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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)

**PLACING OF 50,000,000 NEW SHARES
AND
RESUMPTION OF SHARE TRADING**

On 12 December 2006, after the close of the morning trading session of the Stock Exchange, the Company entered into the Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place 50,000,000 new Shares on a best efforts basis at a price of HK\$0.50 per Share. The Placing Shares to be placed under the Agreement represent approximately 9.57% of the existing issued share capital of the Company and approximately 8.73% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing is conditional, among other things, on the listing of, and permission to deal in, the Placing Shares being granted by the Listing Committee of the Stock Exchange.

The net proceeds from the Placing are estimated to be approximately HK\$24.5 million.

Trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 12 December 2006 at the Company's request pending the release of this announcement. Application for the resumption of trading in the Shares has been made by the Company to the Stock Exchange to the effect that trading in the Shares will resume at 9.30 a.m. on 13 December 2006.

A. AGREEMENT DATED 12 DECEMBER 2006

1. Parties to the Agreement

Issuer

The Company

Placing Agent

3V Capital Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial shareholder(s) are third parties independent of the Company and any connected person, and are not themselves connected persons, of the Company (as defined under the Listing Rules).

2. Number of Placing Shares

50,000,000 new Shares, representing approximately 9.57% of the existing issued share capital of the Company, which currently comprises 522,683,017 Shares. The Placing Shares will represent approximately 8.73% of the issued share capital of the Company as enlarged by the issue and allotment of such Placing Shares.

3. General mandate to issue Placing Shares

The Placing Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company at the Company's annual general meeting held on 22 August 2006. The Company can issue up to 104,536,603 new Shares under the general mandate. The Company has not previously issued any new Shares under such general mandate.

4. Ranking

The Placing Shares, when fully paid, will rank pari passu in all respects with the existing Shares of the Company in issue as at the date of issue of the Placing Shares, and will be free and clear of any encumbrance or any other limitation or restriction.

5. Placing Price

The Placing Price of HK\$0.50 per new Share represents a discount of approximately 10.71% to the closing price of HK\$0.56 per Share as quoted on the Stock Exchange as at the end of the morning trading session of the Stock Exchange on 12 December 2006, being the day on which the terms of the Agreement were fixed and the last day on which Shares were traded on the Stock Exchange prior to the suspension in trading following the end of the morning trading session pending the issue of this announcement, and a discount of approximately 10.39% to the average of the closing price of HK\$0.558 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 12 December 2006, and a discount of approximately 9.75% to the average of the closing price of HK\$0.554 for the last 10 trading days up to and including 12 December 2006.

6. Placee(s)

Penta Investment, failing which the Placing Agent shall procure other Placees to take up the Placing Shares, in which case the Company will issue an announcement containing details of such other Placees. To the best knowledge of the Company, Penta Investment currently holds Shares representing approximately 6.10% of the issued share capital of the Company. Penta Investment also holds convertible notes issued by the Company on 24 April 2006 which would upon full exercise convert (on the basis of the existing conversion price of HK\$0.45 per Share) into 35,000,000 Shares representing approximately 6.28% of the issued share capital of the Company as enlarged by such conversion, without taking into account the Placing Shares to be issued under the Placing, and approximately 5.76% of the issued share capital of the Company as enlarged by such conversion and by the Placing.

7. Conditions

The Placing by the Placing Agent of the Placing Shares is conditional upon, among other matters:

- (a) the listing of, and permission to deal in, all the Placing Shares being granted by the Listing Committee of the Stock Exchange; and
- (b) if necessary, the Bermuda Monetary Authority granting permission for the allotment and issue of the Placing Shares.

8. Completion of the Placing

Completion of the Placing will take place on the second Business Day immediately following the day upon which all of the conditions set out above shall have been satisfied (or such later date as the parties may agree in writing but in any event, no later than 29 December 2006).

9. Shareholding Structure of the Company

The shareholding structure of the Company (assuming Penta Investment takes up all the Placing Shares) will be as follows:

Name of Shareholder	Existing		After Placing		After Placing and conversion of convertible notes ⁽¹⁾	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Sparta Assets ⁽²⁾	226,250,000	43.29	226,250,000	39.51	226,250,000	37.23
Mr. Tjia Boen Sien ⁽³⁾	35,984,400	6.88	35,984,400	6.28	35,984,400	5.92
Mr. Wang Jing Ning ⁽³⁾	12,839,600	2.46	12,839,600	2.24	12,839,600	2.11
Mr. Wang Ke Duan ⁽³⁾	268,960	0.05	268,960	0.05	268,960	0.04
Mr. Ong Chi King ⁽³⁾	1,550,000	0.30	1,550,000	0.27	1,550,000	0.26
Mr. Siu Man Po ⁽³⁾	180,000	0.03	180,000	0.03	180,000	0.03
Okabe Company Limited ⁽⁴⁾	28,125,000	5.38	28,125,000	4.91	28,125,000	4.63
Penta Investment ⁽⁵⁾	31,880,000	6.10	81,880,000	14.30	116,880,000	19.23
Other public shareholders	185,605,057	35.51	185,605,057	32.41	185,605,057	30.55
	<u>522,683,017</u>	<u>100.00</u>	<u>572,683,017</u>	<u>100.00</u>	<u>607,683,017</u>	<u>100.00</u>

Notes:

- (1) Convertible notes with a principal amount of HK\$15,750,000 were issued by the Company to Penta Investment on 24 April 2006 with an exercise price of HK\$0.45 per new Share (subject to adjustments).
- (2) Sparta Assets is wholly owned by Mr. Tjia Boen Sien, the Managing Director and Deputy Chairman of the Company.
- (3) Messrs. Tjia Boen Sien, Wang Jing Ning, Wang Ke Duan, Ong Chi King are executive Directors and Mr. Siu Man Po is an independent non-executive Director.
- (4) Okabe Company Limited is a company listed on the Tokyo Stock Exchange.
- (5) Penta Investment is wholly owned by Mr. John Zwaanstra, who save for his indirect shareholding in the Company through Penta Investment, is a third party independent of the Company and any connected person and is not himself a connected person of the Company (as defined under the Listing Rules)

10. Application for listing

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares as soon as practicable.

11. Fund raising activities within the 12 months preceding the date of this announcement

Save for the issue of convertible notes in the principal amount of HK\$15,750,000 by the Company to Penta Investment and an issue of 15,000,000 new Shares by way of a top-up placement with Penta Investment, both in April 2006, the Company has not carried out any fund raising activity within the 12 months preceding the date of this announcement. The issue of such convertible notes and new Shares raised approximately HK\$15 million and HK\$5 million for the Group, respectively. The proceeds from the issue of convertible notes was intended to be used as working capital and for paying anticipated expenses in commencing a carnival business in Mainland China and the proceeds from the issue of new Shares was intended to be used as working capital. HK\$9 million of the proceeds from the issue of convertible bonds has since been used for expenses relating to the abovementioned carnival business and the rest has been used as working capital and the proceeds from the issue of new Shares has been used as working capital.

12. Reasons for the Placing and intended use of proceeds

The net proceeds from the Placing, after deducting a placing commission payable to the Placing Agent, legal fees and other miscellaneous expenses which will be borne by the Company, are estimated to be approximately HK\$24.5 million and approximately HK\$0.49 per Placing Share. The Group intends to apply the entire net proceeds of the Placing to fund part of the total investment to be made by the Group in Kaifang Bank (see under “General Information” below) if and to the extent the Group proceeds with such investment, failing which the net proceeds of the Placing will be applied as the Group’s general working capital.

The Directors (including the independent non-executive Directors) are of the view that the Placing Price and the other terms and conditions of the Placing are on normal commercial terms, fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

B. GENERAL INFORMATION

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 Peoples’ Republic of China; (ii) property development and investment; and (iii) the operation of fitness clubs and trading of fitness equipment.

In addition, the Company has been holding preliminary discussion with Kaifeng Bank in regard to a possible investment by the Group, in conjunction with a foreign financial institution (as yet not identified), in shares of Kaifeng Bank. Although the Company has on 8 December 2006 entered into a simple non-binding “Share Investment Letter of Intent” with Kaifeng Bank, no specific terms as to, e.g., pricing, percentage of shareholding or timing of investment have been agreed and **the Group’s investment in Kaifeng Bank may or may not proceed**. If and when the relevant terms and conditions can be finalized and such investment can proceed, the Directors are of the view that it has the potential of providing the Group with an additional stable and recurring source of income which will benefit the Company and Shareholders.

Due to the preliminary nature of the letter of intent, the Directors do not consider entry by the Company into the letter of intent to be price sensitive information. In any event, Shareholders and investors should exercise caution when dealing in the Shares. The Company will issue a further announcement on any material development of this potential investment if and when required under the Listing Rules.

C. SHARE TRADING SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 2:30p.m. on 12 December 2006 pending the release of this announcement. Application for the resumption of trading in the Shares has been made by the Company to the Stock Exchange to the effect that trading in the Shares will resume at 9.30 a.m. on 13 December 2006.

DEFINITIONS

“Agreement”	the placing agreement dated 12 December 2006 entered into between the Company and the Placing Agent
“Business Day”	means any day (excluding a Saturday) on which banks generally are open for business in Hong Kong;
“Director(s)”	means the director(s) of the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	means dollars in the lawful currency of Hong Kong;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange for the time being in force;
“Kaifeng Bank”	開封市商業銀行股份有限公司 (Kaifeng City Commercial Bank Joint Stock Company Limited*), a bank operating in Kaifeng, Henan province, People’s Republic of China;

“Parties”	means the named parties to the Agreement and their respective successors and permitted assigns;
“Penta Investment”	means Penta Investment Advisers Limited, a limited liability company incorporated in the British Virgin Islands and having its registered office at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands;
“Placee(s)”	means Penta Investment or such other person(s) procured by the Placing Agent to take up the Placing Shares pursuant to the terms of the Agreement;
“Placing”	means the offer by way of private placing of the Placing Shares to Penta Investment (or such other Placee(s) as the Placing Agent may procure) by the Placing Agent on the terms and subject to the conditions set out in the Agreement;
“Placing Agent”	3V Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) permitted to engage in types 1 and 4 of the regulated activities;
“Placing Price”	means the price of HK\$0.50 per Placing Share;
“Placing Shares”	means the 50,000,000 new Shares to be placed by the Placing Agent pursuant to the Agreement;
“Shares”	means shares of HK\$0.10 each in the capital of the Company; and
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.

(* English translation provided for identification only)

List of all Directors of the Company as of the date of this announcement:–

Executive Directors:

Mr. Wang Ke Duan
Mr. Tjia Boen Sien
Mr. Wang Jing Ning
Mr. Keung Kwok Cheung
Mr. Ong Chi King

Independent non-executive Directors:

Dr. Ho Chung Tai, Raymond
Mr. Siu Man Po
Mr. Wong Shing Kay, Oliver

On behalf of the board of
Deson Development International Holdings Limited
Tjia Boen Sien
Managing Director and Deputy Chairman

Hong Kong, 12 December 2006

Please also refer to the published version of this announcement in The Standard.