



S & D INTERNATIONAL DEVELOPMENT GROUP LIMITED

基仕達國際發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8148)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2008

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This announcement, for which the directors (the “Directors”) of S & D International Development Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors of the Company, 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.

FIRST QUARTERLY UNAUDITED RESULTS

The board of directors of the Company (the “Board”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2008, together with the unaudited comparative figures for the corresponding periods in 2007, as follows:

Condensed consolidated income statement

		Three months ended 31 March	
		2008	2007
		HK\$'000	HK\$'000
	Notes	(Unaudited)	(Unaudited)
Turnover	2	1,269	300
Cost of sales		(574)	(175)
Gross profit		695	125
Selling and distribution expenses		(102)	—
General and administrative expenses		(2,834)	(448)
Loss from operations		(2,241)	(323)
Finance costs		(468)	(335)
Loss before taxation	3	(2,709)	(658)
Income tax	4	—	—
Loss for the period		(2,709)	(658)
Attributable to:			
Equity shareholders of the Company		(2,709)	(658)
Minority interests		—	—
Loss for the period		(2,709)	(658)
Loss per share	6		
Basic (cents)		(1.35)	(0.33)
Diluted (cents)		N/A	N/A

Notes:

1. BASIS OF PREPARATION

The Group's unaudited condensed first quarterly financial statements have been prepared in accordance with the applicable disclosure requirements set out in Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed first quarterly financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. These new and revised HKFRSs have no significant impact on the results or the financial position of the Group and the Company for current and previous accounting periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. TURNOVER

The principal activities of the Group are provision of custom-made solutions and information localization services and trading of computer equipment. Turnover represents the revenue from provision of custom-made solutions and information localization services and the sales value of goods sold after allowances for goods returned, excludes value added or other sales taxes and is after the deduction of any trade discounts.

The amount of each significant category of revenue recognized in turnover is as follows:

	Three months ended	
	31 March	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of computer equipment	499	—
Provision of custom-made solutions	770	300
	1,269	300

3. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

a) Finance costs:

	Three months ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on bank borrowings wholly repayable within five years	<u>468</u>	<u>335</u>

b) Other items

	Three months ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	<u>22</u>	<u>—</u>

4. INCOME TAX

No provision for Hong Kong Profits Tax nor PRC Income Tax has been made as the Group did not have estimated assessable profits subject to Hong Kong Profits Tax and the income tax rule and regulations for the PRC during the three months ended 31 March 2008 (2007: Nil).

The Group has no other known tax liability.

No provision for deferred tax has been made as there was no significant timing differences arose for the three months ended 31 March 2008 (2007: Nil).

5. DIVIDENDS

No dividend has been paid or declared by the Company for the period ended 31 March 2008 (2007: Nil).

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to ordinary equity shareholders of approximately HK\$2,709,000 (2007: HK\$658,000) and the weighted average of 200,000,000 (2007: 200,000,000) ordinary shares in issue for the three months ended 31 March 2008.

(b) Diluted loss per share

There were no potential dilutive ordinary shares in issue during the period ended 31 March 2008 and the corresponding period in 2007 as no diluting events were existed during these two periods.

7. RESERVES

	Share premium <i>HK\$'000</i>	Capital surplus <i>HK\$'000</i>	General reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share-based Compensation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2007	30,224	15,090	2,927	(550)	1,742	(51,905)	(2,472)
Share options lapsed	—	—	—	—	(1,742)	1,742	—
Loss for the period	—	—	—	—	—	(658)	(658)
At 31 March 2007 (Unaudited)	<u>30,224</u>	<u>15,090</u>	<u>2,927</u>	<u>(550)</u>	<u>—</u>	<u>(50,821)</u>	<u>(3,130)</u>
At 1 January 2008	30,224	15,090	2,927	(2,016)	—	(55,539)	(9,314)
Exchange difference on translation of financial statements of overseas subsidiaries	—	—	—	(899)	—	—	(899)
Loss for the period	—	—	—	—	—	(2,709)	(2,709)
At 31 March 2008 (Unaudited)	<u>30,224</u>	<u>15,090</u>	<u>2,927</u>	<u>(2,915)</u>	<u>—</u>	<u>(58,248)</u>	<u>(12,922)</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Review

For the three months ended 31 March 2008, the Group recorded a turnover of approximately HK\$1.3 million as compared with approximately HK\$0.3 million for the same period in 2007. Loss attributable to equity shareholders of the Company was approximately HK\$2.7 million as compared with approximately HK\$0.7 million for the same period in 2007.

Financial Resource and Liquidity

As at 31 March 2008, the Group had bank balances and cash of approximately HK\$0.8 million (31 December 2007: HK\$0.7 million) and the outstanding bank loan of approximately HK\$15.5 million (31 December 2007: HK\$15.0 million). The bank loan, denominated in Renminbi (“RMB”), was repayable on demand and bearing interest 6.38% (31 December 2007: 6.38%) per annum. The bank loan has been overdue and interest charge revised to 9.558% (31 December 2007: 9.558%) per annum.

Gearing Ratio

As at 31 March 2008, the total assets of the Group were approximately HK\$24.5 million (31 December 2007: HK\$24.3 million) whereas the total liabilities were approximately HK\$34.0 million (31 December 2007: HK\$30.3 million). The gearing ratio of the Group, calculated as total liabilities over total assets, was 138.9% (31 December 2007: 124.4%). The Directors have been considering various measures to improve the gearing ratio of the Group.

Foreign Exchange Exposure

The Directors consider that the Group has no material foreign exchange exposure.

Pledge of Assets and Contingent Liabilities

As at 31 March 2008, the Group did not have any substantial pledge of assets and contingent liabilities.

BUSINESS REVIEW AND PROSPECTS

During the period under review, the Group is principally engaged in the information localization services, custom-made solutions and trading of computer equipment. In order to act as a Total IT Solution Provider to our customers, the Group has continuously expanded in variety of products and different market segments to provide high quality service to our customers. As a result, the revenue generated from the segment of custom-made solutions business, which has a higher profit margin and greater market potential, has grown gradually during the previous three months in 2008.

The Group has taken a more pragmatic and lower risk approach to penetrate the market in gradually manner in order to well strike the balance of expense and revenue. Thus, the Group has re-structured the operation to cut-down unnecessary expenses at the same time.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2008, the interests and short positions of the Directors or the chief executive in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept under section 352 of the SFO; or which were required, pursuant to the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules were as follows:

(i) Long positions in the shares of the Company

Name of Directors	Nature of Interest	Number of shares	Approximate percentage of shareholding
Nil			

(ii) Long positions in the shares of associated corporation

Name of Directors	Name of associated corporation	Family Interest	Personal Interest	Total	Approximate percentage of shareholding
Mrs. Tinna Chan Yee	S&D Holdings Group Limited	1,417 (Note 1)	1,416	2,833	28.33%
Mrs. Sana Bakhtiar Ahmed	S&D Holdings Group Limited	1,417 (Note 2)	1,417	2,834	28.34%

Notes:

1. These shares are held by her spouse Mr. David Cigar Yee in which she is deemed to be interested.
2. These shares are held by her spouse Mr. Syed Waliuddin Ahmed in which she is deemed to be interested.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTEREST

Substantial Shareholders

So far as is known to the Directors, as at 31 March 2008, the following persons, other than the Directors or chief executive of the Company, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or substantial shareholders as recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity	Number of Shares (Note 1)	Approximate percentage of shareholding
S&D Holdings Group Limited	Beneficial owner (Note 2)	136,545,828 (L)	68.27%
Shanghai Jiao Tong University	Interest of a controlled corporation (Note 3)	22,528,484 (L)	11.26%
Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial Group")	Interest of a controlled corporation (Note 3)	22,528,484 (L)	11.26%
Simplex Technology Investment (Hong Kong) Co. Limited ("Simplex")	Beneficial owner	22,528,484 (L)	11.26%
Yan Li Li	Beneficial owner	10,600,000 (L)	5.30%

Notes:

1. The letter "L" denotes the entity's interests in the Shares.
2. 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.
3. The interests in the Shares are held through Simplex, the entire issued share capital of which was beneficially owned by Jiaoda Industrial Group. The registered capital of Jiaoda Industrial Group was owned as to 96.735% by Shanghai Jiao Tong University and 3.265% by Shanghai Jiaoda Enterprise Management Centre* (上海交大企業管理中心), an entity wholly owned by Shanghai Jiao Tong University.

* For identification purposes only

Save as disclosed above, the Company has not been notified of other interests or short positions of any other person (other than the Directors and chief executives and the substantial shareholders of the Company) in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 March 2008.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) which was adopted on 25 November 2003 whereby the Directors of the Company may at their discretion invite any employees, directors, suppliers, customers, advisers, consultants, joint venture partners, and any shareholders of any members of the Group or any invested entities or any holders of any securities issued by any member of the Group or any invested entities, to take up options to subscribe for Shares. The Scheme became effective upon the listing of the Company’s shares on the GEM of the Stock Exchange on 9 January 2004. There were no share option granted, exercised and outstanding during the three months ended 31 March 2008.

DIRECTORS’ INTERESTS IN CONTRACTS

No contract of significance to which the Company, any of its subsidiaries or fellow subsidiaries was a party, in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period under review.

COMPETING INTERESTS

None of the Directors and management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in any business which competes or may compete with the business of the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to establish a good corporate governance practices and procedures. The corporate governance principles of the Company emphasis a quality board, sound internal control, transparency and accountability to all shareholders. The Company has complied with the Code throughout the period ended 31 March 2008.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference. The primary duties of the audit committee are to review, in draft form, the Company’s annual report and accounts, half-year report, quarterly report and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive Directors, Mr. Chan Cheong Yee, Mr. Ronald Garry Hopp and Mr. Yip Tai Him. Mr. Yip Tai Him is the chairman of audit committee.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed internal controls and financial reporting matters, including a review of the first quarterly report for the three months ended 31 March 2008 with the Directors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2008.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the Company has failed to maintain a minimum prescribed percentage of 25% of the issued share capital to be in the hand of public (the "Public Float"). The Board is considering means to restore the Public Float. On 4 December 2007, the Company made the announcement of placing of new shares (the "Placing"). The Directors consider that the Placing will 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 its future business developments. The Placing is conditional upon (i) the GEM Listing Committee of the Stock Exchange granting listing of, and permission to deal in, all the shares to be allotted and issued by the Company under the Placing and (ii) the resumption of the trading in the Shares. Further announcement in this regard will be made by the Company as and when appropriate.

CONNECTED TRANSACTION

During the three months ended 31 March 2008, there were no connected transactions which are required to be disclosed in accordance with announcement and reporting requirements under the GEM Listing Rules.

On behalf of the Board
Tinna Chan Yee
Executive Director

Hong Kong, 7 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 of the Company; and Mr. Chan Cheong Yee, Mr. Ronald Garry Hopp and Mr. Yip Tai Him being independent non-executive Directors.

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