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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

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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.

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	3	**3,447**	715
Cost of sales		**(2,668)**	(549)
Gross profit		**779**	166
Other revenue	4	**—**	6
Selling and distribution expenses		**(241)**	(110)
Research and development costs		**—**	(4,502)
General and administrative expenses		**(5,817)**	(14,300)
Loss from operations		**(5,279)**	(18,740)
Finance costs		**(1,703)**	(1,483)
Waiver of amount due to a former shareholder		**1,595**	23,803
Impairment loss on goodwill		**—**	(9,697)
Impairment loss on interest in an associate		**—**	(4,849)
Loss before taxation	5	**(5,387)**	(10,966)
Income tax	7(a)	**—**	—
Loss for the year		**(5,387)**	(10,966)
Attributable to:			
Equity shareholders of the Company		**(5,376)**	(11,248)
Minority interests		**(11)**	282
Loss for the year		**(5,387)**	(10,966)
Loss per share	9		
Basic		**(2.69) cents**	(5.62) cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current assets			
Property, plant and equipment		**327**	—
Intangible assets		**—**	—
Interest in an associate		**—**	—
Goodwill		**—**	—
Deposits for acquisition of subsidiaries		**22,710**	22,710
		23,037	22,710
Current assets			
Trade and other receivables	10	**633**	747
Cash and cash equivalents		**675**	164
		1,308	911
Current liabilities			
Trade and other payables	11	**9,753**	6,972
Amounts due to former directors		**—**	1,370
Amount due to a director		**14**	10
Amount due to a shareholder		**5,032**	—
Bank loan, unsecured		**14,980**	14,000
Other loan payable, unsecured		**495**	436
		30,274	22,788
Net current liabilities		**(28,966)**	(21,877)
NET (LIABILITIES)/ASSETS		**(5,929)**	833
CAPITAL AND RESERVES			
Share capital		**2,000**	2,000
Reserves		**(9,314)**	(2,472)
Total equity attributable to equity shareholders of the Company		**(7,314)**	(472)
Minority interests		**1,385**	1,305
(CAPITAL DEFICIT)/TOTAL EQUITY		**(5,929)**	833

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital surplus** *HK$'000*	**General reserve** *HK$'000*	**Exchange reserve** *HK$'000*	**Share-based compensation reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2006	2,000	30,224	15,090	2,927	—	3,282	(42,197)	11,326	1,000	12,326
Exchange difference on translation of financial statements of overseas subsidiaries	—	—	—	—	(550)	—	—	(550)	23	(527)
Share options lapsed	—	—	—	—	—	(1,540)	1,540	—	—	—
Loss for the year	—	—	—	—	—	—	(11,248)	(11,248)	282	(10,966)
At 31 December 2006	2,000	30,224	15,090	2,927	(550)	1,742	(51,905)	(472)	1,305	833
At 1 January 2007	2,000	30,224	15,090	2,927	(550)	1,742	(51,905)	(472)	1,305	833
Exchange difference on translation of financial statements of overseas subsidiaries	—	—	—	—	(1,466)	—	—	(1,466)	91	(1,375)
Share options lapsed	—	—	—	—	—	(1,742)	1,742	—	—	—
Loss for the year	—	—	—	—	—	—	(5,376)	(5,376)	(11)	(5,387)
At 31 December 2007	2,000	30,224	15,090	2,927	(2,016)	—	(55,539)	(7,314)	1,385	(5,929)

Notes:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) State of Books and Records Maintained by Certain Subsidiaries

The financial statements have been prepared based on the books and records maintained by the Company and its subsidiaries. However, after the reconstitution of the board during the year ended 31 December 2007, the Group no longer has access to certain of prior years' books and records of SJTU Sunway Information Technology Co. Ltd., SUNV (Beijing) Century Information Technology Co., Ltd., Beijing Guoxin Sunway IT Co., Ltd., Shanghai Sunway Century IT Co., Ltd. and Fujian Multi Language Translation Service Co., Ltd., the subsidiaries of the Company. The present directors tried to get assistance from the former directors to locate the relevant information and documents. However, the present directors lost contact with certain former directors and were therefore unable to access to the relevant information and documents within the time constraint in the preparation of these financial statements. Hence, only limited books and records of these subsidiaries are accessible by the present directors. In view of the foregoing, no representations as to the completeness of the books and records could be given by the present directors although care has been taken in the preparation of the financial statements to mitigate the effect of the incomplete records. The directors have in the assessment of the Group's assets and liabilities taken such steps as they considered practicable to establish these assets and liabilities based on the information of which they were aware and have made provisions and adjustments as they considered appropriate in the preparation of these financial statements.

On this basis, the directors believe that no significant liability has not been included in these financial statements.

b) Going Concern

In preparing the consolidated financial statements, the directors of the Company have considered the future liquidity of the Group in view of its net liabilities as at 31 December 2007. During the year and up to the date of approval of these financial statements, the Group defaulted on the repayment of bank loan.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted the following measures:

i) The directors of the Company are planning in negotiation with the Group's bank to reschedule the repayment of bank borrowings due by the Group and to seek the ongoing support to the Group from this bank and other banks.

ii) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through various fund raising exercises, including but not limited to, a private placement, an open offer or a rights issue of new shares of the Company.

iii) The directors of the Company continue to take action to tighten cost controls over various operating expenses, and are actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

In the opinion of the directors of the Company, in light of the measures taken to date, together with expected results of other measures in progress, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable going concern. Accordingly, notwithstanding that the Group incurred a consolidated net loss attributable to equity shareholders of the Company of approximately HK$5,376,000 for the year ended 31 December 2007 and had consolidated net current liabilities of approximately HK$28,966,000 and consolidated net liabilities of approximately HK$5,929,000 as at 31 December 2007, the directors of the Company are of the opinion that it is appropriate to prepare these financial statements for the year ended 31 December 2007 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

c) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The HKICPA has issued a number of new and revised HKFRSs and the Interpretations that are first effective or available for early adoption for current accounting period of the Group.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, Financial instruments: Disclosures and the amendment to HKAS 1, Presentation of financial statements: Capital disclosures, there have been certain presentation changes in the annual report of the Company.

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2007 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

2. AUDITORS' OPINION

Basis for disclaimer of opinion

The auditors qualified their auditors' report on the financial statement for the year ended 31 December 2007 in respect of the limitation of scope regarding the following matters:

(i) Scope limitation — recoverability of deposits for acquisition of subsidiaries

As detailed in note to the consolidated financial statements, the deposits of approximately HK$22,710,000 for acquisition of subsidiaries have been long outstanding and no subsequent payment was received by the Group up to the date of approval of the consolidated financial statements. There were no other satisfactory audit procedures that the auditors could adopt to obtain sufficient evidence regarding the recoverability of such deposits as at 31 December 2007.

The auditors qualified their opinion in respect of the same limitations of scope in their auditors' report for the year ended 31 December 2006. Therefore the comparative amount may not be comparable and any adjustments to this amount may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007, its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(ii) Scope limitation — interest in an associate

As detailed in note to the consolidated financial statements, the Group cannot access to the accounting records and management accounts of the associate for the years ended 31 December 2007 and 2006, and consequently the Group could not arrange for the audit of the associate's management accounts for the years ended 31 December 2007 and 2006. Because of this, the interest in the associate has been accounted for in the consolidated financial statements under the equity method using the financial information of the associate as at 31 December 2005. This is not in accordance with Hong Kong Accounting Standard ("HKAS") No. 28 "Investments in Associates" issued by the HKICPA so far as equity accounting for interest in the associate concerned. In addition, summarised financial information for the associate, including the aggregate amounts of assets, liabilities, revenues and profit or loss, have not been disclosed as required by HKAS 28.

Had interest in the associate been equity accounted for as required by HKAS 28, the Group would have recognized its share of the associate's results for the year and its share of their net assets at 31 December 2007. In the absence of the relevant financial information of the associate, it is impracticable for the auditors to quantify the effects on these consolidated financial statements of the departure from HKAS 28.

The auditors qualified their auditors' report on the consolidated financial statements for the year ended 31 December 2006 in respect of the same limitations of scope. Any adjustments that might have been found to be necessary in respect of the matter mentioned above would have a consequential effect on opening balance of accumulated losses of the Group at 1 January 2007, its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(iii) Scope limitation — trade and other receivables

As previously explained in their auditors' report on the consolidated financial statements for the year ended 31 December 2006, the auditors were unable to obtain sufficient reliable evidence to satisfy themselves as to whether certain of trade and other receivables included in the consolidated balance sheet as at 31 December 2006 in the amount of approximately HK$747,000 (net of impairment losses for bad and doubtful debts) and an impairment loss and write-off of trade and other receivables made in the consolidated income statement for the year ended 31 December 2006 in the amount of approximately HK$850,000 were fairly stated. The auditors qualified their auditors' report on the consolidated financial statements for that year on account of this scope limitation.

Up to the date of approval of the consolidated financial statements, no subsequent payment was received from such trade and other receivables. The directors of the Company considered these trade and other receivables carried forward should be fully impaired. Accordingly, an impairment loss and write-off of such trade and other receivables (after adjustment of exchange differences) in the amount of approximately HK$759,000 were charged to the consolidated income statement for the year ended 31 December 2007. As detailed in note 1(a) to the consolidated financial statements and due to lack of sufficient reliable evidence, there were no satisfactory audit procedures that the auditors could assess the impairment loss and write-off so as to determine the appropriateness of the impairment loss and write-off. Any adjustments to this impairment loss and write-off may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007, its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(iv) Scope limitation — cash and cash equivalents

As at 31 December 2007, included in cash and cash equivalents in the consolidated balance sheet are cash and bank balances of approximately HK$164,000. As detailed in note 1(a) to the consolidated financial statements and due to the lack of bank confirmations and other sufficient reliable evidence, the auditors have not been able to perform the audit procedures they considered necessary to satisfy themselves as to whether cash and cash equivalents in the consolidated balance sheet as at 31 December 2007 were fairly stated.

The auditors qualified their opinion in respect of the same limitations of scope in their auditors' report for the year ended 31 December 2006. Therefore the comparative amount may not be comparable and any adjustments to this amount may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007, its loss and cash flows for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(v) Scope limitation — trade and other payables and other loan payable

As at 31 December 2007, included in the consolidated balance sheet are trade and other payables of approximately HK$4,389,000 and other loan payable of approximately HK$495,000. As detailed in note 1(a) to the consolidated financial statements and due to the lack of sufficient reliable evidence, the auditors have not been able to perform the audit procedures they considered necessary to satisfy themselves as to whether the carrying amounts of trade and other payables and other loan payable in the consolidated balance sheet as at 31 December 2007 were fairly stated.

The auditors qualified their opinion in respect of the same limitations of scope in their auditors' report for the year ended 31 December 2006. Therefore the comparative amounts may not be comparable and any adjustments to these amounts may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007, its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(vi) Scope limitation — bank loan, interest payable and interest expenses

As detailed in note to the consolidated financial statements, the bank loan has been overdue and the Group is planning in negotiation with the bank in order to reschedule the repayment of bank loan. However, no confirmation has been received from the bank to substantiate the Group's bank loan and the relevant interest payable as at 31 December 2007 and the relevant interest expenses for the year ended 31 December 2007. There was no other satisfactory evidence available to the auditors to confirm that these balances and expenses have been correctly recorded. The unsubstantiated bank loan was approximately HK$14,980,000 as at 31 December 2007, and the unsubstantiated interest payable and interest expenses were approximately HK$3,526,000 and HK$1,703,000 as at and for the year ended 31 December 2007, respectively.

Any adjustments that might have been found to be necessary in respect of the matter mentioned above would have a consequential effect on net liabilities of the Group as at 31 December 2007, its loss for the year then ended and the related disclosures in the consolidated financial statements.

(vii) Scope limitation — amouts due to former directors and directors' remuneration

As explained in note 1(a), the present directors lost contact with certain former directors. The auditors therefore cannot obtain direct confirmations from these former directors to confirm that no amount was due to them as at 31 December 2007 and no remuneration was payable to them for the year then ended. There were no practical alternative audit procedures that the auditors could perform to support whether amounts due to former directors as at 31 December 2007 and their remuneration for the year then ended were fairly stated.

The auditors qualified their opinion in respect of the same limitations of scope in their auditors' report for the year ended 31 December 2006 as they were unable to obtain direct confirmations from certain former directors to satisfy themselves as to whether the amounts due to former directors as at 31 December 2006 and their remuneration for the year then ended were fairly stated.

Therefore the comparative amounts may not be comparable and any adjustments to such amounts may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007 and its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(viii) Scope limitation — minority interests

The underlying books and records of certain subsidiaries were not accessable, as explained in note 1(a) to the consolidated financial statements, and due to the incomplete books and records of these subsidiaries made available to the auditors, they were unable to carry out adequate audit procedures to satisfy themselves that minority interests relating to these subsidiaries in the consolidated balance sheet, the consolidated income statement and notes thereon were fairly stated.

The auditors qualified their opinion in respect of the same limitations of scope in their auditors' report for the year ended 31 December 2006. Therefore the comparative amount may not be comparable and any adjustments to this amount may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007 and its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(ix) Scope limitation — prior year audit scope limitation affecting opening balances

In addition, the auditors' report on the consolidated financial statements for the year ended 31 December 2006 was also qualified in respect of limitations of audit scope regarding the following items:

(a) As detailed in note to the consolidated financial statements, the auditors were unable to obtain sufficient appropriate audit evidence regarding the appropriateness of a full impairment loss of approximately HK$4,849,000 made against the interest in an associate for the year ended 31 December 2006;

(b) As detailed in note to the consolidated financial statements, the auditors were unable to obtain sufficient appropriate audit evidence regarding the appropriateness of a full impairment loss of approximately HK$9,697,000 made against the goodwill for the year ended 31 December 2006; and

(c) As detailed in note to the consolidated financial statements, the auditors were unable to obtain sufficient appropriate audit evidence regarding the appropriateness of a full impairment loss of approximately HK$1,468,000 made against the property, plant and equipment for the year ended 31 December 2006.

Therefore the comparative amounts may not be comparable and any adjustments to these amounts may have a consequential effect on the opening balance of accumulated losses of the Group at 1 January 2007, its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(x) Scope limitation — carrying amount of interests in subsidiaries and amounts due from subsidiaries

As at 31 December 2007, included in the Company's balance sheet are interests in subsidiaries of approximately HK$1,000, stated net of an impairment loss of approximately HK$13,764,000, and amounts due from subsidiaries of approximately HK$11,370,000, stated net of an impairment loss of approximately HK$20,500,000. Due to the scope limitations in respect of points (i), (iii), (iv), (v), (vi), (vii), and (ix) above, the auditors have not been able to satisfy themselves as to whether the impairment losses determined by the Company's directors against the carrying amounts of such interests in subsidiaries and amounts due from subsidiaries for the year ended 31 December 2007, and in consequence the net carrying amounts of interests in subsidiaries and amounts due from subsidiaries as at 31 December 2007 in the balance sheet and notes thereon were fairly stated.

The auditors qualified their opinion in respect of the same limitations of scope in their auditors' report for the year ended 31 December 2006. Therefore the comparative amounts may not be comparable and any adjustments to these amounts may have a consequential effect on the opening balance of accumulated losses of the Company at 1 January 2007 and its loss for the year ended 31 December 2007, its net liabilities as at 31 December 2007 and related disclosures in the consolidated financial statements.

(xi) Material uncertainties relating to going concern

As explained in note 1(b) to the consolidated financial statements, which indicates that the Group incurred a consolidated net loss attributable to equity shareholders of the Company of approximately HK$5,376,000 for the year ended 31 December 2007 and had a consolidated net current liabilities of approximately HK$28,966,000 and consolidated net liabilities of approximately HK$5,929,000 as at 31 December 2007, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the successful outcome of the Group's current negotiations with its banker and prospective investors to secure continual financial support and obtain new working capital in order for the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. The consolidated financial statements do not include any adjustments that would result from a failure to obtain such support and working capital. The auditors consider that appropriate disclosures have been made. However, the uncertainties surrounding the outcome of these negotiations raise significant doubt about the Group's ability to continue as a going concern.

Disclaimer of opinion: Disclamier on view given by financial statements

Because of the significance of the matters described in the basis for disclaimer of opinion section, the auditors do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

3. TURNOVER

Turnover represents the revenue from the provision of custom-made solutions and information localisation 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 recognised in turnover during the year is as follows:

	2007 ***HK$'000***	2006 *HK$'000*
Trading of computer equipment	**2,247**	—
Provision of custom-made solutions	**1,200**	—
Provision of information localisation services	—	715
	3,447	715

4. OTHER REVENUE

	2007 ***HK$'000***	2006 *HK$'000*
Interest income	—	1
Other income	—	5
	—	6

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

a) Finance costs:

	2007 *HK$'000*	2006 *HK$'000*
Interest expense on financial liabilities not at fair value through profit or loss		
— Interest on bank borrowings wholly repayable within five years	**1,703**	1,483

b) Staff costs (including directors' remuneration):

	2007 *HK$'000*	2006 *HK$'000*
Salaries, wages and allowances	**2,091**	2,181
Contributions to retirement benefits schemes	**58**	74
	2,149	2,255

c) Other items

	2007 *HK$'000*	2006 *HK$'000*
Auditors' remuneration	**438**	300
Depreciation of property, plant and equipment	**55**	242
Amortisation of intangible assets	**—**	1,329
Impairment losses in respect of		
— Property, plant and equipment	**—**	1,468
— Intangible assets	**—**	3,173
— Interest in an associate	**—**	4,849
— Goodwill	**—**	9,697
— Trade receivables	**57**	225
— Investment funds *(Note below)*	**—**	6,411
Write-off of other receivables	**702**	625
Operating lease charges in respect of properties: minimum lease payments	**522**	132
Net foreign exchange loss	**1**	—

Note: Impairment of investment funds

Pursuant to an agreement dated 1 June 2004, a subsidiary of the Group entered into an agreement with 北京盛邦投資有限公司（「盛邦」）, an independent PRC company, for a term of one year for the provision of advisory service on capital investment and expired on 30 June 2005. As at 31 December 2004, a total of approximately HK$7,967,000 was placed with 盛邦 and recorded as investment funds.

On 30 June 2005, a subsidiary of the Group entered into a supplementary agreement to extend the provision of advisory service on capital investment for a further year and expiring on 30 June 2006. During the year ended 31 December 2005, the Group paid further deposits to 盛邦 of approximately HK$8,460,000 with an aggregate amount of approximately HK$16,427,000 held by 盛邦 as at 31 December 2005.

During the year ended 31 December 2006, the agreement for provision of advisory service on capital investment *ex*pired. An aggregate amount of approximately HK$10,016,000 was refunded from 盛邦. However, the directors are of the opinion that, the remaining balances of approximately HK$6,411,000 is unlikely to be refunded from 盛邦 and a full impairment loss is then provided for in the consolidated financial statements.

6. SEGMENT REPORTING

Business segmental information for the Group for the years ended 31 December 2007 and 2006 are shown as below.

As the Group mainly operates in Hong Kong (2006: mainly operates in the People's Republic of China), no geographical segment information is presented.

Business segments

The Group comprise the following main business segments:

i) Custom-made solutions

To develop and implement custom-made solutions which are specifically designed and developed for the specific needs and requirements of a particular customer.

ii) Computer equipment

Trading of computer hardware and software.

iii) Information localisation services

To provide translation and information localisation services.

For the year ended 31 December 2007:

	Custom-made solutions *HK$'000*	Computer equipment *HK$'000*	Information localisation services *HK$'000*	Consolidated *HK$'000*
Revenue from external customer	**1,200**	**2,247**	**—**	**3,447**
Segment result	**(1,409)**	**(259)**	**(428)**	**(2,096)**
Unallocated operating income and expenses				**(3,183)**
Loss from operations				**(5,279)**
Finance costs				**(1,703)**
Waiver of amount due to a former shareholder				**1,595**
Loss before taxation				**(5,387)**
Income tax				**—**
Loss for the year				**(5,387)**
Depreciation and amortisation	**—**	**—**	**—**	
Impairment loss for trade receivables	**—**	**—**	**57**	
Write-off of other receivables	**—**	**—**	**702**	
Capital expenditure	**—**	**—**	**—**	
At 31 December 2007:				
Segment assets	**313**	**38**	**—**	**351**
Unallocated assets				**23,994**
Consolidated total assets				**24,345**
Segment liabilities	**1,722**	**298**	**1,192**	**3,212**
Unallocated liabilities				**27,062**
Consolidated total liabilities				**30,274**

For the year ended 31 December 2006:

	Custom-made solutions *HK$'000*	Computer equipment *HK$'000*	Information localisation services *HK$'000*	Consolidated *HK$'000*
Revenue from external customer	—	—	715	715
Segment result	—	—	(14,389)	(14,389)
Unallocated operating income and expenses				(4,351)
Loss from operations				(18,740)
Finance costs				(1,483)
Waiver of amount due to a former shareholder				23,803
Impairment loss on goodwill				(9,697)
Impairment loss on interest in an associate				(4,849)
Loss before taxation				(10,966)
Income tax				—
Loss for the year				(10,966)
Depreciation and amortisation	—	—	1,571	
Impairment loss on intangible assets	—	—	3,173	
Impairment loss for trade receivables	—	—	225	
Write-off of other receivables	—	—	625	
Impairment loss for property, plant and equipment	—	—	1,468	
Capital expenditure	—	—	—	
At 31 December 2006:				
Segment assets	—	—	447	447
Unallocated assets				23,174
Consolidated total assets				23,621
Segment liabilities	—	—	1,040	1,040
Unallocated liabilities				21,748
Consolidated total liabilities				22,788

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

a) For the years ended 31 December 2007 and 2006, 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 of the PRC.

As foreign investment enterprises in the PRC, two subsidiaries of the Company are granted certain tax relief, under which they are entitled to income tax exemption for first three profit making years and to a 50% relief for PRC income tax to the following three years, after which the subsidiaries' profits are subject to PRC income tax at the rate of 15%.

b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2007	2006
	HK$'000	*HK$'000*
Loss before taxation	**(5,387)**	(10,966)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the tax jurisdictions concerned	**(952)**	(1,572)
Tax effect of non-deductible expenses	**636**	4,236
Tax effect on non-taxable income	**—**	(2,426)
Tax effect of prior years' tax losses utilised this year	**—**	(411)
Tax effect on unused tax losses not recognised	**316**	173
Actual tax expense	**—**	—

c) **New tax law of the PRC**

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress promulgated the Corporate Income Tax Law of the PRC ("the New Tax Law"), which would become effective on 1 January 2008. Further, on 6 December 2007, the State Council released the Implementation Rules to the Corporate Income Tax Law ("the Implementation Rules").

According to the New Tax Law, from 1 January 2008, the standard corporate income tax rate for enterprises in the PRC will be reduced from 33% to 25%. However, an "encouraged hi-tech enterprise" will continue to be entitled to a reduced corporate income tax rate of 15%. The detailed application of the newly introduced preferential tax policies have yet to be made public.

Under the New Tax Law being effective from 1 January 2008 and in accordance with "Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax" (Guo Fa [2007] No. 39) promulgated by the State Council on 26 December 2007, an entity established before 16 March 2007 that was entitled to preferential tax treatment prior to the New Tax Law will be subject to a transitional tax rate beginning in period 2008 ("Transitional Tax Rate") before the new corporate income tax rate of 25% applies. For companies currently enjoying a reduced tax rate of 15%, the Transitional Tax Rate is 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012 onwards respectively. The tax rate will transit to the standard tax rate of 25% for entities with current tax rate of 24% effective from 1 January 2008.

Any unutilized tax holidays can continue until expiry while tax holidays will be deemed to start from 1 January 2008, even if the company is not yet turning to a profit.

The enactment of the New Tax Law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable. The deferred tax assets/liabilities of subsidiaries in the PRC are measured using enacted tax rates expected to apply to taxable income, based on the Transitional Tax Rate, in the years in which those temporary differences are expected to be recovered or settled.

In addition, under the New Tax Law, a withholding tax may be applied on the gross amount of dividends received by the Company from its PRC subsidiaries after 1 January 2008. The Implementation Rules provides for the withholding tax rate to be at 10% unless reduced by treaty.

8. DIVIDEND

The directors do not propose the payment of the dividend in respect of the years ended 31 December 2007 and 2006.

9. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately HK$5,376,000 (2006: HK$11,248,000) and the weighted average of 200,000,000 (2006: 200,000,000) ordinary shares in issue during the year.

b) Diluted loss per share

There were no dilutive potential ordinary share in issue during the years ended 31 December 2007 and 2006 as no diluting events were existed during those years.

10. TRADE AND OTHER RECEIVABLES

	2007 *HK$'000*	2006 *HK$'000*
Trade debtors	**11,308**	10,568
Less: Allowance for doubtful debts	**(11,308)**	(10,515)
	—	53
Other debtors	**30**	591
Loans and receivables	**30**	644
Deposits and prepayments	**603**	103
	633	747

Debts are due for payment at the date of billing. Credit term granted by the Group to customers is generally between one to six months. Subject to negotiation, extended credit terms are available for certain major customers with well-established trading records.

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Over 360 days	**—**	53

b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2007	2006
	HK$'000	*HK$'000*
At 1 January	**10,515**	9,804
Exchange adjustments	**736**	589
Impairment loss recognised	**57**	225
Uncollectible amounts written off	**—**	(103)
At 31 December	**11,308**	10,515

Trade debtors are collectively considered to be impaired in accordance with their ageing.

c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2007	2006
	HK$'000	*HK$'000*
1 year past due	**—**	53

11. TRADE AND OTHER PAYABLES

	2007	2006
	HK$'000	*HK$'000*
Trade creditors	**395**	369
Bank loan interest payable	**3,526**	1,704
Other creditors and accrued charges	**5,832**	4,899
Financial liabilities measured at amortised cost	**9,753**	6,972

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Over 360 days	**395**	369

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting held on 10 August 2007 and issuance of the Certificate of Incorporation on Change of Name by the Registrar of Companies in the Cayman Islands on 15 August 2007, the name of the Company has been changed from "SJTU Sunway Software Industry Limited" to "S & D International Development Group Limited" and the Chinese name of "基仕達國際發展集團有限公司" has also been adopted.

The shares of the Company has been traded under the new stock short name of "S & D INT'L DEV" in English and "基仕達國際發展" in Chinese on GEM with effect from 5 October 2007.

BOARD CHANGES

The changes of Directors during the financial year and up to the date of this announcement are:

Executive Directors

Mr. Sze Wai, Marco	(resigned on 1 February 2007)
Mr. Tan Shu Jiang	
Mr. Shang Guan Bu Yan	(resigned on 1 February 2007)
Mr. Chen Si Gen	(resigned on 1 February 2007)
Mrs. Tinna Chan Yee	(appointed on 1 February 2007)
Mrs. Sana Bakhtiar Ahmed	(appointed on 1 February 2007)
Mr. Henry Dicker Yee, *Chief Executive Officer*	(appointed on 8 August 2007)

Independent Non-executive Directors

Mr. Wang Tian Ye	(resigned on 27 March 2007)
Mr. Wang Bin	(resigned on 27 March 2007)
Mr. Xu Shi Hong	(resigned on 27 March 2007)
Mr. Chan Cheong Yee	(appointed on 27 March 2007)
Mr. Ronald Garry Hopp	(appointed on 27 March 2007)
Mr. Yip Tai Him	(appointed on 27 March 2007)

GROUP BUSINESS REVIEW

During the year under review, the Group is principally engaged in the information localisation business, custom-made solution 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 in 2007.

Since the Group anticipates there is much room for improvement and upgrade to the IT facilities of the hotels in PRC, the Group expands its custom-made solution business to hotel segments in PRC in 4th Quarter 2007.

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.

Provision of information localization business

To provide translation and information localization services in PRC.

Provision of custom-made solution

To develop and implement custom-made solutions which are specifically designed and developed for the specific needs and requirements of a particular customer, for instance, hotels in PRC. Looking forward, we will deploy more resources to enhance our service quality to extend the market penetration.

Trading of computer equipment

Trading of computer software and hardware in Hong Kong and PRC and export to Asia Pacific and Middle East.

PROSPECTS

The rapid opening of the PRC market and the continued growth of the PRC economy provide the advantage and economic environment to develop our business in PRC market. The upcoming large-scale international events, such as the Beijing 2008 Olympic Games and Expo 2010 Shanghai to be staged in the PRC enable us to remain optimistic towards the future of our business.

Meanwhile, the Group will constantly review its business strategy and look for other business opportunities with a view to expanding the business portfolio and profitability of the Group.

GROUP FINANCIAL REVIEW

Overall Review

The Group's operation in the provision of information localization services, custom-made solution and trading of computer equipment increased to quite a large extent that results the turnover increasing significantly compared with 2006. At the same time, the operating costs of the Group have decreased by approximately 68.0% compared with 2006. As a result, the Group's loss attributable to equity holders of the parent has decreased to approximately HK$5.4 million for the year ended 31 December 2007, as compared to the loss attributable to shareholders of approximately HK$11.2 million for last year.

Revenue

For the year ended 31 December 2007, the total revenue of the Group was approximately HK$3.4 million, representing approximately 382% increase from that of approximately HK$0.7 million generated in the year ended 31 December 2006. The increase in revenue was mainly attributable to the increasing of the business segments in the sales of custom-made solution and trading of computer equipment. The revenue contributed by custom-made solution and trading of computer equipment were approximately HK$1.2 million and approximately HK$2.2 million respectively.

Gross Profit

For the year ended 31 December 2007, the Group recorded gross profit of approximately HK$0.8 million as compared to approximately HK$0.2 million last year. Overall gross profit margin was approximately 22.6% this year as compared with approximately 23.2% last year.

Operating Costs

For the year ended 31 December 2007, the Group's operating costs, which include administrative expenses and selling expenses decreased by approximately 68.0% compared with that of the year 2006. Of the total operating costs, the administrative expenses have decreased by approximately 59.3% whereas selling expenses and research and development costs have decreased by approximately 94.8%. At the same time, the overall business results improve correspondingly, that results in the Group recorded loss attributable to the equity holders of the parent to be approximately HK$5.4 million as compared with approximately HK$11.2 million for the corresponding period in 2006.

Group Financial Resources and Liquidity

As at 31 December 2007, the Group had bank balances and cash of approximately HK$0.7 million (2006: HK$0.2 million). About approximately 25.6% (2006: 99.1%) of the total bank balances and cash were denominated in Renminbi ("RMB") with the remainder in Hong Kong dollars.

As at 31 December 2007, the outstanding bank loan and other loan of the Group amounted to approximately HK$15.0 million (2006: HK$14.0 million). The bank loan, denominated in RMB, was repayable on demand and bearing interest of 6.38% (2006: 6.38%) per annum. The bank loan has been overdue and interest charge revised to 9.558% (2006: 9.558%) per annum.

Gearing Ratio

As at 31 December 2007, the total assets of the Group were approximately HK$24.3 million (2006: HK$23.6 million) whereas the total liabilities were approximately HK$30.3 million (2006: HK$22.8 million). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 124.4% (2006: 96.6%). The Directors have being 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.

Material Acquisition, Disposal and Significant Investment of the Group

During the year ended 31 December 2007, the Group did not have any material acquisition and disposal, also significant investments.

Pledge of Group Assets and Contingent Liabilities

As at 31 December 2007, the Group did not have any substantial pledge of assets and significant contingent liabilities.

CAPITAL STRUCTURE

As at 31 December 2007, the Group's issued share capital amounted to approximately HK$2.0 million (2006: HK$2.0 million). Amount due to shareholder and bank loan amounted to approximately HK$5.1 million (2006: Nil) and HK$15.0 million (2006: HK$14.0 million) respectively. The Group's negative net assets value amounted to approximately HK$5.9 million (2006: positive net assets value HK$0.8 million).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2007.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2007, the Group employed 10 staff (2006: 6 staff). The staff cost (including directors' remuneration) was approximately HK$2.1 million for the year under review (2006: HK$2.3 million). The Directors received remuneration of approximately HK$0.6 million during the year ended 31 December 2007 (2006: HK$1.1 million). Remuneration is determined by reference to market terms and the performance, qualification and experience of individual employee.

The Group provides benefits in accordance with the relevant rules and regulations in Hong Kong including contributions to the Mandatory Provident Fund Scheme in Hong Kong.

DIRECTORS' CONTRACTS

Mr. Henry Dicker Yee has not entered into any service agreement with the Company nor received any remuneration from the Company in his capacity as an executive Director. He is not appointed for a fixed term as an Executive Director.

He has entered into a service contract with the Company as the Chief Executive Officer for an initial term of 3 years and this service contract is continuous until terminated by either party serving not less than three months' notice in writing, or by payment of his three months' salary in lieu of such notice.

Mr. Chan Cheong Yee has entered into a service contract with the Company for an initial term of 2 years commencing from 27 March 2007.

Mr. Ronald Garry Hopp has entered into a service contract with the Company for an initial term of 2 years commencing from 27 March 2007.

Mr. Yip Tai Him has entered into a service contract with the Company for an initial term of 2 years commencing from 27 March 2007.

Mr. Tan Shu Jiang entered into a service contract with the Company for an initial term of 1 year commenting from 1 August 2007 to continue to act as the Executive Director of the Company.

Mrs. Tinna Chan Yee and Mrs. Sana Bakhtiar Ahmed have not entered into any service contract with the Company and are not appointed for a fixed term.

All of the Directors are subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Company's articles of association and the GEM Listing Rules.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2007, 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	Number of shares beneficially held			
		Family Interests	Personal Interests	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 December 2007, 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.

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 December 2007.

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.

				Number of options				
	Date of grant	Exercise period	Exercise price per share *(HK$)*	Outstanding as at 1.1.2007	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31.12.2007
Directors								
Mr. Sze Wai Marco	10.10.2005	10.10.2005 – 29.10.2015	0.14	1,500,000	—	—	(1,500,000)	—
Mr. Shang Guan Bu Yan	10.10.2005	10.10.2005 – 29.10.2015	0.14	1,000,000	—	—	(1,000,000)	—
Mr. Chen Si Gen	10.10.2005	10.10.2005 – 29.10.2015	0.14	1,000,000	—	—	(1,000,000)	—
Mr. Wang Tian Ye	10.10.2005	10.10.2005 – 29.10.2015	0.14	200,000	—	—	(200,000)	—
				3,700,000	—	—	(3,700,000)	—
Employees, consultants and others	17.01.2005	17.1.2005 – 16.1.2015	0.45	2,000,000	—	—	(2,000,000)	—
	10.10.2005	10.10.2005 – 29.10.2015	0.14	2,300,000	—	—	(2,300,000)	—
				4,300,000	—	—	(4,300,000)	—

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 year or at any time during the year under review.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association, or law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 provisions set out in the code on Corporate Governance Practices (the "Code") contained in Appendix 15 in the GEM Listing Rules throughout the year ended 31 December 2007. Details of the Code adopted by the Company are set out in the Corporate Governance Report.

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.

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 annual report for the year ended 31 December 2007 with the Directors.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors a written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Board considers all of the independent non-executive Directors are independent.

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 year ended 31 December 2007.

REMUNERATION POLICY

The remuneration policy of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The amounts paid to each Director of the Company for the year ended 31 December 2007 are set out in note to the financial statement.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, 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 year ended 31 December 2007, there were no connected transactions which are required to be disclosed in accordance with announcement and reporting requirements under the GEM Listing Rules.

SUBSEQUENT EVENTS

Details of the significant subsequent events have been set out in the announcements published by the Company.

On behalf of the Board
Tinna Chan Yee
Executive Director

Hong Kong, 28 March 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.