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MAJOR TRANSACTION IN RELATION TO LEASE AGREEMENTS

THE LEASE AGREEMENTS

The Board is pleased to announce 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 (both days inclusive).

IMPLICATIONS UNDER THE LISTING RULES

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.

* For identification purposes only

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.

The SGM will be held and convened for the Shareholders to consider and, if thought fit, to approve the entering into of the Lease Agreements and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, as no Shareholder or any of their respective associates has any material interest in the Lease Agreements and the transactions contemplated thereunder, no Shareholder will be required to abstain from voting at the SGM for approving the same.

A circular of the Company containing, among other things, further information on the Lease Agreements and the transactions contemplated thereunder, the notice convening the SGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders in accordance with the Listing Rules on or before 17 July 2024.

INTRODUCTION

The Board is pleased to announce 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 (both days inclusive).

THE LEASE AGREEMENTS

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

(1) Lease Agreement 1

Date:	25 June 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

(2) Lease Agreement 2

Date: 25 June 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

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 signing of Lease Agreement 3

(4) Lease Agreement 4

Date: 25 June 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

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

(6) Lease Agreement 6

Date: 25 June 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

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

(8) Lease Agreement 8

Date:	25 June 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 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 increase of the abovementioned monthly rent for each Premises shall be negotiated every three years based on the prevailing market rent. 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.

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) the Lessors having obtained the housing ownership certificates of the Premises; and (ii) the Lessee having obtained all necessary approvals under the relevant laws, rules and regulations in Hong Kong including but not limited to obtaining the Shareholders' approval of the Company at the SGM for the Lease Agreements and the transactions contemplated thereunder.

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.

Early termination

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 Agreements 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.

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.

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 Agreement 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.

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

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.

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. As one of the principal businesses of the Group is hotel operation, the Group intends to operate the Premises, together with other premises owned by the Group located at the same location Building No. 3, 1 Longting Lake • Xiyuan, Longting Area, Kaifeng City, Henan Province, the PRC for a new hotel business 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, manachised and franchised hotels mainly in the PRC ("**H World Group**"). Therefore, the leasing of the Premises is to support the new hotel business of the Group.

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. 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.

IMPLICATIONS UNDER THE LISTING RULES

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.

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.

The SGM will be held and convened for the Shareholders to consider and, if thought fit, to approve the entering into of the Lease Agreements and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, as no Shareholder or any of their respective associates has any material interest in the Lease Agreements and the transactions contemplated thereunder, no Shareholder will be required to abstain from voting at the SGM for approving the same.

A circular of the Company containing, among other things, further information on the Lease Agreements and the transactions contemplated thereunder, the notice convening the SGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders in accordance with the Listing Rules on or before 17 July 2024.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“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 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 People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, 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
“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 and 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 and 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 and 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 and 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 and 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 and 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 and 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 and 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
“Lessor 1”	吳曉梅 (Wu Xiao Mei)*, an Independent Third Party
“Lessor 2”	王晨 (Wang Chen)*, an Independent Third Party
“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”	焦珊珊 (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

* *the English name for identification purposes only*

“PRC”	the People’s Republic of China, which for the purpose of this announcement 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
“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
“SGM”	the special general meeting to be convened by the Company to consider and, if thought fit, approve, among other things, the entering into of the Lease Agreements and the transactions contemplated thereunder

“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, 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.

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

Hong Kong, 25 June 2024

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