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If you are in doubt as to any aspect of this document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or, other professional adviser.

If you have sold or otherwise transferred all your shares in Sino Stride Technology (Holdings) Limited, you should at once hand this document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This document should be read in conjunction with the Form of Acceptance, the contents of which form part of the terms of the Share Exchange Offer contained therein.

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首長科技集團有限公司

SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 521)

**Voluntary conditional share exchange offer by
CIMB-GK Securities (HK) Limited
on behalf of Made Connection Limited, a wholly-owned subsidiary of
Shougang Concord Technology Holdings Limited,
to acquire all the issued shares of**

SINO STRIDE TECHNOLOGY (HOLDINGS) LIMITED

Financial Adviser to Shougang Concord Technology Holdings Limited

CIMB

CIMB-GK Securities (HK) Limited

The procedures for acceptances of the Share Exchange Offer and related information are set out in Appendix II to this Offer Document and in the Form of Acceptance. Acceptance of the Share Exchange Offer must be received by the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, before 4:00 p.m. on Monday, 3 April 2006 or such later time as the Offeror may determine and announce with the consent of the Executive.

20 February 2006

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EXPECTED TIMETABLE

2006

Despatch date of the Offer Document and the commencement of the Share Exchange Offer (<i>Note 1</i>)	Monday, 20 February
Latest date for posting of the Offeree Document (<i>Note 2</i>)	Monday, 6 March
First Closing Date (<i>Note 3</i>)	4:00 p.m. on Monday, 20 March
Announcement of the results of the Share Exchange Offer, as at the First Closing Date, posted on the Stock Exchange's website	7:00 p.m. on Monday, 20 March
Announcement of the result of the Share Exchange Offer, as at the First Closing Date, in newspapers in Hong Kong	Tuesday, 21 March
Final Closing Date, if the Share Exchange Offer is declared unconditional as to acceptance on the First Closing Date (<i>Notes 3 and 4</i>)	4:00 p.m. on Monday, 3 April
Announcement of the results of the Share Exchange Offer, as at the Final Closing Date, posted on the Stock Exchange's website	7:00 p.m. on Monday, 3 April
Announcement of the result of the Share Exchange Offer, as at the Final Closing Date, in newspapers in Hong Kong	Tuesday, 4 April
Latest date for posting of share certificates to the SST Shareholders who accept the Share Exchange Offer by the Final Closing Date, assuming the Share Exchange Offer becomes or is declared unconditional on such date (<i>Note 5</i>)	Wednesday, 12 April
Latest time by which the Share Exchange Offer can be declared unconditional as to acceptance (<i>Note 4</i>)	7:00 p.m. on Friday, 21 April

Notes:

1. The Share Exchange Offer is made on Monday, 20 February 2006, namely the date of posting of the Offer Document, and is capable of acceptance on and from that date.
2. In accordance with the Takeovers Code, SST is required to post the Offeree Document to the SST Shareholders within 14 days from the posting of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the First Closing Date.
3. In accordance with the Takeovers Code, where the Offeree Document is posted after the date on which the Offer Document is posted, the Share Exchange Offer must remain open for acceptance for at least 28 days following the date on which the Offer Document was posted.
4. In accordance with the Takeovers Code, where the Share Exchange Offer becomes or is declared unconditional, it should remain open for acceptance for not less than 14 days thereafter and 4:00 p.m. on Monday, 3 April 2006 is the latest time for acceptance. In such case, at least 14 days' notice in writing must be given before the Share Exchange Offer is closed to those SST Shareholders who have not accepted the Share Exchange Offer. In accordance with the Takeovers Code, except with the consent of the Executive, the Share Exchange Offer may not become or is declared unconditional as to acceptances after 7:00 p.m. (Hong Kong time) on the 60th day after the day this document is posted. Accordingly, unless the Share Exchange Offer have previously become or is declared unconditional as to acceptances, the Share Exchange Offer will lapse on 7:00 p.m. on Friday, 21 April 2006 unless extended with the consent of the Executive.
5. Share certificates in respect of the SST Shares tendered under the Share Exchange Offer will be posted by ordinary post to the SST Shareholders accepting the Share Exchange Offer at his/her/its own risks as soon as possible, but in any event within 10 days from the later of the date (i) of receipt by the Registrar in Hong Kong, or the company secretary of SST, as the case may be, of all the relevant documents to render the acceptance under the Share Exchange Offer complete and valid, and (ii) when the Share Exchange Offer becomes unconditional.

DEFINITIONS

In this document, the following expressions have the following meanings unless the context otherwise requires:

“acting in concert”	has the meanings ascribed to it in the Takeovers Code
“Announcement”	the joint announcement of the Company and SST dated 23 December 2005 in relation to, inter alia, the Share Exchange Offer
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Cheung Kong”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a corporation licensed to carry out types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) of the regulated activities under the SFO
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Concert Parties”	the meaning ascribed to parties “acting in concert” under the Takeovers Code
“Conditions”	the conditions of the Share Exchange Offer
“Director(s)”	the director(s) of SCT

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve, inter alia, the Share Exchange Offer
“Enlarged Group”	the SCT Group and the SST Group
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Final Closing Date”	3 April 2006, being the 14th day after the First Closing Date
“First Closing Date”	20 March 2006, being the 28th day after the date of the posting of the Offer Document
“Form of Acceptance”	the accompanying form of acceptance and transfer of SST Shares in respect of the Share Exchange Offer
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Rules”	the Rules Governing the Listing of Securities on GEM
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Last Trading Day”	15 December 2005, being the last trading day prior to the suspension of trading in the SST Shares and the SCT Shares on 16 December 2005
“Latest Practicable Date”	17 February 2006, being the latest practicable date prior to the printing of this document for the purposes of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mega Start”	Mega Start Limited, the single largest shareholder of SST, which is owned as to 50% by Mr. Chau Chit, a director of SST, 30% by Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit and 20% by Mr. Wong Wai Tin, a director of SST
“Offer Document”	this document issued by or on behalf of the Offeror to all SST Shareholders in accordance with the Takeovers Code containing, inter alia, details of the Share Exchange Offer, the terms and conditions of the Share Exchange Offer and the Form of Acceptance

DEFINITIONS

“Offeree Document”	the response document in respect of the Share Exchange Offer to be issued by SST to the SST Shareholders in accordance with the Takeovers Code
“Offeror”	Made Connection Limited, a company incorporated in Samoa and is a wholly-owned subsidiary of SCT
“PRC”	the People’s Republic of China
“Registrar”	Abacus Share Registrars Ltd., the Hong Kong share registrar and transfer office of SST at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SCT” or the “Company”	Shougang Concord Technology Holdings Limited, a company incorporated in Hong Kong whose securities are listed on the Main Board of the Stock Exchange
“SCT Group”	SCT and its subsidiaries
“SCT Share(s)”	ordinary share(s) of HK\$0.25 each in the capital of SCT
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Exchange Offer”	the voluntary conditional share exchange offer of 2 new SCT Shares for every 3 SST Shares
“Shareholders”	holders of SCT Shares
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, the controlling shareholder of SCT, through its associates, is beneficially interested in approximately 41.55% of the issued share capital of SCT
“SST”	Sino Stride Technology (Holdings) Limited, a company incorporated in the Cayman Islands, whose securities are listed on GEM
“SST Group”	SST and its subsidiaries
“SST Independent Shareholders”	SST Shareholders excluding Mega Start and its Concert Parties
“SST Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of SST

DEFINITIONS

“SST Shareholder(s)”	holder(s) of SST Share(s)
“ST Electronics”	Singapore Technologies Electronics Limited, the substantial shareholder of SST which is beneficially interested in 28.00% of the issued share capital of SST under the register kept by SST
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“%”	per cent.

In this document, amounts denominated in RMB has been translated, for the purpose of illustration only, into HK\$ at an exchange rate of HK\$1.00 : RMB1.06.

LETTER FROM THE COMPANY



首長科技集團有限公司

SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

(Stock Code: 521)

Directors:

Cao Zhong (*Chairman*)

Zhang Wenhui (*President*)

Tzu San Te

Tse Chun Sing

Chen Jang Fung

Leung Shun Sang, Tony

Chan Wah Tip, Michael

Choy Hok Man, Constance

Kan Lai Kuen, Alice (*Independent Non-executive Director*)

Kwan Bo Ren, Dick (*Independent Non-executive Director*)

Wong Kun Kim (*Independent Non-executive Director*)

Registered office:

Units 4-9 & 15-18

10th Floor, Honour Industrial Centre

6 Sun Yip Street

Chai Wan

Hong Kong

20 February 2006

To the SST Shareholders,

**Voluntary conditional share exchange offer by
CIMB-GK Securities (HK) Limited
on behalf of Made Connection Limited, a wholly-owned subsidiary of
Shougang Concord Technology Holdings Limited,
to acquire all the issued shares of
SINO STRIDE TECHNOLOGY (HOLDINGS) LIMITED**

1. INTRODUCTION

On 23 December 2005, the Company issued the Announcement jointly with SST in respect of, amongst other things, a voluntary conditional share exchange offer by the Offeror, a direct wholly-owned subsidiary of the Company, to acquire all the issued SST Shares. As at the Latest Practicable Date, the Offeror and its Concert Parties are not beneficial owners of any SST Shares. The Offeror and its Concert Parties have not traded in any SST Shares in the six-month period prior to the Latest Practicable Date.

LETTER FROM THE COMPANY

Details of the Share Exchange Offer and the action you should take are set out in the letter from CIMB-GK contained in, and in the Appendices to, this document. The Company would like to take this opportunity to give you a summary of the Share Exchange Offer, which the Company believes, will be helpful to you.

2. THE SHARE EXCHANGE OFFER

The Share Exchange Offer will be made by CIMB-GK on behalf of the Offeror on the following basis:

For every 3 SST Shares

2 new SCT Shares

The Share Exchange Offer of two new SCT Shares for every three SST Shares has been determined by the Offeror with reference to the closing price of the SCT Shares as quoted on the Stock Exchange as at the Last Trading Day, which was HK\$0.450. This translates into a value of HK\$0.300 per SST Share.

The Board was informed by SST that, as at the Latest Practicable Date, SST had no outstanding convertible securities, options, derivatives or warrants and had not entered into any agreement for the issue of any of such securities of SST.

Total consideration for the Share Exchange Offer

The Board was informed by SST that, as at the Latest Practicable Date, there were a total of 1,086,300,000 SST Shares in issue. On the basis of the Share Exchange Offer of two new SCT Shares for every three SST Shares and based on the closing prices of the SCT Shares and the SST Shares of HK\$0.450 per SCT Share and HK\$0.335 per SST Share respectively as quoted on the Stock Exchange as at the Last Trading Day, the price for each SST Share under the Share Exchange Offer is HK\$0.300 per SST Share. Given the trading volume of the SST Shares, SCT has further crossed reference such offer price to the share performance of the SST Shares for the last six months preceding the Last Trading Day. Given the implied discount of approximately 10.4% between the price for each SST Share under the Share Exchange Offer of HK\$0.300 per SST Share and the closing price of HK\$0.335 per SST Share as quoted on the Stock Exchange on the Last Trading Day, as well as the average 6-month share price of the SST Shares of approximately HK\$0.306 per SST Share, the Directors consider such offer price to be justifiable. The Share Exchange Offer values the entire issued share capital of SST at approximately HK\$325.9 million.

Terms of the Share Exchange Offer

Acceptance of the Share Exchange Offer by any SST Shareholder will be deemed to constitute a warranty by such person that all the SST Shares to be sold by such person under the Share Exchange Offer will be free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, in the case of the SST Shares, the right to receive dividends and distributions declared, made or paid, if any, on or after the date of the Offer Document.

LETTER FROM THE COMPANY

The availability of the Share Exchange Offer to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Persons who are not resident in Hong Kong should obtain advice about and observe any applicable requirements in their own jurisdictions.

3. CONDITIONS OF THE SHARE EXCHANGE OFFER

The Share Exchange Offer is conditional upon the following:

- (a) the Share Exchange Offer having been approved by the Shareholders in the EGM in accordance with the requirements under the Listing Rules;
- (b) each and every member of the SST Group remaining solvent and not subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, provisional liquidator, receiver or other person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of any member of the SST Group from the date of the Announcement up to the date when conditions (a), (c), (d) and (e) are all satisfied;
- (c) no event having occurred on or before the date on which condition (d) below has been satisfied which would make the Share Exchange Offer or the acquisition of any of the SST Shares by the Offeror unenforceable, illegal or unable to be proceeded or would impose any additional material conditions or obligations with respect to the Share Exchange Offer or any part thereof or the acquisition of any of the SST Shares;
- (d) valid acceptances of the Share Exchange Offer having been received (and, where permitted, not withdrawn) by 4:00 p.m. on the First Closing Date (or such later times(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of the SST Shares, which together with the SST Shares already held by the Offeror and its Concert Parties, constitute more than 50% of the voting rights normally exercisable at general meetings of SST; and
- (e) the Stock Exchange granting the listing of, and permission to deal in, the new SCT Shares to be issued pursuant to the terms of the Share Exchange Offer.

Note: As at the Latest Practicable Date, none of the above conditions had been fulfilled.

4. WAIVER OF THE CONDITIONS OF THE SHARE EXCHANGE OFFER

SCT reserves the right to waive all or any of the conditions (except conditions (a), (d) and (e)) in whole or in part on or before the First Closing Date. The EGM is expected to be held on or before Tuesday, 21 March 2006 and the results of the EGM will be published in newspapers on or before Wednesday, 22 March 2006.

Thus, if the Offeror does not receive valid acceptances of the Share Exchange Offer by the First Closing Date, which together with the SST Shares already held by the Offeror and its Concert Parties before or during the Share Exchange Offer will result in the Offeror and its Concert Parties holding more than 50% of the voting rights of SST, the Share Exchange Offer cannot become unconditional and the Share Exchange Offer will lapse unless it is revised or extended.

LETTER FROM THE COMPANY

5. LAPSE OF THE SHARE EXCHANGE OFFER

Under Rule 15.7 of the Takeovers Code, except with the consent of the Executive, all conditions must be fulfilled or the Share Exchange Offer must lapse within 21 days of (i) the First Closing Date; or (ii) the date the Share Exchange Offer becomes or is declared unconditional as to acceptances, whichever is the later. In that case, the Offeror will issue a press announcement to be posted on the Stock Exchange's website by 7:00 p.m. on the First Closing Date and on the next business day thereafter respectively. Under the Takeovers Code, the latest date on which the Offeror can declare the Share Exchange Offer unconditional as to acceptances is 60 days after the date of the posting of the Offer Document i.e. Friday, 21 April 2006 (or such later date as the Executive may consent to).

6. CONCLUSION

As mentioned above, the detailed terms and conditions of the Share Exchange Offer are set out in the letter from CIMB-GK and the Appendices of this Offer Document. We respectfully urge you to read them carefully.

Yours faithfully,
For and on behalf of
Shougang Concord Technology Holdings Limited
Cao Zhong
Chairman

CIMB

CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

20 February 2006

To the SST Shareholders,

Dear Sir or Madam,

**Voluntary conditional share exchange offer by
CIMB-GK Securities (HK) Limited
on behalf of Made Connection Limited, a wholly-owned subsidiary of
Shougang Concord Technology Holdings Limited, to acquire all the issued
shares of Sino Stride Technology (Holdings) Limited**

1. INTRODUCTION

The Company jointly announced on 23 December 2005 with SST, amongst other things, that the Offeror would, through CIMB-GK, make a voluntary conditional share exchange offer in Hong Kong to acquire all the issued SST Shares. The Share Exchange Offer will be conditional upon, amongst other things, the approval of the Shareholders in the EGM.

This letter sets out the details of the Share Exchange Offer, information on the Offeror and the intention of the Offeror regarding the SST Group. The terms of the Share Exchange Offer are set out below in this letter and the Form of Acceptance.

2. THE SHARE EXCHANGE OFFER

The Share Exchange Offer will be made by CIMB-GK on behalf of the Offeror on the following basis:

For every 3 SST Shares

2 new SCT Shares

The Share Exchange Offer of two new SCT Shares for every three SST Shares has been determined by the Offeror with reference to the closing price of the SCT Shares as quoted on the Stock Exchange as at the Last Trading Day, which was HK\$0.450. This translates into a value of HK\$0.300 per SST Share.

LETTER FROM CIMB-GK

The market capitalisation of SST was HK\$363,910,500 as at the Last Trading Day and HK\$315,027,000 as at the Latest Practicable Date. The highest and lowest closing prices at which the SST Shares were traded on the Stock Exchange during the six-month period immediately prior to the Last Trading Day, and up to and including the Latest Practicable Date, were HK\$0.340 and HK\$0.230 on 14 December 2005 and 15 November 2005, respectively.

Based on the closing price of HK\$0.450 per SCT Share as quoted on the Stock Exchange on the Last Trading Day, the Share Exchange Offer of an ascribed value of HK\$0.300 per SST Share represents:

- (a) a discount of approximately 10.4% to the closing price of HK\$0.335 per SST Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 3.4% over the closing price of HK\$0.290 per SST Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (c) a discount of approximately 2.0% to the average closing price of approximately HK\$0.306 per SST Share for the last ten trading days up to and including the Latest Practicable Date;
- (d) the average closing price of approximately HK\$0.300 per SST Share for the one-month period up to and including the Latest Practicable Date;
- (e) a discount of approximately 1.3% to the average closing price of approximately HK\$0.304 per SST Share for the six-month period up to and including the Latest Practicable Date; and
- (f) a premium of approximately 106.9% over the audited consolidated net asset value per SST Share of approximately RMB0.154 (equivalent to approximately HK\$0.145) as at 31 December 2004 (based on the audited consolidated net asset value of SST of approximately RMB166.9 million and 1,086,300,000 SST Shares in issue as at 31 December 2004) and a premium of approximately 112.8% over the unaudited consolidated net asset value per SST Share of approximately RMB0.149 (equivalent to approximately HK\$0.141) as at 30 June 2005 (based on the unaudited consolidated net asset value of SST of approximately RMB162.3 million and 1,086,300,000 SST Shares in issue as at 30 June 2005).

The closing price of HK\$0.450 per SCT Share as quoted on the Stock Exchange on the Last Trading Day represents:

- (a) a premium of approximately 4.7% over the closing price of HK\$0.430 per SCT Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a premium of approximately 2.7% over the average closing price of approximately HK\$0.438 per SCT Share for the last ten trading days up to and including the Last Trading Day;

LETTER FROM CIMB-GK

- (c) a premium of approximately 4.4% over the average closing price of approximately HK\$0.431 per SCT Share for the one-month period up to and including the Last Trading Day; and
- (d) a discount of approximately 24.0% to the audited consolidated net asset value per SCT Share of approximately HK\$0.592 as at 31 December 2004 (based on the audited consolidated net asset value of SCT of approximately HK\$710.0 million and 1,199,003,583 SCT Shares in issue as at 31 December 2004) and a discount of approximately 18.9% to the unaudited consolidated net asset value per SCT Share of approximately HK\$0.555 as at 30 June 2005 (based on the unaudited consolidated net asset value of SCT of approximately HK\$665.2 million and 1,199,003,583 SCT Shares in issue as at 30 June 2005).

The Board was informed by SST that, as at the Latest Practicable Date, SST had no outstanding convertible securities, options, derivatives or warrants and had not entered into any agreement for the issue of any of such securities of SST.

Total consideration for the Share Exchange Offer

The Board was informed by SST that, as at the Latest Practicable Date, there were a total of 1,086,300,000 SST Shares in issue. On the basis of the Share Exchange Offer of two new SCT Shares for every three SST Shares and based on the closing prices of the SCT Shares and the SST Shares of HK\$0.450 per SCT Share and HK\$0.335 per SST Share respectively as quoted on the Stock Exchange as at the Last Trading Day, the price for each SST Share under the Share Exchange Offer is HK\$0.300 per SST Share. Given the trading volume of the SST Shares, SCT has further crossed reference such offer price to the share performance of the SST Shares for the last six months preceding the Last Trading Day. Given the implied discount of approximately 10.4% between the price for each SST Share under the Share Exchange Offer of HK\$0.300 per SST Share and the closing price of HK\$0.335 per SST Share as quoted on the Stock Exchange on the Last Trading Day, as well as the average six-month share price of the SST Shares of approximately HK\$0.306 per SST Share, the Directors consider such offer price to be justifiable. The Share Exchange Offer values the entire issued share capital of SST at approximately HK\$325.9 million.

Terms of the Share Exchange Offer

Acceptance of the Share Exchange Offer by any SST Shareholder will be deemed to constitute a warranty by such person that all the SST Shares to be sold by such person under the Share Exchange Offer will be free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, in the case of the SST Shares, the right to receive dividends and distributions declared, made or paid, if any, on or after the date of the Offer Document.

The availability of the Share Exchange Offer to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Persons who are not resident in Hong Kong should obtain advice about and observe any applicable requirements in their own jurisdictions.

LETTER FROM CIMB-GK

Settlement

The share certificates of SCT will be despatched to the SST Shareholders who have accepted the Share Exchange Offer within ten days of the later of the date on which the Share Exchange Offer becomes or is declared unconditional and the date of receipt of duly completed valid acceptances.

The SST Shareholders should be aware that the Share Exchange Offer will be made in the same proportion for any greater and lesser number than every 10,000 SST Shares (representing one board lot of the SST Shares) except that no fraction of a share in SCT will be issued. The SST Shareholders should also be aware that the SCT Shares are traded in board lots of 2,000 shares and it is not proposed that any arrangements be made for the trading of odd lots of the SCT Shares following the Share Exchange Offer. However, to facilitate the matching of odd lots of the SCT Shares held by the SST Shareholders upon completion of the Share Exchange Offer, Worldwide Partners Securities Limited has been appointed as an agent to arrange on a “best effort” basis for the matching of such odd lot services on behalf of SST Shareholders, during the period commencing on the day when the Share Exchange Offer becomes unconditional and ending on the last day of the two-month period after the Share Exchange Offer is closed. The SST Shareholders who wish to take advantage of this facility may contact Mr. Harold Kwan of Worldwide Partners Securities Limited at Room 1303, 13th Floor, 9 Queen’s Road Central, Hong Kong (Tel: 2157 5427).

The SST Shareholders should note that the matching of such odd lots of the SCT Shares held by the SST Shareholders under the Share Exchange Offer is not guaranteed.

Shareholders who are in any doubt as to what action to take are advised to consult professional advisors before dealing in the SCT Shares during its initial period of trading.

3. CONDITIONS OF THE SHARE EXCHANGE OFFER

The Share Exchange Offer is conditional upon the following:

- (a) the Share Exchange Offer having been approved by the Shareholders in the EGM in accordance with the requirements under the Listing Rules;
- (b) each and every member of the SST Group remaining solvent and not subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, provisional liquidator, receiver or other person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of any member of the SST Group from the date of the Announcement up to the date when conditions (a), (c), (d) and (e) are all satisfied;
- (c) no event having occurred on or before the date on which condition (d) below has been satisfied which would make the Share Exchange Offer or the acquisition of any of the SST Shares by the Offeror unenforceable, illegal or unable to be proceeded or would impose any additional material conditions or obligations with respect to the Share Exchange Offer or any part thereof or the acquisition of any of the SST Shares;

LETTER FROM CIMB-GK

- (d) valid acceptances of the Share Exchange Offer having been received (and, where permitted, not withdrawn) by 4:00 p.m. on the First Closing Date (or such later times(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of the SST Shares, which together with the SST Shares already held by the Offeror and its Concert Parties, constitute more than 50% of the voting rights normally exercisable at general meetings of SST; and
- (e) the Stock Exchange granting the listing of, and permission to deal in, the new SCT Shares to be issued pursuant to the terms of the Share Exchange Offer.

Note: As at the Latest Practicable Date, none of the above conditions had been fulfilled.

4. WAIVER OF THE CONDITIONS OF THE SHARE EXCHANGE OFFER

SCT reserves the right to waive all or any of the conditions (except conditions (a), (d) and (e)) in whole or in part on or before the First Closing Date. The EGM is expected to be held on or before Tuesday, 21 March 2006 and the results of the EGM will be published in newspapers on or before Wednesday, 22 March 2006.

Thus, if the Offeror does not receive valid acceptances of the Share Exchange Offer by the First Closing Date, which together with the SST Shares already held by the Offeror and its Concert Parties before or during the Share Exchange Offer will result in the Offeror and its Concert Parties holding more than 50% of the voting rights of SST, the Share Exchange Offer cannot become unconditional and the Share Exchange Offer will lapse unless it is revised or extended.

5. LAPSE OF THE SHARE EXCHANGE OFFER

Under Rule 15.7 of the Takeovers Code, except with the consent of the Executive, all conditions must be fulfilled or the Share Exchange Offer must lapse within 21 days of (i) the First Closing Date; or (ii) the date the Share Exchange Offer becomes or is declared unconditional as to acceptances, whichever is the later. In that case, the Offeror will issue a press announcement to be posted on the Stock Exchange's website by 7:00 p.m. on the First Closing Date and on the next business day thereafter respectively. Under the Takeovers Code, the latest date on which the Offeror can declare the Share Exchange Offer unconditional as to acceptances is 60 days after the date of the posting of the Offer Document i.e. Friday, 21 April 2006 (or such later date as the Executive may consent to).

LETTER FROM CIMB-GK

6. INFORMATION ON SST

The SST Group is principally engaged in the development and provision of system integration solutions in the PRC. The principal system integration solutions provided by the SST Group are intelligent building system integration solutions and computer network system software. Since the 1990s, the system software industry in the PRC has been developing rapidly. According to China Center for Information Industry Development, the annual compound growth rate of the software market in the PRC from 2002 to 2007 is estimated to be approximately 21.1%, with the total market size increasing to approximately RMB89.8 billion in 2007 from RMB34.5 billion in 2002. Current customers of the computer network system integration solutions industry in the PRC are mainly from the government, postal and telecommunication services, financial, transportation, energy source and education sectors.

As stated in SST's third quarterly report for the nine months ended 30 September 2005, the SST Group intends to pursue strategic acquisitions of investments in system integration business and software development business in the future when such opportunities arise so as to strengthen and complement the SST Group's existing business. The mission of the SST Group is to promote and create a high quality "digitised environment" in the PRC to facilitate the development of "digitised China". Looking forward, the SST Group aims to become a leader in the PRC for (i) intelligent building system integration solutions; (ii) computer network system integration solutions; and (iii) system software for government, hospitals and other organisations and institutions.

The following table sets out the financial information of the SST Group for the two financial years ended 31 December 2004 and the nine months ended 30 September 2005:

	(Audited)		(Unaudited)
	Year ended 31 December		Nine months ended
	<i>(Note 1)</i>		<i>(Note 2)</i>
	2003	2004	2005
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	227,023	293,134	180,408
Net profit before taxation	37,088	29,144	7,975
Net profit after taxation	32,264	23,778	7,701
Earnings per SST Share	RMB2.9 cents	RMB2.1 cents	RMB0.7 cents
Net asset value	155,892	166,880	165,194
			<i>(Note 3)</i>

Notes:

1. Based on the latest published audited financial statements of SST.
2. Based on the latest published unaudited financial statements of SST.
3. This is extracted from the condensed consolidated statement of changes in equity as disclosed in the third quarterly report of SST for the nine months ended 30 September 2005.

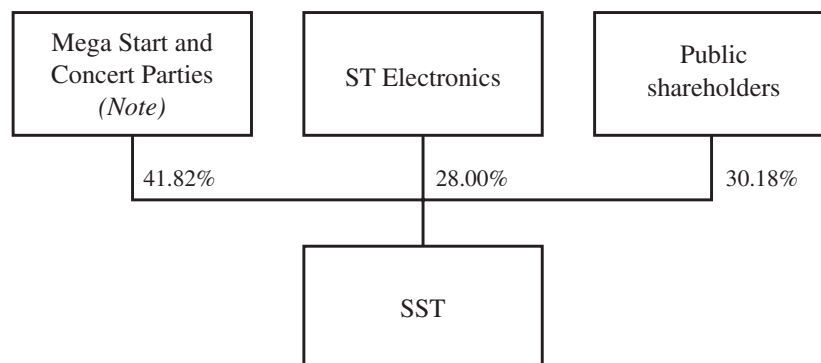
LETTER FROM CIMB-GK

Based on the interim report of SST for the six months ended 30 June 2005, the unaudited consolidated net asset value of the SST Group as at 30 June 2005 was approximately RMB162.3 million (representing RMB0.149 per SST Share).

The reduction in the net profit of the SST Group for the year ended 31 December 2004 and the nine months ended 30 September 2005 was mainly attributable to:

- (i) the reduction in gross profit margin from approximately 26.4% for the year ended 31 December 2003 to approximately 23.3% for the year ended 31 December 2004 and further down to approximately 20.3% for the nine months ended 30 September 2005, as a result of the increase in sub-contracting and cooperation arrangement of smaller-sized projects of the SST Group and the prevailing competition in the industry;
- (ii) the increase in administrative costs from approximately RMB12.4 million (equivalent to approximately HK\$11.7 million) for the year ended 31 December 2003 to RMB22.7 million (equivalent to approximately HK\$21.4 million) for the year ended 31 December 2004, as a result of the expansion of new geographical presence and scale of operation of the SST Group in Beijing, Jiangsu, Chongqing, Yunnan, the PRC and the extra relocation expenses resulting from office removal of one of the subsidiaries of SST located in Hangzhou, the PRC; and
- (iii) increases in other operating costs and selling and distribution costs.

The following is the shareholding structure of SST as at the Latest Practicable Date:



Note: Mega Start and its Concert Parties own 454,240,000 SST Shares in aggregate, as to 451,740,000 SST Shares by Mega Start and as to 2,500,000 SST Shares by Mr. Wong Wai Tin, a director of SST.

The SST Independent Shareholders who do not accept the Share Exchange Offer will not have their shareholding interests in SST diluted, as no new SST Shares will be issued under the Share Exchange Offer. Assuming the Share Exchange Offer can become unconditional, and in light of the undertakings from Mega Start and Mr. Wong Wai Tin, a director of SST, to accept the Share Exchange Offer, the ultimate single largest SST Shareholder will be SCT (instead of Mega Start).

LETTER FROM CIMB-GK

7. INFORMATION ON THE OFFEROR AND SCT

The Offeror is a company incorporated in Samoa on 31 October 2005 and is a wholly-owned subsidiary of SCT. The directors of the Offeror are Messrs. Zhang Wenhui and Tse Chun Sing, all of whom are also directors of SCT. The main business of the Offeror is investment holding. SCT is a Hong Kong-listed company incorporated in Hong Kong and its principal activity is investment holding. The principal activities of the SCT Group consist of manufacture and sale of photomask, telephone accessories, power cords, adaptors, electronic products, printed circuit board and high precision metal components. As at the Latest Practicable Date, Shougang Holding and Cheung Kong, through their associates, are the substantial shareholders of SCT, beneficially interested in 498,171,020 SCT Shares and 124,069,394 SCT Shares respectively, representing approximately 41.55% and 10.35%, respectively, of the issued share capital of SCT.

The following table sets out the financial information of the SCT Group for the two financial years ended 31 December 2004 and the six months ended 30 June 2005:

	(Audited)		(Unaudited)
	Year ended 31 December		Six months ended
	<i>(Note 1)</i>		30 June
	2003	2004	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	387,744	436,532	206,969
Net profit/(loss) before taxation	19,156	(91,872)	(48,769)
Net profit/(loss) after taxation	22,400	(94,019)	(48,771)
Profit/(loss) per SCT Share	HK2.37 cents	HK(7.84) cents	HK(4.11) cents
Net asset value	800,968	710,023	665,183

Notes:

1. Based on the latest published audited financial statements of SCT.
2. Based on the latest published unaudited financial statements of SCT.

The net asset value per SCT Share amounted to HK\$0.555 as at 30 June 2005.

The closing price of the SCT Shares of HK\$0.430 per SCT Share as at the Latest Practicable Date represents a discount of approximately 27.4% to the audited consolidated net asset value per SCT Share of approximately HK\$0.592 as at 31 December 2004.

As at the Latest Practicable Date, neither Shougang Holding, the Offeror, nor any of its associates held any SST Shares. During the six-month period prior to the date of the Announcement and ending on the Latest Practicable Date, Shougang Holding, through its wholly-owned subsidiary, has dealt in the SCT Shares, and details of which are set out in paragraph 5 in Appendix III to this Offer Document. Save for this, neither Shougang Holding, the Offeror nor any of its Concert Parties has dealt in the SCT Shares or the SST Shares in the six-month period prior to the date of the Announcement and ending on the Latest Practicable Date.

LETTER FROM CIMB-GK

As at the Latest Practicable Date, a total of 1,199,003,583 SCT Shares were in issue and a total of 90,547,000 employee share options of SCT with exercise prices ranging from HK\$0.495 to HK\$1.200 and an exercise period of 10 years were outstanding. The exercise in full of SCT's outstanding employee share options would result in the issue of additional 90,547,000 SCT Shares. Assuming all SST Shareholders accept the Share Exchange Offer, a total of 724,200,000 new SCT Shares (with a market value of HK\$325,890,000 based on the closing price of HK\$0.450 per SCT Share as at the Last Trading Day) will be issued, representing approximately 37.66% of the enlarged share capital of SCT or approximately 60.40% of the existing share capital of SCT. Assuming no SCT Share (other than those to be issued under the Share Exchange Offer) is issued before completion of the Share Exchange Offer, the shareholding structure of SCT, both before and after completion of the Share Exchange Offer, assuming full acceptance of the Share Exchange Offer is as follows:

Name	Prior to completion of the		After completion of the	
	Share Exchange Offer		Share Exchange Offer	
	<i>No. of SCT Shares held</i>	<i>%</i>	<i>No. of SCT Shares held</i>	<i>%</i>
Shougang Holding and its associates ^{(1), (2)}	498,171,020	41.55	498,171,020	25.90
Cheung Kong and its associates ⁽³⁾	124,069,394	10.35	124,069,394	6.45
Mega Start and Concert Parties	–	–	302,826,667	15.75
ST Electronics ⁽⁴⁾	–	–	202,840,000	10.55
Others and public shareholders	576,763,169	48.10	795,296,502	41.35
Total	1,199,003,583	100.00	1,923,203,583	100.00

Notes:

1. Shougang Holding and its associates are presumed to be the Concert Parties of SCT under the Takeovers Code in respect of the Share Exchange Offer.
2. Shougang Holding is a wholly-owned subsidiary of Shougang Corporation, a state-owned enterprise in the PRC.
3. By virtue of their interests in Cheung Kong, the following person and companies are each deemed to be interested in the SCT Shares held by Cheung Kong:
 - (a) Mr. Li Ka-Shing.
 - (b) Li Ka-Shing Unity Trustcorp Limited as a trustee of a discretionary trust holding units in The Li Ka-Shing Unity Trust.
 - (c) Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust.
 - (d) Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust.
4. Ms. Kan Lai Kuen, Alice, an independent non-executive Director, is also an independent non-executive director of a subsidiary of Temasek Holdings (Private) Ltd., the holding company of ST Electronics.

LETTER FROM CIMB-GK

The Directors believe that full acceptance of the Share Exchange Offer may have a positive impact on the financial results of SCT as SST has a profitable track record. For the nine months ended 30 September 2005, SST reported an unaudited consolidated net profit of approximately RMB7.7 million (equivalent to approximately HK\$7.3 million). The Directors believe that full acceptance of the Share Exchange Offer will not have any material impact on the current business operations of SCT.

Based on the unaudited consolidated net asset value of the SCT Group and the SST Group for the six months ended 30 June 2005, the Directors believe that assuming full acceptances of the Share Exchange Offer, the combined net asset value of the Enlarged Group will be enhanced which will include a positive goodwill representing the difference between the total consideration of the Share Exchange Offer (based on the closing price of HK\$0.450 per SCT Share as at the Last Trading Day) and the unaudited consolidated net asset value of the SST Group as at 30 June 2005.

8. INTENTION OF THE MAJOR SHAREHOLDERS OF SST

Mega Start (which is owned by Mr. Chau Chit, a director of SST, and Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit, and Mr. Wong Wai Tin, a director of SST, in the proportion of 50%, 30% and 20%, respectively), a major shareholder of SST, owns 451,740,000 SST Shares, representing approximately 41.59% of the existing issued share capital of SST, has irrevocably undertaken to accept the Share Exchange Offer in respect of the above shareholding. In addition, Mr. Wong Wai Tin who directly owns 2,500,000 SST Shares, representing approximately 0.23% of the existing issued share capital of SST, has also irrevocably undertaken to accept the Share Exchange Offer in respect of his shareholding in SST.

Save as disclosed above, none of the directors of SST has given any undertaking to accept or not to accept the Share Exchange Offer up to the Latest Practicable Date.

9. OFFEROR'S INTENTION IN RELATION TO THE SST GROUP

Reasons and benefits for the Share Exchange Offer

The SCT Group is principally engaged in the manufacture and sale of photomask, telephone accessories, power cords, adaptors, electronic products, printed circuit board and high precision metal components.

The SCT Group has been exploring new business opportunities with a view to diversifying its existing business and to improve its financial performance. Despite the decrease in the SST Group's earnings in recent years, and given the reasons for such decrease as stated above, the SST Group's existing intelligent building system and value added service solution projects on hand, SST's market ranking in the PRC as well as the recent business progress and achievements as noted in SST's third quarterly report for the nine months ended 30 September 2005, the Directors believe that SST's prospect is still promising and that the investment in SST will provide a suitable platform for SCT's business expansion and earnings enhancement in future.

The Directors also believe that the transaction will be beneficial to both the shareholders of SCT and SST by combining the expertise of SST in the system integration sector with the strong business connections of SCT in the PRC. SCT currently has no intention to inject assets into SST and make any changes to the current business operations of SST upon completion of the Share Exchange Offer.

LETTER FROM CIMB-GK

Appointment of Directors

Subject to the Share Exchange Offer becoming unconditional and subject to compliance with the Takeovers Code, in particular not earlier than the posting of the Offer Document, the Offeror intends to nominate Mr. Cao Zhong as a director to the board of directors of SST upon completion of the Share Exchange Offer. Save for this proposed appointment, the Offeror does not intend to make any changes to the current board composition of SST nor does it have any intention to make any major changes to the management structure. The Offeror intends that there will be no material changes to the continued employment of the employees of the SST Group following completion of the Share Exchange Offer. SCT also intends to invite Mr. Chau Chit, the executive director of SST, to the Board following completion of the Share Exchange Offer.

Intention of the Offeror regarding SST

SCT does not intend to make any changes to the current business operations of SST, apart from the appointment of director stated above. The Offeror also does not intend to introduce any major changes to the business, including any redeployment of the fixed assets of the SST Group. The Offeror intends to effect the compulsory acquisition of the SST Shares in the event that the Offeror is permitted to do so under the Companies Law and the Takeovers Code, and to apply for the withdrawal of listing of SST Shares on GEM. Further announcement will be made by the Offeror if it can effect compulsory acquisition of SST Shares.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise SST by means of the Share Exchange Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by the Companies Law, acceptance of the Share Exchange Offer and purchases (in each case of the disinterested shares) made by the Offeror and its Concert Parties during the period of four months after posting the Offer Document total 90% of the disinterested shares.

Assuming the Share Exchange Offer can become unconditional and SCT will have more than 50% equity interest in SST, SST will become an indirect subsidiary of SCT and SST's financial results will be consolidated with those of the SCT Group.

The Directors have undertaken, and the new director intended to be nominated by the Offeror and appointed to the board of directors of SST will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that public float exists in the SST Shares if listing on the Stock Exchange is to be maintained.

LETTER FROM CIMB-GK

The Stock Exchange has stated that if, upon the close of the Share Exchange Offer, less than 25% of the SST Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the SST Shares; or
- there are insufficient SST Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend trading in the SST Shares until a level of sufficient public float is attained.

So long as SST remains a listed company, the Stock Exchange will also closely monitor all future acquisitions or disposals of assets of SST. Any acquisitions or disposals of assets by the SST Group will be subject to the provisions of the GEM Rules. Pursuant to the GEM Rules, the Stock Exchange has the discretion to require SST to issue an announcement and a circular to the SST Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of SST. The Stock Exchange also has the power to aggregate a series of acquisitions or disposals of SST and any such transactions may result in SST being treated as if it were a new listing applicant and subject to the requirements for new listing applicants as set out in the GEM Rules.

Availability of the Share Exchange Offer

The availability of the Share Exchange Offer to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Subject to compliance with the Takeovers Code, the Offeror reserves the right to make special arrangements regarding the terms of the Share Exchange Offer in relation to the SST Shareholders. Persons who are not resident in Hong Kong should obtain advice about and observe any applicable legal and regulatory requirements in their own jurisdictions in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions.

LETTER FROM CIMB-GK

10. TAXATION

The SST Shareholders are recommended to consult their own professional advisors if they are in any doubt as to the taxation implications of their accepting the Share Exchange Offer. None of the Company, the Offeror, CIMB-GK nor any of their respective directors nor any persons involved in the Share Exchange Offer accepts responsibility for any taxation effects or liabilities of, any person or persons as a result of their acceptance of the Share Exchange Offer.

11. ACCEPTANCE AND SETTLEMENT

(a) Procedures for acceptance of the Share Exchange Offer

To accept the Share Exchange Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Exchange Offer.

The completed Form of Acceptance should be forwarded, together with the relevant SST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of SST Shares in respect of which you intend to accept the Share Exchange Offer, by post or by hand to the Registrar in Hong Kong at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in an envelope marked "**Share Exchange Offer**" as soon as practicable after receipt of the Form of Acceptance but in any event so as to reach the Registrar by not later than 4:00 p.m. on Monday, 3 April 2006 or such later time and/or date as the Offeror shall determine and announce with the consent of the Executive. No acknowledgement of receipt of any Form of Acceptance, SST Share certificate, transfer receipt or other document of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given. Your attention is drawn to the further details regarding the procedure for acceptance set out in Appendix II to this Offer Document and the Form of Acceptance.

(b) Settlement of the Share Exchange Offer

Provided that the Form of Acceptance and share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Registrar by not later than the latest time for acceptance, share certificates of SCT due to each of the SST Shareholders in respect of the SST Shares tendered by them under the Share Exchange Offer will be despatched to each of them within 10 days of the later of the date on which all the relevant documents are received by the Registrar mentioned above to render such acceptance complete and valid, and the date when the Share Exchange Offer becomes or is declared unconditional.

In the circumstance where the Share Exchange Offer is withdrawn or lapsed, the Offeror will, within 10 days from the date on which the Share Exchange Offer is withdrawn or lapsed, post the SST Share certificates lodged with acceptance forms to, or make such SST Share certificates available for collection by, SST Shareholders who have accepted the Share Exchange Offer.

LETTER FROM CIMB-GK

(c) Other issues

The securities being offered will rank pari passu with the existing issued securities of the Company.

The settlement of the consideration to which any SST Shareholders are entitled under the Share Exchange Offer will be satisfied in full in accordance with the terms of the Share Exchange Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such SST Shareholders.

To ensure equality of treatment of all SST Shareholders, those registered holders who hold SST Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential that the beneficial owners of the SST Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Exchange Offer.

If the Share Exchange Offer does not become unconditional in all respects within the time permitted by the Takeovers Code, the Form(s) of Acceptance, the relevant SST Share certificate(s), transfer receipt(s) and any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Offeror will be returned to the SST Shareholders who have accepted the Share Exchange Offer by post or such documents will be made available by the Registrar for collection, as soon as possible but in any event within 10 days after the Share Exchange Offer have lapsed.

12. GENERAL

The attention of the SST Shareholders not resident in Hong Kong is drawn to paragraph 5 of Appendix II to this Offer Document. Further terms and conditions of the Share Exchange Offer, including the further procedures for acceptance, details of the acceptance period and the procedures for revisions and extension of the Share Exchange Offer, are set out in Appendix II to this Offer Document and the Form of Acceptance.

All documents and remittance sent to the SST Shareholders by post will be sent to them at their own risk. Such documents and remittances will be sent to the SST Shareholders at their respective addresses as they appear in the register of members of SST or, in the case of joint shareholder of SST, to the shareholder whose name appears first in the register of members of SST, as applicable. None of the Company, the Offeror, CIMB-GK nor any of their respective directors or any other person involved in the Share Exchange Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

LETTER FROM CIMB-GK

13. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices, which form part of this Offer Document.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) Limited

Alex Lau

Executive Vice President

Flavia Hung

Senior Vice President

INDEBTEDNESS

As at the close of business on 31 December 2005, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Offer Document, the SCT Group had outstanding borrowings of approximately HK\$171,278,000, which comprised bank borrowings wholly repayable within five years and financial leases for approximately HK\$107,286,000 and HK\$63,992,000 respectively. The net book value of assets pledged to banks and financial institutions as at 31 December 2005 amounted to approximately HK\$337,519,000, which comprised machinery held under financial lease, leasehold and investment properties, machinery and inventories.

Save as disclosed above, and apart from intra-group liabilities, the SCT Group did not have outstanding at the close of business on 31 December 2005 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the SCT Group's internal resources, present available banking facilities and the granting of financial assistance from Shougang Holding, the SCT Group has sufficient working capital for its present requirements.

CURRENT FINANCIAL AND TRADING PROSPECTS

It is the policy of SCT to reviewing potential investment opportunities on a continuous basis that would offer high returns. SCT's photomask division commenced its commercial production in the second half of 2004. For the six months ended 30 June 2005, the turnover of the photomask division amounted to approximately HK\$6.7 million. As compared to the relevant period in 2004, the amount of loss incurred by the photomask business had increased by approximately 7.3 % from approximately HK\$48.1 million to approximately HK\$51.6 million mainly due to the increase in depreciation charges and maintenance expenses. Although the photomask business had expanded its customer base and had been granted the approved vendor status by two more clients during the six months ended 30 June 2005, based on the performance of the photomask business in the financial year 2005, and the Company's preliminary discussion with its auditors, pursuant to the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Directors expect that a provision for impairment loss on the photomask business may possibly be made in SCT's audited account for the year ended 31 December 2005 which is expected to be announced in April 2006. As at the Latest Practicable Date, subject to the further discussion with SCT's auditors, it is uncertain as to whether such provision will or will not be made and as to the amount of such provision.

Notwithstanding this, SCT will continue to expand and strengthen the distribution and marketing network of the photomask business by further setting up sales office and appointing sale agents. Given this and the fact that the market for high-precision photomask is in an early stage, the SCT Group is committed to continue developing high-end photomasks to take advantage of the anticipated growth in the high-end photomask market in the PRC. Based on the market research conducted by SCT, the Directors expect that the PRC semi-conductor market, which includes the photomask market, will continue to grow in the future.

MATERIAL CHANGE

As disclosed in the unaudited consolidated financial statements of the SCT Group for the six months ended 30 June 2005 as set out below, there were a loss of about HK\$51,596,000 from the photomask business and a gain of approximately HK\$8,353,000 arising from a change in fair value of investment properties.

On 18 August 2005, the SCT Group has entered into a sale and purchase agreement in relation to the sale and purchase of the property located at San Tai Industrial Building, No. 4 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong at a consideration of HK\$38,800,000, details of which have been set out in note 16 to the unaudited consolidated financial statements of the SCT Group for the six months ended 30 June 2005, the announcement of SCT dated 22 July 2005 and under the paragraph of “Material contracts” in Appendix III of this Offer Document.

Based on the performance of the photomask business in the financial year 2005, and the Company’s preliminary discussion with its auditors, pursuant to the Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, the Directors expect that a provision for impairment loss on the photomask business may possibly be made in SCT’s audited account for the year ended 31 December 2005 which is expected to be announced in April 2006. As at the Latest Practicable Date, subject to the further discussion with SCT’s auditors, it is uncertain as to whether such provision will or will not be made and as to the amount of such provision.

In addition to the amount of expenses incurred in relation to the employees share options of SCT pursuant to the Hong Kong Financial Reporting Standards for the six months ended 30 June 2005 as disclosed in the interim report of the SCT Group for that period, the Directors expect that additional expenses will be charged to the profit and loss account of the SCT Group for the year ended 31 December 2005.

SCT has received a letter from Shougang Holding dated 17 February 2006 confirming that Shougang Holding will continue to grant financial assistance to the SCT Group for its working capital requirements, as required.

Save for the above and those disclosed in the interim report of SCT for the six months ended 30 June 2005, the Directors are not aware of any material changes in the financial or trading position or outlook of the SCT Group since 31 December 2004, the date to which the latest published audited consolidated financial statements of the SCT Group were made up.

FINANCIAL SUMMARY

- (A) The following is a summary of the audited financial results of the SCT Group for each of the three years ended 31 December 2004 as extracted from the audited accounts of the SCT Group for the relevant years. The financial information of the SCT Group for the year ended 31 December 2002 has been restated following the adoption of the Statement of Standard Accounting Practice 12 (Revised) "Income Taxes" issued by the Hong Kong Institute of Certified Public Accountants. There was no qualification contained in the auditors' report prepared by Deloitte Touche Tohmatsu, the auditors of SCT, for each of the three years ended 31 December 2004.

Three Years Financial Summary

Consolidated Income Statement

	For the year ended 31 December		
	2004	2003	2002
	HK\$'000	HK\$'000	HK\$'000
Turnover	436,532	387,744	426,269
Cost of sales	(514,616)	(351,711)	(370,063)
Gross profit/(loss)	(78,084)	36,033	56,206
Other operating income	10,542	15,776	12,753
Distribution costs	(6,683)	(8,001)	(5,690)
Administrative expenses	(55,142)	(42,693)	(65,016)
Revaluation surplus/(deficit) arising from investment properties	4,515	5,400	(859)
Write-back of impairment loss made on investment securities	–	–	11,500
Profit/(loss) from operations	(124,852)	6,515	8,894
Finance costs	(10,837)	(7,324)	(4,011)
Share of result of an associate	12,497	6,040	–
Share of results of jointly controlled entities	31,320	13,925	16,137
Gain on disposal of interest in a jointly controlled entity	–	–	6,164
Profit/(loss) before taxation	(91,872)	19,156	27,184
Income tax credit/(charge)	(1,777)	3,706	287
Profit/(loss) before minority interests	(93,649)	22,862	27,471
Minority interests	(370)	(462)	(1,187)
Net profit/(loss) for the year	<u>(94,019)</u>	<u>22,400</u>	<u>26,284</u>
Dividend	<u>–</u>	<u>–</u>	<u>–</u>
Earnings/(loss) per share (<i>Note 1</i>)			
Basic	<u>(7.84 cents)</u>	<u>2.37 cents</u>	<u>3.27 cents</u>
Diluted	<u>N/A</u>	<u>2.30 cents</u>	<u>N/A</u>

Notes:

1. The calculation of the basic and diluted earnings per share for the year is based on the following data:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
(Loss)/profit for the purposes of basic and diluted earnings per share	<u>(94,019)</u>	<u>22,400</u>	<u>26,284</u>
	2004	2003	2002
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,198,657,282	943,604,787	802,673,280
Effect of dilutive potential ordinary shares in respect of share options	<u>–</u>	<u>31,608,158</u>	<u>–</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>1,198,657,282</u>	<u>975,212,945</u>	<u>802,673,280</u>

The computation of diluted loss per share for the year ended 31 December 2004 did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in net loss per share from continuing ordinary operation.

The adjustment to comparative basic and diluted earnings per share, arising from the changes in accounting policies as described in note 2 to the financial statements of the SCT Group for the year ended 31 December 2003, is as follows:

	Basic <i>HK cents</i>	Diluted <i>HK cents</i>
Reconciliation of earnings per share for the year ended 31 December 2002		
Reported figure before adjustment	3.13	N/A
Adjustment arising from the adoption of SSAP 12 (Revised)	<u>0.14</u>	<u>N/A</u>
As restated	<u>3.27</u>	<u>N/A</u>

2. The SCT Group did not have any extraordinary items and exceptional items for each of the three years ended 31 December 2004.

Consolidated Balance Sheet

	As at 31 December		
	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
Non-current assets			
Investment properties	27,450	22,935	17,535
Property, plant and equipment	541,603	579,157	145,370
Intangible assets	–	9,513	8,584
Investment in an associate	35,385	24,997	–
Investment securities	–	–	18,957
Interests in jointly controlled entities	182,613	128,469	116,889
Golf club membership	560	960	960
Deferred tax assets	1,658	2,097	2,063
	<u>789,269</u>	<u>768,128</u>	<u>310,358</u>
Current assets			
Inventories	81,678	64,185	59,986
Trade and bills receivables	116,166	112,160	110,247
Other receivables	14,910	14,459	45,455
Pledged bank deposits	17,493	138,771	–
Time deposits	1,515	5,074	251,910
Bank balances and cash	62,547	60,756	91,892
	<u>294,309</u>	<u>395,405</u>	<u>559,490</u>
Current liabilities			
Trade and bills payables	83,205	98,040	44,595
Other payables and accruals	59,786	97,358	27,865
Amount due to an associate	9,048	–	–
Tax liabilities	817	1,707	673
Bank borrowings – due within one year	60,324	86,426	60,199
Obligations under finance leases – due within one year	32,943	2,492	–
	<u>246,123</u>	<u>286,023</u>	<u>133,332</u>

	As at 31 December		
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Net current assets	48,186	109,382	426,158
Total assets less current liabilities	837,455	877,510	736,516
Non-current liabilities			
Bank borrowings – due after one year	57,824	60,700	–
Obligations under finance leases – due after one year	60,165	5,308	–
Convertible bonds	–	–	200,000
Deferred tax liabilities	68	929	5,053
	<u>118,057</u>	<u>66,937</u>	<u>205,053</u>
Minority interests	9,375	9,605	9,543
Net assets	<u><u>710,023</u></u>	<u><u>800,968</u></u>	<u><u>521,920</u></u>
Capital and reserves			
Share capital	299,751	298,426	200,668
Reserves	<u>410,272</u>	<u>502,542</u>	<u>321,252</u>
Shareholders' funds	<u><u>710,023</u></u>	<u><u>800,968</u></u>	<u><u>521,920</u></u>

- (B) The following is the audited financial statements of the SCT Group for the year ended 31 December 2004 and the audited balance sheet of the Company as at 31 December 2004, together with the comparative figures for the year ended 31 December 2003 and the accompanying notes to the audited accounts of the SCT Group for the year ended 31 December 2004 as extracted from the annual report of the Company for the year ended 31 December 2004.

Audited Financial Statements of the SCT Group for the year ended 31 December 2004

Consolidated Income Statement

For the year ended 31 December 2004

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	4	436,532	387,744
Cost of sales		<u>(514,616)</u>	<u>(351,711)</u>
Gross profit/(loss)		(78,084)	36,033
Other operating income	6	10,542	15,776
Distribution costs		(6,683)	(8,001)
Administrative expenses		(55,142)	(42,693)
Revaluation surplus arising from investment properties		<u>4,515</u>	<u>5,400</u>
Profit/(loss) profit from operations	7	(124,852)	6,515
Finance costs	9	(10,837)	(7,324)
Share of result of an associate		12,497	6,040
Share of results of jointly controlled entities		<u>31,320</u>	<u>13,925</u>
Profit/(loss) before taxation		(91,872)	19,156
Taxation credit/(charge)	10	<u>(1,777)</u>	<u>3,706</u>
Profit/(loss) before minority interests		(93,649)	22,862
Minority interests		<u>(370)</u>	<u>(462)</u>
Net profit/(loss) for the year		<u><u>(94,019)</u></u>	<u><u>22,400</u></u>
Earnings/(loss) per share	12		
Basic		<u>(7.84 cents)</u>	<u>2.37 cents</u>
Diluted		<u>N/A</u>	<u>2.30 cents</u>

Note: The SCT Group did not have any extraordinary items and exceptional items for each of the three years ended 31 December 2004.

Consolidated Balance Sheet*At 31 December 2004*

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets			
Investment properties	13	27,450	22,935
Property, plant and equipment	14	541,603	579,157
Intangible assets	15	–	9,513
Investment in an associate	17	35,385	24,997
Interests in jointly controlled entities	18	182,613	128,469
Golf club membership		560	960
Deferred tax assets	28	1,658	2,097
		<u>789,269</u>	<u>768,128</u>
Current assets			
Inventories	19	81,678	64,185
Trade and bills receivables	20	116,166	112,160
Other receivables		14,910	14,459
Pledged bank deposits	21	17,493	138,771
Time deposits		1,515	5,074
Bank balances and cash		62,547	60,756
		<u>294,309</u>	<u>395,405</u>
Current liabilities			
Trade and bills payables	22	83,205	98,040
Other payables and accruals		59,786	97,358
Amount due to an associate		9,048	–
Tax liabilities		817	1,707
Bank borrowings – due within one year	23	60,324	86,426
Obligations under finance leases – due within one year	24	32,943	2,492
		<u>246,123</u>	<u>286,023</u>
Net current assets		<u>48,186</u>	<u>109,382</u>
Total assets less current liabilities		<u>837,455</u>	<u>877,510</u>

		2004	2003
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Bank borrowings – due after one year	23	57,824	60,700
Obligations under finance leases – due after one year	24	60,165	5,308
Deferred tax liabilities	28	68	929
		<u>118,057</u>	<u>66,937</u>
Minority interests		<u>9,375</u>	<u>9,605</u>
Net assets		<u>710,023</u>	<u>800,968</u>
Capital and reserves			
Share capital	25	299,751	298,426
Reserves		<u>410,272</u>	<u>502,542</u>
Shareholders' funds		<u>710,023</u>	<u>800,968</u>

Balance Sheet*At 31 December 2004*

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	14	26,303	69,308
Interests in subsidiaries	16	803,023	718,002
Golf club membership		560	780
Deferred tax assets	28	1,658	2,097
		<u>831,544</u>	<u>790,187</u>
Current assets			
Amounts due from subsidiaries		17,730	46,847
Other receivables		192	470
Pledged bank deposits	21	15,854	117,330
Time deposits		1,411	5,074
Bank balances and cash		11,625	14,428
		<u>46,812</u>	<u>184,149</u>
Current liabilities			
Amounts due to subsidiaries		60,170	88,940
Trade and other payables		23,377	60,467
Bank borrowings – due within one year	23	51,848	79,022
		<u>135,395</u>	<u>228,429</u>
Net current liabilities		<u>(88,583)</u>	<u>(44,280)</u>
Total assets less current liabilities		742,961	745,907
Non-current liability			
Bank borrowings – due after one year	23	57,824	60,700
Net assets		<u>685,137</u>	<u>685,207</u>
Capital and reserves			
Share capital	25	299,751	298,426
Reserves	27	385,386	386,781
Shareholders' funds		<u>685,137</u>	<u>685,207</u>

Consolidated Statement of Changes in Equity*For the year ended 31 December 2004*

	Share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>(Note)</i>	(Deficit) retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2003	200,668	244,989	2,084	53,690	20,489	521,920
Exercise of convertible bonds	75,758	124,242	–	–	–	200,000
Shares issued for cash	22,000	36,080	–	–	–	58,080
Shares issue expenses	–	(1,432)	–	–	–	(1,432)
Net profit for the year	–	–	–	–	22,400	22,400
At 31 December 2003 and 1 January 2004	298,426	403,879	2,084	53,690	42,889	800,968
Exercise of share options	1,325	1,749	–	–	–	3,074
Net loss for the year	–	–	–	–	(94,019)	(94,019)
At 31 December 2004	<u>299,751</u>	<u>405,628</u>	<u>2,084</u>	<u>53,690</u>	<u>(51,130)</u>	<u>710,023</u>
Attributable to:						
The Company and subsidiaries	299,751	405,628	2,084	53,690	(215,313)	545,840
Jointly controlled entities	–	–	–	–	147,755	147,755
An associate	–	–	–	–	16,428	16,428
At 31 December 2004	<u>299,751</u>	<u>405,628</u>	<u>2,084</u>	<u>53,690</u>	<u>(51,130)</u>	<u>710,023</u>
The Company and subsidiaries	298,426	403,879	2,084	53,690	(79,878)	678,201
Jointly controlled entities	–	–	–	–	116,727	116,727
An associate	–	–	–	–	6,040	6,040
At 31 December 2003	<u>298,426</u>	<u>403,879</u>	<u>2,084</u>	<u>53,690</u>	<u>42,889</u>	<u>800,968</u>

Note: By a special resolution passed at an extraordinary general meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium account of the Company was reduced by an amount of HK\$270,000,000. This amount was used to reduce the then Company's accumulated losses of HK\$216,310,000 and the balance of HK\$53,690,000 was credited to the Company's capital reserve which is non-distributable.

Consolidated Cash Flow Statement*For the year ended 31 December 2004*

	2004	2003
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit/(loss) from operations	(124,852)	6,515
Adjustments for:		
Allowance for doubtful debts, net	2,940	–
Allowance for inventories	6,708	5,009
Amortisation of intangible assets	2,668	2,551
Depreciation and amortisation	99,049	27,723
Dividend income from investments in securities	–	(3,019)
Loss/(gain) on disposal of property, plant and equipment	19	(308)
Interest income	(741)	(2,711)
Revaluation surplus arising from investment properties	(4,515)	(5,400)
Write-back of allowance for doubtful debts	–	(224)
Write-off of inventories	–	6,896
Impairment loss recognised for intangible assets	9,750	–
Impairment loss recognised for golf club membership	400	–
Operating cash flows before movements in working capital	(8,574)	37,032
Increase in inventories	(24,201)	(16,104)
Increase in trade and bills receivables	(6,946)	(5,080)
Decrease/(increase) in other receivables	(451)	30,996
Increase in trade and bills payables	96,276	55,429
Increase/(decrease) in other payables and accruals	(37,572)	69,493
Increase in amount due to an associate	9,048	–
Cash generated from operations	27,580	171,766
Hong Kong Profits Tax paid/(refund)	(688)	582
Interest paid	(10,837)	(7,324)
NET CASH FROM OPERATING ACTIVITIES	16,055	165,024

APPENDIX I
FINANCIAL INFORMATION ON THE SCT GROUP

	<i>Notes</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(49,531)	(455,622)
Decrease/(increase) in pledged bank deposits		121,278	(138,771)
Additions to intangible assets		(2,905)	(3,480)
Investments in jointly controlled entities		(28,302)	–
Decrease in amount due from a jointly controlled entity		186	2,345
Dividend received from investments in securities		–	3,019
Dividend received from a jointly controlled entity		5,000	–
Interest received		741	2,711
Net cash inflow from disposal of a subsidiary	30	–	2,192
Proceeds from disposal of property, plant and equipment		497	1,435
		<u>46,964</u>	<u>(586,171)</u>
NET CASH FROM/(USED IN) INVESTING ACTIVITIES			
FINANCING ACTIVITIES			
New bank loans raised		24,954	92,875
Proceeds from issue of shares, net of share issue expenses		3,074	56,648
Repayment of obligations under finance lease		(38,283)	–
Increase/(decrease) in trust receipt loans		(30,201)	6,780
Repayment of bank loans		(23,731)	(12,728)
Dividend paid to minority shareholders		(600)	(400)
		<u>(64,787)</u>	<u>143,175</u>
NET CASH/(USED IN) FROM FINANCING ACTIVITIES			
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(1,768)	(277,972)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
		<u>65,830</u>	<u>343,802</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
		<u>64,062</u>	<u>65,830</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		62,547	60,756
Non-pledged bank deposits with original maturity of less than three months		1,515	5,074
		<u>64,062</u>	<u>65,830</u>

Notes to the Financial Statements

For the year ended 31 December 2004

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries, associate and jointly controlled entities are set out in notes 16, 17 and 18 respectively.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants (the "HKICPA") issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "New HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these New HKFRSs in the financial statements for the year ended 31 December 2004.

The Group has commenced considering the potential impact of these New HKFRSs but is not yet in a position to determine whether these New HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These New HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of net assets of the associates less any identified impairment loss.

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of jointly controlled entities less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entities is included in the consolidated income statement.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less depreciation and amortisation and accumulated impairment loss.

Construction in progress is stated at cost, which includes land cost and the related construction cost, less accumulated impairment losses. No depreciation is provided on construction in progress until the construction is completed and the properties and assets are ready for use.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land and buildings	Over the lease terms or 50 years, whichever is shorter
Machinery, moulds and tools	4% – 20%
Equipment, furniture and fixtures	15% – 20%
Motor vehicles	25% – 33 $\frac{1}{3}$ %
Leasehold improvements	4% – 20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Intangible assets

Intangible assets are stated at cost less amortisation and accumulated impairment loss. Amortisation is provided on a straight line basis over the estimated useful lives.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income is recognised when the Group's right to receive payment have been established.

Rental income is recognised on a straight line basis over the relevant lease terms.

Service income is recognised when services are provided.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair values at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight line basis over the relevant lease term.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are included in net profit or loss for the year.

On consolidation, the assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are charged as expense as they fall due.

4. TURNOVER

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances, revenue arising from services rendered and rental income for the year, and is analysed as follows:

	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods	422,855	375,485
Rendering of services	12,233	10,855
Gross rental income	1,444	1,404
	<u>436,532</u>	<u>387,744</u>

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into five operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Intersegment sales are charged at prevailing market prices.

Segment information about these businesses is presented below:

For the year ended 31 December 2004

	Telephone accessories and power cords <i>HK\$'000</i>	Adaptors and electronic products <i>HK\$'000</i>	Printed circuit boards <i>HK\$'000</i>	High precision metal components <i>HK\$'000</i>	Photomask business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER								
External sales	210,022	90,750	65,096	54,820	2,167	13,677	-	436,532
Inter-segment sales	29,469	1,130	233	155	-	24,034	(55,021)	-
Total	<u>239,491</u>	<u>91,880</u>	<u>65,329</u>	<u>54,975</u>	<u>2,167</u>	<u>37,711</u>	<u>(55,021)</u>	<u>436,532</u>
RESULT								
Segment results	<u>(15,379)</u>	<u>(15,294)</u>	<u>227</u>	<u>4,219</u>	<u>(99,391)</u>	<u>(9,776)</u>		<u>(135,394)</u>
Other operating income								<u>10,542</u>
Loss from operations								(124,852)
Finance costs								(10,837)
Share of result of an associate			12,497					12,497
Share of results of jointly controlled entities						31,320		<u>31,320</u>
Loss before taxation								(91,872)
Taxation charge								(1,777)
Minority interests								<u>(370)</u>
Net loss for the year								<u>(94,019)</u>
BALANCE SHEET								
Segment assets	127,406	57,163	63,650	45,335	418,124	152,244		863,922
Investment in an associate			35,385					35,385
Interests in jointly controlled entities						182,613		182,613
Unallocated assets								<u>1,658</u>
Total assets								<u>1,083,578</u>
Segment liabilities	(36,255)	(18,091)	(24,145)	(16,318)	(25,178)	(32,052)		(152,039)
Unallocated liabilities								<u>(212,141)</u>
Total liabilities								<u>(364,180)</u>
OTHER INFORMATION								
Capital expenditure	10,595	2,237	2,585	2,878	40,415	6,206		64,916
Depreciation	9,031	1,398	5,801	3,595	74,445	4,779	-	99,049
Amortisation	1,082	1,500	-	-	86	-	-	2,668
Other non-cash expense	<u>11,056</u>	<u>9,296</u>	<u>-</u>	<u>-</u>	<u>430</u>	<u>621</u>	<u>-</u>	<u>21,403</u>

For the year ended 31 December 2003

	Telephone accessories and power cords <i>HK\$'000</i>	Adaptors and electronic products <i>HK\$'000</i>	Printed circuit boards <i>HK\$'000</i>	High precision metal components <i>HK\$'000</i>	Photomask business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER								
External sales	187,473	62,861	62,842	53,665	–	20,903	–	387,744
Inter-segment sales	10,372	–	–	–	–	50,643	(61,015)	–
Total	<u>197,845</u>	<u>62,861</u>	<u>62,842</u>	<u>53,665</u>	<u>–</u>	<u>71,546</u>	<u>(61,015)</u>	<u>387,744</u>
RESULT								
Segment results	<u>(5,294)</u>	<u>(289)</u>	<u>793</u>	<u>4,723</u>	<u>(1,481)</u>	<u>(7,713)</u>		<u>(9,261)</u>
Other operating income								<u>15,776</u>
Profit from operations								6,515
Finance costs								(7,324)
Share of result of an associate			6,040					6,040
Share of results of jointly controlled entities						13,925		<u>13,925</u>
Profit before taxation								19,156
Taxation credit								3,706
Minority interests								<u>(462)</u>
Net profit for the year								<u><u>22,400</u></u>
BALANCE SHEET								
Segment assets	121,164	56,337	63,609	40,769	464,423	261,668		1,007,970
Investment in an associate			24,997					24,997
Interests in jointly controlled entities						128,469		128,469
Unallocated assets								<u>2,097</u>
Total assets								<u><u>1,163,533</u></u>
Segment liabilities	(29,086)	(13,103)	(15,423)	(10,932)	(63,420)	(63,434)		(195,398)
Unallocated liabilities								<u>(157,562)</u>
Total liabilities								<u><u>(352,960)</u></u>
OTHER INFORMATION								
Capital expenditure	8,874	2,586	45	3,004	397,303	55,090	–	466,902
Depreciation	9,528	2,021	6,247	4,148	–	5,779	–	27,723
Amortisation	1,051	1,500	–	–	–	–	–	2,551
Other non-cash expense	<u>10,560</u>	<u>1,345</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,905</u>

(b) Geographical segments

The Group's operations are located in Hong Kong, the People's Republic of China (other than Hong Kong) (the "PRC"), Europe and Australia.

The following table provides an analysis of the Group's sales by geographical market, irrespective of origin of goods:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
The PRC	52,756	71,958
Hong Kong	235,739	206,735
Europe	81,838	66,890
Australia	10,834	8,804
Others	55,365	33,357
	<u>436,532</u>	<u>387,744</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
The PRC	391,525	408,361	21,429	13,602
Hong Kong	690,395	753,075	43,487	453,300
	<u>1,081,920</u>	<u>1,161,436</u>	<u>64,916</u>	<u>466,902</u>

6. OTHER OPERATING INCOME

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Dividend income from investments in securities	–	3,019
Gain on disposal of property, plant and equipment	–	308
Interest on bank deposits	741	2,711
Proceeds from scrap sales	4,768	4,153
Others	5,033	5,585
	<u>10,542</u>	<u>15,776</u>

7. (LOSS) PROFIT FROM OPERATIONS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
(Loss) profit from operations has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration (<i>note 8</i>):		
– Salaries, wages and other benefits	79,171	61,120
– Retirement benefit scheme contributions	2,872	2,854
	<hr/>	<hr/>
Total staff costs	82,043	63,974
	<hr/>	<hr/>
Allowance for doubtful debts, net	2,940	–
Allowance for inventories	6,708	5,009
Amortisation of intangible assets (included in administrative expenses)	2,668	2,551
Auditors' remuneration	1,306	1,000
Cost of inventories recognised as expenses	477,367	344,246
Depreciation and amortisation of property, plant and equipment	99,049	27,723
Loss on disposal of property, plant and equipment	19	–
Net exchange loss (gain)	710	(116)
Write-back of allowance for doubtful debts	–	(224)
Write-off of inventories	–	6,896
Impairment loss recognised for intangible assets	9,750	–
Impairment loss recognised for golf club membership	400	–
	<hr/> <hr/>	<hr/> <hr/>

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fees:		
Executive directors	60	60
Independent non-executive directors	20	30
Non-executive directors	140	–
	<hr/>	<hr/>
	220	90
	<hr/>	<hr/>
Other emoluments of executive directors:		
Salaries and other benefits	7,162	4,513
Retirement benefit scheme contributions	161	149
	<hr/>	<hr/>
	7,323	4,662
	<hr/>	<hr/>
Total directors' emoluments	7,543	4,752
	<hr/> <hr/>	<hr/> <hr/>

The emoluments of the directors were within the following bands:

	Number of directors	
	2004	2003
Nil to HK\$1,000,000	13	7
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	2	2
	<u>16</u>	<u>10</u>

In April 2005, a director has agreed to waive his emoluments of HK\$10,000 for the year ended 31 December 2004. No director waived any emoluments for the year ended 31 December 2003.

(b) Employees' Emoluments

During the year, the five highest paid individuals included five directors (2003: three directors), details of whose emoluments are set out in (a) above. The emoluments of the remaining two highest paid individuals for the year ended 31 December 2003 were as follows:

	2003 HK\$'000
Salaries and other benefits	1,241
Retirement benefit scheme contributions	<u>106</u>
	<u>1,347</u>

The remuneration of each of the highest paid, non-director employees was less than HK\$1,000,000 for the year ended 31 December 2003.

9. FINANCE COSTS

	2004 HK\$'000	2003 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	6,812	4,152
Finance leases	4,025	–
Convertible bonds	<u>–</u>	<u>3,172</u>
	<u>10,837</u>	<u>7,324</u>

10. TAXATION CHARGE (CREDIT)

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Current tax:		
Hong Kong		
Provision for the year	545	585
Overprovision in prior years	(747)	(303)
	<u>(202)</u>	<u>282</u>
Deferred tax (<i>note 28</i>):		
Current year	(422)	(4,438)
Attributable to a change in tax rate	–	280
	<u>(422)</u>	<u>(4,158)</u>
Taxation attributable to the Company and its subsidiaries	(624)	(3,876)
Share of taxation attributable to a jointly controlled entity	292	170
Share of taxation attributable to an associate	2,109	–
	<u>1,777</u>	<u>(3,706)</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

The tax charge (credit) for the year can be reconciled to the (loss) profit before taxation as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
(Loss) profit before taxation	<u>(91,872)</u>	<u>19,156</u>
Tax at Hong Kong Profits Tax rate of 17.5%	(16,078)	3,352
Tax effect of expenses that are not deductible in determining taxable profit	5,305	3,345
Tax effect of income that are not taxable in determining taxable profit	(2,180)	(7,035)
Tax effect of share of results of an associate	(78)	(1,057)
Tax effect of share of results of jointly controlled entities	(5,189)	(2,267)
Tax effect of different tax rates of the subsidiaries operating in other jurisdictions	–	246
Utilisation of tax losses not recognised in previous years	(639)	(267)
Tax effect of tax losses not recognised	21,309	–
Increase in opening deferred tax liabilities resulting from an increase in Hong Kong Profits Tax rate	–	280
Overprovision in prior years	(747)	(303)
Others	74	–
Tax charge (credit) for the year	<u>1,777</u>	<u>(3,706)</u>

11. DIVIDEND

No dividend was paid or proposed during 2004, nor has any dividend been proposed since the balance sheet date (2003: Nil).

12. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share for the year is based on the following data:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
(Loss) profit for the purposes of basic and diluted (loss) earnings per share	<u>(94,019)</u>	<u>22,400</u>
	2004	2003
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	1,198,657,282	943,604,787
Effect of dilutive potential ordinary shares in respect of share options	<u>–</u>	<u>31,608,158</u>
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	<u>1,198,657,282</u>	<u>975,212,945</u>

The computation of diluted loss per share for the year ended 31 December 2004 did not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in net loss per share from continuing ordinary operation.

13. INVESTMENT PROPERTIES

	THE GROUP <i>HK\$'000</i>
AT VALUATION	
At 1 January 2004	22,935
Surplus on revaluation	<u>4,515</u>
At 31 December 2004	<u>27,450</u>

The Group's investment properties were revalued at their open market values at 31 December 2004 by Messrs. AA Property Services Limited, a firm of an independent professionally qualified valuers. The valuation gave rise to a revaluation increase of approximately HK\$4,515,000 which has been credited to the income statement. All of the Group's investment properties are rented out under operating leases.

	THE GROUP 2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
The carrying amount of investment properties comprises:		
Long-term leases in Hong Kong	2,550	2,550
Medium-term leases in Hong Kong	22,500	17,250
Long-term leases in the PRC	<u>2,400</u>	<u>3,135</u>
	<u>27,450</u>	<u>22,935</u>

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Machinery, moulds and tools <i>HK\$'000</i>	Equipment, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP							
COST							
At 1 January 2004	92,473	1,793	638,745	121,313	8,060	58,593	920,977
Additions	–	1,168	48,656	8,605	781	2,801	62,011
Written off/Disposals	–	–	(19,451)	(1,578)	(1,216)	(3,315)	(25,560)
Reclassification	–	(2,259)	30,670	(29,125)	–	714	–
At 31 December 2004	92,473	702	698,620	99,215	7,625	58,793	957,428
ACCUMULATED DEPRECIATION AND AMORTISATION							
At 1 January 2004	25,807	–	212,292	71,140	7,074	25,507	341,820
Provided for the year	2,922	–	85,443	6,798	819	3,067	99,049
Written off/Disposals	–	–	(19,451)	(1,543)	(1,216)	(2,834)	(25,044)
At 31 December 2004	28,729	–	278,284	76,395	6,677	25,740	415,825
NET BOOK VALUES							
At 31 December 2004	63,744	702	420,336	22,820	948	33,053	541,603
At 31 December 2003	66,666	1,793	426,453	50,173	986	33,086	579,157
		Leasehold land and buildings <i>HK\$'000</i>	Machinery, moulds and tools <i>HK\$'000</i>	Equipment, furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY							
COST							
At 1 January 2004		32,585	59,053	48,605	714	31,607	172,564
Written off		–	(15,353)	–	(685)	–	(16,038)
Transferred to a subsidiary		–	–	(30,420)	–	(10,530)	(40,950)
At 31 December 2004		32,585	43,700	18,185	29	21,077	115,576
ACCUMULATED DEPRECIATION AND AMORTISATION							
At 1 January 2004		12,856	59,053	18,185	714	12,448	103,256
Provided for the year		1,303	–	–	–	752	2,055
Written off		–	(15,353)	–	(685)	–	(16,038)
At 31 December 2004		14,159	43,700	18,185	29	13,200	89,273
NET BOOK VALUES							
At 31 December 2004		18,426	–	–	–	7,877	26,303
At 31 December 2003		19,729	–	30,420	–	19,159	69,308

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
The net book value of land and buildings shown above comprises:				
Long leases in Hong Kong	11,252	11,772	8,815	9,206
Medium-term leases in Hong Kong	6,691	6,866	–	–
Long-term leases in the PRC	944	1,015	–	–
Medium-term leases in the PRC	44,857	47,013	9,611	10,523
	<u>63,744</u>	<u>66,666</u>	<u>18,426</u>	<u>19,729</u>

The net book value of machinery of approximately HK\$420,336,000 includes an amount of approximately HK\$128,706,000 (2003: HK\$11,795,000) in respect of assets held under finance leases.

15. INTANGIBLE ASSETS

	THE GROUP HK\$'000
COST	
At 1 January 2004	29,212
Additions	<u>2,905</u>
At 31 December 2004	<u>32,117</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT	
At 1 January 2004	19,699
Provided for the year	2,668
Impairment loss recognised in the year	<u>9,750</u>
At 31 December 2004	<u>32,117</u>
NET BOOK VALUE	
At 31 December 2004	<u>–</u>
At 31 December 2003	<u>9,513</u>

Intangible assets represent the costs incurred for obtaining export license for exporting power cords and adapter products to certain countries are deferred and amortised on a straight line basis over the estimated useful lives of not exceeding eight years.

During the year, the directors conducted a review of the Group's export licence and determined that values of those assets were impaired, due to continuing losses of the business. Accordingly, impairment losses of approximately HK\$9,750,000 (2003: Nil) have been recognised during the year.

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2004 HK\$'000	2003 HK\$'000
Unlisted shares, at cost	26,744	26,744
Amounts due from subsidiaries (Note)	999,841	914,820
	1,026,585	941,564
Less: Allowances for amounts due from subsidiaries	(223,562)	(223,562)
	<u>803,023</u>	<u>718,002</u>

Note: In the opinion of the directors, the amounts due from subsidiaries will not be repayable within twelve months from the balance sheet date and the balances are therefore classified as non-current.

Details of the Company's principal subsidiaries at 31 December 2004 are as follows:

Name of subsidiary	Place/ country of incorporation/ registration	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company %	Principal activities
3S Technology Holdings Limited 3S科技控股有限公司	Samoa	1 ordinary share of US\$1	100	Investment holding
Aberdeen Industrial Company Limited 阿勃玓實業有限公司	Samoa	1 ordinary share of US\$1	100*	Manufacture of telephone accessories, power cords and adaptors
Aberdeen Investments Limited 阿勃玓投資有限公司	Samoa	1 ordinary share of US\$1	100*	Property investment
Dongguan Dongjiang Wire and Cable Company Limited 東莞東江電線電纜有限公司*	The PRC	Registered capital HK\$6,000,000	60*	Manufacture of telephone cables and wires
Dongguan Santai Electrical Appliances Company Limited 東莞三泰電器有限公司* (Formerly: Dongguan Qiaozi Santai Electrical Appliances Company Limited 東莞橋梓三泰電器有限公司)	The PRC	Registered capital HK\$12,000,000	100*	Manufacture and sale of electronic products
Dorup Limited 霖高有限公司	Hong Kong	2,000,000 ordinary shares of HK\$1 each	60*	Marketing of telephone cords and power cords
Far East PCB Limited 遠東線路板有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100*	Manufacture of printed circuit boards
Hitech Electro-Optical Limited 華太光電有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100*	Property investment
Hop Cheong Holdings Limited	Cook Islands	3,500 ordinary shares of US\$1 each	100	Investment holding

APPENDIX I
FINANCIAL INFORMATION ON THE SCT GROUP

Name of subsidiary	Place/ country of incorporation/ registration	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company %	Principal activities
Hop Cheong Technology Limited 合昌科技有限公司	Hong Kong	1,000,000 ordinary shares of HK\$1 each	100*	Provision of management services
Hop Cheong Technology (International) Limited 合昌科技(國際)有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100*	Marketing of high precision metal parts
Jetsbo Investment Limited 捷士實投資有限公司	Hong Kong	10,000 ordinary shares of HK\$1 each	100*	Property investment
Longbright Technology Limited 宏輝科技有限公司	Hong Kong	10,000 ordinary shares of HK\$1 each	100*	Manufacture of metal stampings
Printronic China Limited 普林中國有限公司	Hong Kong	2 ordinary shares of HK\$10 each	100*	Investment holding
Printronic Electronics Limited 普林電子有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100*	Investment holding
Printronic Group Limited 普林集團有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100	Investment holding
Ready Shine Industrial Limited 巧旋實業有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100	Investment holding
Ready Sound Limited 備韻有限公司	Hong Kong	1,000,000 ordinary shares of HK\$1 each	60*	Manufacture of tinsel wires
Regal Investments Limited	Samoa	1 ordinary share of US\$1	100*	Manufacture of high precision metal parts
Remarkable Mask Technology Company Limited 卓越光掩模科技有限公司 (Formerly: Remarkable Limited)	Cayman Islands	33,000,001 ordinary share of US\$1 each	100*	Manufacture of photomask
San Tai Industrial Enterprise Limited	Hong Kong	2 ordinary shares of HK\$1 each	100*	Marketing and distribution of telephone accessories and power cords
Santai Corporate Services Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Provision of management services
Santai Manufacturing Limited 三泰實業有限公司	Hong Kong	10,000 ordinary shares of HK\$1 each	100	Trading of raw materials for the manufacture of telephone accessories and power cords
SCT Electronics Limited SCT 電子有限公司	Hong Kong	2 ordinary shares of HK\$1 each	100	Marketing of adaptors and electronic products

Name of subsidiary	Place/ country of incorporation/ registration	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company %	Principal activities
SCT International Limited	Hong Kong	2 ordinary shares of HK\$1 each	100*	Marketing of raw materials for adaptors and electronic products
Sky Land Navigator Technology Limited	Samoa	1 ordinary share of US\$1	100*	Investment holding
Sky Light Communication Limited	Samoa	1 ordinary share of US\$1	100*	Investment holding

* Indirectly held through subsidiaries

@ Registered under the laws of the PRC as a Sino-foreign co-operative joint venture

^ Registered under the laws of the PRC as a wholly-owned foreign subsidiary

All the subsidiaries operate in Hong Kong except for Aberdeen Industrial Company Limited, Aberdeen Investments Limited, Dongguan Dongjiang Wire and Cable Company Limited, Dongguan Santai Electrical Appliances Co., Ltd., Ready Sound Limited and Regal Investments Limited, which operate in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year.

17. INVESTMENT IN AN ASSOCIATE

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	35,385	24,997

At 31 December 2004, the Group had interests in the following associate:

Name of entity	Form of business structure	Place of establishment and operation	Proportion of nominal value of registered capital held by the Group	Principal activity
Tianjin Printronics Circuit Corporation 天津普林电路有限公司 ("TPC")	Sino-foreign entity joint venture	The PRC	28.17% (2003: 28.74%)	Manufacture of printed circuit boards

The Group's entitlement to share in the profits of the associate is in proportion to its ownership interests. In the opinion of the directors, the Group is able to exercise significant influence over TPC through participation in the board of directors of TPC.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	181,610	122,280
Amount due from a jointly controlled entity	1,003	6,189
	<u>182,613</u>	<u>128,469</u>

In the opinion of the directors, the amount due from the jointly controlled entity is unsecured, interest-free and will not be repayable within one year from the balance sheet date and, accordingly, such amount has been classified as non-current.

At 31 December 2004, the Group had interests in the following jointly controlled entities:

Name of entity	Form of business structure	Place of incorporation and operation	Proportion of nominal value of issued share capital/registered capital indirectly held by the Company	Registered capital	Principal activities
Hoperise Industrial Limited 興揚實業有限公司	Incorporated	Hong Kong	50%	HK\$20,010,000	Copper wire drawing
Sky Light Communication (Shenzhen) Limited 深圳天際信和科技有限公司 ("Sky Light")	Sino-foreign	The PRC	75%*	RMB20,000,000	Development and integration of space information technical and multimedia software
Sky Land Navigator Technology (Shenzhen) Limited 深圳天地導航科技有限公司 ("Sky Land")	Sino-foreign	The PRC	75%*	RMB20,000,000	Development and integration of software and hardware for intelligent traffic field

* The Group's entitlement to share in the results of Sky Light and Sky Land is in the proportion to its ownership interests.

According to the joint venture agreement, the Group can only exercise joint control over Sky Light and Sky Land through participation in the board of directors.

The following details have been extracted from the management accounts of Hoperise Industrial Limited, the Group's significant jointly controlled entity.

Results for the year

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	<u>773,720</u>	<u>524,486</u>
Profit from ordinary activities before taxation	<u>70,864</u>	<u>27,850</u>
Profit from ordinary activities before taxation attributable to the Group	<u>35,432</u>	<u>13,925</u>

Financial position

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Non-current assets	102,416	102,148
Current assets	402,610	307,357
Current liabilities	(189,963)	(154,344)
Non-current liabilities	(188)	(251)
Net assets	<u>314,875</u>	<u>254,910</u>
Net assets attributable to the Group	<u>157,437</u>	<u>127,455</u>

19. INVENTORIES

	THE GROUP	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Raw materials	51,005	39,838
Work in progress	13,934	10,850
Finished goods	<u>16,739</u>	<u>13,497</u>
	<u>81,678</u>	<u>64,185</u>

Included above are raw materials of approximately HK\$4,624,000 (2003: HK\$4,092,000) and finished goods of Nil (2003: HK\$9,000) of the Group which are carried at net realisable value.

20. TRADE AND BILLS RECEIVABLES

Trading terms with customers are principally on credit, except for new customers, cash on delivery is normally required. Invoices are normally payable within 60 to 90 days of issuance, except for certain well established customers, the terms are extended to 120 days. Each customer has a designated credit limit.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on invoice date, and net of allowance, is as follows:

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	86,305	82,201
91 – 180 days	28,204	21,936
181 – 365 days	1,557	5,246
1 – 2 years	86	2,247
Over 2 years	14	530
	116,166	112,160
	116,166	112,160

21. PLEDGED BANK DEPOSITS**THE GROUP**

The amounts represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to approximately HK\$17,493,000 (2003: HK\$138,771,000) have been pledged to secure short-term bank loans and are therefore classified as current assets.

THE COMPANY

The amounts represent deposits pledged to banks to secure banking facilities granted to the Company. Deposits amounting to approximately HK\$15,854,000 (2003: HK\$117,330,000) have been pledged to secure short-term bank loans and are therefore classified as current assets.

22. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on invoice date, is as follows:

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	72,089	90,678
91 – 180 days	10,320	6,359
181 – 365 days	775	647
1 – 2 years	19	233
Over 2 years	2	123
	83,205	98,040
	83,205	98,040

23. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Secured bank loans	94,098	92,875	94,098	92,875
Secured trust receipt loans	24,050	54,251	15,574	46,847
	<u>118,148</u>	<u>147,126</u>	<u>109,672</u>	<u>139,722</u>
The maturity profile of the above bank borrowings is as follows:				
On demand or within one year	60,324	86,426	51,848	79,022
More than one year, but not exceeding two years	19,274	15,175	19,274	15,175
More than two years, but not exceeding five years	<u>38,550</u>	<u>45,525</u>	<u>38,550</u>	<u>45,525</u>
	118,148	147,126	109,672	139,722
Less: Amount due for settlement within one year (shown under current liabilities)	<u>(60,324)</u>	<u>(86,426)</u>	<u>(51,848)</u>	<u>(79,022)</u>
Amount due for settlement after one year	<u>57,824</u>	<u>60,700</u>	<u>57,824</u>	<u>60,700</u>

The bank borrowings and banking facilities for the Group and the Company are secured by:

- (i) certain of the investment properties and leasehold land and buildings, which had an aggregate carrying value at the balance sheet date of approximately HK\$26,438,000 (2003: HK\$21,292,000);
- (ii) certain of the machinery which had an aggregate carrying value at the balance sheet date of approximately HK\$205,446,000 (2003: HK\$255,187,000);
- (iii) the carrying amount of inventories of the Group pledged as security for banking facilities amounted to approximately HK\$24,050,000 (2003: HK\$23,564,000) and for the Company is of approximately HK\$15,574,000 (2003: HK\$46,847,000); and
- (iv) the pledge of certain of the Group's bank deposits amounting to approximately HK\$17,493,000 (2003: HK\$138,771,000) and for the Company is of approximately HK\$15,854,000 (2003: HK\$117,330,000).

The Group's bank loans are arranged at market rates.

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
THE GROUP				
Amounts payable under finance leases:				
Within one year	37,400	2,771	32,943	2,492
In the second to fifth year inclusive	64,046	5,542	60,165	5,308
	<u>101,446</u>	<u>8,313</u>	<u>93,108</u>	<u>7,800</u>
Less: Future finance charges	<u>(8,338)</u>	<u>(513)</u>	<u>–</u>	<u>–</u>
Present value of lease obligations	<u>93,108</u>	<u>7,800</u>	93,108	7,800
Less: Amount due for settlement within one year (shown under current liabilities)			<u>(32,943)</u>	<u>(2,492)</u>
Amount due for settlement after one year			<u>60,165</u>	<u>5,308</u>

It is the Group's policy to lease certain of its machinery under finance leases. The average lease terms is three years. For the year ended 31 December 2004, the average effective borrowing rate was ranged from 4.26% to 6.95% (2003: 4.26%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

25. SHARE CAPITAL

	2004		2003	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.25 each				
Authorised:				
At beginning and end of year	2,000,000,000	500,000	2,000,000,000	500,000
Issued and fully paid:				
At beginning of year	1,193,703,583	298,426	802,673,280	200,668
Exercise of share options (Note i)	5,300,000	1,325	–	–
Exercise of convertible bonds (Note ii)	–	–	303,030,303	75,758
Shares issued for cash (Note iii)	–	–	88,000,000	22,000
At end of year	1,199,003,583	299,751	1,193,703,583	298,426

Notes:

- (i) On 9 January 2004 and 23 April 2004, 4,500,000 and 800,000 shares were issued respectively at a share option exercise price of HK\$0.58 per share.
- (ii) On 21 August 2003, HK\$200,000,000 convertible bonds were exercised at the conversion price of HK\$0.66 per share resulting in the issue of 303,030,303 shares.
- (iii) On 8 September 2003, 88,000,000 shares were issued for cash at a subscription price of HK\$0.66 per share for funding an investment opportunity to invest in a subsidiary to be principally engaged in the design manufacturing of photomasks.

These new shares rank pari passu with the existing shares in all respects.

26. SHARE OPTION SCHEME

A share option scheme (the “2002 Scheme”) was adopted by the shareholders of the Company at the annual general meeting held on 7 June 2002. Under the 2002 Scheme, the board of directors (the “Board”) of the Company may, subject to and in accordance with the provisions of the 2002 Scheme and the Rules Governing the Listing of Securities on the Stock Exchange, grant share options to any eligible participant to subscribe for shares in the capital of the Company.

The maximum number of shares issued and to be issued upon exercise of options granted to each eligible participant under the 2002 Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company in issue, as at the date of grant.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised later than 10 years after it has been granted.

On acceptance of an offer, HK\$1 should be payable by the grantee. The exercise price per share in relation to an option shall be a price to be determined by the Board and shall be no less than the highest of (a) the official closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the option is offered to an eligible participant; or (b) the official average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer of option to an eligible participant; or (c) the nominal value of shares of the Company on the date of offer of option to an eligible participant.

APPENDIX I
FINANCIAL INFORMATION ON THE SCT GROUP

The following tables disclose details and movements in share options under the 2002 Scheme during the years ended 31 December 2004 and 2003:

Category of grantees	Number of shares under options						At 31.12.2004	Date of grant	Exercise period	Exercise price per share HK\$
	At 1.1.2004	Transferred from other category during the year	Transferred to other category during the year	Granted during the year	Exercised during the year	Lapsed during the year				
Directors of the Company	34,094,000	-	(16,052,000) ²⁻³	-	(3,800,000)	-	14,242,000	15.11.2002	15.11.2002 – 14.11.2012	0.58
	9,243,000	-	-	-	-	-	9,243,000	14.3.2003	14.3.2003 – 13.3.2013	0.495
	70,632,000 ⁵	9,632,000 ¹⁻⁵	(16,052,000) ¹⁻⁵	-	-	-	64,212,000 ⁵	13.10.2003	13.10.2003 – 12.10.2013	0.70
	-	-	-	11,982,000	-	-	11,982,000	18.3.2004	18.3.2004 – 17.3.2014	1.20
	<u>113,969,000</u>	<u>9,632,000</u>	<u>(32,104,000)</u>	<u>11,982,000</u>	<u>(3,800,000)</u>	<u>-</u>	<u>99,679,000</u>			
Employees of the Group	4,824,000 ²	-	(402,000) ²	-	(1,500,000) ²	-	2,922,000	15.11.2002	15.11.2002 – 14.11.2012	0.58
	2,000	-	-	-	-	-	2,000	14.3.2003	14.3.2003 – 13.3.2013	0.495
	<u>4,826,000</u>	<u>-</u>	<u>(402,000)</u>	<u>-</u>	<u>(1,500,000)</u>	<u>-</u>	<u>2,924,000</u>			
Director of a subsidiary	9,632,000 ⁵	-	(9,632,000) ¹⁻⁵	-	-	-	-	13.10.2003	13.10.2003 – 12.10.2013	0.70
Consultants/ other participants	24,078,000	16,454,000 ^{2-3,4}	-	-	-	(402,000) ⁴	40,130,000	15.11.2002	15.11.2002 – 14.11.2012	0.58
	8,026,000	-	-	-	-	-	8,026,000	14.3.2003	14.3.2003 – 13.3.2013	0.495
	-	16,052,000 ¹⁻⁵	-	-	-	-	16,052,000 ⁵	13.10.2003	13.10.2003 – 12.10.2013	0.70
	-	-	-	4,000,000	-	-	4,000,000	18.3.2004	18.3.2004 – 17.3.2014	1.20
	<u>32,104,000</u>	<u>32,506,000</u>	<u>-</u>	<u>4,000,000</u>	<u>-</u>	<u>(402,000)</u>	<u>68,208,000</u>			
	<u><u>160,531,000</u></u>	<u><u>42,138,000</u></u>	<u><u>(42,138,000)</u></u>	<u><u>15,982,000</u></u>	<u><u>(5,300,000)</u></u>	<u><u>(402,000)</u></u>	<u><u>170,811,000</u></u>			

Notes:

1. A director of a subsidiary was appointed as a director of the Company on 9 June 2004. The share options granted to such grantee were re-classified from the category of "Director of a subsidiary" to the category of "Directors of the Company" during the year.
2. A director of the Company resigned on 13 April 2004. The share options granted to such grantee remain exercisable up to the original expiry date and were re-classified from the category of "Directors of the Company" to the category of "Consultants / other participants" during the year.
3. A director of the Company resigned on 9 June 2004. The share options granted to such grantee remain exercisable up to the original respective expiry dates and were re-classified from the category of "Directors of the Company" to the category of "Consultants / other participants" during the year.
4. Included in the balance at the beginning of the year were 802,000 share options held by a grantee who ceased to be an employee of the Company on 28 January 2004. A total of 400,000 share options were exercised by this grantee on 9 January 2004. The balance of 402,000 share options held by this grantee remained exercisable up to 24 December 2004 and were re-classified from the category of "Employees of the Group" to the category of "Consultants/other participants" following her resignation. Such options were lapsed on 25 December 2004.
5. The share options granted on 13 October 2003 are exercisable subject to a vesting scale which shall commence on the date of grant in tranches of 25% each reaching 100% as from 13 October 2006. All other share options were vested in full at the date of grant.

Total consideration received during the year for taking up the options granted amounted to HK\$2 (2003: HK\$9).

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

APPENDIX I
FINANCIAL INFORMATION ON THE SCT GROUP

Category of grantees	Number of shares under options			Date of grant	Exercise period	Exercise price per share HK\$
	At 1.1.2003	Granted during the year	At 31.12.2003			
Directors of the Company	34,094,000	–	34,094,000	15.11.2002	15.11.2002 – 14.11.2012	0.58
	–	9,243,000	9,243,000	14.3.2003	14.3.2003 – 13.3.2013	0.495
	–	70,632,000	70,632,000*	13.10.2003	13.10.2003 – 12.10.2013	0.70
	<u>34,094,000</u>	<u>79,875,000</u>	<u>113,969,000</u>			
Employees of the Group	4,824,000	–	4,824,000	15.11.2002	15.11.2002 – 14.11.2012	0.58
	–	2,000	2,000	14.3.2003	14.3.2003 – 13.3.2013	0.495
	<u>4,824,000</u>	<u>2,000</u>	<u>4,826,000</u>			
Director of a subsidiary	–	9,632,000	9,632,000*	13.10.2003	13.10.2003 – 12.10.2013	0.70
Consultants	24,078,000	–	24,078,000	15.11.2002	15.11.2002 – 14.11.2012	0.58
	–	8,026,000	8,026,000	14.3.2003	14.3.2003 – 13.3.2013	0.495
	<u>24,078,000</u>	<u>8,026,000</u>	<u>32,104,000</u>			
	<u><u>62,996,000</u></u>	<u><u>97,535,000</u></u>	<u><u>160,531,000</u></u>			

* The options granted on 13 October 2003 are exercisable subject to a vesting scale which shall commence on the date of grant in tranches of 25% each reaching 100% as from 13 October 2006. All other share options were vested in full at the date of grant.

27. RESERVES

	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000 (Note)	Deficit HK\$'000	Total HK\$'000
THE COMPANY					
At 1 January 2003	244,989	2,084	53,690	(70,835)	229,928
Exercise of convertible bonds	124,242	–	–	–	124,242
Shares issued for cash	36,080	–	–	–	36,080
Shares issue expenses	(1,432)	–	–	–	(1,432)
Net loss for the year	–	–	–	(2,037)	(2,037)
At 31 December 2003 and 1 January 2004	403,879	2,084	53,690	(72,872)	386,781
Exercise of share options	1,749	–	–	–	1,749
Net loss for the year	–	–	–	(3,144)	(3,144)
At 31 December 2004	<u>405,628</u>	<u>2,084</u>	<u>53,690</u>	<u>(76,016)</u>	<u>385,386</u>

Note: By a special resolution passed at an extraordinary general meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium account of the Company was reduced by an amount of HK\$270,000,000. This amount was used to reduce the then Company's accumulated losses of HK\$216,310,000 and the balance of HK\$53,690,000 was credited to the Company's capital reserve which is non-distributable. At the balance sheet date, the Company did not have any reserve available for distribution (2003: Nil).

28. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
THE GROUP			
At 1 January 2003	2,990	–	2,990
Credit to income statement for the year	(500)	(3,938)	(4,438)
Effect of change in tax rate	280	–	280
At 31 December 2003 and 1 January 2004	2,770	(3,938)	(1,168)
Charge (credit) to income statement for the year	60,313	(60,735)	(422)
At 31 December 2004	<u>63,083</u>	<u>(64,673)</u>	<u>(1,590)</u>

	Accelerated tax depreciation <i>HK\$'000</i>
THE COMPANY	
At 1 January 2003	(2,063)
Charge to income statement for the year	145
Effect of change in tax rate	(179)
	<hr/>
At 31 December 2003 and 1 January 2004	(2,097)
Charge to income statement for the year	439
	<hr/>
At 31 December 2004	<u>(1,658)</u>

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	THE GROUP		THE COMPANY	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Deferred tax liabilities	68	929	–	–
Deferred tax assets	(1,658)	(2,097)	(1,658)	(2,097)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(1,590)</u>	<u>(1,168)</u>	<u>(1,658)</u>	<u>(2,097)</u>

At the balance sheet date, the Group had unused tax losses of approximately HK\$584,766,000 (2003: HK\$115,940,000) available for offset against future profit. A deferred tax asset has been recognised in respect of approximately HK\$369,560,000 (2003: HK\$22,500,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately HK\$215,206,000 (2003: HK\$93,440,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the balance sheet date, the Company had unrecognised tax losses amounted to approximately HK\$10,317,000 (2003: HK\$10,903,000) may be carried forward indefinitely. The deferred tax assets have not been recognised due to the unpredictability of future profit streams.

29. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance leases in respect of the acquisition of plant and equipment with a total capital value at the inception of the lease of approximately HK\$123,591,000 (2003: HK\$7,800,000).

30. DISPOSAL OF INTEREST IN A SUBSIDIARY

During the year ended 31 December 2003, the Group entered into a sale and purchase agreement for the disposal of its entire equity interest in a wholly-owned subsidiary, San Tai Distribution Company Limited (“STD”), and assignment of its entire interest in a shareholder’s loan to STD to an independent third party at a consideration of HK\$2,430,000.

Disposal of interest in a subsidiary:

	<i>HK\$’000</i>
NET LIABILITIES DISPOSED OF:	
Property, plant and equipment	785
Trade and other receivables	3,392
Bank balances and cash	238
Trade and other payables	(1,985)
Shareholder’s loan	(9,552)
	<u>(7,122)</u>
Total consideration	<u>(7,122)</u>
Satisfied by:	
Cash	2,430
Assignment of a shareholder’s loan	(9,552)
	<u>(7,122)</u>

An analysis of net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary is as follows:

	<i>HK\$’000</i>
Cash consideration	2,430
Bank balances and cash disposed of	(238)
	<u>(238)</u>
Net inflow of cash and cash equivalents in respect of the disposal of interest in a subsidiary	<u>2,192</u>

The interest in a subsidiary disposed of during the year ended 31 December 2003 did not have any significant contribution to turnover and to the consolidated profit before taxation for the year ended 31 December 2003.

31. OPERATING LEASES

The Group as lessee

Minimum lease payments paid for land and buildings under operating leases during the year amounted to approximately HK\$1,777,000 (2003: HK\$2,022,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Within one year	262	674
In the second to fifth years inclusive	52	350
	<u>314</u>	<u>1,024</u>

The Group leases certain of its warehouse and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

The Group as lessor

Property rental income earned during the year was approximately HK\$1,444,000 (2003: HK\$1,404,000), less outgoing of HK\$66,000 (2003: HK\$58,000).

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to two years. The investment properties are expected to generate rental yields of 5% (2003: 6%) on an ongoing basis. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Within one year	506	982
In the second to fifth years inclusive	–	450
	<u>506</u>	<u>1,432</u>

The Company had no operating lease commitment or arrangement as at 31 December 2004 and 2003.

32. CAPITAL COMMITMENTS

	THE GROUP	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commitments in respect of the acquisition of property, plant and equipment contracted for but not provided	278	4,902

The Company had no capital commitment at 31 December 2004 and 2003.

33. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Discounted bills with recourse	10,018	1,690	–	–
Guarantee for banking facilities granted to a jointly controlled entity	115,592	99,349	115,592	99,349
Guarantee for banking facilities granted to subsidiaries	–	–	8,477	7,403
	125,610	101,039	124,069	106,752

34. RETIREMENT BENEFIT SCHEMES

The Group operates a Hong Kong Mandatory Provident Fund Scheme (the “MPF Scheme”) for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute 8% to 20% of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

35. RELATED PARTY TRANSACTIONS

During the year, the Group had significant related party transactions as follows:

	<i>Notes</i>	2004 HK\$'000	2003 HK\$'000
Management fees paid to a controlling shareholder	(i)	960	1,200
Management fees paid to a related company	(ii)	480	480
Rental paid to a related company	(iii)	744	792
Sales to a jointly controlled entity	(iv)	13,685	14,788
Utility expenses charged to a jointly controlled entity	(v)	12,212	12,534
Purchases from a jointly controlled entity	(vi)	43,121	29,385
Purchases from related companies	(vii)	4,576	3,153
Management fees received from a jointly controlled entity	(viii)	<u>1,560</u>	<u>822</u>

Notes:

- (i) Management fees of HK\$960,000 were paid to Shougang Holding (Hong Kong) Limited (“Shougang Holding”), a controlling shareholder of the Company, for the provision of management services to the Group at rates agreed by the relevant parties.
- (ii) Management fees of HK\$480,000 were paid to Shougang Concord International Enterprises Company Limited (“Shougang International”), a subsidiary of Shougang Holding, for the provision of management services to the Group at rates agreed by both parties.
- (iii) Rentals paid to Good News Investment Limited, a wholly-owned subsidiary of Shougang International, relating to the premises occupied and used by the Group as its office, were agreed by both parties.
- (iv) Sales to a jointly controlled entity were made according to the comparable market prices and conditions offered to the major customers of the Group.
- (v) Utility expenses charged to a jointly controlled entity were related to the recharge of certain utility costs incurred by it. The recharge was based on the actual costs incurred.
- (vi) Purchases from a jointly controlled entity were made according to the comparable market prices and conditions offered by similar suppliers to the Group.
- (vii) Purchases from Hing Cheong Metals (China & Hong Kong) Limited and Meta International Limited, both wholly-owned subsidiaries of Shougang Concord Century Holdings Limited of which Shougang Holdings is also a substantial shareholder, were made according to comparable market prices.
- (viii) Management fees were received from a jointly controlled entity for the provision of management services was charged at rates agreed by both parties.

- (C) The following is the summary of the unaudited interim results of the SCT Group for the six months ended 30 June 2004 and 2005, together with the accompanying notes to the unaudited accounts of the SCT Group for the six months ended 30 June 2005 as extracted from the interim report of the Company for the six months ended 30 June 2005. The financial information of the SCT Group for the six months ended 30 June 2004 has been restated following the changes in the SCT Group’s accounting policies as a result of adoption of a number of new Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005 comprising HKAS 17 “Leases”, HKAS 32 “Financial Instruments: Disclosure and Presentation”, HKAS 39 “Financial Instruments: Recognition and Measurement” and HKFRS 2 “Share-based Payment”.

Condensed Consolidated Income Statement*For the six months ended 30 June 2005*

	<i>Notes</i>	Six months ended 30 June	
		2005	2004
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited and restated)
Revenue		206,969	197,851
Cost of sales		(248,076)	(223,297)
Gross loss		(41,107)	(25,446)
Other operating income		3,674	5,181
Distribution costs		(4,763)	(6,013)
Administrative expenses		(24,587)	(26,619)
Gain arising from a change in fair value of investment properties		8,353	–
Finance costs	5	(5,818)	(4,937)
Share of results of jointly controlled entities		9,786	15,964
Share of result of an associate		5,693	5,015
Loss before taxation	6	(48,769)	(36,855)
Taxation	7	(2)	(402)
Loss for the period		<u>(48,771)</u>	<u>(37,257)</u>
Attributable to:			
Equity holders of the parent		(49,227)	(37,509)
Minority interests		456	252
		<u>(48,771)</u>	<u>(37,257)</u>
Loss per share			
Basic	9	<u>(4.11) cents</u>	<u>(3.13) cents</u>

Note: The SCT Group did not have any extraordinary items, exceptional items dividends for each of the six months ended 30 June 2004 and 2005.

Condensed Consolidated Balance Sheet*At 30 June 2005*

	<i>Notes</i>	30 June 2005 <i>HK\$'000</i> (unaudited)	31 December 2004 <i>HK\$'000</i> (Audited and restated)
NON-CURRENT ASSETS			
Investment properties	<i>10</i>	9,075	27,450
Property, plant and equipment	<i>11</i>	478,638	532,259
Prepaid lease payments		8,839	9,008
Interests in jointly controlled entities	<i>12</i>	181,396	182,613
Interest in an associate	<i>13</i>	41,078	35,385
Golf club membership		560	560
Deferred tax assets		1,756	1,658
		<u>721,342</u>	<u>788,933</u>
CURRENT ASSETS			
Inventories		84,471	81,678
Prepaid lease payments		336	336
Trade and bills receivables	<i>14</i>	117,774	116,166
Other receivables		12,277	14,910
Amount due from a jointly controlled entity	<i>15</i>	19,293	–
Pledged bank deposits		–	17,493
Time deposits		–	1,515
Bank balances and cash		145,354	62,547
Non-current assets classified as held for sale	<i>16</i>	32,985	–
		<u>412,490</u>	<u>294,645</u>
CURRENT LIABILITIES			
Trade and bills payables	<i>17</i>	63,266	83,205
Other payables and accruals		36,479	59,786
Amount due to an associate		–	9,048
Amount due to a related company	<i>15</i>	62,453	–
Amount due to a shareholder	<i>15</i>	81,871	–
Tax liabilities		1,538	817
Bank borrowings – due within one year	<i>18</i>	81,295	60,324
Obligations under finance leases – due within one year		35,228	32,943
		<u>362,130</u>	<u>246,123</u>
NET CURRENT ASSETS		<u>50,360</u>	<u>48,522</u>

Condensed Consolidated Balance Sheet (continued)

At 30 June 2005

	<i>Notes</i>	30 June 2005 <i>HK\$'000</i> (unaudited)	31 December 2004 <i>HK\$'000</i> (Audited and restated)
TOTAL ASSETS LESS CURRENT LIABILITIES		771,702	837,455
NON-CURRENT LIABILITIES			
Bank borrowings –			
due after one year	18	50,430	57,824
Obligations under finance leases			
– due after one year		46,190	60,165
Deferred tax liabilities		68	68
		<u>96,688</u>	<u>118,057</u>
TOTAL ASSETS AND LIABILITIES		<u><u>675,014</u></u>	<u><u>719,398</u></u>
CAPITAL AND RESERVES			
Share capital	19	299,751	299,751
Reserves		365,432	410,272
Equity attributable to equity holders			
of the parent		665,183	710,023
Minority interests		9,831	9,375
TOTAL EQUITY		<u><u>675,014</u></u>	<u><u>719,398</u></u>

Condensed Consolidated Statement of Changes in Equity*For the six months ended 30 June 2005*

	Attributable to equity holders of parent								
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Share option reserve	Accumulated profits (losses)	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004									
- As originally stated	298,426	403,879	2,084	53,690	-	42,889	800,968	9,605	810,573
- Effect of changes in accounting policies	-	-	-	-	1,828	(1,828)	-	-	-
As restated	298,426	403,879	2,084	53,690	1,828	41,061	800,968	9,605	810,573
(Loss) profit for the period	-	-	-	-	-	(37,509)	(37,509)	252	(37,257)
Exercise of share options	1,325	1,749	-	-	-	-	3,074	-	3,074
Employee share option benefits	-	-	-	-	4,387	-	4,387	-	4,387
At 30 June 2004	299,751	405,628	2,084	53,690	6,215	3,552	770,920	9,857	780,777
(Loss) profit for the period	-	-	-	-	-	(65,284)	(65,284)	118	(65,166)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(600)	(600)
Employee share option benefits	-	-	-	-	4,387	-	4,387	-	4,387
At 31 December 2004	299,751	405,628	2,084	53,690	10,602	(61,732)	710,023	9,375	719,398
(Loss) profit for the period	-	-	-	-	-	(49,227)	(49,227)	456	(48,771)
Employee share option benefits	-	-	-	-	4,387	-	4,387	-	4,387
At 30 June 2005	<u>299,751</u>	<u>405,628</u>	<u>2,084</u>	<u>53,690</u>	<u>14,989</u>	<u>(110,959)</u>	<u>665,183</u>	<u>9,831</u>	<u>675,014</u>

Condensed Consolidated Cash Flow Statement*For the six months ended 30 June 2005*

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited and restated)
Net cash used in operating activities	(85,150)	(18,427)
Net cash from investing activities	20,231	64,262
Net cash from/(used in) financing activities	<u>146,211</u>	<u>(20,236)</u>
Net increase in cash and cash equivalents	81,292	25,599
Cash and cash equivalents at beginning of the period	<u>64,062</u>	<u>65,830</u>
Cash and cash equivalents at end of the period	<u><u>145,354</u></u>	<u><u>91,429</u></u>
Represented by:		
Bank balances and cash	145,354	58,862
Time deposits	<u>–</u>	<u>32,567</u>
	<u><u>145,354</u></u>	<u><u>91,429</u></u>

Notes to the Condensed Financial Statements

For the six months ended 30 June 2005

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for investment properties which are measured at revalued amounts, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2004 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests and share of tax of jointly controlled entities and an associate have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:

(a) Owner-occupied Leasehold Interest in Land

In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current period, the Group has applied HKAS 17 “Leases”. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight line basis. This change in accounting policy has been applied retrospectively (see Note 3 for the financial impact).

(b) Share-based Payments

In the current period, the Group has applied HKFRS 2 “Share-based Payment” which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (“cash-settled transactions”). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors’ and employees’ share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group has applied HKFRS 2 to share options granted on or after 1 January 2005. In relation to share options granted before 1 January 2005, the Group has not applied HKFRS 2 to share options granted on or before 7 November 2002 and share options that were granted after 7 November 2002 and had vested before 1 January 2005 in accordance with the relevant transitional provision. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 January 2005. Comparative figures have been restated.

(c) **Financial Instruments**

In the current period, the Group has applied HKAS 32 “Financial Instruments: Disclosure and Presentation” which has no material effect on the presentation of the Group’s financial statements and HKAS 39 “Financial Instruments: Recognition and Measurement”. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and liability

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of the Statement of Standard Accounting Practice 24 issued by the HKICPA) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables” or “held-to-maturity financial assets”. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)”, “Other financial liabilities” are carried at amortised cost using the effective interest method. However, there has been no material effect on how the results for the current accounting period are prepared and presented.

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset’s cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively for transfers of financial assets on or after 1 January 2005. As a result, the Group’s bill receivables with full recourse which were derecognised prior to 1 January 2005 have not been restated. As at 30 June 2005, the Group’s bills receivables with full recourse have not been derecognised. Instead, the related borrowings of HK\$3,987,000 have been recognised on the balance sheet date. This change has had no material effect on the results for the current period.

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in Note 2 on the results for the current and prior period are as follows:

HK\$'000

For the six months ended 30 June 2005 (Unaudited)

Decrease in share of results of jointly controlled entities	(134)
Decrease in share of result of an associate	(577)
Decrease in income tax expenses	711
Expenses in relation to share option granted to employees	(4,387)
	<u>(4,387)</u>
Increase in loss for the period	<u>(4,387)</u>

For the six months ended 30 June 2004 (Unaudited)

Decrease in share of results of jointly controlled entities	(200)
Decrease in share of result of an associate	(894)
Decrease in income tax expenses	1,094
Expenses in relation to share option granted to employees	(4,387)
	<u>(4,387)</u>
Increase in loss for the period	<u>(4,387)</u>

The cumulative effects of the application of the new HKFRSs as at 31 December 2004 and 1 January 2005 are summarised below:

	As at 31 December 2004 (originally stated) HK\$'000	Retrospective adjustments		As at 31 December 2004 and 1 January 2005 (restated) HK\$'000
		HKAS 1 HK\$'000 (Note 2)	HKAS 17 HK\$'000 (Note 2a)	
Property, plant and equipment	541,603	–	(9,344)	532,259
Prepaid lease payments	–	–	9,344	9,344
Other net assets	177,795	–	–	177,795
	<u>719,398</u>			<u>719,398</u>
Minority interests	(9,375)	9,375	–	–
	<u>710,023</u>	<u>9,375</u>	<u>–</u>	<u>719,398</u>
Share capital	299,751	–	–	299,751
Reserves	410,272	–	–	410,272
Minority interests	–	9,375	–	9,375
	<u>710,023</u>	<u>9,375</u>	<u>–</u>	<u>719,398</u>
Minority interests	9,375	(9,375)	–	–
	<u>719,398</u>	<u>–</u>	<u>–</u>	<u>719,398</u>

The financial effects of the application of the new HKFRSs to the Group's equity at 1 January 2004 are summarised below:

	As originally stated <i>HK\$'000</i>	HKAS 1 <i>HK\$'000</i> <i>(Note 2)</i>	As restated <i>HK\$'000</i>
Share capital	298,426	–	298,426
Reserves	502,542	–	502,542
Equity holders of the parent	800,968	–	800,968
Minority interests	–	9,605	9,605
Total effects on equity	<u>800,968</u>	<u>9,605</u>	<u>810,573</u>

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the financial statements of the Group:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plan and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS – INT 4	Determining whether an Arrangement Contains a Lease
HKFRS – INT 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

4. SEGMENTAL INFORMATION

The Group's primary format for reporting segment information is business segment. The following tables present revenue and results for the Group's business segments for the six months ended 30 June 2005 and the comparative figures:

For the six months ended 30 June 2005

	Telephone accessories and power cords <i>HK\$'000</i>	Adaptors and electronic products <i>HK\$'000</i>	Printed circuit boards <i>HK\$'000</i>	High precision metal components <i>HK\$'000</i>	Photomask business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE								
External sales	92,272	46,515	26,111	29,744	6,693	5,634	–	206,969
Inter-segment sales	15,457	3,960	315	–	–	10,531	(30,263)	–
Total revenue	<u>107,729</u>	<u>50,475</u>	<u>26,426</u>	<u>29,744</u>	<u>6,693</u>	<u>16,165</u>	<u>(30,263)</u>	<u>206,969</u>
RESULTS								
Segment results	<u>(6,937)</u>	<u>(568)</u>	<u>(3,365)</u>	<u>1,181</u>	<u>(51,596)</u>	<u>2,828</u>		(58,457)
Unallocated corporate expenses								(12,000)
Other operating income								3,674
Gain on fair value changes on investment properties								8,353
Loss from operations								(58,430)
Finance costs								(5,818)
Share of results of jointly controlled entities						9,786		9,786
Share of result of an associate			5,693					5,693
Loss before taxation								(48,769)
Taxation								(2)
Loss for the period								<u>(48,771)</u>

Inter-segment sales are charged at prevailing market rates.

APPENDIX I
FINANCIAL INFORMATION ON THE SCT GROUP

For the six months ended 30 June 2004

	Telephone accessories and power cords <i>HK\$'000</i>	Adaptors and electronic products <i>HK\$'000</i>	Printed circuit boards <i>HK\$'000</i>	High precision metal components <i>HK\$'000</i>	Photomask business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE								
External sales	94,475	45,169	33,267	24,057	-	883	-	197,851
Inter-segment sales	13,542	-	-	-	-	15,156	(28,698)	-
Total revenue	<u>108,017</u>	<u>45,169</u>	<u>33,267</u>	<u>24,057</u>	<u>-</u>	<u>16,039</u>	<u>(28,698)</u>	<u>197,851</u>
RESULTS								
Segment results	<u>25</u>	<u>709</u>	<u>727</u>	<u>1,972</u>	<u>(48,080)</u>	<u>(2,615)</u>		(47,262)
Unallocated corporate expenses								(10,816)
Other operating income								<u>5,181</u>
Loss from operations								(52,897)
Finance costs								(4,937)
Share of results of jointly controlled entities						15,964		15,964
Share of result of an associate			5,015					<u>5,015</u>
Loss before taxation								(36,855)
Taxation								<u>(402)</u>
Loss for the period								<u>(37,257)</u>

Inter-segment sales are charged at prevailing market rates.

5. FINANCE COSTS

	Six months ended 30 June	
	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on:		
Bank borrowings wholly repayable within five years	3,302	3,324
Finance lease charges	<u>2,516</u>	<u>1,613</u>
	<u>5,818</u>	<u>4,937</u>

6. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2005	2004
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging:		
Amortisation of intangible assets (included in distribution costs)	–	1,337
Depreciation of property, plant and equipment	50,711	49,039
and after crediting:		
Gain on disposals of property, plant and equipment	71	84
Interest income from bank deposits	224	481
Share of tax of an associate (included in share of result of an associate)	577	894
Share of tax of jointly controlled entities (included in share of result of jointly controlled entities)	134	200
	<u>134</u>	<u>200</u>

7. TAXATION

	Six months ended 30 June	
	2005	2004
	HK\$'000	HK\$'000
The charge comprises:		
Current Tax:		
Hong Kong	100	200
Deferred tax	(98)	202
	<u>2</u>	<u>402</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the periods.

8. DIVIDEND

No dividend was paid during the period. The Directors do not recommend the payment of any interim dividend.

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period of approximately HK\$49,227,000 (six months ended 30 June 2004: HK\$37,509,000 as restated) and on the 1,199,003,583 (2004: six months ended 30 June 2004: weighted average number of 1,198,309,078) ordinary shares in issue during the period.

The Company has no potential ordinary shares outstanding for the current period. The computation of diluted loss per share for the six months ended 30 June 2004 did not assume the exercise of the Company's share options since their exercise would reduce the loss per share.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
At 1 January 2005	27,450
Change in fair value	8,353
Transfer from property, plant and equipment (<i>note 11</i>)	2,372
Transfer to non-current assets classified as held for sale (<i>note 16</i>)	(29,100)
	<u>9,075</u>
At 30 June 2005	<u><u>9,075</u></u>

The Group's investment properties were fair-valued by the Directors based on the open market values at 30 June 2005 by reference to valuation performed by independent professional valuers. The resulting increase in fair value of investment properties of approximately HK\$8,353,000 has been recognised directly in the income statement.

11. PROPERTY, PLANT AND EQUIPMENT

	<i>HK\$'000</i>
COST	
At 1 January 2005	
– As originally stated	957,428
– Reclassified to prepaid lease payments	(9,937)
	<u>947,491</u>
– As restated	947,491
Additions	3,993
Disposals	(936)
Transfer to investment properties (<i>note 10</i>)	(3,826)
Transfer to non-current assets classified as held for sale (<i>note 16</i>)	(4,200)
	<u>942,522</u>
At 30 June 2005	<u>942,522</u>
DEPRECIATION	
At 1 January 2005	
– As originally stated	415,825
– Reclassified to prepaid lease payments	(593)
	<u>415,232</u>
– As restated	415,232
Provided for the period	50,711
Eliminated on disposals	(290)
Transfer to investment properties (<i>note 10</i>)	(1,454)
Transfer to non-current assets classified as held for sale (<i>note 16</i>)	(315)
	<u>463,884</u>
At 30 June 2005	<u>463,884</u>
NET BOOK VALUES	
At 30 June 2005	<u><u>478,638</u></u>
At 1 January 2005 (restated)	<u><u>532,259</u></u>

12. INTEREST IN JOINTLY CONTROLLED ENTITIES

	30 June 2005 <i>HK\$'000</i>	31 December 2004 <i>HK\$'000</i>
Share of net assets	181,396	181,610
Amount due from a jointly controlled entity	–	1,003
	<u>181,396</u>	<u>182,613</u>

13. INTEREST IN AN ASSOCIATE

	30 June 2005 <i>HK\$'000</i>	31 December 2004 <i>HK\$'000</i>
Share of net assets	<u>41,078</u>	<u>35,385</u>

14. TRADE AND BILLS RECEIVABLES

Trading terms with customers are principally on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable within 60 to 90 days of issuance, except for certain well established customers, where the terms are extended to 120 days. Each customer has a designated credit limit.

An aged analysis of trade and bills receivables as at the balance sheet date, based on the invoice date, and net of allowance, is as follows:

	30 June 2005 <i>HK\$'000</i>	31 December 2004 <i>HK\$'000</i>
0 – 90 days	93,282	86,305
91 – 180 days	18,359	28,204
181 – 365 days	5,818	1,557
1 – 2 years	54	86
Over 2 years	261	14
	<u>117,774</u>	<u>116,166</u>

15. BALANCES WITH A JOINTLY CONTROLLED ENTITY, A RELATED COMPANY AND A SHAREHOLDER

The balances are unsecured and repayable on demand. Except for the amount due to a related company amounting to approximately HK\$28,302,000 which bears interest at 3% per annum, the remaining balances are non-interest bearing.

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Subsequent to 30 June 2005, a property was sold for a total consideration of HK\$38,800,000. The carrying value of the property as at 30 June 2005 was HK\$32,985,000, of which HK\$29,100,000 was transferred from investment properties, HK\$3,885,000 was transferred from property, plant and equipment.

17. TRADE AND BILLS PAYABLES

The aged analysis of trade and bills payables as at the balance sheet date, based on invoice date, is as follows:

	30 June 2005	31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	56,463	72,089
91 – 180 days	5,272	10,320
181 – 365 days	1,266	775
1 – 2 years	249	19
Over 2 years	16	2
	<u>63,266</u>	<u>83,205</u>

18. BANK BORROWINGS

During the period, the Group obtained new bank loans amounting to approximately of HK\$23,662,000 and repaid HK\$10,085,000. The loans bear interest at market rates and are repayable in instalments over a period of one to five years. The proceeds were used to finance the purchase of raw materials and acquisition of plant and equipment.

19. SHARE CAPITAL

	Number of shares	Nominal value
		<i>HK\$'000</i>
Ordinary shares of HK\$0.25 each		
Authorised:		
At 31 December 2004 and 30 June 2005	<u>2,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 31 December 2004 and 30 June 2005	<u>1,199,003,583</u>	<u>299,751</u>

20. CONTINGENT LIABILITIES

	30 June 2005	31 December 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Discounted bills with recourse	–	10,018
Guarantees for banking facilities granted to a jointly controlled entity	<u>86,358</u>	<u>115,592</u>
	<u>86,358</u>	<u>125,610</u>

21. COMMITMENTS

At 30 June 2005, the Group had capital commitments in respect of the acquisition of property, plant and equipment contracted but not provided for amounting to approximately HK\$964,000 (31 December 2004: HK\$278,000).

At 30 June 2005, the Group's share of the jointly controlled entity's capital commitments contracted, but not provided for amounted to approximately HK\$66,000 (31 December 2004: HK\$207,000).

22. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant related party transactions:

		Six months ended 30 June	
		2005	2004
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Management fees paid to controlling shareholders	<i>(i)</i>	480	480
Management fees paid to a related company	<i>(ii)</i>	240	240
Rental paid to a related company	<i>(iii)</i>	408	372
Sales to a jointly controlled entity	<i>(iv)</i>	6,810	6,261
Utility expenses charged to a jointly controlled entity	<i>(v)</i>	4,932	5,934
Purchases from a jointly controlled entity	<i>(vi)</i>	19,237	17,145
Purchases from related companies	<i>(vii)</i>	2,447	–
Management fees received from a jointly controlled entity	<i>(viii)</i>	<u>490</u>	<u>640</u>

Notes:

- (i) Management fees of HK\$480,000 were paid to Shougang Holding (Hong Kong) Limited (“Shougang Holding”), a controlling shareholder of the Company, for the provision of management services to the Group at rates agreed by both parties.
- (ii) Management fees of HK\$240,000 were paid to Shougang Concord International Enterprises Company Limited (“Shougang International”), a subsidiary of Shougang Holding, for the provision of management services to the Group at rates agreed by both parties.
- (iii) Rental paid to Good News Investment Limited, a wholly-owned subsidiary of Shougang International, relating to the premises occupied and used by the Group as its office, were determined and agreed by both parties.
- (iv) Sales to a jointly controlled entity were made according to terms determined and agreed by both parties.
- (v) Utility expenses charged to a jointly controlled entity were related to the reimbursement of certain utility costs incurred by it. The reimbursement was based on the actual costs incurred.
- (vi) Purchases from a jointly controlled entity were made according to terms determined and agreed by both parties.
- (vii) Purchases from Hing Cheong Metals (China & Hong Kong) Limited and Meta International Limited, both wholly-owned subsidiaries of Shougang Concord Century Holdings Limited of which Shougang Holding is also a substantial shareholder, were made according to terms determined and agreed by both parties.
- (viii) Management fees from a jointly controlled entity for the provision of management services were charged at rates agreed by both parties.

1. FURTHER PROCEDURES FOR ACCEPTANCE

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SST Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Exchange Offer in respect of your SST Shares, you must either:
- (i) lodge your SST Share certificate(s) and/or transfer receipts and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Exchange Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant SST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the SST Shares to be registered in your name by SST through the Registrar, and send the Form of Acceptance duly completed together with the relevant SST share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnify or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your SST Shares have been lodged with your licensed securities dealer/custodian bank through CCASS, instruct your licensed securities dealer (or other registered dealer in securities)/custodian bank to authorise HKSCC Nominees Limited to accept the Share Exchange Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities)/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/custodian bank as required by them; or
 - (iv) if your SST Shares have been lodged with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (b) If the certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your SST Shares is/are not readily available and/or is/are lost and you wish to accept the Share Exchange Offer in respect of your SST Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost

APPENDIX II FURTHER TERMS OF THE SHARE EXCHANGE OFFER

one or more of your SST Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant SST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your SST Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (c) If you have lodged transfer(s) of any of your SST Shares for registration in your name and have not yet received your SST share certificate(s), and you wish to accept the Share Exchange Offer in respect of your SST Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an authority to CIMB-GK and/or the Offeror or their respective agent(s) to collect from SST or the Registrar on your behalf the relevant SST Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) Acceptance of the Share Exchange Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by not later than 4:00 p.m. on Monday, 3 April 2006 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
 - (i) accompanied by the relevant SST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant SST Shares; or
 - (ii) from a registered shareholder of SST Shares or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the SST Shares which are not taken into account under this paragraph (d)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered holder of the SST Shares, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (e) No acknowledgement of receipt of any Form(s) of Acceptance, SST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

APPENDIX II FURTHER TERMS OF THE SHARE EXCHANGE OFFER

2. ACCEPTANCE PERIOD AND REVISIONS

The Share Exchange Offer is made on Monday, 20 February 2006, namely the date of posting of this Offer Document, and is capable of acceptance on and from this date.

The Offeror reserves the right to extend the Share Exchange Offer in accordance with the relevant provisions of the Takeovers Code. Unless the Share Exchange Offer has previously been extended, all acceptances must be received by 4:00 p.m. on Monday, 20 March 2006, being the First Closing Date.

If in the course of the Share Exchange Offer, the Offeror revises its terms, all the SST Shareholders, whether or not they have already accepted the Share Exchange Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time and/or date as the Executive agrees) on Monday, 20 March 2006 and Monday, 3 April 2006 which are the First Closing Date and the Final Closing Date, if the acceptance condition has been fulfilled by the First Closing Date respectively, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry or unconditionality of the Share Exchange Offer. The Offeror must publish an announcement posted on the Stock Exchange's website by 7:00 p.m. on the First Closing Date and the Final Closing Date stating whether the Share Exchange Offer have been revised or extended, or has expired or has become or been declared unconditional. Such announcement must be republished in accordance with the requirements set out below on the next business day.

The announcement must state the following:

- (i) the total number of the SST Shares for which acceptances of the Share Exchange Offer have been received;
- (ii) the total number of the SST Shares held, controlled or directed by the Offeror or its Concert Parties before the offer period;
- (iii) the total number of the SST Shares acquired or agreed to be acquired during the offer period by the Offeror or its Concert Parties;
- (iv) details of any existing holding of voting rights and rights over the SST Shares:–
 - (1) which the Offeror owns or over which it has control or direction;
 - (2) which is owned or controlled or directed by any person acting in concert with the Offeror;
 - (3) in respect of which the Offeror or any of its Concert Parties has received an irrevocable commitment to accept the Share Exchange Offer; and

APPENDIX II FURTHER TERMS OF THE SHARE EXCHANGE OFFER

- (4) in respect of which the Offeror or any of its Concert Parties holds convertible securities, warrants or options;
- (v) details of any outstanding derivative in respect of securities of SST acquired by the Offeror or any of its Concert Parties;
- (vi) details of any arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company and which might be material to the Share Exchange Offer; and
- (vii) rights of the SST Shareholders if the terms of Share Exchange Offer has been revised.

The announcement must also specify the percentages of the issued share capital of SST and voting rights of SST represented by these numbers of the SST Shares.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance to the Share Exchange Offer tendered by the SST Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Share Exchange Offer have not by then become unconditional as to acceptances.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” in this Appendix, the Executive may require that the SST Shareholders who have tendered acceptances to the Share Exchange Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

5. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates of SCT and SST Shares, transfer receipts, other documents of title or indemnity and remittances to be delivered by or sent to or the SST Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Company, the Offeror, or CIMB-GK or any of this respective agents accepts any liability for any loss in postage or any other liabilities that may arise as a result.
- (b) Subject to the terms of the Takeovers Code, acceptance(s) of the Share Exchange Offer may, at the discretion of the Offeror, be treated as valid even if not accompanied by the SST Share certificate(s) and/or other document(s) of title, but, in such cases, the shares certificates of SCT will not be despatched until the SST Share certificate(s) and/or other document(s) of title (and/or a satisfactory indemnity or indemnities in respect thereof) has/have been received by the Registrar. However, such acceptances will not be counted towards fulfilling the acceptance condition unless Rule 30.2 of the Takeovers Code had been fully complied with.

APPENDIX II FURTHER TERMS OF THE SHARE EXCHANGE OFFER

- (c) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Share Exchange Offer.
- (d) The accidental omission to despatch the Offer Document and/or Form of Acceptance or any of them to any person to whom the Share Exchange Offer is made will not invalidate the Share Exchange Offer in any way.
- (e) The Share Exchange Offer and all acceptances is governed by and will be construed in accordance with the laws of Hong Kong.
- (f) Due execution of the Form of Acceptance will constitute an authority to any Director or such person or persons as the Offeror or CIMB-GK may direct to complete and execute any document on behalf of the person accepting the Share Exchange Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the SST Shares in respect of which such person has accepted the Share Exchange Offer.
- (g) Acceptance of the Share Exchange Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the SST Shares acquired under the Share Exchange Offer are sold by any such person or persons free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights attaching thereto including the rights to receive all future dividends or other distributions declared, paid or made on the SST Shares on or after the date of the Offer Document.
- (h) Sellers' and Buyers' ad valorem stamp duty for the SST Shares registered on the Hong Kong branch register arising in connection with acceptance of the Share Exchange Offer will be paid by SCT.
- (i) The Offeror intends to exercise its right which may be available to it to acquire compulsorily any SST Shares not acquired under the Share Exchange Offer after the Share Exchange Offer have closed.
- (j) References to the Share Exchange Offer in the Offer Document and in the Form of Acceptance shall include any revision and/or extension thereof.
- (k) The making of the Share Exchange Offer to persons with a registered address in jurisdiction outside Hong Kong may be affected by the laws of the relevant jurisdictions. The SST Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should obtain advice about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Share Exchange Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction.

APPENDIX II FURTHER TERMS OF THE SHARE EXCHANGE OFFER

- (l) The English text of the Offer Document and of the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

- (m) The Registrar is situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror and the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this document, except in relation to information on the SST Group, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this offer document have been arrived at after due and careful consideration and there are no other facts not contained in this offer document, the omission of which would make any statement in this Offer Document, misleading.

The information on the SST Group in this document has been extracted from or based on public sources namely, the SST annual report for the year ended 31 December 2004, the interim report for the six months ended 30 June 2005 and the third quarterly report for the nine months ended 30 September 2005. Information on prices of the SST Shares has been extracted from public sources. The directors of the Offeror and the Directors jointly and severally take full responsibility for the correct and fair reproduction or presentation of such information and confirm that such extraction is not misleading and that to the best of their knowledge, there are no other facts not contained in this Offer Document which would make such extractions misleading, but accept no further responsibility in respect of such information.

2. SHARE CAPITAL

(a) Authorised and issued share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

HK\$

Authorised:

2,000,000,000 shares of HK\$0.25 each	500,000,000
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Issued and fully paid or credited as fully paid:

1,199,003,583 shares of HK\$0.25 each	299,750,895.75
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All of the SCT Shares in issue rank pari passu with each other in all respects including all rights as to dividends, voting rights and interests in dividends and capital. There has been no change to the authorised and issued share capital of the Company since 31 December 2004, the date to which the latest published audited consolidated accounts of the SCT Group were made up.

(b) Share options

Pursuant to a share option scheme adopted by the Company on 7 June 2002, the Directors may invite eligible employees of the SCT Group, including executive and non-executive Directors, to take up options to subscribe for new SCT Share. As at the Latest Practicable Date, the following options had been granted under the share option scheme of the Company and remained outstanding:

Name of optionholders	Date of grant	Exercise period	Exercise price HK\$	Number of options
Directors	15 November 2002	15 November 2002 – 14 November 2012	0.580	14,242,000
	14 March 2003	14 March 2003 – 13 March 2013	0.495	3,200,000
Employees and other participants	15 November 2002	15 November 2002 – 14 November 2012	0.580	43,052,000
	14 March 2003	14 March 2003 – 13 March 2013	0.495	14,071,000
	18 March 2004	18 March 2004 – 17 March 2014	1.200	15,982,000
				90,547,000

As at the Latest Practicable Date, the Company had 90,547,000 outstanding options, of which 17,442,000 options were owned by the Directors who are deemed to be the Concert Parties and 73,105,000 options were owned by parties other than the Offeror and its Concert Parties. The exercise in full of the 90,547,000 options would result in the issue of an additional 90,547,000 SCT Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company did not have any other outstanding options, warrants or other securities convertible or exchangeable into SCT Shares.

The following table shows the movement of the issued share capital and share options of the Company since its last financial year ended 31 December 2004:

	Number of SCT Shares or options outstanding as at 31 December 2004	Movement	Number of SCT Shares or options outstanding as at the Latest Practicable Date
Issued share capital	<u>1,199,003,583</u>	<u>–</u>	<u>1,199,003,583</u>
Share Options	<u>170,811,000</u>	<u>(80,264,000)(A)</u>	<u>90,547,000</u>

Note:

(A) Cancellation of share options after 31 December 2004

The Company did not re-organise its share capital during the two financial years preceding the commencement of the offer period.

3. MARKET PRICES

(a) SST Shares

The table below shows the closing market prices for the SST Shares as quoted by the Stock Exchange: (i) at the end of each of the calendar months during the period commencing 6 months preceding the date of the Announcement and ending on the Latest Practicable Date; (ii) on 15 December 2005, being the last day of trading in the SST Shares immediately preceding the date of the Announcement; (iii) at the end of each of the two calendar months preceding the Latest Practicable Date, and (iv) on the Latest Practicable Date.

Date	SST Share price HK\$
30 June 2005	0.310
29 July 2005	0.310
31 August 2005	0.315
30 September 2005	0.300
31 October 2005	0.295
30 November 2005	0.320
15 December 2005	0.335
30 December 2005	0.330
27 January 2006	0.290
Latest Practicable Date	0.290

The highest and lowest closing market prices for the SST Shares as quoted on the Stock Exchange for the period between 23 June 2005 (being the commencement of the six-month period preceding the date of the Announcement) and the Latest Practicable Date were HK\$0.340 recorded on 14 December 2005 and HK\$0.230 recorded on 15 November 2005 respectively.

(b) SCT Shares

The table below shows the closing market prices for the SCT Shares as quoted by the Stock Exchange: (i) at the end of each of the calendar months during the period commencing 6 months preceding the date of the Announcement and ending on the Latest Practicable Date; (ii) on 15 December 2005, being the last day of trading in the SCT Shares immediately preceding the date of the Announcement; (iii) at the end of each of the two calendar months preceding the Latest Practicable Date, and (iv) on the Latest Practicable Date.

Date	SCT Share price <i>HK\$</i>
30 June 2005	0.390
29 July 2005	0.350
31 August 2005	0.335
30 September 2005	0.320
31 October 2005	0.340
30 November 2005	0.440
15 December 2005	0.450
30 December 2005	0.385
27 January 2006	0.440
Latest Practicable Date	0.430

The highest and lowest closing market prices for the SCT Shares as quoted on the Stock Exchange for the period between 23 June 2005 (being the commencement of the six-month period preceding the date of the Announcement) and the Latest Practicable Date were HK\$0.460 recorded on 7 December 2005 and HK\$0.285 recorded on 25 October 2005 respectively.

4. DISCLOSURE OF INTERESTS

(a) Directors' interests and short position

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the SCT Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity in which interests are held	Interests in Shares	Number of SCT Shares/ underlying shares held in the Company Interests under equity derivatives*	Total interests	Total interests as to % to the issued share capital of the Company
Cao Zhong	Beneficial owner	3,270,078	8,026,000	11,296,078	0.94%
Tse Chun Sing	Beneficial owner	–	1,000,000	1,000,000	0.08%
Leung Shun Sang, Tony	Beneficial owner	3,269,810	8,016,000	11,285,810	0.94%
Chan Wah Tip, Michael	Beneficial owner	–	400,000	400,000	0.03%
Choy Hok Man, Constance	Beneficial owner	558,000	–	558,000	0.05%

* Unlisted cash settled options were granted pursuant to the Company's share option scheme adopted on 7 June 2002. Upon exercise of the share options in accordance with such scheme, SCT Shares are issuable.

(b) Directors' interests in competing business

As at the Latest Practicable Date, in so far the Directors are aware, none of the Directors or their respective associates had any interest in a business that competes or is likely to compete with the business of the SCT Group.

(c) **Substantial Shareholders**

- (i) As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company and according to the register kept by the Company under Section 336 of the SFO, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the SCT Shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company

Name of Shareholder	Capacity in which interests are held	Number of SCT Shares held	% of the issued share capital	<i>Note(s)</i>
Shougang Holding	Beneficial owner, interests of controlled corporations	498,171,020	41.55%	1
Asset Resort Holdings Limited	Beneficial owner	231,515,151	19.31%	1
Wheeling Holdings Limited	Beneficial owner, interests of controlled corporations	170,544,069	14.22%	1
Prime Success Investments Limited	Beneficial owner	96,111,800	8.02%	1
Cheung Kong	Interests of controlled corporations	124,069,394	10.35%	2, 3
Max Same Investment Limited	Beneficial owner	107,654,173	8.98%	2

Name of Shareholder	Capacity in which interests are held	Number of SCT Shares held	% of the issued share capital	Note(s)
Li Ka-shing	Interests of controlled corporations, founder of discretionary trusts	124,069,394	10.35%	3
Li Ka-Shing Unity Trustee Company Limited (“TUT1”)	Trustee	124,069,394	10.35%	3
Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”)	Trustee, beneficiary of a trust	124,069,394	10.35%	3
Li Ka-Shing Unity Trustcorp Limited (“TDT2”)	Trustee, beneficiary of a trust	124,069,394	10.35%	3

Notes:

1. Asset Resort Holdings Limited, Wheeling Holdings Limited and Prime Success Investments Limited all are wholly-owned subsidiaries of Shougang Holding and their respective interests are included in the interests held by Shougang Holding.
2. Max Same Investment Limited is a wholly-owned subsidiary of Cheung Kong and its interest is included in the interests held by Cheung Kong.
3. Li Ka-Shing Unity Holdings Limited (“Unity Holdco”), of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust (“UT1”), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, holds more than one-third of the issued share capital of Cheung Kong.

In addition, Unity Holdco also owns the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and TDT2 as trustee of another discretionary trust (“DT2”). Each of TDT1 and TDT2 holds units in UT1.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1 and TDT2 is deemed to be interested in the same block of shares in which Cheung Kong is interested under the SFO.

- (ii) As at the Latest Practicable Date, so far as is known to any Director, the following persons were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the SCT Group or had any option in respect of such capital:

Name of member of the SCT Group	Name of registered shareholder	Number and class of shares held	% of attributable interest
Dorup Limited (“Dorup”)	Lam Chun	400,000 ordinary shares	20%
	Chun Yat Industrial Limited	400,000 ordinary shares	20%
Dongguan Dongjiang Wire & Cable Co., Ltd. (“Dongguan”)	Dorup	<i>Note</i>	40%
Grow Concept Industrial Limited	Yourkey (H.K.) Limited	4,000 ordinary shares	40%
Ready Sound Limited	Ko Soen Chyi	200,000 ordinary shares	20%
	Ko Chang Shu Chin	200,000 ordinary shares	20%
深圳天地導航科技 有限公司 (Sky Land Navigator Technology (Shenzhen) Limited)	武漢武大卓越科技 有限責任公司	RMB5,000,000	25%
深圳天際信和科技 有限公司 (Sky Light Communication (Shenzhen) Limited)	測繪遙感信息工程 國家重點實驗室 深圳研發中心	RMB5,000,000	25%
深圳市武大數字交通 技術有限公司	武漢大學	RMB300,000	30%

Note: Dongguan has registered capital of HK\$6,000,000 which is held as to 100% by Dorup. As Dorup is beneficially held as to 40% by Lam Chun, Dongguan is deemed to be held as to 40% by Lam Chun.

Save as disclosed above, so far as was known to the Directors, there was no other person (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had, or were deemed or taken to have, an interest or a short position in the SCT Shares and underlying shares of SCT which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the SCT Group or had any option in respect of such capital.

Mega Start (which is owned by Mr. Chau Chit, a director of SST, and Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit, and Mr. Wong Wai Tin, a director of SST, in the proportion of 50%, 30% and 20%, respectively), a major shareholder of SST, owns 451,740,000 SST Shares, representing approximately 41.59% of the existing issued share capital of SST, has irrevocably undertaken to accept the Share Exchange Offer in respect of the above shareholding. In addition, Mr. Wong Wai Tin who directly owns 2,500,000 SST Shares, representing approximately 0.23% of the existing issued share capital of SST, has also irrevocably undertaken to accept the Share Exchange Offer in respect of his shareholding in SST. As at the Latest Practicable Date, Mega Start and Mr. Wong Wai Tin did not own any securities in the Offeror and the Company.

The Board was informed by SST that, as at the Latest Practicable Date, the respective interests of Mega Start, Mr. Chau Chit, Ms. Ting Hiu Wan and Mr. Wong Wai Tin in the SST Shares under the register kept by SST were as follows:

Long positions in the SST Shares

Name	Number of SST Shares	Capacity	Approximate percentage of interest (%)
Mega Start (<i>Note 1</i>)	451,740,000	Beneficial owner	41.59%
Mr. Chau Chit (<i>Note 1</i>)	451,740,000	Interest in a controlled corporation	41.59%
Ms. Ting Hiu Wan (<i>Note 1</i>)	451,740,000	Interest in a controlled corporation	41.59%
Mr. Wong Wai Tin (<i>Note 1</i>)	451,740,000	Interest in a controlled corporation	41.59%
Mr. Wong Wai Tin (<i>Note 2</i>)	2,500,000	Beneficial owner	0.23%

Notes:

- 1. Mega Start, the single largest shareholder of SST, which is owned as to 50% by Mr. Chau Chit, a director of SST, 30% by Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit and 20% by Mr. Wong Wai Tin, a director of SST.*
- 2. The 2,500,000 SST Shares are held by Mr. Wong Wai Tin directly.*

Short positions in the SST Shares

Name	Number of SST Shares	Capacity	Approximate percentage of interest (%)
Mega Start (<i>Note 3</i>)	451,740,000	Beneficial owner	41.59%
Mr. Chau Chit (<i>Note 3</i>)	451,740,000	Interest in a controlled corporation	41.59%
Ms. Ting Hiu Wan (<i>Note 3</i>)	451,740,000	Interest in a controlled corporation	41.59%
Mr. Wong Wai Tin (<i>Note 3</i>)	451,740,000	Interest in a controlled corporation	41.59%
Mr. Wong Wai Tin (<i>Note 4</i>)	2,500,000	Beneficial owner	0.23%

Notes:

- On 23 December 2005, Mega Start, which is owned as to 50% by Mr. Chau Chit, a director of SST, 30% by Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit and 20% by Mr. Wong Wai Tin, a director of SST, has tendered 451,740,000 SST Shares for acceptance of the Share Exchange Offer.
- The 2,500,000 SST Shares were held by Mr. Wong Wai Tin directly. On 23 December 2005, Mr. Wong Wai Tin has tendered 2,500,000 SST Shares for acceptance of the Share Exchange Offer.

The Directors were informed by SST that during the period beginning six months prior to the commencement of the offer period of the Share Exchange Offer and ending on the Latest Practicable Date, Mr. Chau Chit, Ms. Ting Hiu Wan, Mr. Wong Wai Tin and Mega Start have not dealt in any SST Shares, SCT Shares, or any shares, convertible securities, warrants, options or derivatives of the Company or SST.

Save as disclosed above, as at the Latest Practicable Date, no persons who owned or controlled the SST Shares or convertible securities, warranties, options or derivatives in respect of the SST Shares had irrevocably committed themselves to accept or not to accept the Share Exchange Offer.

As at the Latest Practicable Date, the directors of the Offeror and its Concert Parties and the Directors did not have any legal or beneficial interest in any shares of the Offeror, the SST Shares or convertible securities, warrants, options or derivatives in respect of the SST Shares.

5. DEALINGS

During the six-month period prior to the date of the Announcement and ending on the Latest Practicable Date, Shougang Holding has, through its wholly-owned subsidiary, dealt in the SCT Shares as follows:

Date of transaction	Number of SCT Shares Buy/(Sell)	Share price per SCT Share (HK\$)
2005		
11 July	250,000	0.3930
15 September	1,650,000	0.3095
27 September	610,000	0.3126
3 October	600,000	0.3367
4 October	200,000	0.3600
17 October	300,000	0.3200
19 October	200,000	0.3150
20 October	950,000	0.3100
21 October	500,000	0.3100
24 October	500,000	0.2950
26 October	3,124,000	0.2685
27 October	(100,000)	0.3000
	1,374,000	0.3010
28 October	1,556,000	0.3163
	(884,000)	0.2900
31 October	734,000	0.3326
1 November	442,000	0.3405
2 November	(600,000)	0.3400
3 November	660,000	0.3766

Save as disclosed herein, during the period beginning six months prior to the commencement of the offer period of the Share Exchange Offer and ending on the Latest Practicable Date, the Offeror, the Company, the directors of the Offeror and the Company and their respective Concert Parties and any persons who owned or controlled the SST Shares or the SCT Shares with whom the Offeror or any of its Concert Parties has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code have not dealt in any shares, convertible securities, warrants, options or derivatives of the Company, the Offeror or SST.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

In the two years immediately preceding the Last Trading Day, and up to and including the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or its subsidiaries which are material:

- (a) Agreement for the increase of capital dated 25 November 2004 entered into between Printronics Electronics Limited, an indirect wholly-owned subsidiary of the Company, 天津市中環電子信息集團有限公司 (Tianjin Shi Zhonghuan Dianzi Xinxi Group Company Limited), 天津國際投資有限公司 (Tianjin International Investment Company Limited), 天津經發投資有限公司 (Tianjin Jingfa Investment Company Limited) and 天津保稅區投資有限公司 (Tianjin Baoshuiqu Investment Company Limited) in respect of the increase of registered capital of 天津普林電路有限公司 (Tianjin Printronics Circuit Corporation);
- (b) Share transfer agreement dated 8 December 2004 entered into between 深圳天地導航科技有限公司 (Sky Land Navigator Technology (Shenzhen) Limited) (“Sky Land”), an indirect subsidiary of the Company, and 武漢武大創新投資有限公司 (Wuhan Wuda Chuangxin Investment Company Limited) (“Wuhan Wuda”) in respect of the transfer of 70% shareholding in 深圳市武大數字交通技術有限公司 (Shenzhen Shi Wuda Shuzi Jiaotong Jishu Company Limited) from Wuhan Wuda to Sky Land at a total consideration of RMB5 million; and
- (c) Sale and purchase agreement dated 18 August 2005 entered into between Jetsbo Investment Limited, an indirect wholly-owned subsidiary of the Company, and First Property Investment Company Limited in respect of the sale and purchase of the property located at San Tai Industrial Building, No. 4 Tai Yip Street, Kwun Tong, Kowloon, Hong Kong at a consideration of HK\$38,800,000.

8. CONSENT AND QUALIFICATIONS

Name	Qualification
CIMB-GK	A licensed corporation under the SFO permitted to engage in types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) of the regulated activities

As at the date of this Offer Document, CIMB-GK has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter and references to its name in the form and context in which they appear.

9. EXPERT'S INTEREST IN ASSETS

As at the Latest Practicable Date, CIMB-GK:

- (a) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to the Company since 31 December 2004, being the date to which the latest published audited accounts of the Company were made up ; and
- (b) did not have any shareholding interest in any member of the SCT Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the SCT Group.

10. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no agreements, arrangements or understandings (including any compensation arrangement) exist between the Company, the Offeror or any person acting in concert with any one of them and any of the directors of SST, recent directors of SST, and holders or recent holders of SST Shares which is conditional on or dependent upon the outcome of the Share Exchange Offer or is otherwise connected with the Share Exchange Offer.
- (b) The registered office of the Company is situated at Units 4-9 & 15-18, 10th Floor, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.
- (c) The registered office of the Offeror is situated at Offshore Chambers, P.O. Box 217, Apia, Samoa and the correspondence address in Hong Kong is situated at Units 4-9 & 15-18, 10th Floor, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.
- (d) The qualified accountant of the Company is Mr. Lee King Chung, a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The secretary of the Company is Ms. Cheng Man Ching, a fellow member of each of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and an associate member of the Hong Kong Institute of Bankers, and holds a master degree in business administration and a master degree of arts.
- (f) The registered office of CIMB-GK is situated at 25/F Central Tower, 28 Queen's Road Central, Hong Kong.
- (g) Any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control securities of SST, owns or control 5% or more of any class of securities of SST, including a person who as a result of any transaction owns or controls 5% or more of any class of securities of SST, is generally required under the provisions of Rule 22 of the Takeovers Code to notify the Stock Exchange and the Executive of every dealing in such securities during the offer period of the Share Exchange Offer. Please consult your financial adviser, legal adviser and/or other professional advisers immediately if you believe this rule may be applicable to you.

- (h) Unless otherwise required by the Listing Rules and/or other applicable rules and regulations regarding the public float requirements, the Offeror and the Company have no intention to transfer the SST Shares acquired in pursuance to the Share Exchange Offer to any other persons.
- (i) The Offeror and the Company have no intention to transfer, charge or pledge the SST Shares acquired in pursuance to the Share Exchange Offer to any other persons.
- (j) As at the Latest Practicable Date, no benefit had been given to any directors of SST as compensations in the event that any loss of office or otherwise in connection with the Share Exchange Offer occurs (save as statutory compensation required under the applicable laws);
- (k) The Offeror is a wholly-owned subsidiary of SCT, and the directors of the Offeror and their corresponding address are as follows:

Mr. Zhang Wenhui
Mr. Tse Chun Sing

7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (l) The registered office of Shougang Holding is situated at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (m) The directors of Shougang Holding and their corresponding address are as follows:

Mr. Wang Qinghai
Mr. Cao Zhong
Mr. Zhang Wenhui
Mr. Chen Zhouping

7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (n) The emoluments of the directors of the Offeror will not be affected by the acquisition of SST or by any other associated transaction.
- (o) The Offeror and its Concert Parties are the Directors and the Company.
- (p) There was no arrangement of the kind referred to in the third paragraph of Note 8 of Rule 22 of the Takeovers Code between the Offeror, parties acting in concert with the Offeror or the Company, or any associate of the Offeror or the Company, and any other person.

- (q) Other than its 10.35% interest in the issued share capital of the Company as recorded under the register kept by the Company under Section 336 of the SFO, as at the Latest Practicable Date, Cheung Kong, a substantial shareholder of the Company, and its subsidiaries did not have any beneficial interest in any shares, convertible securities, warrants, options or derivatives of the Company, the Offeror or SST.
- (r) During the period beginning six months prior to the commencement of the offer period of the Share Exchange Offer and ending as at the Latest Practicable Date, Cheung Kong and its subsidiaries have not dealt in any shares, convertible securities, warrants, options or derivatives of the Company, the Offeror or SST.
- (s) As at the Latest Practicable Date, there was no material litigation to which the Offeror was, or might become, a party.
- (t) The English text of this Offer Document will prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong from 9:00 a.m. to 5:00 p.m. on any weekday (except Saturdays and public holidays) while the Share Exchange Offer remains open for acceptance:

- (a) memorandum and articles of association of the Offeror and the Company;
- (b) the letter from the Company, the text of which is set out on pages 6 to 9 of this Offer Document;
- (c) the letter from CIMB-GK, the text of which is set out on pages 10 to 24 of this Offer Document;
- (d) the letter of consent dated 20 February 2006 from CIMB-GK referred to in the section headed "Consent and Qualifications" in this Appendix;
- (e) the letter of irrevocable undertaking from Mega Start and Mr. Wong Wai Tin (a director of SST);
- (f) the annual reports and interim report of the Company for the two years ended 31 December 2003 and 2004 and the six months ended 30 June 2005 respectively;
- (g) the material contracts referred to in the section headed "Material Contracts" in this Appendix; and
- (h) a copy of the circular of the Company dated 12 August 2005 relating to the disposal of a property in Hong Kong by Jetsbo Investment Limited, an indirectly wholly-owned subsidiary of the Company to First Property Investment Company Limited.