



# **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)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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, 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.*

## **HIGHLIGHTS**

- The turnover of the Group for the nine months ended 30 September 2008 was approximately HK\$9,347,000, representing an increase of 8.6 times as compared with that of the corresponding period of last year.
- The gross profit of the Group for the nine months ended 30 September 2008 was approximately HK\$2,668,000, representing an increase of 7.5 times as compared with that of the corresponding period of last year.
- The loss attributable to equity shareholders of the Company for the nine months ended 30 September 2008 was approximately HK\$6,424,000, representing an increase of 2.9 times as compared with that of the corresponding period of last year.
- The Directors do not recommend the payment of a dividend for the nine months ended 30 September 2008.

### THIRD 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 nine months and three months ended 30 September 2008, together with the comparative figures for the corresponding periods in 2007, as follows:

#### Condensed consolidated income statement

		Nine months ended 30 September		Three months ended 30 September	
		2008 <i>HK\$'000</i> <i>(Unaudited)</i>	2007 <i>HK\$'000</i> <i>(Unaudited)</i>	2008 <i>HK\$'000</i> <i>(Unaudited)</i>	2007 <i>HK\$'000</i> <i>(Unaudited)</i>
	<i>Notes</i>				
Turnover	2	9,347	1,088	6,938	538
Cost of sales		<u>(6,679)</u>	<u>(732)</u>	<u>(5,608)</u>	<u>(426)</u>
Gross profit		2,668	356	1,330	112
Selling and distribution expenses		(475)	—	(263)	—
General and administrative expenses		<u>(6,991)</u>	<u>(3,150)</u>	<u>(2,033)</u>	<u>(1,569)</u>
Loss from operations		(4,798)	(2,794)	(966)	(1,457)
Finance costs		(1,626)	(1,003)	(595)	(334)
Waiver of amount due to a former shareholder		<u>—</u>	<u>1,594</u>	<u>—</u>	<u>—</u>
Loss before taxation		(6,424)	(2,203)	(1,561)	(1,791)
Income tax	3	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period		<u><u>(6,424)</u></u>	<u><u>(2,203)</u></u>	<u><u>(1,561)</u></u>	<u><u>(1,791)</u></u>
Attributable to:					
Equity shareholders of the Company		(6,424)	(2,203)	(1,561)	(1,791)
Minority interests		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period		<u><u>(6,424)</u></u>	<u><u>(2,203)</u></u>	<u><u>(1,561)</u></u>	<u><u>(1,791)</u></u>
Loss per share	5				
Basic (cents)		(3.21)	(1.10)	(0.78)	(0.90)
Diluted (cents)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes:

## 1. BASIS OF PREPARATION

The Group's unaudited condensed third 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 third 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, trading of computer equipment, computerized smart sockets and related accessories. Turnover represents the revenue from provision of custom-made solutions, trading of computer equipment, computerized smart sockets and related accessories, 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:

	Nine months ended 30 September 2008		Three months ended 30 September 2008	
	2007	2008	2007	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Custom-made solutions	850	1,895	300	375
Trading of computerized smart sockets and related accessories	—	6,563	—	6,563
Trading of computer equipment	238	889	238	—
	1,088	9,347	538	6,938

## 3. INCOME TAX

No provision for Hong Kong Profits Tax has been made as there was no estimated assessable profit for the Group during the nine months ended 30 September 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 nine months ended 30 September 2008 (2007: Nil).

## 4. DIVIDENDS

No dividend has been paid or declared by the Company for the period ended 30 September 2008 (2007: Nil).

## 5. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the Group's loss attributable to equity shareholders of approximately HK\$6,424,000 and HK\$1,561,000 respectively (2007: HK\$2,203,000 and HK\$1,791,000 respectively) and the weighted average of 200,000,000 (2007: 200,000,000) ordinary shares in issue for the nine months and three months ended 30 September 2008.

### (b) Diluted loss per share

There was no potential dilutive ordinary share in issue during the period ended 30 September 2008 and the corresponding period in 2007 as no diluting event existed during these two periods.

## 6. 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	—	—	—	—	—	(2,203)	(2,203)
At 30 September 2007 (Unaudited)	<u>30,224</u>	<u>15,090</u>	<u>2,927</u>	<u>(550)</u>	<u>—</u>	<u>(52,366)</u>	<u>(4,675)</u>
At 1 January 2008	30,224	15,090	2,927	(2,017)	—	(55,538)	(9,314)
Exchange differences on translation of financial statement of overseas subsidiaries	—	—	—	(1,588)	—	—	(1,588)
Loss for the period	—	—	—	—	—	(6,424)	(6,424)
At 30 September 2008 (Unaudited)	<u>30,224</u>	<u>15,090</u>	<u>2,927</u>	<u>(3,605)</u>	<u>—</u>	<u>(61,962)</u>	<u>(17,326)</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Change of Company Name

Pursuant to a special resolution passed at the extraordinary general meeting held on 16 October 2008, the new name of the Company, “Aurum Pacific (China) Group Limited 奧栢中國集團有限公司”, was duly registered with the Registrar of Companies in Cayman Islands on 17 October 2008. Up to the date of this announcement, the Company has filed the necessary documents for the change of company name with the Registrar of Companies in Hong Kong under Part XI of the Companies Ordinance (Chapter 32, Laws of Hong Kong), the change of name will be effective subject to the approval by the Registrar of Companies in Hong Kong.

### Overall Review

For the nine months ended 30 September 2008, the Group recorded a substantial increase of turnover to approximately HK\$9,347,000 as compared with approximately HK\$1,088,000 for the same period in 2007. Loss attributable to equity shareholders of the Company was approximately HK\$6,424,000 as compared with approximately HK\$2,203,000 for the same period in 2007.

### *Financial Resource and Liquidity*

As at 30 September 2008, the bank balances and cash of the Group was approximately HK\$3,088,000 (31 December 2007: HK\$675,000), the outstanding bank loan and other loans in aggregate of approximately HK\$16,487,000 (31 December 2007: HK\$15,475,000). The bank borrowings, denominated in Renminbi (“RMB”), are repayable within one year and interest of 6.38% per annum. The bank loan has been overdue and interest charge revised to 9.558% per annum. In September 2008, the Group’s controlling shareholder, Hong Sheng Group Limited, took up the other loan of HK\$8,144,000 as a shareholder’s loan and granted a new shareholder’s loan of HK\$4,000,000 out of the loan facility of HK\$9,000,000 to the Group. As at 30 September 2008, the total shareholder’s loan was HK\$12,144,000, which is interest free and not repayable before 31 March 2011.

### *Gearing Ratio*

As at 30 September 2008, the total asset value of the Group was approximately HK\$33,020,000 whereas the total borrowings were approximately HK\$28,631,000. The gearing ratio of the Group, calculated as total borrowings over total assets, was 86.7% (31 December 2007: 63.6%). The Directors have considered 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 30 September 2008, the Group did not have any material pledge of assets and contingent liabilities.

## BUSINESS REVIEW AND PROSPECTS

During the period under review, the Group is principally engaged in the provision of custom-made solutions, trading of computer equipment, computerized smart sockets and related accessories. The Group has continuously expanded in variety of products and different market segments to provide high quality products and services to our customers. As a result, the revenues generated from both the custom-made solutions business and trading business have grown gradually during the nine months in 2008.

The Group has taken a cautious approach to penetrate the market in gradually manner in order to well strike the balance of expense and revenue. With the valuable contribution from the new management team, in July 2008, the Group obtained an overseas distribution right of certain newly developed intelligent sockets and related accessories. During the third quarter of 2008, the newly developed business, trading of computerized smart sockets, had contributed to the Group a turnover and gross profit of approximately HK\$6,563,000 and HK\$1,050,000 respectively.

At the same time, the Group is committed to seeking all possibilities to provide sufficient cash flow for the Group in the future and will undertake a strategic review on our operations in order to improve our current business profile.

### Change of Controlling Shareholder

On 26 May 2008, Hong Sheng Group Limited has become the new controlling shareholder of the Group, which own an aggregate of 142,671,965 issued shares of the Company as at 30 September 2008, representing approximately 71.34% of total issued share capital of the Company. Details of the transaction had been disclosed in the circular dated 13 June 2008.

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

As at 30 September 2008, the interests and short positions of the Directors or the chief executive in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in Rule 5.46 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
Cheung Yu Ping	Interest of a controlled corporation (Note 1)	142,671,965	71.34%

**(ii) Long positions in the shares of associated corporation**

<b>Name of Directors</b>	<b>Name of associated Corporation</b>	<b>Nature of Interest</b>	<b>Number of Shares</b>	<b>Approximate percentage of shareholding</b>
Cheung Yu Ping	Hong Sheng Group Limited	Interest of a controlled corporation (Note 1)	510	51%

*Note:*

1. The interest in the Shares of Cheung Yu Ping was held through Hong Sheng Group Limited, the entire issued share capital of which was beneficially and ultimately owned as to 51% by Cheung Yu Ping and as to 49% by Cai Dongmei.

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

**Substantial Shareholders**

So far as is known to the Directors, as at 30 September 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 as recorded in the register required to be kept under section 336 of the SFO and who were, 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:

<b>Name</b>	<b>Capacity</b>	<b>Number of Shares (Note 1)</b>	<b>Approximate percentage of shareholding</b>
Hong Sheng Group Limited	Beneficial owner (Note 2)	142,671,965 (L)	71.34%
Cai Dongmei	Interest of a controlled corporation (Note 2)	142,671,965 (L)	71.34%
Simplex Technology Investment (Hong Kong) Co. Limited ("Simplex")	Beneficial owner (Note 3)	16,896,363 (L)	8.45%
Shanghai Jiaoda Industrial Investment Management (Group) Limited ("Jiaoda Industrial Group")	Interest of a controlled corporation (Note 3)	16,896,363 (L)	8.45%
Shanghai Jiao Tong University	Interest of a controlled corporation (Note 3)	16,896,363 (L)	8.45%
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 interest in the Shares of Cai Dongmei was held through Hong Sheng Group Limited, the entire issued share capital of which was beneficially and ultimately owned as to 51% by Cheung Yu Ping and as to 49% by Cai Dongmei.
3. The interest 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.

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 30 September 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.

Pursuant to the Scheme, the Company had granted the options at the exercise price of HK\$0.45 per share and HK\$0.14 per share on 17 January 2005 and 10 October 2005 respectively, all the options granted have lapsed in the past years. As at 30 September 2008, the Company had no outstanding options.

## **COMPETING INTERESTS**

None of the Directors and management and shareholders of the Company (within the meaning of the GEM Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules (the “Code”) throughout the period ended 30 September 2008.

## **AUDIT COMMITTEE**

The Company has established 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, namely Mr. Jin Guangjun, Mr. Law Kin Ho and Mr. Chan Wai Fat. Mr. Jin Guangjun is the chairman of the 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 third quarterly report for the nine months ended 30 September 2008 with the Directors.

#### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the nine months ended 30 September 2008, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by 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 nine months ended 30 September 2008.

#### **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this announcement, the Company has complied with the public float requirement under Rule 11.23 of the GEM Listing Rules.

On behalf of the Board  
**S & D International Development Group Limited**  
**Cheung Yu Ping**  
*Chairman*

Hong Kong, 10 November 2008

*As at the date of this announcement, the Board comprises three executive directors, who are Mr. Cheung Yu Ping, Mr. Chan Chi Chiu Henry and Mr. Lee Ah Sang, and three independent non-executive directors, who are Mr. Jin Guangjun, Mr. Law Kin Ho and Mr. Chan Wai Fat.*

*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 the website of the Company at [www.sddevelop.com](http://www.sddevelop.com).*