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## **DESON CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED**

### **迪臣建設國際集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8268)**

### **ANNOUNCEMENT DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY**

#### **THE DISPOSAL**

The Board is pleased to announce that on 19 January 2018 (after trading hours), the Vendor, an indirect 60% owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Property at a cash consideration of RMB8.2 million (approximately HK\$9.8 million). Completion is scheduled to take place on or before 31 January 2018.

The Property is located at Chaoyangmen, the Dongcheng District, Beijing, the PRC, which is currently leased to an Independent Third Party until 30 September 2018. The Property is a commercial office building with a gross floor area of approximately 267.77 square meters.

#### **IMPLICATION UNDER THE GEM LISTING RULES**

As one or more of the relevant percentage ratios calculated pursuant to Rule 19.06 of the GEM Listing Rules in respect of the Disposal exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirements under the GEM Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 19 January 2018 (after trading hours), the Vendor, an indirect 60% owned subsidiary of the Company, and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire the Property at a cash consideration of RMB8.2 million (approximately HK\$9.8 million).

## **THE AGREEMENT**

Date: 19 January 2018

Parties: (1) Vendor: 北京長迪建築裝飾工程有限公司 (Beijing Chang-de Architectural & Decoration Co., Limited), a company established in the PRC and an indirect 60% owned subsidiary of the Company; and

(2) Purchaser: 北京神州共濟文化傳媒有限公司, a company established in the PRC.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser is an Independent Third Party.

### **Assets to be disposed of**

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Property at Chaoyangmen, the Dongcheng District, Beijing, the PRC.

### **Consideration:**

The Consideration for the Disposal shall be RMB8.2 million (approximately HK\$9.8 million), which shall be payable by the Purchaser to the Vendor in the following manner:

- (a) a sum in the amount of RMB0.6 million (approximately HK\$0.72 million) was paid to the Vendor in cash as deposit and part payment towards the Consideration upon the execution of the Agreement; and
- (b) a sum in the amount of RMB7.6 million (approximately HK\$9.08 million) (being the balance of the Consideration) shall be paid by the Purchaser to Vendor on Completion in cash.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on a willing-buyer-willing-seller basis.

### **Completion:**

Completion will take place on or before 31 January 2018.

## INFORMATION ON THE PROPERTY

The Property is located at Chaoyangmen, the Dongcheng District, Beijing, th PRC, which is currently leased to an Independent Third Party until 30 September 2018. The Property is a commercial office building with a gross floor area of approximately 267.77 square meters.

As at 31 March 2017, the audited carrying value of the Property was approximately RMB9.7 million (approximately HK\$11.6 million).

The unaudited financial information of the Property on 31 March 2016 and 31 March 2017 is set out below:

	<b>31 March 2016</b>	<b>31 March 2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover (represented rental income)	484	—
Net profit before taxation	450	—
Net profit after taxation	450	—

## INFORMATION OF THE VENDOR, THE COMPANY, THE GROUP AND THE PURCHASER

The Vendor is an indirect 60% owned subsidiary of the Company and its principal activity is the provision of fitting-out works.

The Company is an investment holding company. The principal activities of the Group as at the date of this announcement are: (i) construction business as a main contractor, fitting-out works and the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau and other construction related business; and (ii) investment in securities.

To the best of the Directors' knowledge, information and belief, the principal business activities of the Purchaser are: organisation of cultural and art exchange activities, exhibitions organisation, planning of television, conference service, design, production, agency, advertising, investment consultancy, trading consultancy, corporate governance consultancy, real estate information consultancy, technology development and transfer, technical services, household decoration and design, corporate image planning, sales of metal materials, building materials, daily necessities, medical devices (Class I), chemical products, fertilizer.

## REASONS FOR AND BENEFIT OF THE DISPOSAL

Since 31 March 2013, the Property has been classified as an investment property of the Group as the Group has been leasing the Property out to generate rental income. Having considered the working capital requirements of the Group's construction business, the

Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Property with a reasonable return which in turn provides an immediate working capital for the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are on normal commercial terms, fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS**

As at 31 March 2017, the fair value of the Property was RMB9.7 million (approximately HK\$11.6 million). Accordingly, the Disposal is expected to record a net loss of approximately RMB2.6 million (approximately HK\$3.1 million) after taking into account the estimated expenses and transaction tax to be paid immediately upon completion of the Disposal of approximately RMB1.1 million (approximately HK\$1.3 million) (“**Associated Expenses**”).

The net proceeds from the Disposal will be approximately RMB7.1 million (approximately HK\$8.5 million) after deduction of the Associated Expenses. The Group currently intends to use the proceeds as general working capital of the Group.

## **IMPLICATION UNDER THE GEM LISTING RULES**

As one or more of the relevant percentage ratios calculated pursuant to Rule 19.06 of the GEM Listing Rules in respect of the Disposal exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the announcement requirements under the GEM Listing Rules.

## **DEFINITIONS**

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Agreement”	the sale and purchase agreement dated 19 January 2018 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Deson Construction International Holdings Limited (迪臣建設國際控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM (Stock Code: 8268)
“Completion”	completion of the Disposal

“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	RMB8.2 million (approximately HK\$9.8 million) being the consideration for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Property by the Vendor to the Purchaser
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a third person who is independent of the Company and its connected persons and who is not a connected person of the Company
“Property”	a property located at Unit 2–31 on Level 11 and carpark space no. 37 on Basement 2, Block D, Fu Hua Mansion, 8 Beida Street, Chaoyangmen, the Dongcheng District, Beijing, the PRC.
“PRC”	the People’s Republic of China
“Purchaser”	北京神州共濟文化傳媒有限公司, a company established in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” 北京長迪建築裝飾工程有限公司 (Beijing Chang-de Architectural & Decoration Co., Limited), a company established in the PRC and an indirect 60% owned subsidiary of the Company, being the vendor under the Agreement

“%” per cent

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

Hong Kong, 19 January 2018

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Keung Kwok Cheung, Mr. Kwok Koon Keung, Mr. Lo Wing Ling and Mr. Ong Chi King as executive Directors; Mr. Tjia Boen Sien and Mr. Ong King Keung as non-executive Directors; and Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Chan Ka Yin as independent non-executive Directors.*

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

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of seven days from the date of its publication and on the Company’s website at [www.deson-c.com](http://www.deson-c.com).*