal amount of HK\$20,000,000, of which bonds in the principal amount of HK\$13,000,000 were issued;
- (e) the amendment deed dated 6 May 2024 by way of deed poll pursuant to which the Company agreed to amend certain terms and conditions of the 7% coupon unsecured bonds in an aggregate principal amount of HK\$20,000,000 by Latest Ventures Limited as described in (a) above, pursuant to which the Company agreed to repay part of the principal amount under the HK\$20,000,000 bonds to HK\$15,000,000 and extend the maturity date of the remaining principal for a further two years from 21 August 2024 to 21 August 2026; and
- (f) the Lease Agreements.

10. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Lam Wing Wai, Angus, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (b) The head office and the principal place of business of the Company in Hong Kong are at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda.
- (c) The principal share registrars and transfer office of the Company in Bermuda are Ocorian Management (Bermuda) Limited at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. The branch share registrars and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

* *English name for identification purposes only*

11. DOCUMENTS ON DISPLAY

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

- (a) the material contracts referred to in the paragraph headed “9. Material contracts” in this appendix;
- (b) the annual reports of the Company for each of the three financial years ended 31 March 2024;
- (c) the valuation report of Peak Vision Appraisals Limited, the text of which is set out in Appendix II to this circular;
- (d) the letter of consent referred to in paragraph headed “8. Qualification and consent of expert and expert’s interests” in this appendix; and
- (e) this circular.



NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (“Meeting”) of Deson Development International Holdings Limited (“Company”) will be held at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27 August 2024 at 11:45 a.m. (or so soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 11:00 a.m. on the same day and at the same place) or any adjourned meeting thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “THAT:

- (a) the eight lease agreements all dated 25 June 2024, as supplemented by the supplemental agreements all dated 12 July 2024 (the “Lease Agreements”), entered into between 迪臣跨境商貿(開封)有限公司 (Deson E-Commerce (Kaifeng) Co., Ltd.) as lessee, 迪臣置業發展(開封)有限公司 (Deson Property Development (Kaifeng) Co., Ltd.) as guarantor (both being indirect wholly-owned subsidiaries of the Company) and the following lessors, each as a lessor:
- (i) 吳曉梅 (Wu Xiao Mei)*, in respect of all the four-storey house located at No. 01, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC;
 - (ii) 王晨 (Wang Chen)*, in respect of all the four-storey house located at No. 02, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC;
 - (iii) 申成 (Shen Cheng)*, in respect of all the four-storey house located at No. 03, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC;
 - (iv) 師曉風 (Shi Xiao Feng)*, in respect of all the four-storey house located at No. 04, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC;

* English name for identification purpose only

For identification purposes only

NOTICE OF SGM

- (v) 王姝和王建國 (Wang Shu and Wang Jian Guo)*, in respect of all the four-storey house located at No. 05, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC;
- (vi) 李佳 (Li Jia)*, in respect of all the four-storey house located at No. 06, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC;
- (vii) 焦姍姍 (Jiao Shan Shan)*, in respect of all the four-storey house located at No. 07, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC; and
- (viii) 湯濟任 (Tang Ji Ren)*, in respect of all the four-storey house located at No. 08, Building No. 4, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC.

A copy of each has been produced at the Meeting respectively marked “A1”, “A2”, “A3”, “A4”, “A5”, “A6”, “A7” and “A8” and signed by the chairman of the Meeting for the purpose of identification, and the transactions contemplated under the Lease Agreements, be and are hereby approved, confirmed and ratified; and

- (b) the directors of the Company be and are hereby authorised to do all such acts and/or things and/or execute all such documents incidental to, ancillary to or in connection with matters contemplated in or relating to the Lease Agreements as they may in their absolute discretion consider necessary, desirable or expedient to give effect to the transactions under the Lease Agreements and the implementation of all transactions contemplated thereby and thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company.”

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

Hong Kong, 17 July 2024

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal place of business in Hong Kong:
11th Floor
Nanyang Plaza
57 Hung To Road, Kwun Tong
Kowloon
Hong Kong

* *English name for identification purpose only*

NOTICE OF SGM

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the shareholder to speak at the Meeting. A proxy need not be a shareholder of the Company. A shareholder who is the holder of 2 or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting.
2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Meeting or any adjourned meeting thereof.
3. Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting or any adjournment thereof should such shareholder so wishes, and in such event, the instrument appointing a proxy shall be deemed revoked.
4. Where there are joint holders of any share of the Company, any one of such joint holder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holders are present at the Meeting, the most senior holder shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand first on the register of shareholders of the Company in respect of the joint holding.
5. Pursuant to Bye-Law 69, the above resolutions put to vote at the Meeting shall be decided by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
6. If typhoon signal no.8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the websites of the Company at www.deson.com and the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled the Meeting.
7. The register of members of the Company will be closed from 22 August 2024 to 27 August 2024, both days inclusive. During this period, no transfer of Shares will be registered. In order to attend and vote at the Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 21 August 2024.