

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. This announcement is made for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2)
EXISTING SHARES HELD ON THE RECORD DATE**

Underwriters of the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.10 per Right Share, to raise gross proceeds up to approximately HK\$49.9 million before expenses by way of a rights issue of up to 499,390,200 Rights Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date). The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be not more than approximately HK\$48.0 million. Assuming the net proceeds from the Rights Issue will amount to approximately HK\$48.0 million, the Company intends to apply the net proceeds as to (i) approximately HK\$28.0 million for repayment of unsecured loans by the Group; and (ii) approximately HK\$20.0 million as general working capital. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

* for identification purpose only

The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained.

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

The Underwriting Agreement

On 1 November 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters, pursuant to which the Underwriters have conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares of up to 281,421,900 Rights Shares (assuming all outstanding Share Options, excluding those Share Options held by the Optionholders, are being exercised and no other change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the paragraph headed “The Underwriting Agreement” in this announcement.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of its level of acceptances, and up to 499,390,200 Rights Shares are to be subscribed subject, however, to any Scaling-down vis-a-vis the MGO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriters (or either of them, whichever shall be appropriate) will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

The Controlling Shareholders' undertakings

As at the date of this announcement, (1) Mr. Tjia, the Managing Director, Chairman and a Controlling Shareholder of the Company, directly holds 86,001,600 Shares, representing approximately 8.79% of the issued share capital of the Company; and (2) Sparta, a Controlling Shareholder of the Company, directly holds 349,935,000 Shares, representing approximately 35.79% of the issued share capital of the Company. On 29 October 2021, the Company received the Irrevocable Undertakings from each of Mr. Tjia and Sparta, pursuant to which each of Mr. Tjia and Sparta has irrevocably undertaken to the Company, among other things, to:

- (i) subscribe for 43,000,800 Rights Shares and 174,967,500 Rights Shares, respectively, which will be provisionally allotted to each of them nil-paid in respect of the 86,001,600 Shares legally and beneficially owned by Mr. Tjia and 349,935,000 Shares legally and beneficially owned by Sparta, pursuant to the terms of the Rights Issue Documents; and
- (ii) ensure that the 86,001,600 Shares currently legally and beneficially owned by Mr. Tjia and 349,935,000 Shares currently legally and beneficially owned by Sparta will remain legally and beneficially owned by each of them on the Record Date.

As at the date of this announcement, Mr. Tjia together with Sparta hold 435,936,600 Shares, representing approximately 44.57% of the entire issued share capital of the Company. The Irrevocable Undertakings are subject to a cap and the maximum number of Rights Shares together with the Shares already held by Mr. Tjia and Sparta shall not be more than 46.57% of the total enlarged issued share capital of the Company at completion of the Rights Issue so as not to trigger any obligation for a general offer under the Takeovers Code.

The Company has not received, as at the date of this announcement, any information or irrevocable undertakings from any other substantial Shareholders of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

The Optionholders' Undertakings

On 1 November 2021, each of the Optionholders has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertaking is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

GENERAL

The Company expects to despatch the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date and the Prospectus with the Overseas Letter for information only to the Non-Qualifying Shareholders (if any). A copy of the Prospectus will also be made available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.deson.com).

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

Shareholders and potential investors of the Company should note that the Rights Issue is upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Thursday, 25 November 2021. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 8 December 2021 to Wednesday, 15 December 2021 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealings in the Shares and any dealings in the Rights Shares in their nil-paid form from Wednesday, 8 December 2021 to Wednesday, 15 December 2021 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.10 per Right Share, to raise gross proceeds up to approximately HK\$49.9 million before expenses by way of a rights issue of up to 499,390,200 Rights Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date). The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be not more than approximately HK\$48.0 million.

On 1 November 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters, pursuant to which the Underwriters have conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares up to 281,421,900 Rights Shares (assuming all outstanding Share Options, excluding those Share Options held by the Optionholders, are being exercised and no other change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions precedent of the Underwriting Agreement are set out in the paragraph headed “The Underwriting Agreement” in this announcement.

The terms of the Rights Issue are set out below:

Issue Statistics

Basis of the Rights Issue:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.10 per Rights Share
Number of existing Shares in issue as at the date of this announcement:	977,880,400 Shares
Number of Rights Shares:	Up to 499,390,200 Rights Shares (assuming all outstanding Share Options are being exercised (other than the Share Options held by the Optionholders) and no other change in the share capital of the Company on or before the Record Date)

Aggregate nominal value of the Rights Shares:	Up to HK\$49,939,020 (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date)
Maximum funds to be raised before expenses (assuming all Rights Shares will be taken up):	Up to approximately HK\$49.9 million (assuming all outstanding Share Options are being exercised (other than the Share Option held by the Optionholders) and no other changes in the Share Capital of the Company on or before the Record Date)
Number of Rights Shares undertaken to be taken up:	<p>(1) Mr. Tjia has undertaken to take up an aggregate of 43,000,800 Rights Shares under its assured entitlement (representing approximately 8.79% of the total Rights Shares proposed to be provisionally allotted by the Company)</p> <p>(2) Sparta has undertaken to take up an aggregate of 174,967,500 Rights Shares under its assured entitlement (representing approximately 35.79% of the total Rights Shares proposed to be provisionally allotted by the Company)</p> <p>As at the date of this announcement, Mr. Tjia together with Sparta hold 435,936,600 Shares, representing approximately 44.57% of the entire issued share capital of the Company. The Irrevocable Undertakings are subject to a cap and the maximum number of Rights Shares together with the Shares already held by Mr. Tjia and Sparta shall not be more than 46.57% of the total enlarged issued share capital of the Company at completion of the Rights Issue so as not to trigger any obligation for a general offer under the Takeovers Code</p>
Right of excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional entitlements

Total number of Shares in issue as enlarged by the Rights Shares upon completion of the Rights Issue (assuming no new Shares (other than the Rights Shares) are allotted and issued):	1,466,820,600 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
	1,498,170,600 Shares (assuming all outstanding Share Options are being exercised (other than the Share Options held by the Optionholders) on or before the Record Date)
Underwriters:	Koala Securities Limited and Yellow River Securities Limited

Assuming no exercise of any outstanding Share Options and no change in the share capital of the Company on or before the Record Date, 488,940,200 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represents 50% of the Company's entire issued share capital as at the date of this announcement and will represent approximately 33.33% of the Company's entire issued share capital as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue.

As at the date of this announcement, save for the outstanding existing Share Options carrying the right to subscribe for a total number of 38,700,000 Shares at an exercise price of HK\$0.125 per Share, of which (i) 26,200,000 Shares are exercisable from 27 November 2020 to 26 November 2022 (both days inclusive), (ii) 6,250,000 Shares are exercisable from 27 November 2020 to 26 November 2021 (both day inclusive), and (iii) 6,250,000 Shares are exercisable from 27 November 2021 to 26 November 2022 (both days inclusive), the Company has no outstanding derivatives, convertible securities, options, warrants or other similar securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities and/or options on or before the Record Date.

On 1 November 2021, each of the Optionholders has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date (see the paragraph headed "Underwriting arrangement and undertakings — The Optionholders' undertakings" below for further details of the Optionholders Undertakings). Accordingly, not more than 20,900,000 new Shares may be issued upon exercise of all outstanding Share Options from the date of this announcement up to and including the Record Date. Assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date, 499,390,200 Rights Shares that will be allotted and issued represents (i) approximately 51.07% of the existing number of Shares in issue as at the date of this announcement; and (ii) approximately 33.33% of the number of Shares in issue as enlarged by the allotment and issue of the Rights Shares.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of its level of acceptances, and up to 499,390,200 Rights Shares are to be subscribed subject, however, to any Scaling-down vis-a-vis the MGO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriters (or either of them, whichever shall be appropriate) will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder's name must appear on the register of members of the Company on the Record Date, which is currently expected to be Friday, 3 December 2021 and such Shareholder must not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificate(s)) must be lodged with the branch share registrar of the Company in Hong Kong for registration by 4:30 p.m. on the Last Day for Transfer. The register of members of the Company will be closed from Monday, 29 November 2021 to Friday, 3 December 2021, both days inclusive.

The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The last day of dealings in the Shares on a cum-rights basis is Wednesday, 24 November 2021. The Shares will be dealt with on an ex-rights basis from Thursday, 25 November 2021.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The Company expects to send the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their

information only, but will not send any PAL or EAF to them. A copy of the Prospectus will also be made available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.deson.com).

Closure of Register of Members

For the purpose of determining entitlements to the Rights Issue, the register of members of the Company will be closed from Monday, 29 November 2021 to Friday, 3 December 2021, both days inclusive. No transfer of Shares will be registered during this period.

Non-Qualifying Shareholders

The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation or equivalent legislation of any jurisdictions other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company notes the requirements specified in section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules and will only exclude from the Rights Issue the Overseas Shareholders whom the Directors, after making enquiries, consider it necessary or expedient to exclude on account of either the legal restrictions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. The basis of exclusion of the Non-Qualifying Shareholders from the Rights Issue, if any, will be disclosed in the Prospectus. The Company will not offer the Rights Shares to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be sent to the Non-Qualifying Shareholders. The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Prospectus with the Overseas Letter to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before dealings in the nil-paid Rights Shares end, if a premium in excess of all expenses of sale can be obtained. The aggregate net proceeds of such sale will be distributed by the Company to the Non-Qualifying Shareholders (pro-rata to their respective entitlements on the Record Date and round down to the nearest cent) in Hong Kong dollars, provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not less than HK\$100. In view of administrative costs, the Company will retain individual amount of less than HK\$100 for its own benefit. Any unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

TERMS OF THE RIGHTS ISSUE

Subscription Price

The Subscription Price of HK\$0.10 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (i) a discount of approximately 7.4% to the Last Closing Price;
- (ii) a discount of approximately 7.6% to the average closing price of approximately HK\$0.108 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days ending on and including the Last Trading Day;
- (iii) a discount of approximately 7.8% to the average closing price of approximately HK\$0.109 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days ending on and including the Last Trading Day;
- (iv) a discount of approximately 8.26% to the average of the closing prices of approximately HK\$0.109 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 5.06% to the theoretical ex-right price of approximately HK\$0.10533 based on the Last Closing Price;

- (vi) a discount of approximately 93.8% to the audited consolidated net asset value per Share of approximately HK\$1.62 (based on the latest published consolidated net asset value of the Group of approximately HK\$1,586,422,000 as at 31 March 2021 as disclosed in the annual report of the Company for the year ended 31 March 2021 and 977,880,400 Shares in issue as at the date of this announcement); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 2.53%, represented by the theoretical diluted price of approximately HK\$0.106 per Share to the benchmarked price of approximately HK\$0.108 per Share (as defined under Rule 7.27BA of the Listing Rules, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement).

The par value of each Rights Share is HK\$0.10.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.096.

The Subscription Price and the subscription ratio were determined by the Directors with reference to (i) the market price of the Shares prior to and including the Last Trading Day; (ii) the prevailing market conditions; and (iii) the fund-raising size intended by the Company after taking into consideration of the par value per Share of the Company. According to the relevant Bermuda laws, the Company shall not issue shares at a price below its par value.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of Provisional Allotments

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited on or before the Latest Time for Acceptance.

Fractional Entitlements to the Rights Shares

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares

arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

Odd lot trading arrangement

Upon completion of the Rights Issue, the board lots of the Company will remain as 5,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company will procure the Underwriters to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period between Monday, 3 January 2022 to Monday, 24 January 2022 (both days inclusive). Holders of odd lots Shares who wish to take advantage of this facility either to dispose of their odd lots of Shares or to top up to board lots of 5,000 Shares may contact the Underwriters as soon as possible during the period. The Underwriters are independent third parties not connected with the Company or any of the directors, chief executives, or substantial shareholders of the Company or any of its subsidiaries or associates. Holders of Shares in odd lots should note that the matching services mentioned above are on a “best effort” basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements. Further details of the odd lot matching services will be provided in the Prospectus.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAFs, and the Excess Rights Shares represent:

- (i) any nil-paid Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) subject to the provisions of the Underwriting Agreement, any entitlements of the Non-Qualifying Shareholder provisionally allotted to a nominee of the Company which are left unsold;

- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and
- (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

Application for Excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the branch share registrar of the Company in Hong Kong no later than 4:00 p.m. on Monday, 20 December 2021. The Directors will, upon consultation with the Underwriters, allocate any Excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any Excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the Excess Rights Shares applied for;
- (ii) reference will only be made to the number of Excess Rights Shares being applied for but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full application; and
- (iv) no preference will be given to topping up odd-lots to whole board lots.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the branch share registrar of the Company in Hong Kong for registration by no later than 4:30 p.m. on Friday, 26 November 2021. Shareholders and investors of the Company should consult their professional advisers if they are in doubt as to their status.

Scale-down of subscriptions to avoid the triggering of the MGO Obligation and noncompliance of the Public Float Requirement

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriters on a best effort basis, and so as to avoid the unwitting triggering of the MGO Obligation and/or any non-compliance with the Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriters (or either of them, whichever shall be appropriate) will be made on the basis that the applications are to be scaled-down by the Company to a level which (i) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it; and/or (ii) does not result in the noncompliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under PAL(s) or EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of the Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (i) EAF(s) should be scaled down before PAL(s); and (ii) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited on or before the Latest Time for Acceptance.

Share Certificates and Refund Cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for fully paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on or before Friday, 31 December 2021. Each Shareholder will receive one share certificate for all allotted Rights Shares, except HKSCC Nominees Limited. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the applicants by ordinary post at their own risk on or before Friday, 31 December 2021.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company is listed, or dealt in, or for which listing or permission to deal is being or is proposed to be sought, on any other stock exchange. Nil-paid Rights Shares are expected to be traded in board lots of 5,000 (as the Shares are currently traded on the Stock Exchange in board lots of 5,000).

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day after the date of the transaction. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, the Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

UNDERWRITING ARRANGEMENT AND UNDERTAKINGS

The Controlling Shareholders' undertakings

As at the date of this announcement, (1) Mr. Tjia, the Managing Director, Chairman and a Controlling Shareholder of the Company, directly holds 86,001,600 Shares, representing approximately 8.79% of the issued share capital of the Company; and (2) Sparta, a Controlling Shareholder of the Company, directly holds 349,935,000 Shares, representing approximately 35.79% of the issued share capital of the Company.

On 1 November 2021, the Company received the Irrevocable Undertakings from each of Mr. Tjia and Sparta, pursuant to which each of Mr. Tjia and Sparta has irrevocably undertaken to the Company and the Underwriters, among other things, to:

- (i) subscribe for 43,000,800 Rights Shares and 174,967,500 Rights Shares, respectively, which will be provisionally allotted to each of them nil-paid in respect of the 86,001,600 Shares legally and beneficially owned by Mr. Tjia and 349,935,000 Shares legally and beneficially owned by Sparta, pursuant to the terms of the Rights Issue Documents; and
- (ii) ensure that the 86,001,600 Shares currently legally and beneficially owned by Mr. Tjia and 349,935,000 Shares currently legally and beneficially owned by Sparta will remain legally and beneficially owned by each of them on the Record Date.

As at the date of this announcement, Mr. Tjia together with Sparta hold 435,936,600 Shares, representing approximately 44.57% of the entire issued share capital of the Company. The Irrevocable Undertakings are subject to a cap and the maximum number of Rights Shares together with the Shares already held by Mr. Tjia and Sparta shall not be more than 46.57% of the total enlarged issued share capital of the Company at completion of the Rights Issue so as not to trigger any obligation for a general offer under the Takeovers Code.

The Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue.

The Underwriting Agreement

On 1 November 2021 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters, pursuant to which the Underwriters have conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares up to 281,421,900 (assuming all outstanding Share Options, excluding those Share Options held by the Optionholders, are being exercised and no other change in the share capital of the Company on or before the Record Date), subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

Principal terms of the Underwriting Agreement

Date:	1 November 2021 (after trading hours)
Issuer:	The Company
Underwriters:	Koala Securities Limited and Yellow River Securities Limited
Number of Underwritten Shares:	Up to 281,421,900 Rights Shares (assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date) underwritten by the Underwriters on a best effort basis pursuant to the terms and conditions of the Underwriting Agreement
Underwriting Commission:	3.5% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares being underwritten by the Underwriters

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriters and their ultimate beneficial owners are independent of the Company and its connected persons. As at the date of the Underwriting Agreement, the Underwriters are not interested in any Shares.

The said commission rate was determined after arm's length negotiations between the Company and the Underwriters with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors (including the independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the commission rate) are fair and reasonable so far as the Company and the Shareholders are concerned.

Save for the Underwriting Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriters or any of their connected persons and their respective associate.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (ii) the filing and registration of all the Rights Issue Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (iii) the posting of the Rights Issue Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders for information only, if any, by no later than the Posting Date;
- (iv) the Underwriting Agreement not being terminated by the Underwriters pursuant to the terms hereof on or before the Latest Time for Termination;
- (v) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination;
- (vi) the Company having complied with all applicable laws and regulations;
- (vii) each party having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated herein;
- (viii) the entering into of binding agreements by the Underwriters with certain subscriber(s) procured by the Underwriters and/or sub-underwriter(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriters nor any of the subscriber(s) procured by the Underwriters and/or subunderwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 30% or more of the issued share capital of the Company as enlarged by the Rights Issue;
- (ix) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading

of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;

- (x) there being no Specified Event occurring on or before the Latest Time for Termination; and
- (xi) the Underwriters having received from the Company all the documents required under the Underwriting Agreement in such form and substance satisfactory to the Underwriters.

Save for the conditions (v) and (xi) which can be waived by the Underwriters and the Company jointly, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of

the Underwriters are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole; or
- (v) in the absolute opinion of the Underwriters, there occurs any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the Posting Date and not having been disclosed in the Rights Issue Documents, would have constituted, in the absolute opinion of the Underwriters, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than twenty (20) consecutive trading days otherwise than due to or in connection with or in relation to the Underwriting Agreement and/or the Rights Issue and excluding any suspension in connection with the clearance of this announcement or other matters in connection with the Underwriting Agreement and/or the Rights Issue; or
- (viii) the Rights Issue Documents when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriters be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

the Underwriters shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriters.

The Optionholders' undertakings

As at the date of this announcement, the Company has 38,700,000 outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 38,700,000 new Shares.

On 1 November 2021, each of the Optionholders has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date. Details of the Share Options outstanding and the Optionholders are set out below:

Name	Date of grant	Exercise period	Exercise Price HK\$	Number of Share Options held as at the date of this announcement	Percentage to issued Shares as at the date of this announcement (%)
Tjia Boen Sien	27 November 2020	27 November 2020 to 26 November 2022	0.125	800,000	0.08
Wang Jing Ning	27 November 2020	27 November 2020 to 26 November 2022	0.125	9,000,000	0.92
Tjia Wai Yip, William	27 November 2020	27 November 2020 to 26 November 2022	0.125	8,000,000	0.82
Other Share Options holders	27 November 2020	27 November 2020 to 26 November 2022	0.125	8,400,000	0.86
	27 November 2020	27 November 2020 to 26 November 2021	0.125	6,250,000	0.64
	27 November 2020	27 November 2021 to 26 November 2022	0.125	6,250,000	0.64
Total					3.96

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the date of the announcement, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

- (i) Assuming there is no change in the share capital of the Company on or before the Record Date and the Underwriters underwrite all Untaken Shares:

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders and no share options have been exercised)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than the Rights Shares which Mr. Tjia and Sparta will take up in accordance with the Irrevocable Undertakings and no share options have been exercised) (Note 1)	
	No of Shares	Approximate %	No of Shares	Approximate %	No of Shares	Approximate %
Mr. Tjia (Note 2)	86,001,600	8.79	129,002,400	8.79	129,002,400	8.79
Sparta (Note 2)	349,935,000	35.79	524,902,500	35.79	524,902,500	35.79
Granda Oversea Holdings Limited	173,698,740	17.76	260,548,110	17.76	173,698,740	11.84
Underwriters (Note 3)	—	—	—	—	270,971,900	18.48
Mr. Wang Jing Ning (Note 4)	26,429,400	2.70	39,644,100	2.70	26,429,400	1.80
Mr. Tjia Wai Yip, William (Note 5)	2,400,000	0.25	3,600,000	0.25	2,400,000	0.16
Dr. Ho Chung Tai, Raymond (Note 6)	727,500	0.07	1,091,250	0.07	727,500	0.05
Ir Siu Man Po (Note 7)	920,000	0.10	1,380,000	0.10	920,000	0.06
Public Shareholders (Note 9)	337,768,160	34.54	506,652,240	34.54	337,768,160	23.03
TOTAL	977,880,400	100.00	1,466,820,600	100.00	1,466,820,600	100.00

- (ii) Assuming all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised and no other change in the share capital of the Company on or before the Record Date and the Underwriters underwrite all Untaken Shares:

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming (1) full acceptance by the Qualifying Shareholders; (2) all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised; and (3) no other change in the share capital of the Company on or before the Record Date)		Immediately after completion of the Rights Issue (assuming (1) nil acceptance by the Qualifying Shareholders other than the Rights Shares which Mr. Tjia and Sparta will take up in accordance with the Irrevocable Undertakings; (2) all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised; and (3) no other change in the share capital of the Company on or before the Record Date)	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Mr. Tjia (Note 2)	86,001,600	8.79	129,002,400	8.61	129,002,400	8.61
Sparta (Note 2)	349,935,000	35.79	524,902,500	35.04	524,902,500	35.04
Granda Oversea Holdings Limited	173,698,740	17.76	260,548,110	17.39	173,698,740	11.60
Underwriters (Note 3)	—	—	—	—	281,421,900	18.78
Mr. Wang Jing Ning (Note 4)	26,429,400	2.70	39,644,100	2.65	26,429,400	1.76
Mr. Tjia Wai Yip, William (Note 5)	2,400,000	0.25	3,600,000	0.24	2,400,000	0.16
Dr. Ho Chung Tai, Raymond (Note 6)	727,500	0.07	2,291,250	0.15	1,527,500	0.10
Ir Siu Man Po (Note 7)	920,000	0.10	2,580,000	0.17	1,720,000	0.12
Mr. Siu Kam Chau (Note 8)	—	—	1,200,000	0.08	800,000	0.05
Public Shareholders (Note 9)	337,768,160	34.54	534,402,240	35.67	356,268,160	23.78
TOTAL	977,880,400	100.00	1,498,170,600	100.00	1,498,170,600	100.00

Notes:

1. Assuming no excess applications are made by Qualifying Shareholders and no Non-Qualifying Shareholder.
2. As at the date of this announcement, Sparta is wholly owned by Mr. Tjia. Accordingly, Mr. Tjia is deemed to be interested in 349,935,000 shares of the Company held by Sparta by virtue of the SFO.
3. Pursuant to the Underwriting Agreement, the Underwriters shall confirm with the Company the actual number of Untaken Shares as at the Latest Time for Acceptance, and shall procure for subscription therefor on a best effort basis whilst using its best endeavours to ensure that (i) each of the subscribers of the Untaken Shares procured by the Underwriters (or the Underwriters concerned, whichever shall be appropriate) shall be an Independent Third Party and not connected with the Company, any of the Directors or chief executive or substantial Shareholders or their respective associates; (ii) the Public Float Requirement be fulfilled by the Company upon completion of the Rights Issue; and (iii) the Underwriters or each subscriber procured by the Underwriters (together with parties acting in concert with the respective

subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

4. Mr. Wang Jing Ning is an executive Director. As at the date of this announcement, 26,429,400 Shares and 9,000,000 Share Options are held by Mr. Wang Jing Ning. Mr. Wang Jing Ning has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date.
5. Mr. Tjia Wai Yip, William is an executive Director. As at the date of this announcement, 2,400,000 Shares and 8,000,000 Share Options are held by Mr. Tjia Wai Yip, William. Mr. Tjia Wai Yip, William has given his Optionholders Undertaking to the Company to the effect that he will not exercise any of his Share Options on or before the Record Date.
6. Dr. Ho Chung Tai, Raymond is an independent non-executive Director. As at the date of this announcement, 727,500 Shares and 800,000 Share Options are held by Dr. Ho Chung Tai, Raymond.
7. Ir Siu Man Po is an independent non-executive Director. As at the date of this announcement, 920,000 Shares and 800,000 Share Options are held by Ir Siu Man Po.
8. Mr. Siu Kam Chau is an independent non-executive Director. As at the date of this announcement, 800,000 Share Options are held by Mr. Siu Kam Chau.
9. Other Shareholders also includes the Share Options holders who are employees of the Group.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2021

Last day of dealings in the Shares on a cum-rights basis	Wednesday, 24 November
Commencement of dealings in the Shares on an ex-rights basis	Thursday, 25 November
Latest time for lodging transfer of the Shares in order to be qualified for the Rights Issue	4:30 p.m. Friday, 26 November
Register of members closes for determining entitlements under the Rights Issue	Monday, 29 November to Friday, 3 December (both days inclusive)
Record Date for determining entitlements under the Rights Issue	Friday, 3 December
Register of members re-opens	Monday, 6 December

Despatch of (i) Rights Issue Documents to Qualifying Shareholders; and (ii) the Prospectus with the Overseas Letter to Non-Qualifying Shareholders (if any). Monday, 6 December

First day of dealings in nil-paid Rights Shares 9:00 a.m. Wednesday, 8 December

Latest time for splitting nil-paid Rights Shares4:30 p.m. Friday, 10 December

Last day of dealings in nil-paid Rights Shares Wednesday, 15 December

Latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares 4:00 p.m. Monday, 20 December

Latest time and date for the Rights Issue to become unconditional 5:00 p.m. Wednesday, 22 December

Announcement of results of the Rights Issue to be published in the respective websites of the Stock Exchange and the Company on or before. Thursday, 30 December

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before Friday, 31 December

Certificates for the Rights Shares expected to be despatched on or before Friday, 31 December

Dealings in fully-paid Rights Shares commence 9:00 a.m. Monday, 3 January 2022

Note: All times and dates in this announcement refer to Hong Kong times and dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange appropriately.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoon issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement of any change to the expected timetable as soon as practicable in this regard.

REASONS FOR THE PROPOSED RIGHTS ISSUE AND USE OF PROCEEDS

The Directors currently intend to use the net proceeds of approximately HK\$48.0 million as follows:

- approximately 58% of the net proceeds (approximately HK\$28.0 million) will be used for the repayment of unsecured loans by the Group;
- the remaining 42% of the net proceeds (approximately HK\$20.0 million) will be used as general working capital.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid

rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.**

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, of approximately HK\$1 million, will be borne by the Company. Assuming (1) full acceptance by the Qualifying Shareholders; (2) all outstanding Share Options (other than the Share Options held by the Optionholders) are being exercised; and (3) no other change in the share capital of the Company on or before the Record Date, the estimated net proceeds of the Rights Issue will be not more than approximately HK\$48.0 million.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Save for the Rights Issue, the Company has not engaged in any equity fund raising activities or any rights issue exercise during the past 12 months immediately before the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

INFORMATION ON THE GROUP

As at the date of this announcement, the Group principally engages in (a) property development and investment; (b) trading of medical equipment and home security and automation products; and (c) operation of a hotel.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, other than the Share Options held by the Optionholders, there are 20,900,000 outstanding Share Options. The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the share option scheme of the Company. The Company will make further announcement(s) about the adjustments as and when appropriate.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50% and any issue of the Rights Shares pursuant to the Irrevocable Undertaking is fully exempted from the requirements of Chapter 14A of the Listing Rules, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

GENERAL

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Monday, 6 December 2021 and the Prospectus with the Overseas Letter will be despatched to the Non-Qualifying Shareholder(s) (if any) for information only.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

Shareholders and potential investors of the Company should note that the Rights Issue is upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares are expected to be dealt in on an ex-right basis from Thursday, 25 November 2021. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 8 December 2021 to Wednesday, 15 December 2021 (both dates inclusive).

Any Shareholder or other person contemplating selling or purchasing the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the Shares and any dealings in the Rights Shares in their nil-paid form from Wednesday, 8 December 2021 to Wednesday, 15 December 2021 (both dates inclusive) will accordingly bear the risk that the Right Issue cannot become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturdays) on which banks are generally open for business in Hong Kong; and for all other purposes, a day on which the Stock Exchange is open for transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 262)
“Controlling Shareholder”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue

“Excess Rights Shares”	any nil-paid Rights Share(s) provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance, any entitlements of the Non-Qualifying Shareholders provisionally allotted to a nominee of the Company which are left unsold, and shall include any of the Rights Shares created from the aggregation of fractions of the Rights Shares and the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any)
“Final Acceptance Date”	the last date for acceptance and payment in respect of provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, which is currently scheduled to be on Monday, 20 December 2021 or such later date as determined by the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Irrevocable Undertaking(s)”	the irrevocable undertakings given by Mr. Tjia and Sparta in favour of the Company and the Underwriters, the principal terms of which are disclosed in the paragraph headed “Underwriting arrangement and undertakings — The Controlling Shareholders’ undertakings” in this announcement
“Last Closing Price”	the closing price of HK\$0.108 per Share as quoted on the Stock Exchange on the Last Trading Day
“Last Day for Transfer”	Friday, 26 November 2021, being the last date for lodging transfer of Shares prior to the closure of register of members of the Company
“Last Trading Day”	Monday, 1 November 2021, being the last full trading day for the Shares before the release of this announcement
“Latest Time for Acceptance”	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date

“Latest Time for Termination”	5:00 p.m. on Wednesday, 22 December 2021 or such later time or date as may be agreed between the Company and the Underwriters, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“MGO Obligation”	the obligation to make general offer under the Takeovers Code
“Mr. Tjia”	Mr. Tjia Boen Sien, the Managing Director, Chairman and a Controlling Shareholder of the Company
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places, consider it necessary or expedient to exclude them from the Rights Issue (if any)
“Optionholder(s)”	the holders of the Share Options, who have provided the Optionholders Undertakings, namely, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Tjia Wai Yip, William, all are executive Directors
“Optionholders Undertaking(s)”	the irrevocable undertakings given by the Optionholders as mentioned in the paragraph headed “Underwriting arrangement and undertakings — The Optionholders’ Undertakings” in this announcement
“Overseas Letter”	the letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders (if any) are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue

“Posting Date”	Monday, 6 December 2021 or such other date as the Company determines for the despatch of the Rights Issue Documents to the Qualifying Shareholders or the Prospectus with Overseas Letter for information only to the Non-Qualifying Shareholders (if any), as the case may be
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	Friday, 3 December 2021, or on such other date as the Company may determine, being the date of reference to which the Shareholders’ entitlements to the Rights Issue are to be determine
“Rights Issue”	the issue of 499,390,200 Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date payable in full on acceptance
“Rights Issue Documents”	the Prospectus, PAL and EAF
“Rights Share(s)”	up to 499,390,200 new Share(s) to be allotted and issued in respect of the Rights Issue
“Scale-down PAL Shares“	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scale-down EAF Shares“	such number of Rights Shares applied for under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company

“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 15 August 2012
“Shareholder(s)”	holder(s) of the Shares
“Sparta”	Sparta Assets Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Tjia
“Specified Event”	an event occurring or matter arising on or after the date of execution of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of execution of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“Underwriters”	Koala Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities for the purpose of the SFO and Yellow River Securities Limited, a licensed corporation to carry out type 1 (dealing in securities)

“Underwriting Agreement”	the underwriting agreement dated Monday, 1 November 2021 entered into between the Company and the Underwriters in relation to the underwriting arrangement of the Rights Issue
“Underwritten Shares”	all the Rights Shares to be underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
“Untaken Shares”	all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“%”	per cent

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

Hong Kong, 1 November 2021

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