

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CLARIFICATION ANNOUNCEMENT

The Company would like to clarify that as the total number of Shares held by public, including Simplex Technology Investment (Hong Kong) Co. Limited, Yan Li Li, Hung Chao Hong, Dignet Investment Limited and other public shareholders, was in aggregate 57,328,035 Shares upon the closing of the Offer, representing approximately 28.66% of the existing issued share capital of the Company, the public float requirement under Rule 11.23 of the GEM Listing Rules has been complied with.

Reference is made to the announcement jointly issued by the Offeror and the Company dated 4 July 2008 in respect of the results of the Offer (the “Joint Announcement”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Joint Announcement.

The Company would like to clarify that as the total number of Shares held by public, including Simplex Technology Investment (Hong Kong) Co. Limited, Yan Li Li, Hung Chao Hong, Dignet Investment Limited and other public shareholders, was in aggregate 57,328,035 Shares upon the closing of the Offer, representing approximately 28.66% of the existing issued share capital of the Company, the public float requirement under Rule 11.23 of the GEM Listing Rules has been complied with.

SUSPENSION OF TRADING

The Company has yet to submit a viable resumption proposal to address the issues pertaining to the suspension and demonstrate that the Company has a sufficient level of operations and management expertise on the business pursuits to warrant the continued listing of the Shares. The proposal must demonstrate the Company’s compliance with the GEM Listing Rules and all applicable laws and regulations. The Company is required to (i) address concerns raised by the auditors of the Company through the qualification of their audit report on the financial statements of the Company published after suspension of the Company since 22 March 2007; and (ii) demonstrate that the Company has in place adequate financial reporting system and internal control procedures to enable the Company to meet its continuing obligations under the GEM Listing Rules. In particular, the Company should appoint an independent accounting

firm to perform a review of the internal control system of the Group and take remedial actions to rectify any control failings or weaknesses, if any, identified by the independent accounting firm.

Trading in the Shares will continue to be suspended until further notice.

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, 9 July 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.

As at the date of this announcement, the board of the Offeror comprises of Mr. Cheung Yuping, Ms. Cai Dongmei, and Mr. Yu Shu Kuen.

The directors of the Offeror jointly and severally accepts 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 their 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 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 (other than that expressed by the Offeror and parties acting in concert with it) 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 statements (other than that in relation to the Offeror and parties acting in concert with it) 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 and on the Company’s website at www.sddevelop.com.