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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)**

**CONNECTED AND DISCLOSEABLE TRANSACTION  
DISPOSAL OF THE ENTIRE SHARE CAPITAL OF AN INDIRECTLY WHOLLY-  
OWNED SUBSIDIARY OF THE COMPANY AND  
THE RELATED SHAREHOLDER'S LOAN AND  
RESUMPTION OF TRADING**

On 25 September 2007, the Vendor, an indirectly wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser pursuant to which the Vendor agreed to sell the Sale Shares and the Shareholder's Loan to the Purchaser at a total consideration of HK\$6,000,000.

The Purchaser is wholly-owned by Mr. Tjia who is the Managing Director and Deputy Chairman and a substantial shareholder of the Company, the Purchaser is accordingly a connected person of the Company within the meaning of the Listing Rules and the Disposal constitutes a connected transaction of the Company.

As each of the applicable percentage ratios of the Disposal is more than 2.5% but less than 25% and the total consideration involved is less than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the Disposal is exempted from the independent shareholders' approval requirement and is only subject to the reporting and disclosure requirements in accordance with Rules 14A.45 to 14A.47 of the Listing Rules.

The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other matters, details of the Disposal will be dispatched to Shareholders as soon as practicable.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30a.m. on 25 September 2007 pending the release of this announcement. Application has been made to the Stock Exchange for trading in such shares to resume on the Stock Exchange from 9:30a.m. on 28 September 2007.

\* *for identification purposes only.*

## **THE AGREEMENT**

### **Date**

25 September 2007

### **The Vendor**

Grace Profit Investments Limited, a company incorporated in the British Virgin Islands and is indirectly wholly-owned by the Company.

### **The Purchaser**

Ideal Choice Holdings Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Tjia, who is the Managing Director and Deputy Chairman and a substantial shareholder of the Company, the Purchaser is accordingly a connected person of the Company within the meaning of the Listing Rules.

### **The Sale Shares and the Shareholder's Loan**

Pursuant to the Agreement, the Vendor and the Purchaser have agreed that the Vendor will sell and the Purchaser will purchase the 11,611,111 shares of HK\$1.00 each, representing the entire issued share capital of Fitness Concept, together with the total amount owing by Fitness Concept to the Vendor as at Completion. As at the date of the Agreement, the amount of the Shareholder's Loan is HK\$76,749,269. The Shareholder's Loan is an interest free and unsecured loan repayable on demand. The Company expects that the outstanding amount of the Shareholder's Loan as at the date of Completion will not be materially different from that as at the date of the Agreement.

### **Consideration**

The total consideration payable by the Purchaser for the Sale Shares and the Shareholder's Loan is HK\$6,000,000, which will be satisfied by way of cash in one lump sum upon Completion. The consideration was determined by reference to the consolidated net liabilities of Fitness Concept Group and the Shareholder's Loan. The consolidated net liabilities of Fitness Concept Group were HK\$68,519,151 as at 31 March 2007, which have taken into account the liabilities represented by the Shareholder's Loan which stood at HK\$76,749,269 as at the date of the Agreement. The consideration of HK\$6,000,000 is the entire amount payable by the Purchaser in respect of not only the Sale Shares, but also the Shareholder's Loan. Had the Shareholder's Loan been excluded in calculating the net assets/liabilities of the Fitness Concept Group, the net assets value of Fitness Concept would have been HK\$8,230,118 as of 31 March 2007.

The Group intends to apply the sale proceeds from the Disposal as general working capital.

## **Completion**

Completion shall take place on 30 September 2007, or such later date as the parties may agree in writing prior to Completion.

## **INFORMATION ON FITNESS CONCEPT**

Fitness Concept is a company incorporated in Hong Kong on 10 April 1985, which is currently wholly-owned by the Vendor. The principal business of Fitness Concept includes the operation of fitness centers, trading of fitness equipments and the provision of related installation and maintenance services.

## **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; (ii) the property development and investment; and (iii) the operation of fitness club and trading of fitness equipment.

The Purchaser is an investment holding company and has not carried on any business activity since its incorporation apart from entering into the Agreement.

## **REASONS FOR THE DISPOSAL**

The Group some time ago diversified into in the business of the operation of fitness centers, trading of fitness equipments and the provision of related installation and maintenance services. As this line of fitness related services business of the Group has been continuing operating at a loss, the Group intends to dispose of this entire line of business, and the disposal of Fitness Concept is in line with the Group's business plan. Upon Completion, the only business of the Group in relation to the operation of fitness centers and the trading of fitness equipments would be that of 美格菲(成都)康體有限公司 (Megafit (Chengdu) Recreation Development Company Limited\*), which is an indirectly wholly-owned subsidiary of the Company.

The expected loss of the Disposal to the Group is approximately HK\$2.2 million based on the consolidated net liabilities of Fitness Concept Group as at 31 March 2007, estimated transaction costs and the Shareholder's Loan owing by Fitness Concept to the Vendor of HK\$76,749,269 as at the date of the Agreement.

The Directors (including the independent non-executive Directors, but excluding Mr. Tjia) consider the terms of the 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 Purchaser is wholly-owned by Mr. Tjia, who is the Managing Director and Deputy Chairman and a substantial shareholder of the Company, the Purchaser is a connected person of the Company within the meaning of the Listing Rules and the Disposal constitutes a connected transaction of the Company.

As each of the applicable percentage ratios of the Disposal is more than 2.5% but less than 25% and the total consideration involved is less than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the Disposal is exempted from the independent shareholders' approval requirement and is only subject to the reporting and disclosure requirements in accordance with Rules 14A.45 to 14A.47 of the Listing Rules.

The Disposal also constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other matters, details of the Disposal will be dispatched to Shareholders as soon as practicable.

## **SUSPENSION AND RESUMPTION OF SHARE TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:30a.m. on 25 September 2007 pending the release of this announcement. Application has been made to the Stock Exchange for trading in such shares to resume on the Stock Exchange from 9:30a.m. on 28 September 2007.

## **DEFINITIONS OF TERMS USED IN THIS ANNOUNCEMENT**

“Agreement”	the sale and purchase agreement dated 25 September 2007 entered into between the Vendor and the Purchaser in relation to the sale of Sale Shares and the Shareholder's Loan
“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”	completion of the Agreement pursuant to the terms of the Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Shareholder's Loan by the Vendor to the Purchaser pursuant to the terms of the Agreement
“Fitness Concept”	Fitness Concept Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Vendor before the Completion
“Fitness Concept Group”	Fitness Concept and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tjia”	Mr. Tjia Boen Sien, the Managing Director and Deputy Chairman of the Company who personally and through a company controlled by him holds approximately 45.79% of the issued shares of the Company
“Purchaser”	Ideal Choice Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Tjia Boen Sien, a connected person of the Company
“Sale Shares”	11,611,111 shares representing the entire issued share capital of Fitness Concept currently held by the Vendor
“Shareholder’s Loan”	the shareholder’s loan due and owing by Fitness Concept to the Vendor which stands at HK\$76,749,269 as at the date of the Agreement
“Shareholders”	shareholders of the Company
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Grace Profit Investments Limited, a company incorporated in the British Virgin Islands with limited liability and currently an indirectly wholly-owned subsidiary of the Company

By Order of the Board of  
**Deson Development International Holdings Limited**  
**Ong Chi King**  
*Executive Director and Company Secretary*

Hong Kong, 27 September 2007

*As at the date of this announcement, the executive Directors are Mr. Wang Ke Duan, Mr. Tjia Boen Sien, Mr. Wang Jing Ning, Mr. Keung Kwok Cheung and Mr. Ong Chi King and the independent non-executive Directors are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver.*