

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTIONS

As disclosed in an announcement of the Company dated 19 March 2008, the Group had entered into two tenancy agreements with the Tenants, which were connected persons of the Company, on 19 March 2008. Since these agreements will soon expire on 31 March 2011, the Group has entered into the following agreements on 23 March 2011 to renew the tenancies for the same premises (but smaller area than under the existing tenancies), which constitute continuing connected transactions of the Company:

1. the First Tenancy Agreement entered into between the First Landlord, an indirectly wholly-owned subsidiary of the Company, and the First Tenant; and
2. the Second Tenancy Agreement entered into between the Second Landlord, an indirectly wholly-owned subsidiary of the Company, and the Second Tenant.

The First Tenant and the Second Tenant are companies indirectly wholly-owned by Mr. Tjia, who is the Managing Director and Deputy Chairman and a substantial shareholder of the Company. Each of the Tenants is accordingly a connected person of the Company within the meaning of the Listing Rules and each of the Tenancy Agreements constitutes a continuing connected transaction of the Company.

The aggregate annual rental under the Tenancy Agreements falls within the threshold prescribed in Rule 14A.34 of the Listing Rules, and therefore the Tenancy Agreements are exempt from the independent shareholders' approval requirement and only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

* *for identification purposes only*

1. THE FIRST TENANCY AGREEMENT

Signing date

23 March 2011

Parties

The First Landlord, being an indirectly wholly-owned subsidiary of the Company, as landlord.

The First Tenant, being a company indirectly wholly-owned by Mr. Tjia, as tenant.

Premises

5th Floor, Top City, no. 1 Xiaokejia Lane, Jinjiang Area, Chengdu, Sichuan Province, the People's Republic of China, with a gross floor area of approximately 3,932.97 sq. m., and all fitness equipment situated therein.

Term of tenancy

36 months commencing from 1 April 2011 to 31 March 2014.

Rent for the premises

The rent payable on a monthly basis during the term is RMB150,000 and will be satisfied in cash.

2. THE SECOND TENANCY AGREEMENT

Signing date

23 March 2011

Parties

The Second Landlord, being an indirectly wholly-owned subsidiary of the Company, as landlord.

The Second Tenant, being a company indirectly wholly-owned by Mr. Tjia, as tenant.

Premises

Unit 04, 11/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, with a gross floor area of approximately 200 sq. m..

Term of tenancy

36 months commencing from 1 April 2011 to 31 March 2014.

Rent for premises

The rent payable on a monthly basis during the term is HK\$25,500 and will be satisfied in cash.

INFORMATION ON THE GROUP AND THE TENANTS

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 People's Republic of China; (ii) property development and investment; and (iii) the trading of medical equipment, provision of related installation and maintenance services.

The First Tenant is a fitness center operator and is principally engaged in the operation of fitness clubs in Shanghai. The Second Tenant is principally engaged in the trading of fitness equipment and operation of fitness centers in the People's Republic of China.

THE ANNUAL RENTAL

For the duration of the relevant term, the annual rental payable by the First Tenant to the First Landlord under the First Tenancy Agreement is RMB1,800,000 (approximately HK\$2,143,000) and the annual rental payable by the Second Tenant to the Second Landlord under the Second Tenancy Agreement is HK\$306,000.

The amount of the aggregate annual rental payable to the Group under the Tenancy Agreements for each of the financial years ending 31 March 2012, 2013 and 2014 set out below represents the annual cap for the respective years:

	Year ending 31 March		
	2012	2013	2014
First Tenancy Agreement	RMB1,800,000 (Approximately HK\$2,143,000)	RMB1,800,000 (Approximately HK\$2,143,000)	RMB1,800,000 (Approximately HK\$2,143,000)
Second Tenancy Agreement	<u>HK\$306,000</u>	<u>HK\$306,000</u>	<u>HK\$306,000</u>
Total	<u>Approximately HK\$2,449,000</u>	<u>Approximately HK\$2,449,000</u>	<u>Approximately HK\$2,449,000</u>

REASONS FOR THE TRANSACTIONS

As disclosed in an announcement of the Company dated 19 March 2008, the Group had entered into two tenancy agreements with the Tenants, which were connected persons of the Company, on 19 March 2008. Since these agreements will soon expire on 31 March 2011, the Group has entered into the Tenancy

Agreements on 23 March 2011 to lease the respective Premises (smaller area than under the existing tenancies) and all fitness equipment situated within to the respective Tenants for the operation of the fitness centers and trading of fitness equipment upon the expiry of old tenancy agreements.

The terms of each of the Tenancy Agreements have been negotiated on an arm's length basis between the respective Landlords and Tenants, and are on normal commercial terms. The rental of each of the Premises has been arrived at by reference to the prevailing market rate of similar leases in comparable locations.

The Directors (including the independent non-executive Directors, but excluding Mr. Tjia) consider that the terms of each of the Tenancy Agreements are in the ordinary and usual course of business of the Company and its subsidiaries, and on normal commercial terms, being not less favourable than terms available from independent third parties, and the same are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The First Tenant and the Second Tenant are companies indirectly wholly-owned by Mr. Tjia, who is the Managing Director and Deputy Chairman and a substantial shareholder of the Company. Each of the Tenants is accordingly a connected person of the Company within the meaning of the Listing Rules and each of the Tenancy Agreements constitutes a continuing connected transaction of the Company.

The aggregate annual rental under the Tenancy Agreements falls within the threshold prescribed in Rule 14A.34 of the Listing Rules, and therefore the Tenancy Agreements are exempt from the independent shareholders' approval requirement and only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITIONS OF TERMS USED IN THIS ANNOUNCEMENT

“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“First Landlord”	美格菲(成都)康体发展有限公司, a company incorporated in the People’s Republic of China and an indirectly wholly-owned subsidiary of the Company
“First Premises”	5th Floor, Top City, no. 1 Xiaokejia Lane, Jinjiang Area, Chengdu, Sichuan Province, the People’s Republic of China with a gross floor area of approximately 3,932.97 sq. m.
“First Tenant”	上海美格菲健身中心有限公司, a company incorporated in the People’s Republic of China which is indirectly wholly-owned by Mr. Tjia
“First Tenancy Agreement”	the tenancy agreement dated 23 March 2011 entered into between the First Landlord and the First Tenant in relation to the lease of the First Premises and all fitness equipment situated therein
“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
“Landlords”	the First Landlord and the Second Landlord
“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 48.44% of the issued shares of the Company
“Premises”	the First Premises and the Second Premises
“Second Landlord”	Deson Development Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
“Second Premises”	Unit 04, 11/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon with a gross floor area of approximately 200 sq. m
“Second Tenant”	Fitness Concept Limited, a company incorporated in Hong Kong which is indirectly wholly-owned by Mr. Tjia
“Second Tenancy Agreement”	the tenancy agreement dated 23 March 2011 entered into between the Second Landlord and the Second Tenant in relation to the lease of the Second Premises
“Shareholders”	shareholders of the Company

“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreements”	the First Tenancy Agreement and the Second Tenancy Agreement
“Tenants”	the First Tenant and the Second Tenant

By Order of the Board
Deson Development International Holdings Limited
Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong, 23 March 2011

The following exchange rate has been used for the conversion of Renminbi into Hong Kong dollars for indication only: RMB84 = HK\$100.

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