
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED

迪 臣 發 展 國 際 集 團 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 262)

**DISCLOSEABLE TRANSACTIONS
ACQUISITIONS OF PROPERTIES IN CHENGDU**

A letter from the Board is set out on pages 3 to 6 of this circular.

* *For identification only*

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DEFINITIONS

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

“Agreements”	the agreement dated 8 September, 2005 and four agreements dated 16 September, 2005 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Properties;
“Acquisitions”	the acquisitions of the Properties;
“Announcements”	the announcements dated 8 September, 2005 and 16 September, 2005 issued by the Company;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, a Sunday or a day on which typhoon signal no. 8 or a “black” rainstorm warning is hoisted in Hong Kong) on which banks are generally open for business in Hong Kong;
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liability the Shares of which are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	26 September, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular;
“PRC”	the People’s Republic of China;
“Property(ies)”	the 5th floor and 4 units on the 27th floor of 第一商業廣場 (The Fortune-King Plaza), Section 3, Hongxing Road, Jinjiang District, Chengdu, Sichuan, the PRC with an estimated total gross floor area of 5,207 square metres which are being constructed;
“Purchaser”	美格菲 (成都) 康體發展有限公司 (Megafit (Chengdu) Recreation Development Company Limited*), a wholly owned subsidiary of the Company incorporated in the PRC;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	share(s) of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	四川德豐投資有限公司 (Sichuan De Feng Investment Company Limited*), a company established in the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent.

For the purpose of this circular, the following exchange rate has been used for the conversion of Renminbi into Hong Kong dollars for indication only: RMB104 = HK\$100

* For identification only

LETTER FROM THE BOARD



DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED

迪臣發展國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 262)

Executive Directors:

Mr. Wang Ke Duan

(Chairman)

Mr. Tjia Boen Sien

(Managing Director and Deputy Chairman)

Mr. Wang Jing Ning

Mr. Keung Kwok Cheung

Mr. Ong Chi King

Independent non-executive Directors:

Dr. Ho Chung Tai, Raymond

Mr. Siu Man Po

Mr. Wong Shing Kay, Oliver

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal place of
business in Hong Kong:*

11th Floor

Nanyang Plaza

57 Hung To Road

Kwun Tong

Kowloon

Hong Kong

29 September, 2005

To the Shareholders

Dear Sirs,

DISCLOSEABLE TRANSACTIONS ACQUISITIONS OF PROPERTIES IN CHENGDU

INTRODUCTION

As announced on 8 September, 2005 and 16 September, 2005, the Company acquired the Properties through the Purchaser which entered into the Agreements of the even dates with the Vendor.

The transactions contemplated under the agreement dated 8 September, 2005 and the agreements dated 16 September, 2005 in aggregate constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information on the Acquisitions of the Properties.

* For identification only

LETTER FROM THE BOARD

ACQUISITIONS OF PROPERTIES IN CHENGDU

The Properties comprise (i) the 5th floor (with gross floor area of approximately 4,933.37 square metres) of 第一商業廣場 (The Fortune-King Plaza) to be acquired under the agreement dated 8 September, 2005; and (ii) four units on the 27th floor of 第一商業廣場 (The Fortune-King Plaza) (with an estimated total gross floor area of 273.63 square metres) to be acquired under the agreements dated 16 September, 2005, i.e., Unit 1 (with gross floor area of approximately 95.82 square metres), Unit 2 (with gross floor area of approximately 75.61 square metres), Unit 23 (with gross floor area of approximately 47.79 square metres) and Unit 24 (with gross floor area of approximately 54.41 square metres). 第一商業廣場 (The Fortune-King Plaza) is located at Section 3, Hongxing Road, Jinjiang District, Chengdu, the PRC.

The Properties are pre-sale commodity housing for multi-purposes use. 第一商業廣場 (The Fortune-King Plaza) is currently under construction and the construction is expected to be completed by the end of the 1st quarter of 2006.

The Vendor is the developer of 第一商業廣場 (The Fortune-King Plaza). To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Vendor and its ultimate beneficial owner(s) is a third party independent of the Company and any connected person of the Company and not a connected person of the Company. So far as the Directors are aware, the Vendor is engaged in property development.

CONSIDERATION

The consideration for the acquisition of the Property under the agreement dated 8 September, 2005 which amounts to RMB31,080,231 (approximately HK\$29,884,838) was/shall be payable (as applicable) in cash as follows:—

- (i) RMB9,324,069 (approximately HK\$8,965,451), representing 30% of the consideration under the agreement dated 8 September, 2005, upon the signing of the same;
- (ii) RMB6,216,046 (approximately HK\$5,976,967), representing 20% of the consideration under the agreement dated 8 September, 2005, on or before 1 October, 2005;
- (iii) RMB12,432,092 (approximately HK\$11,953,935), representing 40% of the consideration under the agreement dated 8 September, 2005, within three business days following the delivery of the Property as mentioned above under (i) of the section headed "Acquisitions of Properties in Chengdu" of this letter, to the Purchaser on completion and which shall be on or before 30 March, 2006; and
- (iv) RMB3,108,024 (approximately HK\$2,988,485), representing the balance of the consideration under the agreement dated 8 September 2005, within three business days following the issuance of the relevant title certificate(s).

The payment of 30% of the consideration under the agreements dated 8 September, 2005 was funded by internal resources of the Group. The balance of the consideration under the same is expected to be funded by existing internal resources of the Group and/or bank borrowings.

LETTER FROM THE BOARD

The aggregate consideration for the acquisitions of the Properties under the agreements dated 16 September, 2005 which amounts to RMB1,231,335 (approximately HK\$1,183,976) was/shall be payable (as applicable) in cash as follows:–

- (i) RMB861,335 (approximately HK\$828,207) upon the signing of the agreements dated 16 September, 2005;
- (ii) RMB260,000 (approximately HK\$250,000) within three business days following the delivery of the Properties as mentioned above under (ii) of the section headed “Acquisitions of Properties in Chengdu” of this letter, to the Purchaser on completion and which shall be on or before 30 March, 2006; and
- (iii) RMB110,000 (approximately HK\$105,769) within three business days following the issuance of the relevant title certificate(s).

The payment of the aggregate consideration under the agreements dated 16 September, 2005 was/will be funded by internal resources of the Group.

The consideration for the acquisition of each of the Properties under the Agreements was agreed after arm’s length negotiations between the Vendor and the Purchaser with reference to the then existing market price of properties in Chengdu of comparable quality, size, location and purpose.

COMPLETION

The Acquisitions contemplated under the Agreements are expected to be completed on or before 30 March, 2006 upon the delivery of the Properties to the Purchaser. Completion of each of the Acquisitions is not subject to fulfillment of any condition.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS OF PROPERTIES

The Group is principally engaged in (i) the construction business, as a main contractor, as well as the provision of contracting intelligent building engineering and electrical and mechanical engineering services, mainly in Hong Kong and the PRC; (ii) the property development and investment; and (iii) the operation of fitness centers and trading of fitness equipment.

The Property to be acquired under the agreement dated 8 September, 2005 is intended to be used by the Group to operate a new “Megafit” fitness centre in Chengdu, one of the major financial centres in the south west part of the PRC. The Property is located at a prime and convenient location in Chengdu, where there are offices and residential buildings nearby. The Board believes that with increasing enthusiasm of the public towards fitness and sports, especially after Beijing has been granted the right to host the 2008 Olympic Games, the operation of fitness centres and related business will provide a favourable return to the Group. The Board also believes that there are substantial growth opportunities in the PRC’s property market since the living standard and the economy in the PRC continue to grow. The Directors also believe that the acquisition of such Property will increase the Group’s property portfolio for commercial purposes.

LETTER FROM THE BOARD

The Properties to be acquired under the agreements dated 16 September, 2005 are intended to be used by the Group as offices.

The Directors (including independent non-executive Directors) consider the terms of the Acquisitions are on normal commercial terms and are fair and reasonable so far as the Company is concerned. They also consider the Acquisitions are in the interest of the Shareholders as a whole.

Upon completion of the Acquisitions, the Group's fixed assets will increase whereas current assets will decrease in proportion to the amount of the aggregate consideration funded from internal resources, and liabilities will increase in the proportion to the amount of the aggregation funded from bank borrowings. The Directors confirm that in view of the existing financial and operation conditions of the Company and taking into account payment of the considerations mentioned above for the Acquisitions, the Group will have sufficient working capital for the operation of its business after making such payments.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
DESON DEVELOPMENT INTERNATIONAL HOLDINGS LIMITED
Tjia Boen Sien
Managing Director and Deputy Chairman

A. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

B. DISCLOSURE OF INTERESTS

- (i) Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to the provisions under Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which he would be deemed or taken to have under Sections 344 and 345 of the SFO) or the Model Code for Securities Transactions by Directors of Listed Companies, or which will have to be, pursuant to Section 352 of the SFO, entered in the register referred to herein:

Long positions in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of the Company's issued share capital
Mr. Tjia Boen Sien	Interest by attribution	226,250,000	45.39%
	(Note) Beneficial Owner	35,584,400	7.14%
Mr. Wang Jing Ning	Beneficial Owner	11,839,600	2.38%
Mr. Wang Ke Duan	Beneficial owner	268,960	0.05%
Mr. Siu Man Po	Beneficial owner	180,000	0.04%

Note: 226,250,000 Shares are held by Sparta Assets Limited ("Sparta Assets"), a company incorporated in the British Virgin Islands which is wholly owned by Mr. Tjia Boen Sien. Mr. Tjia Boen Sien is also a director of Sparta Assets.

- (ii) Save as disclosed below, the Directors or chief executive of the Company are not aware of any other person (other than a Director or chief executive whose interests are disclosed under (i) above) who, as at the Latest Practicable Date, had an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Long positions in the Shares or underlying Shares

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of the Company's issued share capital
Sparta Assets	Beneficial owner	226,250,000	45.39%
Okabe Co. Ltd.	Beneficial owner	28,125,000	5.64%

C. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors has entered into any existing or proposed service contracts with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

D. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

E. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

As at the Latest Practicable Date, none of the Directors has any material interest in any contract or arrangement which is significant in relation to the business of the Group.

F. GENERAL

- (i) The Company's registered office is at Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda.
- (ii) The head office and principal place of business of the Company in Hong Kong is at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (iv) Mr. Ong Chi King is an executive director and secretary of the Company. Mr. Ong holds a bachelor degree in Business Administration from the Hong Kong University of Science and Technology. He is a fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (v) Ms. Wong Ka Yan is the financial controller and qualified accountant of the Company. Ms. Wong holds a Bachelor degree in Commerce from the University of Adelaide, Australia and is a Certified Public Accountant of CPA Australia.
- (vi) The English text of this circular shall prevail over the Chinese text.