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SINO STRIDE TECHNOLOGY (HOLDINGS) LIMITED

中程科技集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8177)

CONNECTED TRANSACTION

ESTABLISHMENT OF JOINT VENTURE WITH ST KINETICS

The Directors are pleased to announce that Sino Stride Technology, a subsidiary of the Company, has entered into the JV Agreement on 21 December 2004 to establish the JV, namely 浙江星時達汽車專業維護有限公司 (STAR (Zhejiang) Automotive Center Co., Ltd), with ST Kinetics and Zhejiang University Logistics. Sino Stride Technology will contribute RMB3,750,000 to the registered capital of the JV.

ST Kinetics and ST Elect are the subsidiaries of Singapore Technologies Engineering Ltd. Since ST Elect, the Company's substantial shareholder, holds 19.88% equity interest in the Company and ST Kinetics is the fellow subsidiary of ST Elect, the transaction constitutes a connected transaction under Chapter 20 of the GEM Listing Rules and is only subject to the reporting and announcement requirements as set out in Rules 20.45 to 20.47 of the GEM Listing Rules.

The Directors, including the independent non-executive Directors, has reviewed the JV Agreement and the terms in relation to the Investment and are of view that the JV Agreement and the Investment are entered into on normal commercial terms, are fair and reasonable and no less favorable to the Group when compared with the terms offered by other independent third parties.

The JV Agreement is subject to the conditions which may or may not be fulfilled and the investment may or may not be completed, and even if completed, may be terminated if certain events occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in securities of the Company.

JV Agreement

Date

21 December 2004

Parties

- (1) ST Kinetics, a corporation established under the law of Singapore and registered in Singapore. ST Kinetics is the fellow subsidiary of ST Elect who holds 19.88% equity interest in the Company and is regarded as the substantial shareholders of the Company.
- (2) Sino Stride Technology, a sino-foreign equity joint venture enterprise established on 31 December 1992 under the law of PRC with limited liability. Sino Stride Technology is a subsidiary of the Company.
- (3) Zhejiang University Logistics, a corporation established under the law of PRC and registered in PRC

Relationship between parties

ST Kinetics and ST Elect are the subsidiaries of Singapore Technologies Engineering Ltd. Since ST Elect, the Company's substantial shareholder, holds 19.88% equity interest in the Company and ST Kinetics is the fellow subsidiary of ST Elect, the transaction constitutes a connected transaction under Chapter 20 of the GEM Listing Rules and is only subject to the reporting and announcement requirements as set out in Rules 20.45 to 20.47 of the GEM Listing Rules.

Major terms of the JV Agreement

The JV, namely 浙江星時達汽車專業維護有限公司 (STAR (Zhejiang) Automotive Center Co., Ltd), is intended to be established in PRC and engaged in providing automotive services, including but not limited to automotive fixing maintaining service, automotive examination and maintenance, damage fixing, automotive beautifying and decorating, trading and supplying of automotive spare parts, training, technology consultation, tow truck service and after-sales technical support, etc.

The term of JV is 30 years from the date on which its business license is issued. Upon establishment of the JV, it will be classified as the associated company of Group pursuant to the International Accounting Standard and its financial results will be equity accounted for in the Group's financial statements.

Capital Structure

The JV will have a total investment amount of RMB30,000,000 and a registered capital of RMB15,000,000.

The joint venture partners will contributed to the registered capital of the JV as follows:

- (1) ST Kinetics will contribute RMB10,500,000 in cash, representing 70% of the registered capital;
- (2) Sino Stride Technology will contribute RMB3,750,000 in cash, representing 25% of the registered capital; and

(3) Zhejiang University Logistics will contributed RMB750,000 in cash, representing 5% of the registered capital.

Capital contributions shall be made by two installments. The first installments of RMB7,500,000 shall be contributed by all parties according to the ratio of their respective registered capital contributed in 90 days after the JV has obtained its business license. The second installment RMB7,500,000 shall be contributed by all parties according to the ratio of their respective registered capital contributed in 18 months after the JV has obtained its business license. If the JV requires Further Finance in the future, ST Kinetics shall provide it.

The joint venture parties will share the profits and bear the losses of the JV in proportion to their registered capital contribution in the JV.

Management structure

The board of directors will be the highest authority of the JV. It will be constituted of seven Directors, of whom four will be appointed by ST Kinetics, two will be appointed by Sino Stride Technology and one will be appointed by Zhejiang University Logistics. The terms of office for the director will be 4 years.

The senior management of the JV will be recommend by the directors of the JV, and appointed and dismissed by the board of directors.

Reasons for the Investment

The Group is principally engaged in the development and provision of system integration solutions and software development including intelligent building system and intelligent traffic system in the PRC. The Directors believe that the Investment will strengthen the Group business in intelligent traffic system.

View of the independent non-executive Director

The Directors, including the independent non-executive Directors, has reviewed the JV Agreement and the terms in relation to the Investment and are of view that the JV Agreement and the Investment are entered into on normal commercial terms, are fair and reasonable and no less favorable to the Group when compared with the terms offered by other independent third parties.

Reasons for the delay of reporting

As the consideration had exceed the amount allowed by the de minimus rule under Rule 20.34 of the Listing Rules, the transaction were subject to disclosure by way of publishing an announcement.

The Directors explain that the delay in disclosing details of the transaction is due to the failure to identify the Investment as a connected transaction at the time such transaction took place. As Sino Stride Technology, a subsidiary of the Company, normally forms joint ventures with independent third parties, rather than any connected party, the department handling the Investment was not aware that the Investment was an exceptional case and hence failed to report such transaction as connected transaction to the Directors before such transaction had taken place and failed to report afterwards during their regular reporting.

Accordingly, the delay of disclosure is directly due to the failure of reporting the Investment as a connected transaction by the management of the relevant department of the Company and such delay could be avoided in the future by means of better communications between the management of the relevant department of the Company and the Company, and the refinement of the existing reporting system of the Group.

DEFINITIONS

“Board”	The board of directors of the Company
“Company”	Sino Stride Technology (Holdings) Limited, a company incorporated in Cayman Islands with limited liability, whose shares are listing on the Growth Enterprise Market of the Stock Exchange
“Director(s)”	The director(s) of the Company
“Further finance”	Further finance of up to RMB15,000,000 which represents the difference between the total investment and the registered capital of the JV, may be required by the JV for further development of its business
“Group”	The Company and its subsidiaries
“GEM”	The Growth Enterprise Market of the Stock Exchange
“Investment”	The investment by Sino Stride Technology Co., Ltd, a subsidiary of the Company, in the JV by way of registered capital contribution in the amount of RMB3,750,000
“JV”	The Sino-foreign equity joint venture proposed to be established pursuant to the JV AGREEMENT, to be named 浙江星時達汽車專業維護有限公司 (STAR (Zhejiang) Automotive Center Co., Ltd)
“JV Agreement”	The joint venture agreement for the establishment of the JV entered into between ST Kinetics, Sino Stride Technology and Zhejiang University Logistics dated 21 December 2004

“RMB”	Renminbi, the lawful currency of the PRC
“ST Elect”	Singapore Technologies Electronics Limited, a substantial shareholder of the Company
“ST Kinetics”	Singapore Technologies Kinetics Limited, a fellow subsidiary of the ST Elect
“Sino Stride Technology”	Sino Stride Technology Co., Ltd, a subsidiary of the Company
“Zhejiang University Logistics”	Zhejiang University Logistics and Investment Holdings Company, a wholly-owned company of Zhejiang University and an Independent Third Party

By order of the Board
Sino Stride Technology (Holdings) Limited
Chau Chit
Chairman

Hangzhong, the PRC, 29 December 2004

As at the date of this announcement, the Board comprises of the executive directors namely Mr. Chau Chit (Chairman), Mr. Wong Wai Tin and Mr. Shen Yue; the non-executive directors namely Mr. Wong Wai Kwan and Mr. Ng Chong Khim; and the independent non-executive directors namely Mr. Cai Xiao Fu, Mr. Shi Jian Jun and Mr. Li Xiaoqiang Richard.

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

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

* *For identification purpose only*