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**Hong Sheng Group Limited**  
*(incorporated in the British Virgin Islands  
with limited liability)*

**S & D International Development Group Limited**  
*(incorporated in the Cayman Islands  
with limited liability)*  
(Stock code: 8148)

## **JOINT ANNOUNCEMENT**

**Possible unconditional mandatory general offer by  
Grand Cathay Securities (Hong Kong) Limited  
on behalf of  
Hong Sheng Group Limited  
for all the issued shares of HK\$0.01 each in  
S & D International Development Group Limited  
(other than those Shares already owned  
or agreed to be acquired by Hong Sheng Group Limited  
and parties acting in concert with it)**

**Joint financial advisers to Hong Sheng Group Limited**  
**Nuada Limited**  
*Corporate Finance Advisory*

 **大華證券(香港)有限公司**  
GRAND CATHAY SECURITIES (HONG KONG) LIMITED

**Independent financial adviser to the independent board committee of  
S & D International Development Group Limited**

**VEDA | CAPITAL**  
**智略資本**

### **S&P Agreement**

On 9 May 2008, the Purchaser entered into the S&P Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell an aggregate of 136,545,828 Shares at a total consideration of HK\$37,000,000 (equivalent to approximately HK\$0.271 per Share). The Sale Shares represent approximately 68.27% of the issued share capital of the Company as at the date of this announcement. The S&P Agreement is conditional upon fulfillment of the conditions specified therein and as described in the paragraph headed “Conditions” in the section headed “S&P Agreement” of this announcement.

Upon Completion, the Purchaser and parties acting in concert with it will own in aggregate 136,545,828 Shares, representing approximately 68.27% of the issued share capital of the Company as at the date of this announcement and is required under Rule 26.1 of the Takeovers Code to make the Offer for all the issued Shares not already owned by the Offeror and parties acting in concert with it.

Grand Cathay will, on behalf of the Offeror, make the Offer in compliance with the Takeovers Code at HK\$0.271 per Share in cash. The terms of the Offer are set out under the section headed “Possible Unconditional Mandatory General Offer” below. Nuada and Grand Cathay are satisfied that there are sufficient financial resources available to the Offeror to meet the Consideration (less the Deposit) and the full acceptance of the Offer.

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror and its concert parties are required to despatch an offer document in relation to the Offer. The Offeror and the Company intend to combine the offer document and the Company’s board circular and despatch such composite document to the Shareholders, setting out, inter alia, the terms of the Offer, information on the Group, the letter from the independent board committee of the Company containing its recommendation and advice to the Independent Shareholders in respect of the Offer and the letter from Veda Capital, the independent financial adviser containing its recommendation and advice to the independent board committee of the Company in respect of the Offer, together with forms of acceptance and transfer, within such period.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 22 March 2007 and will remain suspended until further notice.

### **Termination of the Placing**

On 9 May 2008, the Company entered into the Termination Agreement with the Placing Agent, pursuant to which the Company and the Placing Agent agree that the Placing Agreements shall be terminated and cease to be of any effect from the date of execution of the Termination Agreement.

## **S&P AGREEMENT**

Date: 9 May 2008

Vendor: S&D Holdings Group Limited

Purchaser: Hong Sheng Group Limited

The Purchaser and its ultimate beneficial owners are not acting in concert with any Shareholders or their ultimate beneficial owners.

The Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

- Sale Shares: 136,545,828 Shares, representing approximately 68.27% of the issued share capital of the Company as at the date of this announcement. 136,545,828 Shares are the entire shareholdings in the Company held by the Vendor.
- Consideration: HK\$37,000,000, representing a price of approximately HK\$0.271 per Sale Share.

The Consideration shall be satisfied by the Purchaser in the following manner:

- (1) the deposit of HK\$1,000,000 (the “**Deposit**”) had been paid to the Vendor on 14 May 2008;
- (2) part payment of the Consideration in the sum of HK\$17,500,000 (the “**Part Payment**”) shall be paid at Completion, and such sum shall be settled by the release of such part of the Escrow Money (as defined below) equal to the Part Payment to the Vendor by the Escrow Agent in accordance with the terms of the Escrow Letter; and
- (3) the balance of the Consideration in the sum of HK\$18,500,000 (the “**Balance**”) shall be paid (i) within two Business Days from the date of despatch of the Offer Circular; or (ii) the date falling four months after the Completion Date (whichever is earlier), and such sum shall be settled by the release of the remaining balance of the Escrow Money (together with interests accrued thereon).

Under the S&P Agreement, the Purchaser shall, on or before 16 May 2008, deposit an amount of HK\$36,000,000 in cash sufficient to satisfy fully the Consideration (less the Deposit) (the “**Escrow Money**”) to the Escrow Agent which amount will be held in escrow by the Escrow Agent and shall only be released strictly in accordance with the terms of the Escrow Letter. In accordance with the terms of the Escrow Letter, the Part Payment (together with the interest accrued thereon) shall be released to or to the order of the Vendor forthwith on the date of receipt of a notice in writing confirming that the Completion has taken place and the Balance (together with the interest accrued thereon) shall be released to or to the order of the Vendor within two Business Days after the date of receipt of a notice in writing (the “**Balance Release Notice**”) confirming the despatch to the Shareholders of the Offer Circular, provided that if no Balance Release Notice is received by the Escrow Agent on the date falling four months after the Completion Date, the Balance (together with the interest accrued thereon) shall, in any event, be released by the Escrow Agent to or to the order of the Vendor forthwith on the date falling four months after the Completion Date without the need for the Escrow Agent to receive any notice (including the Balance Release Notice) from the Vendor and/or the Purchaser. The parties to the S&P Agreement had, upon signing of the S&P Agreement, entered into the Escrow Letter with the Escrow Agent in respect of the holding and release of the Escrow Money.

Conditions: Completion is conditional upon:

- (1) the clearance of this announcement in relation to the S&P Agreement and the transactions contemplated thereby by or on behalf of the Company and the Purchaser having been obtained from the Stock Exchange and the SFC; and
- (2) the listing status of the Shares on the GEM has not been cancelled by the Stock Exchange at any time prior to Completion.

The S&P Agreement has not provided for the waiver by any party to the S&P Agreement of any of the conditions precedent set out above.

If any of the conditions set out in above is not satisfied at or before 12:00 noon on or before the Long Stop Date, the S&P Agreement shall cease and determine and the Vendor shall forthwith refund the Deposit (together with all interest accrued thereon), to the Purchaser, and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms of the S&P Agreement.

If the conditions set out above have been satisfied on or before the Long Stop Date, but the Purchaser shall fail to complete the purchase of the Sale Shares in accordance with the S&P Agreement, the Vendor may forthwith determine the S&P Agreement by giving notice of termination in writing to the Purchaser to such effect, in which event the Vendor shall be entitled to forfeit the Deposit (together with all interest accrued thereon) absolutely and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms of the S&P Agreement.

If the conditions set out in above have been satisfied on or before the Long Stop Date, but the Vendor shall fail to complete the sale of the Sale Shares in accordance with the S&P Agreement, the Purchaser may forthwith determine the S&P Agreement by giving notice of termination in writing to the Vendor to such effect, in which event the Vendor shall forthwith refund the Deposit (together with all interest accrued thereon) plus an amount equivalent to an amount of the Deposit, to the Purchaser and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms of the S&P Agreement.

If the conditions set out above have been satisfied on or before the Long Stop Date, but Completion does not take place otherwise than due to the default of either the Purchaser or the Vendor, the S&P Agreement shall cease and determine and the Vendor shall refund the whole of the Deposit (together with all interest accrued thereon) to the Purchaser, and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms of the S&P Agreement.

**Completion:** Upon fulfillment of all conditions of the S&P Agreement as set out above, Completion shall take place on the Completion Date.

A separate announcement will be made immediately upon Completion in compliance with Rule 3.6 of the Takeovers Code.

### **(I) Basis of consideration**

The consideration for the Sale Shares is determined after arms' length negotiation and commercial decision between the Vendor and the Purchaser having taking into account the prevailing market condition and the current financial position of the Group.

The consideration per Sale Share of approximately HK\$0.271 represents:

- (a) a discount of approximately 12.58% to the closing price of HK\$0.310 per Share as quoted by the Stock Exchange on the Last Trading Day; and
- (b) a premium of HK\$0.301 per Share over the audited consolidated net liability value per Share of approximately HK\$0.030 (based on the audited consolidated balance sheet of the Group as at 31 December 2007 and the 200,000,000 Shares in issue as at 31 December 2007 and as at the date of this announcement).

### **(II) Sale Shares**

An aggregate of 136,545,828 Shares, representing approximately 68.27% of the total issued share capital of the Company as at the date of this announcement. The Sale Shares to be acquired by Purchaser will be free from all Encumbrances on Completion and were all the Shares held by the Vendor in the Company as at the date of the S&P Agreement.

### **POSSIBLE UNCONDITIONAL MANDATORY GENERAL OFFER**

Subject to Completion, the Offeror and parties acting in concert with it will be interested in 136,545,828 Shares, representing approximately 68.27% of the total issued share capital of the Company. Accordingly, the Offeror and parties acting in concert with it will be required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and its concert parties) pursuant to Rule 26.1 of the Takeovers Code.

As at the date of this announcement, there are 200,000,000 Shares in issue. The Company does not have any outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares as at the date of this announcement.

Prior to the entering into of the S&P Agreement, the Offeror and parties acting in concert with it do not have any shareholding interest in the Company and do not have interest in any outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares as at the date of this announcement.

Taking into account the aggregate of 136,545,828 Shares to be acquired by the Offeror and its concert parties, 63,454,172 Shares will be subject to the Offer.

Save for the entering into of the S&P Agreement, there have been no dealings in the Shares by the Offeror and parties acting in concert with it during the six-month period immediately prior to the date of the S&P Agreement and up to the date of this announcement.

As at the date of this announcement, (i) there is no outstanding derivatives in respect of the securities of the Company entered into by the Offeror or parties acting in concert with it; (ii) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer; and (iii) there is no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

As at the date of this announcement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept the Offer.

The Offer will be made on the terms set out below.

### **Principal terms of the Offer**

Grand Cathay will, on behalf of the Purchaser, make the Offer in compliance with the Takeovers Code on the following basis:

**for each Share..... HK\$0.271 in cash**

### **Comparisons of value**

The offer price of HK\$0.271 for each Share is the same as the price agreed to be paid by Purchaser for each Sale Share under the S&P Agreement and represents:

- (a) a discount of approximately 12.58% to the closing price of HK\$0.310 per Share as quoted by the Stock Exchange on the Last Trading Day;
- (b) a premium of HK\$0.301 per Share over the audited consolidated net liability value per Share of approximately HK\$0.030 (based on the audited consolidated balance sheet of the Group as at 31 December 2007 and the 200,000,000 Shares in issue as at 31 December 2007 and as at the date of this announcement).



## **Highest and lowest prices**

Trading in the Shares has been suspended since 22 March 2007 pending release of an announcement relating to information of public float of the Company and will remain suspended until further notice. The closing price per Share on 21 March 2007 was HK\$0.310.

## **Total consideration**

As at the date of this announcement, there are 200,000,000 Shares in issue. Based on the offer price of HK\$0.271 per Share, the entire issued share capital of the Company is valued at HK\$54.2 million and the Sale Shares are valued at approximately HK\$37.0 million. In the event that the Offer is fully accepted, the aggregate amount payable by the Offeror will be approximately HK\$17.2 million.

Nuada and Grand Cathay are satisfied that there are sufficient financial resources available to the Offeror to meet the Consideration (less the Deposit) and the full acceptance of the Offer.

## **Effect of accepting the Offer**

By accepting the Offer, the accepting Shareholders will sell their Shares and all rights arising on or after the date of acceptance (which shall be on or after the date of the Offer Circular in relation to the Offer to be posted to the Shareholders) attached to them to the Offeror.

## **Settlement of the consideration**

Stamp duty at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the amount payable in respect of relevant acceptances, or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will then pay such stamp duty to the stamp office of the Inland Revenue Department of Hong Kong.

The amounts due to the Shareholders who accept the Offer should be paid by the Offeror to the Shareholders as soon as possible but in any event within 10 days of the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

## **INFORMATION ON THE COMPANY**

The Company, incorporated in Cayman Islands with limited liability, and its issued Shares are listed on GEM. The Group is principally engaged in the information localization business, custom-made solutions and trading of computer equipment.

Based on the 2007 annual report of the Company, the net loss attributable to equity holders of the Company for the years ended 31 December 2006 and 2007 were approximately HK\$11.23 million and HK\$5.38 million respectively. The audited consolidated net asset value of the Group as at 31 December 2006 was approximately HK\$0.83 million, while the audited consolidated net liability value of the Group as at 31 December 2007 was approximately HK\$5.93 million. There has been no material change to principal businesses of the Group as stated above since 31 December 2007. Based on the first quarterly report 2008 of the Company,

the Group recorded unaudited net loss of approximately HK\$2.71 million for the three months ended 31 March 2008, and the Group had total assets of approximately HK\$24.5 million and total liabilities of approximately HK\$34.0 million as at 31 March 2008.

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after the Completion but before the Offer:

	<b>As at the date of this announcement</b>		<b>After the Completion and before the Offer</b>	
	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>
The Vendor ( <i>Note 1</i> )	136,545,828	68.27%	0	0%
Simplex Technology Investment (Hong Kong) Co. Limited ( <i>Note 2</i> )	22,528,484	11.26%	22,528,484	11.26%
The Purchaser and parties acting in concert with it	0	0%	136,545,828	68.27%
Yan Li Li	10,600,000	5.30%	10,600,000	5.30%
Hung Chao Hong	9,097,283	4.55%	9,097,283	4.55%
Dignet Investment Limited	5,001,901	2.50%	5,001,901	2.50%
Public	16,226,504	8.12%	16,226,504	8.12%
<b>Total</b>	<b><u>200,000,000</u></b>	<b><u>100.00%</u></b>	<b><u>200,000,000</u></b>	<b><u>100.00%</u></b>

*Notes:*

1. The entire issued share capital of the Vendor is beneficially owned by Ms. Wen Chen as to 4.17%, Mrs. Tinna Chan Yee as to 14.16%, Mr. David Cigar Yee as to 14.17%, Mr. Syed Waliuddin Ahmed as to 14.17%, Mrs. Sana Bakhtiar Ahmed as to 14.17%, Mr. Frank Wai Kah Yee as to 15% and Mr. Stephen Yee as to 24.16% respectively. Mrs. Tinna Chan Yee and Mrs. Sana Bakhtiar Ahmed are executive Directors of the Company as at the date of this announcement.
2. The entire share capital of Simplex Technology Investment (Hong Kong) Co. Limited is beneficially owned by Shanghai Jiao Tong University as to 96.735% and 上海交大企業管理中心 (transliterated as Shanghai Jiaoda Enterprise Management Centre) as to 3.265% respectively.

## **INFORMATION ON THE OFFEROR AND ITS INTENTION REGARDING THE COMPANY**

The Offeror is incorporated in the British Virgin Islands on 29 February 2008 and has not commenced carrying on any business (save for the entering into of the S&P Agreement) and will be an investment holding company. The entire issued share capital of the Offeror is beneficially and ultimately owned as to 51% by Cheung Yuping and as to 49% by Cai Dongmei. The Offer is to be financed by internal resources of the Offeror.

Cheung Yuping, Cai Dongmei and Yu Shu Kuen are the directors of the Offeror as at the date of this announcement.



**Mr. Cheung Yuping** has extensive experience in consultancy business of energy, information technology related projects and property investment in the PRC. He graduated at Harbin Institute of Technology, the PRC with a degree in construction engineering. Mr. Cheung has been running his consultant business with offices both in Shenzhen and Hong Kong. Prior to starting his own business, he was an official in Jilin Municipal Government from 1982 to 2000, where extensive connections and experience in the industry were developed. Currently, he is also an adjunct professor in the Shenzhen Graduate School of Harbin Institute of Technology.

**Ms. Cai Dongmei** has very extensive experience in financial and administration management, particularly in the manufacturing business in the PRC. She has been in the industry of manufacturing of electrical and electronic appliances for more than twenty years and she also holds investment in an electrical and electronic parts manufacturing company in Singapore. Currently, she is a shareholder as well as the finance director of a major electrical and electronic appliances manufacturing group in the PRC.

It is the intention of the Offeror that the existing principal activities of the Group will remain unchanged and the Offeror has currently no intention to make any material changes to the employees or management of the Group or to dispose of any material assets or businesses of the Group other than in its ordinary course of business and has currently no intention to inject any material assets or businesses into the Group as at the date of this announcement. Subject to Completion, the Offeror intends to nominate 2 new Directors to the Board and any appointment of new Directors will be made in compliance with the Takeovers Code and the GEM Listing Rules. It is intended that all existing Directors will resign and any resignation of existing Directors will be made in compliance with the Takeovers Code and the GEM Listing Rules.

As at the date of this announcement, neither the Offeror, its beneficial owners nor parties acting in concert with any of them holds any Shares or any options, warrants, derivatives or securities convertible into or exchangeable for, Shares. Neither the Offeror, its beneficial owners nor parties acting in concert with any of them has dealt in any Shares or any options, warrants, derivatives or securities convertible into or exchangeable for, Shares during the period commencing on the date falling six months immediately prior to the date of the S&P Agreement and up to the date of this announcement.

Meanwhile, the Offeror will conduct a review of business operation and financial position of the Group for the purpose of formulating business plans and strategies for streamlining in the existing business operation and improve the financial position of the Group and for the future business development of the Group. Subject to the result of the aforesaid review and should suitable investment or business opportunities arises, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities have been identified at this stage.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror has no intention to privatise the Company. The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The Company, the Directors and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

Pursuant to the GEM Listing Rules, the Company is required to maintain the public float which is a minimum prescribed percentage of 25% of the issued Shares to be in the hands of the public. Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 22 March 2007. On 18 May 2007, the Company further issued an announcement in relation to the high concentration of shareholding and insufficient public float. As at the date of this announcement, the Company fails to comply with the public float requirement under Rule 11.23 of the GEM Listing Rules. Trading in the Shares on the Stock Exchange will remain suspended until, among others, the Company is able to demonstrate that it has a sufficient level of operation to warrant the continued listing of the Shares under Rule 17.26 of the GEM Listing Rules and that it is able to restore its public float under Rule 11.23 of the GEM Listing Rules.

The Offeror and the Company will use their respective best endeavours to restore the public float as soon as reasonably practicable.

## **GENERAL INFORMATION**

Pursuant to the Takeovers Code, within 21 days after the date of this announcement or such later date as the Executive may approve, the Offeror and its concert parties are required to despatch an offer document in relation to the Offer. The Offeror and the Company intend to combine the offer document and the Company's board circular and despatch such composite document to the Shareholders, setting out, inter alia, the terms of the Offer, information on the Group, the letter from the independent board committee of the Company containing its recommendation and advice to the Independent Shareholders in respect of the Offer and the letter from Veda Capital containing its recommendation and advice to the independent board committee of the Company in respect of the Offer, together with forms of acceptance and transfer, within such period. Veda Capital was appointed by the Company after entering into of the S&P Agreement to advise the independent board committee of the Company in respect of the Offer.

An independent board committee of the Company, comprising Mr. Chan Cheong Yee, Mr. Ronald Garry Hopp and Mr. Yip Tai Him, all being independent non-executive Directors, has been formed to advise the Independent Shareholders on the Offer. The independent board committee of the Company has approved the appointment of Veda Capital as the independent financial adviser in relation to the Offer.

Associates of the Company and the Offeror are reminded to disclose their dealings in the securities of the Company.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant

Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

## **TERMINATION OF THE PLACING**

Reference is made to the announcement of the Company dated 4 December 2007 and 1 April 2008 respectively, both in relation to the Placing.

On 9 May 2008, the Company entered into the Termination Agreement with the Placing Agent, pursuant to which the Company and the Placing Agent agree that the Placing Agreements shall be terminated and cease to be of any effect from the date of execution of the Termination Agreement. It is also agreed that with effect from the date of execution of the Termination Agreement, each of the Company and the Placing Agent will fully and effectually release and discharge the other party from all duties, obligations and liabilities arising out of or in connection with the Placing Agreements, and from all actions, claims and demands (if any) whatsoever in connection therewith save for any antecedent breach prior to the date of the Termination Agreement.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

<b>“acting in concert”</b>	has the meaning ascribed to it in the Takeovers Code
<b>“associates”</b>	has the meaning ascribed to it in the GEM Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Business Day”</b>	a day (other than a Saturday or Sunday and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
<b>“Company”</b>	S & D International Development Group Limited, incorporated in Cayman Islands with limited liabilities and the issued Shares of which is listed on GEM
<b>“Completion”</b>	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the S&P Agreement

<b>“Completion Date”</b>	the date falling on the third Business Day after all the conditions set out in the S&P Agreement have been fulfilled (or such other date as may be agreed between the parties to the S&P Agreement in writing)
<b>“connected persons”</b>	has the meaning ascribed to it in the GEM Listing Rules
<b>“Consideration”</b>	HK\$37 million, being the consideration for the sale and purchase of the Sale Shares
<b>“Directors”</b>	directors of the Company
<b>“Dollars” or the sign “HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Encumbrance”</b>	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
<b>“Escrow Agent”</b>	the legal adviser to the Offeror on Hong Kong laws which is jointly and irrevocably appointed by the Purchaser and the Vendor under the Escrow Letter for the purpose of holding the Consideration (excluding the Deposit) in escrow under the terms and conditions of the Escrow Letter
<b>“Escrow Letter”</b>	the escrow letter dated 9 May 2008 and entered into among the Purchaser, the Vendor and the Escrow Agent, in relation to the appointment of the Escrow Agent for the holding of the Consideration (excluding the Deposit)
<b>“Executive”</b>	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
<b>“GEM”</b>	the Growth Enterprise Market of the Stock Exchange
<b>“GEM Listing Rules”</b>	the Rules Governing the Listing of Securities on GEM
<b>“Grand Cathay”</b>	Grand Cathay Securities (Hong Kong) Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which will make the Offer on behalf of the Offeror and is one of the financial advisers to the Purchaser
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Shareholders”</b>	Shareholders other than the Offeror or parties acting in concert with it

<b>“Independent Third Party”</b>	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is third party independent of the Company and its connected persons (as defined under the GEM Listing Rules)
<b>“Last Trading Day”</b>	21 March 2007
<b>“Long Stop Date”</b>	The date falling 21 days after the date of the S&P Agreement or such later date as both the Purchaser and the Vendor may agree
<b>“Nuada”</b>	Nuada Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the financial advisers to the Purchaser
<b>“Offer”</b>	the possible unconditional mandatory cash offer to be made by Grand Cathay on behalf of the Purchaser (subject to Completion) to the Shareholders (other than the Purchaser and parties with whom the Purchaser are acting in concert) for their Shares in compliance with the Takeovers Code
<b>“Offer Circular”</b>	the composite document containing the Offeror’s document and the offeree board circular to be issued for the Offer
<b>“Placing”</b>	the placing of a maximum of 40,000,000 Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreements
<b>“Placing Agent”</b>	Grand Vinco Capital Limited, an Independent Third Party of the Company
<b>“Placing Agreements”</b>	the placing agreement dated 16 November 2007 as supplemented by the supplemental placing agreement dated 23 November 2007 and the second supplemental agreement dated 1 April 2008, all entered into between the Placing Agent and the Company in relation to the Placing
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of the S&P Agreement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
<b>“Purchaser” or “Offeror”</b>	Hong Sheng Group Limited, being the purchaser of the Sale Shares
<b>“S&amp;P Agreement”</b>	the agreement dated 9 May 2008 and entered into between the Purchaser and the Vendor for the sale and purchase of the Sale Shares
<b>“Sale Shares”</b>	136,545,828 Shares registered in the name of and beneficially owned by the Vendor representing approximately 68.27% of the entire issued share capital of the Company as at the date of the S&P Agreement
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong

<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shareholders”</b>	the holders of Shares
<b>“Shares”</b>	shares of HK\$0.01 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Takeovers Code”</b>	the Hong Kong Codes on Takeovers and Mergers, as amended from time to time
<b>“Termination Agreement”</b>	the termination agreement dated 9 May 2008 entered into between the Company and the Placing Agent in relation to the termination of the Placing Agreements
<b>“Veda Capital”</b>	Veda Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the independent board committee of the Company as to whether the Offer is, or is not fair and reasonable
<b>“Vendor”</b>	S&D Holdings Group Limited, being the vendor of the Sale Shares

By Order of the board of  
**Hong Sheng Group Limited**  
**Cheung Yuping**  
*Director*

By Order of the Board of  
**S & D International Development Group Limited**  
**Tinna Chan Yee**  
*Executive Director*

Hong Kong, 21 May 2008



*As at the date of this announcement, the Board comprises Mrs. Tinna Chan Yee, Mrs. Sana Bakhtiar Ahmed, Mr. Henry Dicker Yee and Mr. Tan Shu Jiang being executive Directors; and Mr. Chan Cheong Yee, Mr. Ronald Garry Hopp and Mr. Yip Tai Him being independent non-executive Directors.*

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than that expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements (other than that in relation to the Group) in this announcement misleading.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.*

*This announcement will remain on the page of “Latest Company Announcements” on the GEM website for at least 7 days from the date of its posting.*