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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 TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF WINSOME PROPERTIES LIMITED
AND LOAN CONTRIBUTION**

A letter from the Board is set out on pages 3 to 7 of this circular.

* *For identification only*

3 April, 2006

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares;
“Agreement”	the agreement dated 7 March, 2006 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares and the Loan Contribution;
“Announcement”	the announcement dated 10 March, 2006 issued by the Company;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Days”	any day (other than a Saturday, a Sunday or a public holiday) on which banks in Hong Kong are generally open for business;
“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;
“Completion”	completion of the Acquisition and the Loan Contribution;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hainan Yahao”	海南亞豪置業有限公司 (Hainan Yahao Properties Limited), a sino-foreign equity joint venture established in the PRC;
“Hotel Osroc”	海南奧斯羅克大酒店 (Hotel Osroc*), a hotel located in Haikou, Hainan Province, the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

* For identification only

DEFINITIONS

“Latest Practicable Date”	28 March, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Contribution”	the contribution of HK\$23,557,692 as shareholder’s loan to Winsome;
“PRC”	the People’s Republic of China;
“PRC Company”	the PRC limited liability company which currently holds 30% equity interest in Hainan Yahao;
“Purchaser”	Blocks Success International Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Sale Shares”	2 shares of HK\$1.00 each in the capital of Winsome, representing its entire issued share capital;
“Shareholder(s)”	shareholder(s) of the Company;
“Share Options”	options granted under the share option scheme of the Company adopted on 14 August, 2002;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	the seller of the Sale Shares, who is a PRC citizen;
“Winsome”	Winsome Properties Limited, a company incorporated in Hong Kong;
“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

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

3 April, 2006

*To the Shareholders and for information only,
holders of Share Options granted and
issued by the Company.*

Dear Sirs,

DISCLOSEABLE TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF WINSOME PROPERTIES LIMITED AND LOAN CONTRIBUTION

INTRODUCTION

It was announced on 10 March, 2006 that the Company entered into the Agreement with the Vendor in relation to the Acquisition and the Loan Contribution on 7 March, 2006.

The transactions contemplated under the Agreement 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 Acquisition and the Loan Contribution.

* *For identification only*

LETTER FROM THE BOARD

THE AGREEMENT

Date

7 March, 2006

The Purchaser

Blocks Success International Limited (a wholly owned subsidiary of the Company).

The Vendor

A PRC citizen.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor is a third party independent of the Company and any connected person of the Company and is not a connected person of the Company. The Company has no previous dealing with the Vendor.

Winsome

Winsome is an investment holding company incorporated in Hong Kong which is currently wholly owned by the Vendor. It currently holds a 70% equity interest in Hainan Yahao. As Winsome has only been incorporated on 15 December, 2005 and has not commenced business, it has not generated any profit/loss. The consolidated total assets and net asset value of Winsome as at 28 February, 2006 is HK\$2.00.

Hainan Yahao

Hainan Yahao is a sino-foreign equity joint venture established in the PRC on 15 February, 2006, which is owned as to 70% by Winsome and 30% by the PRC Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of such PRC limited company and its ultimate beneficial owner is a third party independent of the Company and any connected person of the Company and is not a connected person of the Company. The registered capital and total investment of Hainan Yahao are RMB10,000,000 and RMB20,000,000, respectively. The registered capital of Hainan Yahao has not been paid up. The equity owners of Hainan Yahao will pay their relevant proportion of the registered capital in accordance with the articles of Hainan Yahao. Winsome will utilize part of the Loan Contribution to fulfill its obligation to pay the amount of RMB7,000,000 as registered capital contribution to Hainan Yahao. Hainan Yahao has only recently been established and has not commenced business, it has not generated any profit/loss. As at 28 February, 2006, Hainan Yahao did not have any assets or liabilities. According to its business licence, its business scope includes tourism guest house management, operations and tourism development.

LETTER FROM THE BOARD

Consideration

The consideration for the Acquisition under the Agreement amounts to RMB10,096,154 which has been paid and shall be payable in cash as follows:

- (i) HK\$2,884,615 within 10 Business Days upon the signing of the Agreement (as deposit, paid by the Company on 11 March, 2006); and
- (ii) HK\$7,211,539 upon Completion.

The Loan Contribution which has been contributed and shall be contributed in cash as follows:

- (i) HK\$6,730,000 upon the signing of the Agreement (as deposit); and
- (ii) HK\$16,827,692 upon Completion.

The Loan Contribution is interest-free, unsecured and has no fixed repayment term.

The Purchaser's payment of the consideration for the Acquisition and the Loan Contribution to Winsome has been and will be funded by internal resources of the Group.

The amount for the Loan Contribution to Winsome by the Purchaser of HK\$23,557,692 was determined with reference to the need for Winsome to contribute, by way of capital injection, to Hainan Yahao 70% (representing Winsome's equity interest in Hainan Yahao) of the expected amount which Hainan Yahao will need to acquire Hotel Osroc (see under "Condition Precedent" below). It is expected that the consideration for the acquisition of Hotel Osroc is approximately RMB35,000,000 (approximately HK\$33,653,846) and Winsome will be responsible for the contribution of the sum of RMB24,500,000 (approximately HK\$23,557,692) whilst the balance will be contributed by the PRC Company. The consideration for the Acquisition and the Loan Contribution has been determined taking into account the valuation of Hotel Osroc of HK\$39,423,077 based on its open market value as of 28 February, 2006 as stated in the valuation report dated 29 March, 2006 prepared by an independent valuer. The consideration for the Acquisition and the Loan Contribution of RMB35,000,000 represents a premium of approximately 22% to the 70% of the valuation of Hotel Osroc under the valuation report. Taking into account the growth prospects of the hotel business in Hainan as detailed in the section headed "Reasons of the Acquisition and the Loan Contribution" below, the Directors (including the independent non-executive Directors) consider the consideration is fair and reasonable so far as the Company and the Shareholders are concerned.

Apart from the consideration for the Acquisition and the Loan Contribution, the Group has made no other contractual commitment to contribute any capital or shareholder's loan to Winsome and Hainan Yahao.

LETTER FROM THE BOARD

Condition Precedent

Completion of the Acquisition and the Loan Contribution shall be conditional upon Hainan Yahao having committed to acquire Hotel Osroc at a consideration of not more than RMB35,000,000 (approximately HK\$33,653,846). The Directors are of the view that this condition will be fulfilled upon the entering into between the relevant parties of a legally binding agreement relating to the sale and purchase of Hotel Osroc. If the aforesaid condition has not been fulfilled by 30 June, 2006, or such later date as the Vendor and the Purchaser may agree, the Vendor shall forthwith refund and procure Winsome to refund the aggregate amount of the deposit (being HK\$9,614,615) (in cash) to the Purchaser. Following such refund, the Agreement shall terminate and cease to be of any further effect save in respect of claims arising out of any antecedent breach of the Agreement. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the seller of Hotel Osroc and its respective ultimate beneficial owners is a third party independent of the Company and any connected person of the Company and is not a connected person of the Company. As at the Latest Practicable Date, the condition precedent is not fulfilled. Further announcement will be made upon satisfaction of the aforesaid condition precedent and completion of the Acquisition and the Loan Contribution.

Completion

According to the Agreement, Completion will take place on the Business Day after the fulfillment of the aforesaid condition or such other date as otherwise agreed by the Vendor and the Purchaser.

Following completion of the Acquisition, Winsome will become a wholly owned subsidiary of the Company.

REASONS OF THE ACQUISITION AND THE LOAN CONTRIBUTION

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.

Hotel Osroc is located in Haikou, the capital of Hainan Province. It first began operation in 1996 and is a three star hotel with a total of 199 guest rooms and suites with a gross floor area of 22,739.05 m². In view of the great potential which Hainan Province has as an upscale tourist destination, the Group intends to make use of the Acquisition and the Loan Contribution as a stepping stone for the Group to participate in the hotel business in Hainan, as they consider the growth prospects of this business to be promising.

The Group has acquired substantial experience in contracting the renovation works for a number of hotels in the PRC. As Hotel Osroc has been operated for about 10 years, the Directors intend to utilize such experience and its general expertise in the construction business to renovate Hotel Osroc following Completion for the purposes of enhancing the value of the assets.

LETTER FROM THE BOARD

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

EFFECT OF THE TRANSACTION

Upon Completion and the acquisition of Hotel Osroc, the Group's fixed assets will increase by the value of Hotel Osroc whereas current assets will decrease as a result of payment of the consideration for the Acquisition and the Loan Contribution funded from internal resources. Liabilities of the Group will also increase for the proportional amount of loan contributed by the PRC Company to Hainan Yahao for the purposes of the acquisition of Hotel Osroc. The Directors expect there will be a positive impact on the profit attributable to shareholders of the Group in the long-term. 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 Acquisition and the Loan Contribution, 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 (<i>Note</i>)	226,250,000	45.55%
	Beneficial Owner	35,584,400	7.16%
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.

Long positions in the underlying Shares of the Company

Name	Capacity	Number of options	Exercise price HK\$	Exercise period
Mr. Tjia Boen Sien	Beneficial Owner	400,000	0.272	17 February, 2006 to 16 February, 2008
Mr. Wang Jing Ning	Beneficial Owner	1,000,000	0.272	17 February, 2006 to 16 February, 2008
Mr. Keung Kwok Cheung	Beneficial Owner	2,000,000	0.272	17 February, 2006 to 16 February, 2008
Mr. Ong Chi King	Beneficial Owner	2,000,000	0.272	17 February, 2006 to 16 February, 2008
Dr. Ho Chung Tai, Raymond	Beneficial Owner	400,000	0.340	5 March, 2006 to 4 March, 2008
Mr. Siu Man Po	Beneficial Owner	400,000	0.340	5 March, 2006 to 4 March, 2008

- (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 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

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	45.55%

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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (iv) Mr. Ong Chi King is an executive director and the 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.