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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
DISPOSAL OF PROPERTY**

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

* *For identification only*

21 December 2007

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Deson Development International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the sale and purchase of the Property which is expected to take place on or before 28 March 2008
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Latest Practicable Date”	18 December 2007, 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
“Property”	the commercial property situated at 13th and 14th Floor, Max Share Centre, No. 373 King’s Road, Hong Kong
“Provisional Agreement”	the provisional agreement dated 27 November 2007 entered into between the Vendor, the Purchaser and the agent in relation to the sale and purchase of the Property

DEFINITIONS

“Purchaser”	Asian Time Investment Limited, a company incorporated in Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Deson Development Limited, an indirectly wholly owned subsidiary of the Company
“%”	per cent.

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

21 December 2007

To the Shareholders and for information only, holders of outstanding share options issued by the Company.

Dear Sirs,

DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY

INTRODUCTION

The Company announced on 30 November 2007 that the Vendor, an indirectly wholly owned subsidiary of the Company entered into the Provisional Agreement with the Purchaser pursuant to which the Vendor agreed to sell its interest in the Property to the Purchaser for a total consideration of HK\$27,178,800.

As the applicable percentage ratio for the Disposal calculated pursuant to Rule 14.07(4) exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information on the Disposal.

* *For identification only*

LETTER FROM THE BOARD

THE PROVISIONAL AGREEMENT

1. Date

27 November 2007

2. The Parties

- (1) The Vendor, an indirectly wholly owned subsidiary of the Company
- (2) The Purchaser
- (3) Midland Realty (Comm.) Ltd, the agent

3. The Property to be disposed of

The Vendor has pursuant to the Provisional Agreement agreed to sell the Property to the Purchaser. The Property is for office use and is located at 13th and 14th Floor, Max Share Centre, No. 373, King's Road, Hong Kong. The Property is subject to an existing tenancy which expires on 30 September 2009.

4. Consideration

The total consideration for the Property shall be HK\$27,178,800, payable by the Purchaser to the Vendor in the following manner:

- (a) HK\$1,000,000 as initial deposit, which was paid upon the signing of the Provisional Agreement;
- (b) HK\$1,717,880 as further deposit which was paid on 12 December 2007; and
- (c) the balance of the consideration in the sum of HK\$24,460,920 to be paid on or before 28 March 2008.

Under the Provisional Agreement, the Vendor and the Purchaser have agreed to pay HK\$240,000 and HK\$271,788, respectively to the agent as commission for the services rendered by the agent.

The consideration was arrived at after arm's length negotiations with reference to the current commercial property market.

5. Completion

Under the Provisional Agreement, Completion is to take place on or before 28 March 2008. The terms and conditions of the formal sale and purchase agreement in respect of the Property are still under negotiations.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP AND THE PURCHASER

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; and (ii) the property development and investment business.

To the best of the Directors' knowledge, the Purchaser is a newly incorporated investment holding company and is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its beneficial owners are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property was used as the office of the Group until 2001 and was then held as a long term asset for sale. From 2002, the Property was temporarily rented out for rental income. Based on Hong Kong Accounting Standards, the net profit before tax attributable to the Property for the years ended 31 March 2006 and 2007 was HK\$510,000 and HK\$660,000, respectively and the net profit after tax attributable to the Property for the same period was HK\$420,000 and HK\$544,500, respectively. However, the Board is of the view that the consideration offered by the Purchaser which would result in an estimated gain before tax of approximately HK\$12,300,000, after expenses, to the Group as compared to the book value of the Property as at 30 September 2007 of approximately HK\$14,500,000 is attractive. The Board considers that the Disposal provides an opportunity for the Group to realize the Property and provide additional working capital for the Group.

The proceeds from the Disposal will be applied as general working capital.

The Directors are of the view that the disposal will not affect the Group's existing principal business and the Group will continue to be involved in the property development and investment business.

The Directors (including the independent non-executive Directors) consider the terms of the Provisional Agreement and the Disposal contemplated therein are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio for the Disposal calculated pursuant to Rule 14.07(4) exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

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	Capacity	Number of shares	Approximate percentage of the Company's issued share capital
Mr. Tjia Boen Sien ("Mr. Tjia")	Interest by attribution (<i>Note 1</i>)	226,250,000	39.51%
	Beneficial Owner	41,494,400	7.25%
Mr. Wang Jing Ning	Beneficial Owner	12,839,600	2.24%
Mr. Wang Ke Duan	Beneficial Owner	268,960	0.05%
Mr. Siu Man Po	Beneficial Owner	180,000	0.03%

Note 1: These shares are held by Sparta Assets Limited ("Sparta Assets"), a company incorporated in the British Virgin Islands which is wholly owned by Mr. Tjia. Mr. Tjia 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
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	Capacity	Number of shares	Number of underlying shares (under equity derivatives of the Company)	Aggregate interest	Approximate percentage of the Company's issued share capital
Sparta Assets	Beneficial Owner	226,250,000	–	226,250,000	39.51%
Penta Investment Advisers Limited ("Penta") (Note 1)	Investment Manager	97,260,000	35,000,000	132,260,000	23.09%
Mr. John Zwaanstra (Note 2)	Interest by attribution	97,260,000	35,000,000	132,260,000	23.09%
Penta Japan Fund, Ltd. ("Penta Japan") (Note 3)	Interest by attribution	66,897,000	23,333,333	90,230,333	15.76%
Mr. Todd Zwaanstra (Note 4)	Trustee (other than a bare trustee)	66,897,000	23,333,333	90,230,333	15.76%
Mercurius GP LLC ("Mercurius") (Note 5)	Founder of a discretionary trust	66,897,000	23,333,333	90,230,333	15.76%

Note 1: These include (i) an interest in 97,260,000 Shares and (ii) a derivative interest in 35,000,000 shares.

Note 2: Mr. John Zwaanstra has declared the interest and derivative interest in the same shares in which Penta has declared the same interests as Penta is his controlled corporation.

- Note 3:* These include (i) an interest in 66,897,000 shares and (ii) a derivative interest in 23,333,333 shares.
- Note 4:* Mr. Todd Zwaanstra has declared the interest and derivative interest in the same Shares in which Penta Japan has declared the same interests pursuant to his capacity as trustee of the Mercurius Partners Trust and as Penta Japan is his controlled corporation.
- Note 5:* Mercurius has declared the interest and derivative interest in the same Shares in which Penta Japan has declared the same interests in its capacity as founder of Mercurius Partners Trust.

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 far as the Directors are aware, save as disclosed below in respect of the outstanding pending litigations 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.

- (i) On 7 December 2006, legal proceedings were instituted against Kenworth Engineering Limited (“Kenworth”), a 100%-owned subsidiary of the Company, by Watfield Technology Limited (“Watfield”), in respect of Kenworth Watfield Joint Venture Limited, a joint venture established in Hong Kong which is owned as to 50% by Kenworth and as to 50% by Watfield (the “Joint Venture”). In its Statement of Claim, Watfield averred that Kenworth is in breach of the joint venture agreement dated 13 November 2003. In addition to the claim for damages as a result of the alleged breach by Kenworth, Watfield is seeking for the court’s declaration that (1) Watfield is entitled to have the loan of HK\$2,500,000 provided by Watfield to set off, as first priority, against its credit balance in the Joint Venture accounts; (2) Kenworth holds on trust for the Joint Venture and Watfield all monies received by the Joint Venture from Kaden-Leader-Kenworth Joint Venture, a consortium formed by Kaden Construction Limited, Leader Civil Engineering Corporation Limited and Kenworth (the “Consortium”); (3) Kenworth shall deliver all other necessary accounts and enquiries for tracing all monies received by the Joint Venture from the Consortium; (4) Kenworth was in breach of its duty towards Watfield by failing to render full information in respect of the financial affairs of the Joint Venture; and (5) Kenworth do forthwith render all books and accounts kept by the Joint Venture and full information in respect of the financial affairs of the Joint Venture.
- (ii) On 9 January 2007, legal proceedings were instituted against Watfield by Kenworth, in respect of the outstanding working capital to be provided by Watfield and a loan provided by Kenworth under a loan facility. In its Statement

of Claim, Kenworth averred that Watfield has not paid 50% of the total working capital in the sum of HK\$9,797,740.63 to the Joint Venture and Watfield owed Kenworth the amount of HK\$2,787,126.22 being the loan provided by Kenworth to Watfield under a loan facility for operation of the Joint Venture.

- (iii) On 7 December 2006, legal proceedings were instituted against Kenworth by Allied Electric Corporation Limited (“AEC”) in respect of the alleged work performed under a construction project. According to its Statement of Claim, AEC’s construction claims include outstanding payments, variation claims and claims in respect of loss and expenses in the total sum of HK\$19,673,246.57.

The Directors have obtained an advice letter dated 11 October 2007 from the Group’s legal counsel and:

- (a) in relation to proceedings (i), the Directors are of the view that Kenworth has a reasonable chance to successfully defend these proceedings and set-off the claims of Watfield against the payments that Kenworth has made in carrying out the construction works for the project to which these proceedings relate;
- (b) in relation to proceedings (ii), a default judgment has been obtained by Kenworth against Watfield in the sum of HK\$12,584,866.85 with interest, costs and further damages to be assessed. In view of the present status of the proceedings and the default judgment obtained by Kenworth, the Directors are of the view that Kenworth has a reasonable chance of recovering payments from Watfield;
- (c) in relation to proceedings (iii), from the information available, the Directors are of the view that Kenworth has a reasonable chance to successfully defend these proceedings.

E. COMPETING INTEREST

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.

F. INTEREST IN ASSETS

Save as disclosed in the circular issued by the Company on 18 October 2007, none of the Directors has any direct or indirect interest in any asset which has been acquired or disposed of by or leased to any member of the Group since 31 March 2007 (the date to which the latest published audited consolidated financial statements of the Group were made up to) or proposed to be so acquired, disposed of or leased.

G. 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 Tricor 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.