



迪臣建設國際集團有限公司

Deson Construction International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8268

FIRST QUARTERLY REPORT 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven days from the date of its publication and on the website of the Company at www.deson-c.com.

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively the “**Group**”) for the three months ended 30 June 2015 (the “**Reporting Period**”), together with the unaudited comparative figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 June 2015

| | | (Unaudited) | |
|--|-------|---------------------------|-------------|
| | | Three months ended 30 Jun | |
| | | 2015 | 2014 |
| | Notes | HK\$'000 | HK\$'000 |
| REVENUE | 3 | 145,288 | 162,517 |
| Cost of sales | | (136,025) | (154,170) |
| | | <hr/> | <hr/> |
| Gross profit | | 9,263 | 8,347 |
| Other income | | 372 | 569 |
| Administrative expenses | | (8,486) | (7,119) |
| Other operating income/(expenses), net | | 12 | (264) |
| Finance costs | 5 | (67) | (14) |
| | | <hr/> | <hr/> |
| PROFIT BEFORE TAX | 4 | 1,094 | 1,519 |
| Income tax credit/(expense) | 6 | (89) | 7 |
| | | <hr/> | <hr/> |
| PROFIT FOR THE PERIOD | | 1,005 | 1,526 |
| | | <hr/> | <hr/> |
| Attributable to: | | | |
| Owners of the Company | | 1,165 | 1,054 |
| Non-controlling interests | | (160) | 472 |
| | | <hr/> | <hr/> |
| | | 1,005 | 1,526 |
| | | <hr/> | <hr/> |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic and diluted | 7 | HK0.15 cent | HK0.13 cent |
| | | <hr/> | <hr/> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 June 2015

| | (Unaudited) | |
|---|---------------------------|----------|
| | Three months ended 30 Jun | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| PROFIT FOR THE PERIOD | 1,005 | 1,526 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | 312 | (301) |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX | 312 | (301) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 1,317 | 1,225 |
| Attributable to: | | |
| Owners of the Company | 1,426 | 810 |
| Non-controlling interests | (109) | 415 |
| | 1,317 | 1,225 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2015

| | Attributable to owners of the Company | | | | | | | | | | | |
|---|---------------------------------------|---------------|----------------------|------------------------------|----------------|------------------------------|---------------|--|-------------------------|----------|---------------------------|--------------|
| | Issued capital | Share premium | Contribution surplus | Property revaluation reserve | Merger reserve | Exchange fluctuation reserve | Reserve funds | Retained profits/ (Accumulated losses) | Proposed final dividend | Total | Non-controlling interests | Total equity |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2014 (audited) | — | — | — | 111,542 | 40,000 | 5,218 | 4,795 | 84,386 | — | 245,941 | 5,823 | 251,764 |
| Profit for the period | — | — | — | — | — | — | — | 1,054 | — | 1,054 | 472 | 1,526 |
| Other comprehensive loss for the period: | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | — | — | (244) | — | — | — | (244) | (57) | (301) |
| Total comprehensive income/(loss) for the period | — | — | — | — | — | (244) | — | 1,054 | — | 810 | 415 | 1,225 |
| Release of revaluation reserve | — | — | — | (914) | — | — | — | 914 | — | — | — | — |
| Transfer of reserve | — | — | — | — | — | — | 786 | (786) | — | — | — | — |
| At 30 June 2014 | — | — | — | 110,628 | 40,000 | 4,974 | 5,581 | 85,568 | — | 246,751 | 6,238 | 252,989 |
| At 1 April 2015 (audited) | 20,000 | 14,381 | (5,372) | 15,645 | — | 4,984 | 5,581 | (35,927) | 4,000 | 23,292 | 4,966 | 28,258 |
| Profit for the period | — | — | — | — | — | — | — | 1,165 | — | 1,165 | (160) | 1,005 |
| Other comprehensive income for the period: | | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | — | — | 261 | — | — | — | 261 | 51 | 312 |
| Total comprehensive income for the period | — | — | — | — | — | 261 | — | 1,165 | — | 1,426 | (109) | 1,317 |
| Release of revaluation reserve | — | — | — | (180) | — | — | — | 180 | — | — | — | — |
| At 30 June 2015 | 20,000 | 14,381 | (5,372) | 15,465 | — | 5,245 | 5,581 | (34,582) | 4,000 | 24,718 | 4,857 | 29,575 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Deson Construction International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law (as revised) of the Cayman Island as an exempted company with limited liability on 18 July 2014 and its share have been listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited since 8 January 2015. The registered address of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged as a contractor in the construction business to provide building construction works, electrical and mechanical engineering works and alterations, addition, renovation, refurbishment and fitting-out works, mainly in Hong Kong and Mainland China and other construction related business.

In the opinion of the directors of the Company, Deson Development Holdings Limited, a company incorporated in the British Virgin Islands is the immediate holding company of the Company, and Deson Development International Holdings Limited (“**DDIHL**”), a company incorporated in Bermuda and listed on the Main Board of The Stock Exchange, is the ultimate holding company of the Company.

2. Basis of Preparation

The unaudited condensed consolidated financial statements for the three months ended 30 June 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance which, because the Company has not early adopted the revised Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) issued by the Stock Exchange, are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for leasehold land and buildings classified as property, plant and equipment, and investment properties, which have been measured at fair value. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements for the three months ended 30 June 2015 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

2. Basis of Preparation (Continued)

The application of the new or revised HKFRSs in the current period has had no material effect on the amounts reported in the unaudited condensed financial information and/or disclosures set out in the unaudited condensed financial information.

The financial statements for the three months ended 30 June 2015 have not been audited by the Company's independent auditors, but have been reviewed by the Company's audit committee.

3. Revenue and Segment Information

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue from construction contracting and related business.

Revenue

| | (Unaudited) | |
|---|---------------------------|----------|
| | Three months ended 30 Jun | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Income from construction contracting and related business | 145,288 | 162,517 |

For management purpose, the Group has only one reportable operating segment which is the construction contracting and related business. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

| | (Unaudited) | |
|----------------|---------------------------|----------|
| | Three months ended 30 Jun | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Hong Kong | 96,535 | 121,906 |
| Mainland China | 44,957 | 38,467 |
| Macau | 3,796 | 2,144 |
| | 145,288 | 162,517 |

The revenue information above is based on the locations of the customers.

4. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

| | (Unaudited) | |
|---|---------------------------|----------|
| | Three months ended 30 Jun | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Cost of construction contracting | 136,025 | 154,170 |
| Auditors' remuneration | 304 | 295 |
| Depreciation | 203 | 1,248 |
| Minimum lease payments under operating leases on land and buildings | 656 | 243 |
| Loss on disposal of items of property, plant and equipment [^] | — | 264 |
| Rental income on investment properties | (168) | (168) |
| Less: Outgoings | 35 | 35 |
| | (133) | (133) |
| Employee benefit expense (including directors' remuneration): | | |
| Wages and salaries | 6,944 | 6,397 |
| Pension scheme contributions* | 218 | 176 |
| Less: Amount capitalised | (2,482) | (2,183) |
| | 4,680 | 4,390 |
| Foreign exchange differences, net [^] | (12) | — |

* At 30 June 2015, there were no forfeited contributions available to the Group to reduce contributions to the pension schemes in future years (2014: Nil).

[^] These amounts included in "Other operating income/(expenses), net" on the face of the condensed consolidated statement of profit or loss.

5. Finance Costs

An analysis of finance costs is as follows:

| | (Unaudited) | |
|---|----------------------------------|-----------------|
| | Three months ended 30 Jun | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Interest on bank loans and overdrafts wholly repayable within five years and total interest expense on financial liabilities not at fair value through profit or loss | 203 | 430 |
| Less: Interest capitalised | (136) | (416) |
| | 67 | 14 |

6. Income Tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the three months ended 30 June 2015 and 30 June 2014, unless the Group's subsidiaries did not generate any assessable profits arising in Hong Kong during that period or the Group's subsidiaries had available tax losses brought forward from prior years to offset the assessable profits generated during that period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

| | (Unaudited) | |
|--|----------------------------------|-----------------|
| | Three months ended 30 Jun | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Current — Hong Kong | | |
| Credit for the period | — | (12) |
| Current — Elsewhere | | |
| Charge for the period | 13 | 5 |
| Deferred | 76 | — |
| Total tax charge/(credit) for the period | 89 | (7) |

7. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, and the number of ordinary shares of 800,000,000 (2014: 800,000,000) in issue during the period, after taking into account the Share Subdivision (the “**Share Subdivision**”) which was effective from 4 June 2015 and as if the Reorganisation (as defined in the prospectus of the Company dated 24 December 2014) had been effective since 1 April 2014.

No adjustment has been made to the basic earnings per share amounts presented for the respective periods in respect of a dilution as the Group has no potential dilutive ordinary shares issued during these periods.

8. Dividend

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2015 (three months ended 30 June 2014 : Nil).

9. Share Capital

| | Note | Number of shares in issue | Issued capital HK\$'000 | Share premium account HK\$'000 | Total HK\$'000 |
|-----------------------|------|---------------------------------|-------------------------------|---|-------------------|
| At 1 April 2015 | | 400,000,000 | 20,000 | 14,381 | 34,381 |
| Subdivision of shares | (i) | 400,000,000 | — | — | — |
| At 30 June 2015 | | 800,000,000 | 20,000 | 14,381 | 34,381 |

Note:

- (i) On 8 May 2015, the board of directors of the Company proposed Share Subdivision whereby each of the issued and unissued ordinary share with a par value of HK\$0.05 each in the share capital of the Company be subdivided into two ordinary shares with a par value of HK\$0.025 each (“**Subdivided Share(s)**”), such that the authorised share capital of the Company becomes HK\$100,000,000 divided into 4,000,000,000 shares with a par value of HK\$0.025 each, and the Subdivided Shares rank *pari passu* in all respects with each other in accordance with the memorandum and articles of association of the Company. The Share Subdivision was approved upon the passing of the ordinary resolution by the shareholders of the Company at the extraordinary general meeting held on 3 June 2015 and became effective on 4 June 2015.

BONUS ISSUE OF SHARES

The Directors have resolved to recommend a bonus issue of shares for the year, subject to the approval of shareholders at the forthcoming extraordinary general meeting of the Company. The bonus issue of shares will be made on the basis of one bonus share for every four existing ordinary shares held by the shareholders of the Company whose names appear on the register of members on 25 September 2015. The bonus shares will be credited as fully paid at par and will rank *pari passu* with the existing ordinary shares in all respects.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 September 2015 to 25 September 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed bonus issue, all completed transfer documents accompanying with the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 23 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We are principally engaged as a contractor in the building industry operating in Hong Kong and the People's Republic of China (the "PRC"). As a contractor, we provide one-stop comprehensive services with the following three major types of services: (a) building construction works; (b) electrical and mechanical engineering ("E&M") works; and (c) alternations, addition, renovation, refurbishment and fitting-out works.

The Group's turnover for the three months ended 30 June 2015 recorded at approximately HK\$145 million which represented a decrease of 11% from approximately HK\$163 million for the three months ended 30 June 2014.

(i) Building construction works:

For the three months ended 30 June 2015, revenue recorded at this segment amounted to approximately HK\$50 million (three months ended 30 June 2014: HK\$56 million). The decrease by 11% was because certain substantial projects were completed for the year ended 31 March 2015 and thus no revenue was recognised for the three months ended 30 June 2015. These contracts include superstructure work for residential houses at Stubbs Road, Hong Kong, alternation and addition works for factory building at Tsun Yip Street, Kowloon and alternation and addition works for residential development at South Bay Road, Hong Kong.

(ii) Electrical and mechanical engineering works:

For the three months ended 30 June 2015, revenue recorded at this segment amounted to approximately HK\$30 million (three months ended 30 June 2014: HK\$36 million). The decrease by 17% was mainly due to the completion of several substantial contracts in last period which a larger contract sum was noted, while those new contracts works awarded to the Group in 2015 are still in their early stage of development. Those contracts that were completed in last period include mechanical ventilation air conditioning services for research and academic building for the Hong Kong University of Science & Technology and maintenance Term Contract for works to Government building of Architectural Services Department at Sham Shiu Po, Tsuen Wan and Kwai Tsing.

(iii) Fitting-out works:

For the three months ended 30 June 2015, revenue recorded at this segment amounted to approximately HK\$65 million (three months ended 30 June 2014: HK\$71 million). The decrease by 8% was mainly attributable to the completion of fitting-out working of Citistore at Yuen Long which a larger contract sum was noted in last period and thus no revenue was recognised for the three months ended 30 June 2015 for this contract.

During the period ended 30 June 2015, the Group completed or substantially completed projects such fitting-out works for residential house at South Bay Road, Hong Kong, electrical installation for residential building at Kwai Fong Street, Happy Valley, Hong Kong, fitting-outs works for Prada shop at Causeway Bay, Hong Kong, fitting-out works for Miu Miu shop and Prada shop at Beijing.

Financial Review

Turnover

For the three months ended 30 June 2015, the Group's turnover amounted to approximately HK\$145 million, decreased by 11% as compared to last period. The drop in turnover was mainly due to the completion of certain substantial projects for the building construction works and electrical and mechanical engineering works in last period while the new contracts granted during the period were at the beginning stage, and had not yet been recognised as revenue by the Group for the period. On the other hand, because of the completion of fitting-out working of Citistore at Yuen Long in last period and thus no revenue was recognised for the three months ended 30 June 2015 for this contract.

Gross profit margin

Our gross profit increased by approximately HK\$1 million or 11%, from approximately HK\$8 million for the three months ended 30 June 2014 to approximately HK\$9 million for the three months ended 30 June 2015. During the three months ended 30 June 2015, the gross profit margin was approximately 6%, up by 1% as compared to last period's 5%. The increase in gross profit margin is due to the conclusion of the contract sum of variation orders of fitting-out work for Prada/Miu Miu shop at Wynn Palace, Macau and Causeway Bay, Hong Kong during this period.

Other income

Other income decreased by approximately HK\$0.2 million from approximately HK\$0.6 million for the three months ended 30 June 2014 to approximately HK\$0.4 million for the three months ended 30 June 2015. The decrease was mainly due to reduction in staff cost reimbursement from DDIHL and its subsidiaries (other than the Group) (“**Remaining Group**”).

Administrative Expenses

Administrative expenses increased by approximately HK\$1.4 million or 19% from approximately HK\$7.1 million for the three months ended 30 June 2014 to approximately HK\$8.5 million for the three months ended 30 June 2015. Such increase was the combined result of (1) the increase of legal and professional fee paid to the legal adviser and compliance adviser of approximately HK\$0.4 million during this period after the listing of the Company’s share on the GEM on 8 January 2015; and (2) the increase of rental expenses by approximately HK\$0.4 million for the office premises after the transfer of Nanyang Plaza to the Remaining Group after the Reorganisation (as defined in the prospectus of the Company dated 24 December 2014).

Prospect

The Group will uphold an on-going parallel development of its construction business (including building construction and E&M works) in both the PRC and Hong Kong. To cope with the difficulties encountered in the construction and engineering industry, the Company has adopted a prudent strategy in project tendering.

With its proven track records and adequate expertise in the main contracting business, the Group obtained “List of Approved Contractors for Public Works under Group C of the Building Category under Environment, Transport and Works Bureau of the HKSAR”. Together with the licence in Group II under the “Turn-key Interior Design and Fitting-out Works” under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works” and the 11 licences held under the “List of Approved Suppliers of Materials and Specialist Contractors for Public Works under Environment, Transport and Works Bureau of the Government of the HKSAR”, enables the Group to take an active part in the construction business development.

During the Reporting Period, new projects such as Main Contractor for development of one residential house and associated external works including construction of sub-structure and superstructure works, building services and interior fitting-out works at Hoi Fung Path, Stanley, Hong Kong, fitting out works including electrical and mechanical works for three Prada/Miu Miu shops at Wynn Palace, Macau, fitting-out works of an office at Shenzhen, the PRC, fitting-out works, air-conditioning and ventilation works, plumbing and drainage works, floor heating works and electrical works for staff social center at Suning, Hebei, the PRC were granted. As at the date of this report, the Group has contracts on hand with a total contract sum of over HK\$1,326 million.

With the Group's proven track record, comprehensive services and numerous licences, permits and qualifications, the Directors believe that the Group could strengthen its position in the Hong Kong market and diversifies its customer base particularly by attracting larger corporate customers and tenders for more capital intensive projects for such customers.

The Group is currently operating in the developed cities in the PRC. Urbanisation of the PRC is expected to continue at a rapid pace, in particular, in the third- and fourth-tier cities in the PRC. With the Group's long and established experience in the PRC market, the Directors believe that the Group could grasp such opportunities and selectively expand into the third- and fourth-tier cities in the PRC leveraging on our established expertise.

In order to provide comprehensive services to our customers, we intend to expand our services under the building construction works from time to time and apply for additional licences, permits or qualifications which may be required. For example, to increase our scope of services for building construction works to include site formation, we were approved as a Specialist Contractor (site formation) by the Buildings Department of Hong Kong in December 2014. The Directors believe our qualification in site formation will complement our other services.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2015, the interests and short positions of the each of the Directors and the chief executive in shares, underlying shares or debentures of the Company or any associated corporation (within in the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules, were as follows:

A. Long positions in ordinary shares of the Company

| Name of Director | Number of ordinary shares held, capacity and nature of interest | | | Percentage of the Company's issued share capital |
|---------------------------------|---|--------------------------------|-------------|--|
| | Directly beneficially owned | Through controlled corporation | Total | |
| Mr. Kwok Koon Keung | 400 | — | 400 | 0.00% |
| Mr. Tjia Boen Sien ("Mr. Tjia") | 18,309,760 | 502,731,894 | 521,041,654 | 65.13% |

(Note 1)

Note:

- Mr. Tjia beneficially owns all the shares in Sparta Assets Limited (“**Sparta Assets**”), a company incorporated in the British Virgin Islands (“**BVI**”). Sparta Assets directly beneficially owned 93,316,000 shares in the Company and it beneficially owned 233,290,000 shares in DDIHL, representing 35.79% of the issued share capital in DDIHL. By virtue of the SFO, Mr. Tjia is deemed to be interested in 502,731,894 shares in the Company (being aggregate of 93,316,000 shares in the Company held by Sparta Assets and 409,415,894 shares in the Company indirectly owned by DDIHL (through Deson Development Holdings Limited (“**DDHL**”) which Sparta Assets is deemed to be interested in)).

B. Long positions in the ordinary shares of associated corporation — Deson Development International Holdings Limited (“DDIHL”)

| Name of Director | Number of ordinary shares held, capacity and nature of interest | | | Percentage of the Company's issued share capital |
|-----------------------|---|--------------------------------|-------------|--|
| | Directly beneficially owned | Through controlled corporation | Total | |
| Mr. Tjia | 45,774,400 | 233,290,000 <i>(Note 1)</i> | 279,064,400 | 42.81% |
| Mr. Keung Kwok Cheung | 200,000 | — | 200,000 | 0.03% |
| Mr. Kwok Koon Keung | 1,000 | — | 1,000 | 0.00% |
| Mr. Lee Tho Siem | 1,190,000 <i>(Note 2)</i> | — | 1,190,000 | 0.18% |

Notes:

- Mr. Tjia beneficially owns all the shares in Sparta Assets, a company incorporated in the BVI. Sparta Assets directly beneficially owned 233,290,000 shares in DDIHL. By virtue of the SFO, Mr. Tjia is deemed to be interested in 233,290,000 shares in DDIHL held by Sparta Assets.
- Mr. Lee Tho Siem directly beneficially owned 740,000 shares and is deemed interested in 450,000 shares held by his spouse, Ms. Wong Kam Ching. By virtue of the SFO, Ms. Wong Kam Ching's interest is taken to be Mr. Lee Tho Siem's interest.

As at 30 June 2015, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, so far as is known to the Directors of the Company, the following persons (other than Directors or chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

| Name | Capacity and nature of interest | Number of ordinary shares held | Percentage of the Company's issued share capital |
|---------------|---|---------------------------------------|---|
| DDHL | Beneficial owner | 409,415,894 | 51.18% |
| DDIHL | Interest in controlled corporation (Note 1) | 409,415,894 | 51.18% |
| Sparta Assets | Beneficial owner | 93,316,000 | 11.66% |
| | Interest in controlled corporations (Note 2) | 409,415,894 | 51.18% |

Notes:

1. DDHL is a company incorporated in the BVI and is wholly owned by DDIHL. DDIHL is deemed interested in the shares beneficially owned by DDHL.
2. Sparta Assets directly beneficially owned 233,290,000 shares in DDIHL, representing 35.79% of the issued share capital in DDIHL. By virtue of the SFO, Sparta Assets is deemed to be interested in 409,415,894 shares indirectly owned by DDIHL (through DDHL).

Save as disclosed above, as at the 30 June 2015, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESSES

The Directors are not aware of any business and interest of the Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the Reporting Period.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 30 June 2015, save for the compliance adviser agreement dated 25 December 2014 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 30 June 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders.

The shares of the Company were listed on the GEM of the Stock Exchange on 8 January 2015 (the “**Listing Date**”). The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code during the Reporting Period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group’s financial reporting matters to the Board. As at the date of this report, the audit committee comprises three independent non-executive directors, namely Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Ong King Keung.

The unaudited quarterly results of the Company for the three month ended 30 June 2015 have been reviewed by the audit committee members who have provided advice and comments thereon.

DISCLOSURE OF DIRECTORS’ INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

The followings are the changes in the information of Directors since the annual report of the Company dated 22 June 2015, which are required to be disclosed pursuant to the Rule 17.50A(1) of the GEM Listing Rules:

Mr. Cheung Ting Kee was appointed as an independent non-executive director of Yue Da Mining Holdings Limited (Stock Code: 629), a company which shares are listed on the main board of the Stock Exchange, on 21 July 2015.

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

Hong Kong, 7 August 2015

As at the date of this report, the Board comprises Mr. Keung Kwok Cheung, Mr. Kwok Koon Keung and Mr. Lo Wing Ling as executive Directors; Mr. Tjja Boen Sien as non-executive Director; and Mr. Lee Tho Siem, Mr. Cheung Ting Kee and Mr. Ong King Keung as independent non-executive Directors.