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## **S & D INTERNATIONAL DEVELOPMENT GROUP LIMITED**

**基仕達國際發展集團有限公司**

**(Formerly known as “SJTU Sunway Software Industry Limited  
交大銘泰軟件實業有限公司\*” )**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8148)**

### **PLACING OF NEW SHARES**

**Placing agent**



**Grand Vinco Capital Limited**

The Company entered into the Placing Agreement and the Supplemental Placing Agreement on 16 November 2007 and 23 November 2007 respectively with the Placing Agent, pursuant to which, the Placing Agent has agreed to place, on a best effort basis, to not less than six independent placees for up to 40,000,000 Shares at the Placing Price of HK\$0.311 per Placing Share, for and on behalf of the Company.

The Placing is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all the Placing Shares and (ii) the resumption of trading in the Shares. If any of the Conditions is not fulfilled on or before 31 March 2008 (or such later date as may be agreed between the parties), the Placing will not proceed and the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and all rights and obligations thereunder will cease and terminate.

The maximum number of 40,000,000 Placing Shares represents approximately 20% of the entire issued share capital of the Company of 200,000,000 Shares as at the date of this announcement and approximately 16.67% of the entire issued share capital of the Company as enlarged by the Placing. The issue of the Placing Shares will be made under the general mandate of the Company granted by the Shareholders at the annual general meeting of the Company held on 3 August 2007. The net proceeds from the Placing of approximately HK\$11.89 million (assuming the Placing Shares are fully placed) will be used for general working capital as to approximately HK\$2.70 million for system set up, equipment and maintenance cost, as to approximately HK\$3.00 million for selling, general and administrative expenses and as to HK\$6.19 million for cost for trading business.

The substantial Shareholder(s) (as defined under the GEM Listing Rules) owns 159,074,312 Shares, representing approximately 79.53% of the entire issued share capital of the Company as at the date of this announcement. Immediately after the Placing (assuming the Placing Shares are fully placed), the percentage holding of the substantial Shareholder(s) will be reduced to approximately 56.89% of the entire issued share capital of the Company as enlarged by the Placing.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 22 March 2007 and remained to be suspended until further notice.

#### **THE PLACING AGREEMENT AS SUPPLEMENTED BY THE SUPPLEMENTAL PLACING AGREEMENT**

- Date:** The Placing Agreement was entered into on 16 November 2007 and the Supplemental Placing Agreement was entered into on 23 November 2007 respectively.
- Placing Agent:** Grand Vinco Capital Limited, an Independent Third Party.
- To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are Independent Third Party.
- Placees:** The Placing Shares will be placed to not less than six placees (which will be independent individual, corporate and/or institutional investors) who together with their ultimate beneficial owners are Independent Third Parties. It is expected that no placee will become a substantial Shareholder (as defined under the GEM Listing Rules) immediately following completion of the Placing.

Number of Placing Shares: Up to 40,000,000 Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represent approximately 20% of the entire issued share capital of the Company of 200,000,000 Shares as at the date of this announcement and approximately 16.67% of the entire issued share capital of the Company as enlarged by the Placing. The issue of the Placing Shares will be made under the general mandate of the Company granted by the Shareholders at the annual general meeting of the Company held on 3 August 2007, which is sufficient to cover the issuance and allotment of the Placing Shares. As at the date of this announcement, the said general mandate granted has never been used.

As at the date of this announcement, the authorized share capital of the Company is HK\$40,000,000 divided into 4,000,000,000 Shares, of which 200,000,000 Shares are issued. Immediately after the completion of the Placing, the number of issued Shares will be increased to 240,000,000 Shares.

Placing Price: HK\$0.311 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the latest trading price of the Shares on GEM prior to the suspension of trading in the Shares on 22 March 2007, the current financial position of the Company, as well as the current market sentiment. The Placing Price represents:

- (a) a premium of approximately 0.32% to the closing price of HK\$0.31 per Share as quoted on the GEM on the Last Trading Day of the Shares immediately before the date of the Placing Agreement on 16 November 2007;
- (b) a discount of approximately 19.85% to the average closing price of HK\$0.388 per Share as quoted on the GEM for the last 5 trading days up to and including the Last Trading Day;
- (c) a discount of approximately 23.40% to the average closing price of HK\$0.406 per Share as quoted on the GEM for the last 10 trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 155 times over the net assets per Share of approximately HK\$0.002 as derived by dividing approximately HK\$421,000 of net assets of the Company as at 30 June 2007 by 200,000,000 issued Shares as at 30 June 2007.

The estimated expenses in relation to the Placing are approximately HK\$0.55 million. The net proceeds from the Placing are approximately HK\$11.89 million and the net placing price of the Placing Shares is approximately HK\$0.2973.

Conditions of the Placing: The completion of the Placing is conditional upon the following conditions:

- (a) the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all of the Placing Shares either unconditionally or subject to such conditions to which the Company shall accept and such permission and listing not subsequently being revoked or withdrawn prior to the dispatch of definitive share certificate(s) representing the Placing Shares; and
- (b) the resumption of trading in the Shares.

In the event that any of the Conditions as set out hereabove is not fulfilled on or before 31 March 2008 (or such later date as may be agreed between the parties), the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and all rights and obligations under the Placing Agreement (as supplemented by the Supplemental Placing Agreement) will cease and terminate and neither the Company nor the Placing Agent will have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breach.

Placing Commission: The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing.

Termination: The Placing Agent shall be entitled to terminate the Placing Agreement (as supplemented by the Supplemental Placing Agreement) without liability to the Company by giving notice in writing to the Company (provided that such notice is received by the Company prior to 12:00 noon on the Closing Date) if:

- (a) there develops, occurs or comes into force:
  - i any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or is likely to have material and adverse effect on the financial position of the Company; or
  - ii any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or

- iii any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or make it impracticable or inadvisable or inexpedient to proceed therewith; or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement (as supplemented by the Supplemental Placing Agreement) comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) and prior to 12:00 noon on the Closing Date which if it had occurred or arisen before the date of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) would have rendered any of such representations and warranties untrue or incorrect in any material respect in such a manner as would in the reasonable opinion of the Placing Agent materially and adversely affect the financial position or business of the Company or there has been a material breach of, or failure to perform materially, any other provision of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) on the part of the Company;

In the event that the Placing Agent terminates the Placing Agreement (as supplemented by the Supplemental Placing Agreement) pursuant to the above provisions, all obligations of each of the parties under the Placing Agreement (as supplemented by the Supplemental Placing Agreement), save for those in relation to the confidentiality and governing laws and jurisdiction, shall cease and determine, and none of the party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement (as supplemented by the Supplemental Placing Agreement) except for any antecedent breach.

Completion of the Placing: The Completion of the Placing should take place on the 4th Business Day immediately after the date on which the Conditions are fulfilled (or such other date as the Company and the Placing Agent may agree in writing), and in any event, the Conditions shall not be fulfilled later than 31 March 2008 (or any other later date as the Company and the Placing Agent may agree in writing).

Ranking:	All the Placing Shares will rank pari passu in all respects among themselves and with the existing issued Shares.
Listing application:	Application will be made to the GEM Listing Committee of the Stock Exchange, for the listing of, and permission to deal in the Placing Shares.

## EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company immediately before the Placing, and immediately after completion of the Placing are and will be as follows:

	Immediately before the Placing		Immediately after completion the Placing	
S&D Holdings Group Limited ( <i>Note 1</i> )	136,545,828	68.27%	136,545,828	56.89%
Simplex Technology Investment (Hong Kong) Co. Limited ( <i>Note 2</i> )	22,528,484	11.26%	22,528,484	9.39%
Sub-total	<u>159,074,312</u>	<u>79.53%</u>	<u>159,074,312</u>	<u>66.28%</u>
Yan Li Li	10,600,000	5.30%	10,600,000	4.42%
Hung Chao Hong	9,097,283	4.55%	9,097,283	3.79%
Diginet Investment Limited	5,001,901	2.50%	5,001,901	2.08%
Independent placees	0	0.00%	40,000,000	16.67%
Public	16,226,504	8.12%	16,226,504	6.76%
Sub-total	<u>40,925,688</u>	<u>20.47%</u>	<u>80,925,688</u>	<u>33.72%</u>
Total	<u><u>200,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>240,000,000</u></u>	<u><u>100.00%</u></u>

### Notes:

1. The entire share capital of S&D Holdings Group Limited 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 Shanghai Jiaoda Enterprise Management Centre\* (上海交大企業管理中心) as to 3.265% respectively.



## **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS**

The Group is principally engaged in the information localization services, custom-made solutions and trading of computer equipment in the PRC and Hong Kong. In order to act as a total IT solutions provider to the customers, the Group has continuously expanded in different products and different market segments to provide high quality service to the customers. 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. Based on the announcement dated 18 May 2007 of the Company, the Company has failed to maintain a minimum prescribed Public Float requirement. The Directors consider that the Placing provide the Company with a good opportunity to restore the Public Float, to broaden the shareholders base and capital base of the Company as well as to raise capital for the Company for its future business developments. The public float of the Company will be increased from 20.47% to 43.11% including the shareholdings of Simplex Technology Investment (Hong Kong) Co. Limited immediately after the Placing. The Directors, including the independent non-executive Directors, consider the terms of the Placing Agreement (as supplemented by the Supplemental Placing Agreement) are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$0.55 million in connection with the Placing. It is the intention of the Company to use the net proceeds of approximately HK\$11.89 million from the Placing for general working capital, as to approximately HK\$2.70 million for system set up, equipment and maintenance cost, as to approximately HK\$3.00 million for selling, general and administrative expenses and as to HK\$6.19 million for cost for trading business.

## **CURRENT STATUS OF THE PROLONGED SUSPENSION OF TRADING IN THE SHARES**

As disclosed in the announcement on 18 May 2007, there was a high concentration of shareholding in the Company where five Shareholders held about 94.54% of the Company's issued share capital as at 28 February 2007 and the Company had then failed to fulfil the Public Float requirement. As such, the trading of the Shares has been suspended since 22 March 2007.

In addition, due to the growing competitiveness in the information localization business, and the adverse market conditions on the information localization industry, SJTU Sunway Information Technology Co., Ltd ("SJTU SIT"), a wholly-owned subsidiary of the Group, had substantially reduced its operation since early 2006.

As SJTU SIT generated approximately 87% of the turnover of the Group for the year ended 31 December 2005, it is regarded as a major subsidiary of the Group as defined under the Rule 17.27 (2) of the GEM Listing Rules.

As disclosed in the annual reports of 2006, the turnover of the Group had decreased substantially by approximately 81% from approximately HK\$3.8 million for the year ended 31 December 2005 to approximately HK\$0.7 million for the year ended 31 December 2006. The decrease in turnover was mainly attributable to the downsizing of the information localization business which was the core business of the Group. In addition, the Group's operation in the sale of general software, custom-made solutions and licensing had reduced to a large extent and contributed in a significant drop in the turnover of the Group for the year ended 31 December 2006 as compared with the turnover for the year ended 31 December 2005. The decrease of total revenue of the Group to approximately HK\$0.7 million for the year ended 31 December 2006 was also attributable to the downsizing of the business segments in the sales of general software business, licensing fee and custom-made solutions.

According to the interim report for the first six months ended 30 June 2007, the Group had no turnover generated from the information localization business during the six months ended 30 June 2007 and the turnover of approximately HK\$0.6 million was solely derived from the custom-made solutions business.

In view of these aforementioned issues, the Stock Exchange raises concern on whether the Company has a sufficient level of operations under Rule 17.26 of the GEM Listing Rules and has requested the Company, among others, to demonstrate the compliance with Rule 17.26 of the GEM Listing Rules.

The Company has been making best effort to resolve the aforementioned issues and has submitted a resumption proposal to the Stock Exchange on 21 November 2007 in which measures including the Placing, exploration of new businesses as well as improvement in corporate governance and internal control, are elaborated for the purpose of resumption of the trading in the Shares. Upon the completion the Placing, the Company expects to (1) restore the Public Float; (2) improve the high concentration of shareholding in relatively few Shareholders by increasing the total number of Shareholders; and (3) improve the working capital of the Company. Through the exploration of new business opportunities and improvement of corporate governance and internal control, the Company aims to fulfil the requirement of maintaining a sufficiency of operation pursuant to the Rule 17.26 of the GEM Listing Rules. Due to the aforementioned issues, the Shares remain to be suspended as at the date of this announcement.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activity in the 12-month period immediately preceding the date of this announcement.

## **SUSPENSION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 22 March 2007 and remained to be suspended until further notice.



## DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	board of Directors
“Business Day”	means any day (excluding a Saturday) on which banks generally are open for business in Hong Kong throughout their normal business hours
“Closing Date”	means the 4th Business Day immediately after the date on which the Conditions are fulfilled (or such other date as the Company and the Placing Agent may agree in writing), and in any event, the Conditions shall not be fulfilled later than 31 March 2008 or any other later date as the Company and the Placing Agent may agree in writing
“Company”	S & D International Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Conditions”	the conditions for the completion of the Placing
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	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)
“Last Trading Day”	21 March 2007, being the last trading day of the Shares immediately before the date of the Placing Agreement on 16 November 2007 (as supplemented by the Supplemental Placing Agreement)
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement (as supplemented by the Supplemental Placing Agreement)
“Placing Agent”	Grand Vinco Capital Limited, an Independent Third Party
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 16 November 2007 in relation to the Placing

“Placing Price”	HK\$0.311 per Placing Share
“Placing Shares”	a maximum of 40,000,000 Shares to be allotted and issued by the Company under the Placing pursuant to the Placing Agreement (as supplemented by the Supplemental Placing Agreement)
“Public Float”	means a minimum prescribed percentage of 25% of the issued Shares to be in the hands of the public pursuant to the Rule 11.23 under the GEM Listing Rules
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Supplemental Placing Agreement”	the supplemental agreement entered into between the Company and the Placing Agent on 23 November 2007, which is intended to be supplemental to the Placing Agreement.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board of  
**S & D INTERNATIONAL DEVELOPMENT GROUP LIMITED**  
**Tinna Chan Yee**  
*Executive Director*

Hong Kong, 4 December 2007

*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.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting and on the website of the Company.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

\* For identification purpose only