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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 together with the enclosed form of proxy, 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)

**PROPOSED GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME**

A notice convening the annual general meeting of the Company to be held at 10:30 a.m. on Wednesday, 15 August 2012 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong is set out in Appendix IV of this circular.

Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 10:30 a.m. on Wednesday, 15 August 2012 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong, or any adjournment thereof;
“Board”	the board of Directors or a duly authorised committee of the board of Directors;
“Business Day”	a day upon which the Stock Exchange is open for securities trading;
“Bye-Laws”	the bye-laws of the Company (as amended from time to time);
“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;
“Directors”	the directors of the Company;
“Eligible Persons”	means: (i) any director (whether executive or non-executive, including any independent non-executive director) or employee (whether full time or part time) of, or (ii) any individual for the time being seconded to work for, the Company or any entity in which the Company, directly or indirectly, holds any equity interest;
“Existing Share Option Scheme”	the share option scheme of the Company adopted on 14 August 2002;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	HK dollars, the lawful currency in Hong Kong;

DEFINITIONS

“Issue Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to exercise all the power to allot, issue and otherwise deal with Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution granting such mandate;
“Latest Practicable Date”	Friday, 6 July 2012, being the latest practicable date for ascertaining certain information included in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, the principal terms of which are set out in Appendix II to this circular;
“PRC”	the People’s Republic of China;
“Repurchase Mandate”	the general and unconditional mandate proposed to be granted to the Directors at the AGM to repurchase Shares on the Stock Exchange with an aggregate nominal amount up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution granting such mandate;
“Scheme Mandate”	as defined in paragraph 2(v)(aa) in Appendix II to this circular;
“Scheme Period”	the period commencing on the date of adoption of the New Share Option Scheme (being 15 August 2012) and expiring at the close of business on the day immediately preceding the tenth anniversary thereof;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) in the capital of the Company;
“Shareholders”	holders of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

DEFINITIONS

“Takeovers Code”

The Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission.

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. Lu Quanzhang (*Chairman*)

Mr. Tjia Boen Sien

(Managing Director & Deputy Chairman)

Mr. Wang Jing Ning

Mr. Keung Kwok Cheung

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Place of Business:

11th Floor, Nanyang Plaza

57 Hung To Road, Kwun Tong

Kowloon

Hong Kong

Independent non-executive Directors:

Dr. Ho Chung Tai, Raymond

Mr. Siu Man Po

Mr. Wong Shing Kay, Oliver

13 July 2012

To the Shareholders

Dear Sirs,

**PROPOSED GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND
ADOPTION OF THE NEW SHARE OPTION SCHEME**

1. INTRODUCTION

The purpose of this circular is to provide you with information on the above matters which include, inter alia, (i) the grant of the Issue Mandate and Repurchase Mandate; and the renewal of a general mandate enabling the Directors to issue and allot Shares representing the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate, (ii) the re-election of retiring Directors and (iii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

* For identification purpose only

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 9 August 2011, a general mandate was given by the Shareholders to the Directors to exercise the powers of the Company to allot, issue and deal with Shares. Such mandate will lapse on the earliest of: (i) the conclusion of the forthcoming annual general meeting of the Company; (ii) the expiration of the period within which the forthcoming annual general meeting of the Company is required by the Bye-Laws or any applicable laws of Bermuda to be held; and (iii) the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting. In order to ensure that the flexibility and discretion be given to the Directors in the event that it becomes desirable to allot, issue and deal with Shares of the Company, approval is being sought from the Shareholders for the granting of the Issue Mandate to the Directors to allot, issue and deal with Shares up to a maximum of 20 per cent. of the total nominal amount of the share capital of the Company in issue as at the date of the passing of the ordinary resolution set out as resolution numbered 6(A) in the notice convening the AGM and adding to such general mandate any Shares representing the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate. If the resolution is passed and no Share is repurchased by the Company, exercise in full of the Issue Mandate (on the basis of 571,890,267 Shares in issue at the Latest Practicable Date) would result in up to 114,378,053 new Shares being allotted, issued and dealt with by the Company. The authority granted under the Issue Mandate to the Directors will be valid until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law to be held or the date on which the authority given under the Issue Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting (whichever is the earlier).

3. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 9 August 2011, a general mandate was given by the Shareholders to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse on the earliest of: (i) the conclusion of the forthcoming annual general meeting of the Company; (ii) the expiration of the period within which the forthcoming annual general meeting of the Company is required by the Bye-Laws or any applicable laws of Bermuda to be held; and (iii) the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting. A resolution to grant the Directors the Repurchase Mandate will be proposed at the AGM to enable the Directors to exercise the powers of the Company to repurchase its own issued and fully paid Shares up to a maximum of 10 per cent. of the share capital of the Company in issue as at the date of the passing of the ordinary resolution set out as resolution numbered 6(B) in the notice convening the AGM. The authority granted under the Repurchase Mandate to the Directors will be valid until the conclusion of the next annual general meeting of the Company, or the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law to be held or the date on which the authority given under the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting

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(whichever is the earlier). The notice convening the AGM is set out in Appendix IV to this circular. The Company at present has no immediate plan to exercise the Repurchase Mandate.

An explanatory statement as required by the Listing Rules to provide the requisite information on the Repurchase Mandate is set out in Appendix I to this circular.

4. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

The Company has stated in the annual report of the Company for the year ended 31 March 2012 that the Directors retiring by rotation but who are willing to put themselves up for re-election at the AGM shall be Mr. Tjia Boen Sien (executive Director), Mr. Siu Man Po (independent non-executive Director) and Mr. Wong Shing Kay, Oliver (independent non-executive Director).

Pursuant to Code Provision A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders, and the papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected.

Mr. Siu Man Po (“Mr. Siu”) was appointed as an independent non-executive Director (“INED”) of the Company in September 2001. He has served the Company for more than 10 years as of the Latest Practicable Date and will retire by rotation at the AGM. The Board intends to further appoint Mr. Siu as an INED. During his tenure of office over the past 10 years, Mr. Siu has been able to fulfill all the requirements regarding independence of an INED and provide annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules. To the best knowledge of the Directors, as of the Latest Practicable Date, the Company is not aware of any foreseeable events that may occur and affect the independence of Mr. Siu in the near future. Hence, the Board believes that Mr. Siu is and will continue to be independent of the Company unless unexpected circumstances arise in the future. The Company will continue to review the independence of Mr. Siu annually and take all appropriate measures to ensure compliance of relevant provisions regarding independence of INED in the Listing Rules.

On the other hand, during his tenure of office, Mr. Siu had performed his duties as an INED to the satisfaction of the Board. Through exercising the scrutinising and monitoring function of an INED, he had contributed to an upright and efficient board of directors for the interest of Shareholders. In view of the above, the Board considers that the re-election of Mr. Siu as an INED is beneficial to the Board, the Company and the Shareholders as a whole.

Pursuant to the requirement of the Listing Rules, a separate ordinary resolution will be proposed at the AGM to approve the re-election of Mr. Siu as an INED of the Company.

Each of Mr. Siu and Mr. Wong Shing Kay, Oliver (“Mr. Wong”) has confirmed that he still meets the independent requirements set out in Rule 3.13 of the Listing Rules. Mr. Siu and Mr. Wong have the relevant experience in construction field and accounting experience,

LETTER FROM THE BOARD

respectively and they both have a deep understanding of the Group's operation. Based on the above, the Board believes that Mr. Siu and Mr. Wong are independent of the Group and will continue to make contribution to the Company if re-elected. Relevant details of each of the Directors proposed to be re-elected at the AGM are set out in Appendix III to this circular.

Bye-Law 89 of the Bye-Laws provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by that person of his willingness to be elected shall have been lodged to the Company. The minimum length of the period during which such notices are given shall be at least seven days and the period for lodgment of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the principal place of business of the Company at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong on or before 10:30 a.m. of 8 August 2012.

If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the publication of the notice of the AGM, the Company will publish an announcement to inform Shareholders of the biographical details of the additional candidate proposed.

Details of the biographies of each of the Directors who have offered themselves for re-election are set out in Appendix III to this circular.

5. TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 14 August 2002. No outstanding Share Option as at the Latest Practicable Date. As at the Latest Practicable Date, an aggregate of 24,920,000 Shares (representing approximately 4.36 per cent. of the Shares in issue) had been issued pursuant to the exercise of the options granted under the Existing Share Option Scheme and options entitling the holders thereof to subscribe for an aggregate of 55,230,000 Shares (representing approximately 9.66 per cent. of the Shares in issue) granted under the Existing Share Option Scheme had lapsed pursuant to the terms of the Existing Share Option Scheme. None of the options granted under the Existing Share Option Scheme was cancelled pursuant to the terms of the Existing Share Option Scheme up to the Latest Practicable Date.

Immediately upon adoption of the New Share Option Scheme, the Board will terminate the Existing Share Option Scheme and no further options under the Existing Share Option Scheme will be offered.

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6. ADOPTION OF THE NEW SHARE OPTION SCHEME

The terms of the New Share Option Scheme and the Existing Share Option Scheme are broadly similar. A few changes have been made to reflect changes to the Listing Rules and to market practice in this area since the Existing Share Option Scheme was adopted.

A summary of the principal terms of the proposed New Share Option Scheme is set out in Appendix II to this circular.

The purpose of the New Share Option Scheme is to enable the Group to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that it is in line with modern commercial practice that appropriate Eligible Persons determined by the Board from time to time on the basis of their contribution to the development and growth of the Group, should be given incentives in the form of options to subscribe for Shares.

The terms of the New Share Option Scheme provide that in granting options under the New Share Option Scheme, the Board can determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the New Share Option Scheme can be exercised. The Board will also determine the option price per Share payable on the exercise of an option according to the terms of the New Share Option Scheme. With such conditions, together with the incentive that the option will bring about, the Board would be able to ensure a specified level of standard, which the Board believes will serve the purpose of the New Share Option Scheme.

Subject to the New Share Option Scheme becoming effective, the Directors intend to exercise their powers under the New Share Option Scheme during the Scheme Period with the objective of serving the purpose of the New Share Option Scheme as stated above.

Subject to the New Share Option Scheme becoming effective, the Directors will grant options to selected Eligible Persons to subscribe for Shares under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any outstanding options which may be granted under the New Share Option Scheme.

The Board considers that it is not appropriate to state the value of all options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the option value have not been determined. Such variables include the exercise price, exercise period, lock up period (if any), performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of the options as at the Latest Practicable Date would be based on a great number of speculative assumptions and would therefore not be meaningful and be misleading to the Shareholders.

The Board or a duly constituted committee of the Board will be responsible for administering the New Share Option Scheme. There are no trustees appointed for the purposes of the New Share Option Scheme.

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Subject to the obtaining of the Shareholders' approval with respect to the adoption of the New Share Option Scheme at the AGM, the total number of Shares which may be issued upon exercise of the options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10 per cent. of the Shares in issue of the Company at the date of approval and adoption of the New Share Option Scheme.

Assuming no Shares will be issued or repurchased between the period from the Latest Practicable Date and up to the date of the AGM on which the New Share Option Scheme is expected to be adopted by the Shareholders, the total number of the Shares in issue of the Company as at the date of the AGM will be 571,890,267. Subject to the New Share Option Scheme becoming effective, assuming that no further options will be granted under the Existing Share Option Scheme and no options will be proposed to be granted under the New Share Option Scheme prior to the date of the AGM, the Company may grant further options in respect of which up to 57,189,026 Shares may be issued under the New Share Option Scheme.

Conditions of the New Share Option Scheme

The adoption of New Share Option Scheme is conditional upon:

- (a) the Shareholders passing an ordinary resolution to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme at the AGM; and
- (b) the Listing Committee of Stock Exchange granting the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the New Share Option Scheme up to the Scheme Mandate.

Application has been made to the Listing Committee of the Stock Exchange for, among other matters, the listing of and permission to deal in, up to 57,189,026 Shares (subject to adjustment as is permissible under the rules of the New Share Option Scheme), representing 10% of the Shares in issue as at the date of the AGM (assuming no Shares will be issued or repurchased by the Company from the Latest Practicable Date to such date), which may be issued pursuant to the exercise of options granted under the New Share Option Scheme. As at the Latest Practicable Date, no option has been granted or agreed to be granted under the New Share Option Scheme.

An announcement will be made by the Company on the outcome of the AGM in relation to the proposed adoption of the New Share Option Scheme.

7. AGM

A notice of AGM is set out in Appendix IV to this circular. A form of proxy for the AGM is also enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in

LETTER FROM THE BOARD

any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the AGM or any adjourned meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

8. RECOMMENDATION

The Directors consider that the proposed resolutions for approving the grant of the Issue Mandate and the Repurchase Mandate, and to add the aggregate nominal amount of Shares which have been repurchased to the aggregate nominal amount of the Shares that may be allotted pursuant to the Issue Mandate, the proposed re-election of retiring Directors, the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are each in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

9. 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.

10. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the rules of the New Share Option Scheme will be available for inspection at the principal place of business of the Company in Hong Kong at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours on any Business Day from the date of this circular to and including the date of the AGM and will also be available for inspection at the AGM.

By Order of the Board
Tjia Boen Sien
Managing Director and Deputy Chairman

The Listing Rules permit companies with primary listing on the Stock Exchange to repurchase their fully paid-up Shares on the Stock Exchange subject to certain restrictions.

The following is the explanatory statement required to be sent to the Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the grant of the Repurchase Mandate.

1. REASONS FOR REPURCHASE MANDATE

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or the earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders. The Directors have no present intention to repurchase any of the securities of the Company.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 571,890,267 Shares of HK\$0.10 each.

Subject to the passing of the resolution approving the Repurchase Mandate, and assuming no Shares will be issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 57,189,026 Shares.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and Bye-Laws and the applicable laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of the capital paid up on the relevant Shares, or out of funds of the Company otherwise available for dividend or distribution or the proceeds of a new issue of Shares made for such purpose. The amount of premium payable on repurchase may only be paid out of either the funds of the Company otherwise available for dividend or distribution or out of the share premium or contributed surplus accounts of the Company.

If the Repurchase Mandate were exercised in full, there might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2012). However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

4. DIRECTORS DEALINGS AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any Shares under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries or have undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

5. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months prior to the Latest Practicable Date were as follows:-

	Trading price per Share	
	Highest HK\$	Lowest HK\$
2011		
July	0.650	0.600
August	0.600	0.500
September	0.560	0.450
October	0.520	0.455
November	0.520	0.470
December	0.500	0.450
2012		
January	0.495	0.450
February	0.580	0.480
March	0.560	0.500
April	0.540	0.490
May	0.530	0.470
June	0.500	0.470
July up to the Latest Practicable Date	0.495	0.485

6. SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company made the following repurchases of existing Shares on the Stock Exchange:

Date	Number of Existing Shares	Purchase Price Per Share		Aggregate Consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
February 2012	580,000	0.495	0.480	284,450
March 2012	785,000	0.550	0.490	420,250
April 2012	520,000	0.530	0.500	268,200
May 2012	<u>305,000</u>	0.530	0.510	<u>158,550</u>
Total	<u>2,190,000</u>			<u>1,131,450</u>

Save as disclosed herein, the Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda.

8. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined under the Takeovers Code) could, depending on the level of increase of the Shareholder's interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Sparta Assets Limited ("Sparta Assets"), which was wholly owned by Mr. Tjia Boen Sien ("Mr. Tjia"), our Managing Director, was interested in 233,290,000 Shares representing approximately 40.79% of the issued share capital in the Company as at the Latest Practicable Date, and Mr. Tjia also had personal interest in 45,774,400 Shares, representing approximately 8.01% of the issued share capital in the Company as at the Latest Practicable Date.

In the event that the Repurchase Mandate was exercised in full by the Company, the aggregate percentage shareholding of Sparta Assets and Mr. Tjia in the Company would increase from approximately 48.80% to approximately 54.22%. Such increase would require Sparta Assets and Mr. Tjia to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to repurchase Shares to such an extent that would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

1. DEFINITIONS

For the purpose of this Appendix II, the following expression has the meaning set out below unless the context requires otherwise:

“Group” means the Company and any entity in which the Company, directly or indirectly, holds any equity interest

2. SUMMARY OF TERMS

The following is a summary of the principal terms of the rules of the New Share Option Scheme:

(i) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the New Share Option Scheme, with its broadened basis of participation, absence of performance target to be achieved and minimum period for which an option must be held unless otherwise determined by the Directors, will enable the Group to reward the Eligible Persons for their contribution to the Group and will also assist the Group in its recruitment and retention of high calibre professionals, executives and employees who are instrumental to the growth of the Group.

(ii) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the New Share Option Scheme.

The basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

(iii) Option price for subscription of Shares

The option price per Share payable on the exercise of an option is to be determined by the Board provided always that it shall be at least the higher of:

- (aa) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer of grant (which is deemed to be the date of grant if the offer for the grant of an option is accepted by the Eligible Person), which must be a business day; and

(bb) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of grant,

provided that the option price per Share shall in no event be less than the nominal amount of one Share.

(iv) Grant of options and acceptance of offers

No offer of grant of options shall be made:

(aa) after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules by the Company; and

(bb) during the period commencing one month immediately preceding the earlier of:

(1) the date of the board meeting for the approval of the Company's interim or annual results; and

(2) the deadline of the Company to publish its interim or annual results announcement, and ending on the date of the results announcements.

An offer for the grant of options must be accepted within 30 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00.

(v) Maximum number of Shares

(aa) Subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company as from the commencement of the Scheme Period (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10 per cent. of the Shares in issue as at the date of the AGM (the "Scheme Mandate"). The Shares underlying any options granted under the New Share Option Scheme or any other share option schemes of the Company which have been cancelled (but not options which have lapsed) will be counted for the purpose of the Scheme Mandate. Apart from cancelled options, outstanding options and options exercised will also be counted for determining the Scheme Mandate.

- (bb) The Scheme Mandate may be refreshed at any time by issuing a circular, containing such information as required under the Listing Rules, to the Shareholders to, among other matters, convene a general meeting for the purpose of refreshing the Scheme Mandate and obtaining approval of the Shareholders at such general meeting provided that the new limit under the refreshed Scheme Mandate must not exceed 10 per cent. of the Shares in issue at the date of the Shareholders' approval of such refreshed Scheme Mandate. Options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including those exercised, outstanding, cancelled or lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the total number of Shares subject to the refreshed Scheme Mandate.
- (cc) The Company may also, by issuing a circular, containing such information as required under the Listing Rules, to, among other matters, convene a general meeting for the purpose of granting options beyond the Scheme Mandate and obtaining separate approval of the Shareholders at such general meeting, grant options beyond the Scheme Mandate provided the options in excess of the Scheme Mandate are granted only to Eligible Persons specifically identified by the Company before such approval is sought.
- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30 per cent. of the Shares in issue from time to time.

(vi) Maximum entitlement of each Eligible Person

The maximum number of Shares issued and to be issued upon exercise of options granted under the New Share Option Scheme and any other share option schemes of the Company to any Eligible Person (including those cancelled, exercised and outstanding options), in any 12-month period up to the latest date of grant shall not exceed one per cent. of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders in general meeting convened by way of notice which shall be accompanied by a circular of the Company setting out details as required under the Listing Rules. The relevant Eligible Person and his associates must abstain from voting at such general meeting.

(vii) Grant of options to certain connected persons

- (aa) Any grant of an option to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(bb) Where any grant of options to a substantial shareholder of the Company or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of options already granted and to be granted to such person under the New Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

- (1) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (2) having an aggregate value, based on the closing price of the Shares at each date of grant, in excess of \$5 million,

such further grant of options is required to be approved by Shareholders in general meeting in accordance with the Listing Rules. Any change in the terms of an option granted to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders.

The Company must send a circular, containing such information as required under the Listing Rules, to the Shareholders for seeking approval on the matter referred to in the sub-paragraph (bb) above. All connected persons of the Company must abstain from voting at such general meeting except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular.

(viii) Time of exercise of option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period commencing on such date on which the option is granted as the Board may determine in granting the option and expiring at the close of business on such date as the Board may determine in granting the option but in any event shall not exceed 10 years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

No minimum period during which the option granted under the New Share Option Scheme must be held is specified in New Share Option Scheme. The Directors may, however, at their discretion, impose the minimum period during which the option granted under the New Share Option Scheme must be held when the option is granted to the relevant Eligible Person.

(ix) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

No performance target is specifically stipulated under the New Share Option Scheme. The Directors may, however, at their discretion, impose the performance target which must be achieved before the option can be exercised when the option is granted to the relevant Eligible Person.

(x) Ranking of Shares

If under the terms of a resolution passed or an announcement made by the Company prior to the date of exercise of an option, a dividend is to be or is proposed to be paid, or Shares are to be issued or proposed to be issued by way of the capitalisation of profits or reserves or by way of rights under an offer made pro rata, to Shareholders on the Register on a date prior to such date of exercise, the Shares to be issued upon such exercise will not rank for such dividend or such Shares. Subject as aforesaid, Shares allotted upon the exercise of an outstanding option will be subject to all the provisions of the Bye-Laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of such exercise. Shares allotted upon the exercise of an option for the time being outstanding shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof.

(xi) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(xii) Rights of exercise for Eligible Persons

If a grantee of an option ceases to be an Eligible Person:

- (aa) by reason of ill-health or injury or disability or death, then he or (as the case may be) his personal representatives may exercise his outstanding option within six months or up to the expiration of the relevant option period, whichever is earlier, failing which the option will lapse; or
- (bb) because the relevant member of the Group by reason of his employment or engagement with, or secondment to, which he qualified as an Eligible Person at the time the option was granted ceases to be a member of the Group, then he may exercise his outstanding option within six months or up to the expiration of the relevant option period, whichever is earlier, failing which the option will lapse; or
- (cc) by reason of retirement in accordance with his contract of employment or service, then he may exercise his outstanding option within six months after he so ceases or, if the Board in its absolute discretion determines, within six months following the date of his sixtieth birthday where the retirement takes effect or up to the expiration of the relevant option period prior to such date, failing which the option will lapse; or

- (dd) by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the relevant company otherwise than by reason of redundancy, then his outstanding options shall lapse on the date he so ceases; or
- (ee) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the grantee or the Group into disrepute), then his outstanding options shall lapse automatically on the date of his ceasing to be an Eligible Person; or
- (ff) for any other reason, any options exercisable at the date he so ceases may be exercised within six months of the date he so ceases, failing which the option will lapse provided always that in each case the Board in its absolute discretion may decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as it may decide.

(xiii) Failure to meet continuing eligibility criteria

If the Board in the offer granting the relevant option has specified that the grantee has to meet certain continuing eligibility criteria and that the failure of the grantee to meet any such continuing eligibility criterion would entitle the Company to cancel the option then outstanding (or part thereof), then upon the failure of the grantee to meet any such continuing eligibility criterion, his outstanding option shall lapse and determine on the date the Board exercises the Company's right to cancel the option on the ground of such failure.

(xiv) Rights on a general offer

If, in consequence of any general offer made to all the Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the grantee of an option shall, subject to paragraph (viii) above, be entitled to exercise at any time within a period of 14 days after such control has been obtained by the offeror any option in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such option from being exercisable at that time). For the avoidance of doubt, an option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the general offer.

(xv) Rights on winding-up

If notice is given by the Company to the Shareholders of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, the Company shall forthwith give notice thereof to all grantees of options and each grantee shall be entitled, at any time no later than two business days prior to the proposed general meeting of the Company to exercise any of his outstanding options in whole or in part to the extent not already exercised (and notwithstanding any restrictions which would otherwise have prevented such option from being exercisable at that time). If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon lapse and determine on the commencement of the winding-up.

(xvi) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company pursuant to the Companies Act, notice of the relevant meeting shall be given to the grantees of options on the same day notice is given to the Company's members and creditors, and thereupon each grantee (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Supreme Court of the Bermuda be entitled to exercise his option, but such exercise of an option shall be conditional upon such compromise or arrangement being sanctioned by the Supreme Court of the Bermuda and becoming effective. Failing such exercise, all options will lapse.

(xvii) Lapse of options

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (viii) above;
- (bb) the date on which the grantee commits a breach of paragraph (xi) above, if the Board shall exercise the Company's right to cancel the option;
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph (xii) or (xiii) above; and
- (dd) the expiry of any of the relevant periods referred to in paragraph (xv) or (xvi) above.

(xviii) Cancellation of options granted but not yet exercised

Following the cancellation of any options granted under the New Share Option Scheme but not exercised, new options may only be granted to the same grantee under the New Share Option Scheme with available unissued options (excluding the cancelled options) within the limit of the Scheme Mandate then available to the Board.

(xix) Effects of alterations to capital

In the event of any reduction, sub-division or consolidation of the share capital of the Company or any capitalisation issue or rights issue, the number of Shares comprised in each option for the time being outstanding and/or the option price may be adjusted in such manner as the Board (having, except in the case of an issue of Shares by way of the capitalisation of profits or reserves, received a statement in writing from the auditors of the Company or an independent financial adviser appointed for such purpose that in their opinion the adjustments proposed are fair and reasonable and satisfy the requirements set out in the Listing Rules) may deem appropriate, provided always that the grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments, and that no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of Shares as consideration in a transaction will not be regarded as a circumstance requiring adjustment.

(xx) Period of the New Share Option Scheme

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted by the Shareholders in general meeting (being 15 August 2012) and shall expire at the close of business on the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(xxi) Alteration to the New Share Option Scheme

- (aa) No amendment shall be made to the terms and conditions of the New Share Option Scheme which extends the class of Eligible Persons, or alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules except with the prior approval of the Shareholders in general meeting.
- (bb) Any amendments to any terms of the New Share Option Scheme which are of a material nature or any change to the terms of the options granted must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

(cc) Any change to the authority of the Board or scheme administrator (if any) in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(dd) Any amendment to any terms of the New Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(xxii) Termination to the New Share Option Scheme

The Company may, with the approval in general meeting of the Shareholders, terminate the New Share Option Scheme at any time following which no further grant of options shall be offered but in all other respects the rules of the New Share Option Scheme shall continue in full force and effect. Any options granted prior to such termination, including options exercised or outstanding, under the New Share Option Scheme shall continue to be valid and exercisable in accordance with the rules of the New Share Option Scheme.

(xxiii) Conditions of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

(aa) shareholders passing an ordinary resolution to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme at the AGM; and

(bb) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the New Share Option Scheme up to the Scheme Mandate.

3. PRESENT STATUS OF THE NEW SHARE OPTION SCHEME

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of any options granted under the New Share Option Scheme.

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the New Share Option Scheme.

The following are the biographies of each of the retiring Directors proposed to be re-elected at the AGM:

Mr. Tjia Boen Sien (“Mr. Tjia”), aged 68, is one of the co-founders of the Group. He was appointed as a director of the Company in September 1993 and is currently the executive Managing Director and Deputy Chairman of the Group. Mr. Tjia is responsible for the overall corporate strategy and the daily operations of the Group, including business development and overall management. He graduated from the Fujian Overseas Chinese University in the Mainland China. Mr. Tjia is well respected and has established connections in the Mainland China construction industry through his extensive experience. He has over 29 years’ experience in the construction industry in the Mainland China and Hong Kong. Mr. Tjia is the Vice Chairman and a committee member of Zhan Tian You Civil Engineering Development for Science and Technology; a corporate member of the Chartered Institute of Building and a professional member of The Royal Institution of Chartered Surveyors in the United Kingdom.

As at Latest Practicable Date, Mr. Tjia was interested in 45,774,400 Shares representing approximately 8.01% of the existing issued share capital of the Company. Sparta Assets Limited (“Sparta Assets”), the single largest shareholder of the Company, was wholly-owned by Mr. Tjia. Sparta Assets was interested in 233,290,000 Shares representing approximately 40.79% of the issued share capital in the Company as at the Latest Practicable Date. Save as disclosed above, Mr. Tjia does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Tjia. No term has been fixed or proposed for his length of service with the Company. Mr. Tjia will be subject to retirement by rotation at least once every three years. Mr. Tjia will be entitled to an annual salary of HK\$1,338,000 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance.

Save as disclosed above, Mr. Tjia is not entitled to any other emoluments. Mr. Tjia did not have any other directorship held in listed public companies in the last three years.

Save as disclosed above, there is no other matter in relation to the re-election of Mr. Tjia that needs to be brought to the attention of the Shareholders or any information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Siu Man Po (“Mr. Siu”), aged 74, he was appointed as an independent non-executive Director of the Company in September 2001 and is currently an independent non-executive Director of the Group. Mr. Siu was awarded the Medal of Honour (MH) by the Chief Executive of the Government of the Hong Kong Special Administrative Region in July 2004 for his dedication and meritorious services to the engineering profession and the community. Mr. Siu, being an independent non-executive Director, member of the audit

committee, member of the remuneration committee and member of the nomination committee of the Company, has obtained his Master of Science in Civil Engineering in 1963 from Auburn University in Auburn, Alabama, U.S.A. Mr. Siu has extensive experience in construction field including the construction of Tsing Yi Power Stations from 1966 to 1977, MTR stations from 1977 to 1987, and Hong Kong Baptist University campus development from 1989 to 1999. Mr. Siu is a Fellow Member of the Hong Kong Institution of Engineers and the American Society of Civil Engineers. Mr. Siu is currently the Managing Director of Ho Wang Siu Mak Management Ltd.

As at Latest Practicable Date, Mr. Siu was interested in 530,000 Shares representing approximately 0.09% of the existing issued share capital of the Company. Save as disclosed, Mr. Siu does not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Siu. No term has been fixed or proposed for his length of service with the Company. Mr. Siu will be subject to retirement by rotation at least once every three years. Mr. Siu will be entitled to an annual salary of HK\$96,000 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance.

Save as disclosed above, Mr. Siu is not entitled to any other emoluments. Mr. Siu did not have any other directorships held in listed public companies in the last three years.

Save as disclosed above, there is no other matter in relation to the re-election of Mr. Siu that needs to be brought to the attention of the Shareholders or any information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Mr. Wong Shing Kay, Oliver, (“**Mr. Wong**”), aged 60, he was appointed as an independent non-executive Director of the Company in September 2004 and is currently an independent non-executive Director, the Chairman of the Audit Committee, the Chairman of the Remuneration Committee, and the Chairman of Nomination Committee of the Company. Mr. Wong obtained his professional accounting qualifications in both Hong Kong and Canada. Mr. Wong is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Wong is also a fellow member of the Hong Kong Institute of Certified Public Accountants, an ordinary member of The Society of Chinese Accountants and Auditors, and an associate member of Certified General Accountants of Canada. Mr. Wong had worked in various renowned auditing firms in Hong Kong with over 20 years of experience in handling auditing, financial accounting and taxation matters. Mr. Wong is currently appointed as an independent non-executive director and a member of Auditing Committee of another listed company in Hong Kong. He also assumed the duty of Financial Controller for several listed companies in both Hong Kong and Canada for over

ten years. Mr. Wong is presently practicing as a Certified Public Accountant in Hong Kong. He is knowledgeable with expertise in financial accounting, taxation, system development, internal control and company management.

As at the Latest Practicable Date, Mr. Wong did not hold any Share of the Company. Save as disclosed, Mr. Wong did not have any relationship with any other Directors, senior management, substantial or controlling Shareholders (as defined in the Listing Rules) of the Company or any other interest in the Shares within the meaning of Part XV of SFO.

As at the Latest Practicable Date, no service contract had been entered into between the Company and Mr. Wong. No term has been fixed or proposed for his length of service with the Company. Mr. Wong will be subject to retirement by rotation at least once every three years. Mr. Wong will be entitled to an annual salary of HK\$96,000 which is determined by the Board with reference to his duties and responsibilities with the Company and an annual discretionary bonus of such an amount to be determined by the Board from time to time with reference to the financial results of the Company and on his performance. Save as disclosed above, Mr. Wong is not entitled to any other emoluments.

Mr. Wong is also an independent non-executive director of Hopson Development Holdings Limited (Stock Code 754).

Save as disclosed above, Mr. Wong was an independent non-executive director of the following listed public companies in the last three years:

- a) New City (China) Development Limited (Stock Code 456) – resigned on 30 September 2009; and
- b) Dream International Limited (Stock Code 1126) – resigned on 20 August 2010.

Save as disclosed above, there is no other matter in relation to the re-election of Mr. Wong that needs to be brought to the attention of the Shareholders or any information that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

**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)**

NOTICE IS HEREBY GIVEN that an annual general meeting (“AGM”) of Deson Development International Holdings Limited (the “Company”) will be held at 10:30 a.m. on Wednesday, 15 August 2012 at 11th Floor, Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong for the following purposes:

- (1) To receive, consider and adopt the audited consolidated financial statements and the reports of directors and auditors of the Company for the year ended 31 March 2012;
- (2) To approve the payment of a final dividend for the year ended 31 March 2012;
- (3) (A) To re-elect Mr. Tjia Boen Sien as executive director of the Company;
- (B) To re-elect Mr. Wong Shing Kay, Oliver as independent non-executive director of the Company;
- (C) To re-elect Mr. Siu Man Po who has served the Company as independent non-executive director for more than nine (9) years as independent non-executive director of the Company;
- (4) To authorize the board of directors of the Company to fix the remuneration of the directors;
- (5) To re-appoint auditors of the Company and to authorize the board of directors of the Company to fix their remuneration;
- (6) As special business, to consider and, if thought fit, to pass, with or without modification, the following resolutions as ordinary resolutions:
 - (A) **“THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue or deal with additional shares in the share capital of the Company or securities convertible into such shares or options, warrants or similar rights to subscribe for any such shares or such convertible securities and to

* For identification purpose only

make or grant offers, agreements and options which might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this resolution shall authorize the directors of the Company during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital to be allotted and issued or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), (ii) the exercise of the subscription rights or conversion under the terms or any warrants issued by the Company or any securities which are convertible into shares of the Company and from time to time outstanding, (iii) the exercise of any options granted under the share option scheme or similar arrangement for the time being adopted for the grant or issue to (amongst others) officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, or (iv) any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company in force from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognized regulatory body or stock exchange in any territory outside Hong Kong applicable to the Company).”

(B) **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with all applicable laws and regulations of Bermuda, the bye-laws of the Company and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other applicable requirements of any Recognised Stock Exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares which the Company may be purchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as defined in paragraph (c) below) shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) **“THAT:**

subject to the passing of the resolutions set out in items 6(A) and 6(B) in the notice convening this meeting, the aggregate nominal amount of the share capital of the Company which has been purchased by the Company pursuant to the authority granted to the directors of the Company pursuant to the resolution set out in item 6(B) of the said notice shall be added the aggregate nominal amount of share capital of the Company that may be allotted, issued and dealt with by the directors of the Company pursuant to the resolution set out in item 6(A) of the said notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

- (7) As special business, to consider and, if thought fit, to pass with or without modifications the following Resolution as an ordinary resolution of the Company:

“THAT:

subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares of the Company to be issued pursuant to the exercise of the options which may be granted under the new share option scheme of the Company (the “New Share Option Scheme”), a draft of which is produced to this meeting marked “A” and signed for the purpose of identification by the Chairman hereof, in an amount not exceeding 10 per cent. of the shares in issue as at the date of passing this resolution, the New Share Option Scheme be and is hereby approved and adopted and the Board of Directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including, but without limitation:

- (a) to administer the New Share Option Scheme under which options may be granted to Eligible Persons (as defined in the New Share Option Scheme) to subscribe for shares in the capital of the Company;
- (b) to modify and/or amend the New Share Option Scheme from time to time, provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- (c) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and

- (d) to take all such steps as may be necessary, desirable or expedient to carry into effect the New Share Option Scheme, and accordingly THAT the existing share option scheme of the Company adopted on 14 August 2002 be and is hereby terminated with effect from the close of this meeting (without prejudice to the rights and benefits of and attached to any such options as may have been granted thereunder which are outstanding).”

By Order of the Board
Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong, 13 July 2012

Notes:

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is appointed. A proxy need not be a shareholder of the Company.
2. In order to be valid, the proxy form together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting thereof.
3. The Register of Members will be closed from 22 August 2012 to 24 August 2012, both days inclusive, during which period no transfer of shares will be affected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 August 2012.
4. As at the date of this circular, the executive directors of the Company are Mr. Lu Quanzhang, Mr. Tjia Boen Sien, Mr. Wang Jing Ning and Mr. Keung Kwok Cheung, the independent non-executive directors of the Company are Dr. Ho Chung Tai, Raymond, Mr. Siu Man Po and Mr. Wong Shing Kay, Oliver.