SINOSTRIDE

SINO STRIDE TECHNOLOGY (HOLDINGS) LIMITED

中 程 科 技 集 團 有 限 公 司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8177)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

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

HIGHLIGHT

- Turnover for the year ended 31 December 2005 decreased by approximately 9% over the year ended 31 December 2004 to approximately RMB266 million.
- Profit attributable to equity holders of the parent for the year ended 31 December 2005 decreased by approximately 59.4% over the year ended 31 December 2004 to approximately RMB9.3 million.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

The board of Directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2005 (the "Relevant Period"), together with the comparative figures for the year ended 31 December 2004 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2005** **RMB'000**	2004 *RMB'000*
Revenue	*4*	**265,846**	293,134
Cost of sales		**(211,544)**	(224,907)
Gross profit		**54,302**	68,227
Other income	*4*	**3,960**	880
Selling and distribution costs		**(14,508)**	(11,007)
Administrative expenses		**(23,251)**	(22,716)
Other operating expenses		**(5,324)**	(2,464)
Profit from operating activities	*5*	**15,179**	32,920
Finance costs	*6*	**(4,697)**	(3,860)
Share of profit/(loss) of associates		**(191)**	84
Profit before taxation		**10,291**	29,144
Income tax expenses	*9*	**(1,003)**	(5,366)
Profit for the year		**9,288**	23,778
Attributable to:			
Equity holders of the parent		**9,314**	22,943
Minority interests		**(26)**	835
		9,288	23,778
Dividends	*10*	**9,212**	13,790
Earnings per share			
Basic *(RMB cents)*	*11*	**0.9 cents**	2.9 cents
Diluted *(RMB cents)*	*11*	**0.9 cents**	2.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2005

	31 December 2005 *RMB'000*	31 December 2004 *RMB'000*
Non-current assets		
Property, plant and equipment	**9,977**	10,796
Intangible assets	**4,051**	8,435
Goodwill	**70**	163
Interests in associates	**2,471**	2,662
Available-for-sale investments	**4,375**	2,500
Total non-current assets	**20,944**	24,556
Current assets		
Cash and cash equivalents	**24,598**	58,178
Deposit pledged with financial institutions	**18,733**	11,675
Trade receivables	**61,799**	84,548
Prepayments, deposits and other receivables	**50,128**	51,069
Unbilled amount due from customers for contract works	**170,987**	146,041
Amount due from a related party	**5,012**	–
Inventories	**50,913**	18,459
Total current assets	**382,170**	369,970
Current liabilities		
Bank loans	**87,672**	67,873
Trade and notes payable	**94,378**	101,240
Other payables and accruals	**45,333**	51,391
Amount due to a related party	**3,345**	–
Tax payable	**6,021**	7,047
Total current liabilities	**236,749**	227,551
Net current assets	**145,421**	142,419
Total assets less current liabilities	**166,365**	166,975
Non-current liabilities		
Deferred income	**96**	95
Net assets	**166,269**	166,880
Represented by:		
Capital and reserves		
Issued share capital	**11,514**	11,514
Reserves	**148,550**	148,970
	160,064	160,484
Minority interests	**6,205**	6,396
	166,269	166,880

NOTES TO THE AUDITED FINANCIAL STATEMENTS

1. Basis of preparation and consolidation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 12 December 2001 under the Companies Law (2001 Second Revision) of the Cayman Islands.

The principal activity of the Company is investment holding. During the year, the Group was principally engaged in the development and provision of system integration solutions in the Mainland of the PRC and the Hong Kong Special Administrative Region (the "Hong Kong SAR").

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards and Interpretations of the Standing Interpretations Committee approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance.

2. Changes in accounting policies

Impact of new and revised accounting standards

The following new and revised accounting standards are adopted for the first time for the current year's financial statements:

- IFRS 2 – Share-based Payment
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
- IAS 19 (revised) – Employee Benefits
- IAS 21 (revised) – The Effects of Changes in Foreign Exchange Rates

Except for IFRS 2 which described below, the adoption of these standards has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

IFRS 2 "Share-based Payment"

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of IFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The main impact of IFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options.

The Group has adopted the transitional provisions of IFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 December 2004 but had not yet vested as at 1 January 2005, the adoption of IFRS 2 has had no impact on the retained profits as at 31 December 2003 and as at 31 December 2004.

Impact of issued but not yet effective International Financial Reporting Standards (IFRSs)

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these IFRSs are effective for annual periods beginning on or after 1 January 2006:

IAS 1 Amendment	Capital Disclosures
IAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
IAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
IAS 39 Amendment	The Fair Value Option
IAS 39 & IFRS 4 Amendment	Financial Guarantee Contracts
IFRSs 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures
IFRIC-Int 4	Determining whether an Arrangement contains a Lease
IFRIC-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IFRIC-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

The IAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

IFRS 7 will replace IAS 32 and has modified the disclosure requirements of IAS 32 relating to financial instruments. This IFRS shall be applied for annual periods beginning on or after 1 January 2007.

Except as stated above, the Group expects that the adoption of the other pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

3. Segment information

(a) Business segment

The Group is principally engaged in the development and provision of solutions for software, hardware and value-added service in intelligent information industry. The products and services of the Group are subject to similar risks and returns and, therefore, the Group has only one business segment.

(b) Geographical segments

Year ended 31 December 2005

	Hong Kong SAR *RMB'000*	The Mainland of the PRC *RMB'000*	Total *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Segment revenue	**13,022**	**259,277**	**272,299**	**(6,453)**	**265,846**
Segment results	**15,514**	**10,769**	**26,283**	**(6,765)**	**19,518**
Unallocated corporate expenses			**(4,556)**	**317**	**(4,239)**
Provision for impairment loss of goodwill			**(103)**	**–**	**(103)**
Other income			**3**	**–**	**3**
Profit from operating activities			**21,627**	**(6,448)**	**15,179**
Finance costs			**(4,697)**	**–**	**(4,697)**
Share of losses of associates			**(191)**	**–**	**(191)**
Profit before tax			**16,739**	**(6,448)**	**10,291**
Income tax expense			**(1,003)**	**–**	**(1,003)**
Profit for the year			**15,736**	**(6,448)**	**9,288**
Attributable to:					
Equity holders of the parent					**9,314**
Minority interests					**(26)**
					9,288
Other segment information					
Segment assets	14,737	367,489	382,226	(14,933)	367,293
Investments in associates			2,471	–	2,471
Unallocated corporate assets			107,733	(74,383)	33,350
Consolidated total assets			492,430	(89,316)	403,114
Segment liabilities	13,949	220,211	234,160	–	234,160
Unallocated corporate liabilities			2,685	–	2,685
Consolidated total liabilities			236,845	–	236,845
Capital expenditures:					
Tangible fixed assets	21	2,538	2,559	–	2,559
Intangible fixed assets	–	2,799	2,799	–	2,799
Other non-cash expenses:					
Depreciation of property, plant and equipment	–	2,598	2,598	–	2,598
Gain on disposal of property, plant and equipment	–	(2,312)	(2,312)	–	(2,312)
Provision for impairment loss of goodwill	–	103	103	–	103
Amortisation of intangible assets	–	2,081	2,081	–	2,081
Inventory write down	–	483	483	–	483
Provision for bad and doubtful debts	–	171	171	–	171
Impairment of intangible assets	–	5,102	5,102	–	5,102

Year ended 31 December 2004

	Hong Kong SAR	The Mainland of the PRC	Total	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	48,340	247,055	295,395	(2,261)	293,134
Segment results	19,663	23,045	42,708	(6,097)	36,611
Unallocated corporate expenses			(4,021)	266	(3,755)
Provision for impairment loss of goodwill			(94)	–	(94)
Other income			158	–	158
Profit from operating activities			38,751	(5,831)	32,920
Finance costs			(3,860)	–	(3,860)
Share of profits of associates			84	–	84
Profit before tax			34,975	(5,831)	29,144
Income tax expense			(5,366)	–	(5,366)
Profit for the year			29,609	(5,831)	23,778
Attributable to:					
Equity holders of the parent					22,943
Minority interests					835
					23,778
Other segment information					
Segment assets	31,612	362,462	394,074	(39,604)	354,470
Investments in associates			2,662	–	2,662
Unallocated corporate assets			111,776	(74,382)	37,394
Consolidated total assets			508,512	(113,986)	394,526
Segment liabilities	2,608	222,238	224,846	–	224,846
Unallocated corporate liabilities			2,800	–	2,800
Consolidated total liabilities			227,646	–	227,646
Capital expenditures:					
Tangible fixed assets	5,290	13	5,303	–	5,303
Intangible fixed assets	–	2,489	2,489	–	2,489
Other non-cash expenses:					
Depreciation of property, plant and equipment	2,076	247	2,323	–	2,323
Loss on disposal of property, plant and equipment	310	340	650	–	650
Provision for impairment loss of goodwill	–	94	94	–	94
Amortisation of intangible assets	–	1,073	1,073	–	1,073
Inventory write down	–	86	86	–	86
Provision for bad and doubtful debts	–	21	21	–	21

4. Revenue and other income

Revenue represents the net invoiced value of goods sold and contract revenue on the rendering of installation, system development, system integration, system design and related services, net of value-added tax, after allowances for returns, trade discounts and various types of revenue taxes where applicable. All intercompany transactions are eliminated on consolidation.

	2005	2004
	RMB'000	*RMB'000*
Revenue	**265,846**	293,134
Other income:		
Interest income	**267**	308
Government grants and subsidies *	**1,250**	550
Gain on disposal of property, plant and equipment	**2,312**	–
Others	**131**	22
	3,960	880
Total	**269,806**	294,014

* There are no unfulfilled conditions or contingencies relating to the government grants and subsidies.

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2005	2004
	RMB'000	*RMB'000*
Cost of inventories sold	**118,927**	121,340
Auditors' remuneration	**1,305**	1,006
Depreciation of property, plant and equipment	**2,598**	2,323
(Gain)/loss on disposal of property, plant and equipment	**(2,312)**	650
Interest income	**(267)**	(308)
Impairment of intangible assets	**5,102**	–
Provision for impairment loss of goodwill	**103**	94
Inventory write-down	**483**	86
Amortisation of intangible assets	**2,081**	1,073
Provision for bad and doubtful debts	**171**	21
Minimum lease payments under operating leases for buildings	**3,203**	2,488
Realised foreign exchange differences	**(53)**	–
Research and development costs	**–**	365
Staff costs:		
Retirement benefits	**498**	466
Accommodation benefits	**487**	360
Other staff costs (including directors' and senior executives' emoluments as set out in notes 7 and 8)	**14,706**	15,484
Total staff costs	**15,691**	16,310
Less: Amounts classified as deferred development costs	**(1,309)**	(1,672)
	14,382	14,638

6. Finance costs

	2005	2004
	RMB'000	*RMB'000*
Interest on bank loans	**4,489**	3,620
Bank charges and commissions	**208**	240
	4,697	3,860

7. Directors' remuneration

Directors' remuneration for the year disclosed pursuant to the Rules Governing the listing of Securities on the GEM and Section 161 of the Company Ordinance is as follows:

	2005	2004
	RMB'000	*RMB'000*
Fee	**265**	248
Basic salaries and other benefits	**855**	876
Performance related bonuses	**42**	–
Pension scheme contributions	**46**	26
	1,208	1,150

Directors' remuneration by each individual:

	2005	2004
	RMB'000	*RMB'000*
Mr. Chau Chit	**405**	379
Mr. Wong Wai Tin	**264**	249
Mr. Shen Yue	**274**	254
Mr. Wong Wai Kwan	**106**	106
Mr. Cai Xiao Fu	**21**	21
Mr. Shi Jian Jun	**32**	15
Mr. Li Xiaoqiang, Richard	**106**	53
Mr. Zhang Xiao Feng (resigned on 16 July 2004)	**–**	20
Mr. Wu Ming Dong (resigned on 23 June 2004)	**–**	53
	1,208	1,150

All of the directors' remuneration fell within the nil to HK$1,000,000 band for the two years.

8. Five Highest paid employees

The five highest paid employee of the Company included three (2004: three) directors during the year, details of whose remuneration are set out in note 7 above.

Details of the remuneration of the remaining two (2004: two) non director, highest paid employees for the year are as follows:

	2005	2004
	RMB'000	*RMB'000*
Basic salaries and other benefits	**727**	561
Pension scheme contributions	**22**	13
	749	574

The remuneration of the two non-director, highest paid employees fell within the nil to HK$1,000,000 band.

9. Income tax expenses

	2005	2004
	RMB'000	*RMB'000*
Current tax charges:		
– Hong Kong SAR	**98**	1,296
– The Mainland of the PRC	**3,676**	4,014
	3,774	5,310
(Over)/underprovison in prior year:		
– Hong Kong SAR	**–**	56
– The Mainland of the PRC	**(2,771)**	–
Total	**1,003**	5,366

Hong Kong taxable profit has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

During the year, Sino Stride Technology Co., Ltd. ("Sino Stride Technology"), one of the subsidiaries of the Company, was designated as one of the Most Outstanding Software Enterprises of Year 2004 as defined by the National Development Bureau of the PRC and was subject to corporate income tax rate of 10.0% for the year ended 31 December 2004, being a preferential tax rate applicable to the Most Outstanding Software Enterprises. This has resulted in a tax refund of RMB2,771,000.

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the country in which the Company and certain of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2005	2004
	RMB'000	*RMB'000*
Profit before tax excluding share of profits and losses of associates	**10,482**	29,060
Tax expense at the applicable tax rate of 17.5%	**1,834**	5,086
Effect of:		
Different tax rate for specific entities	**(458)**	(136)
Income not subject to tax	**(16)**	(842)
Expenses not deductible for tax	**642**	876
Deferred tax assets not recognised in respect of tax losses	**1,772**	326
(Over)/under provision of tax in prior year	**(2,771)**	56
Income tax expenses	**1,003**	5,366

According to the Income Tax Law of the PRC, Sino Stride Technology and Hangzhou Sino Stride Megain Optic-Electronic Technology Company Limited ("Megain") (formerly known as Hangzhou Sino Stride Xingda Computer System Co. Ltd.), the subsidiaries of the Company located in the Mainland of the PRC, are both qualified as advanced technology enterprises and operate in one of the approved high and new technology industrial development zones of the Mainland of the PRC and thus are subject to a corporate tax rate of 16.5% (2004: 10.0%) and 15.0% (2004: 15.0%), respectively, being the preferential tax rate applicable to companies operating in approved high and new technology industrial development zones of the PRC.

Beijing Sino Stride Powerlink Technology Co., Ltd., a subsidiary of the Company in the Mainland of the PRC, which is also qualified as an advanced technology enterprise and operates in one of the approved high and new technology industrial development zones of the Mainland of the PRC, was exempted from corporate income tax of the PRC for the three years starting from 1 January 2004 to 31 December 2006.

The applicable Hong Kong corporate income tax rate of the Company and a subsidiary of the Company, Ever Create Profits Limited which operates in Hong Kong, is 17.5% (2004: 17.5%) based on existing legislation.

The applicable PRC income tax rate of the other subsidiaries located in the Mainland of the PRC is 33% based on existing legislation. However, Chongqing Sino Stride Technology Company Limited ("Chongqing Sino Stride"), one of the subsidiaries of the Company, is exempted from corporate income tax for its first two profit making years (after deducting losses incurred in previous years) and is entitled to a 50% tax reduction for the succeeding three years in accordance with the relevant tax laws in the PRC.

There are no significant potential deferred tax liabilities for which provision has not been made during the year.

10. Dividends

	2005	2004
	RMB'000	*RMB'000*
Dividend declared and paid	**9,212**	13,790

On 6 June 2005, the Company declared and the shareholders approved a final dividend of HK$0.8 cents (2004: HK$1.2 cents) per ordinary share, amounting to approximately RMB9,212,000 to be paid out of share premium at the 2004 annual general meeting.

The directors do not recommend the payment of any dividends for the financial year ended 31 December 2005.

11. Earnings per share

Basic

The calculation of basic earnings per share is based on net profit form ordinary activities attributable to ordinary equity holders of the parent of RMB9,314,000 (2004: RMB22,943,000) and the weighted average of 1,086,300,000 (2004: 1,084,671,000) ordinary shares in issue during the year.

Diluted

The calculation of diluted earnings per share for 2004 is based on the net profit for the year attributable to ordinary equity holders of the parent of RMB22,943,000 and the weighted average of 1,085,356,000 ordinary shares, after adjusting for the effects of all potential dilutive ordinary shares during the year.

The diluted earnings per share for 2005 is the same as basic earnings per share as a result of the cancellation of all outstanding share options enduring the year.

The reconciliation of weighted average number of shares used in the calculations of basic earning per share and diluted earnings per share is as follows:

	Number of shares	
	2005	2004
Weighted average number of ordinary shares used in basic earnings per share calculation	**1,086,300,000**	1,084,671,000
Weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options outstanding during the year	–	685,000
Weighted average number of ordinary shares used in diluted earning per share calculation	**1,086,300,000**	1,085,356,000

12. Connected Transactions

A. On 19 April 2002, Sino Stride Holdings Limited ("HKSS"), a company beneficially owned by Mr. Chau Chit, a director, Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit, and Mr. Wong Wai Tin, a director, in the proportion of 50%, 30% and 20%, respectively, as landlords, entered into a lease with the Company as tenant in respect of an apartment located at Flat F, 22/F, Tower One, Park Tower, 1 King's Road, Causeway Bay, Hong Kong, for use as living quarters for the Group's employees for a term of five years each commencing from 19 April 2002, at monthly rentals of HK$26,000, as determined based on approximate prevailing market prices. The corresponding rental expenses of the Group for the year ended 31 December 2005 amounted to RMB324,000 (2004: RMB330,000).

B. On 21 December 2004, Sino Stride Technology Co., Ltd. ("Sino Stride Technology"), a subsidiary of the Company, has entered into a joint venture agreement (the "JV Agreement") for the establishment of a Sino-foreign equity joint venture, known as STAR (Zhejiang) Automotive Center Co., Ltd. with ST Kinetics, a fellow subsidiary of the Company's substantial shareholder of ST Electronics, and Zhejiang University Logistics and Investment Holdings Company. According to the JV Agreement, Sino Stride Technology will contribute RMB3,750,000 in cash, representing 25% of the registered capital of the joint venture. The transaction constitutes a connected transaction under Chapter 20 of the GEM Listing Rules for year 2004 and is subject to the reporting and announcement requirements as set out in Rules 20.45 to 20.47 of the GEM Listing Rules. Sino Stride Technology contributed RMB1,875,000 in cash in 2005 in accordance with the JV Agreement, representing 12.5% of the registered capital of the joint venture.

C. On 2 August 2005, Ever Create Profits Limited ("ECP"), a subsidiary of the Company, was granted banking facilities from a financial institution of which HKSS has pledged two properties as part of the securities for the banking facilities. As at 31 December 2005, the outstanding bank loans of approximately RMB8,672,000 was secured by the properties.

13. Share capital and reserves

Movement in the share capital and reserves and minority interests of the Group were as follows:

	Notes	Issued capital	Share premium	Contribution surplus	Statutory surplus reserve	Enterprise expansion fund	Exchange fluctuation reserve	Retained profits	Minority interests	Total
				(a)	*(b)*	*(c)*				
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2005		**11,514**	**70,573**	**13,499**	**3,230**	**2,349**	**14**	**59,305**	**6,396**	**166,880**
Net profit for the year		–	–	–	–	–	–	9,314	(26)	9,288
Exchange realignment		–	–	–	–	–	(522)	–	–	(522)
Transfer to reserves		–	–	–	549	541	–	(1,090)	–	–
Gain on deemed disposal		–	–	–	–	–	–	–	10	10
Dividends		–	(9,212)	–	–	–	–	–	(175)	(9,387)
As at 31 December 2005		**11,514**	**61,361**	**13,499**	**3,779**	**2,890**	**(508)**	**67,529**	**6,205**	**166,269**
As at 1 January 2004		11,491	69,800	13,499	2,480	1,611	240	51,054	5,717	155,892
Share issue under share option scheme	(d)	23	773	–	–	–	–	–	–	796
Exchange realignment		–	–	–	–	–	(226)	–	–	(226)
Derecognition of negative goodwill		–	–	–	–	–	–	586	–	586
Net profit for the period		–	–	–	–	–	–	22,943	835	23,778
Transferred to reserves		–	–	–	750	738	–	(1,488)	–	–
Dividends		–	–	–	–	–	–	(13,790)	(156)	(13,946)
As at 31 December 2004		11,514	70,573	13,499	3,230	2,349	14	59,305	6,396	166,880

(a) Contribution surplus

The contribution surplus of the Group represents the difference between the aggregate of the nominal value of the paid-up capital of the subsidiaries acquired pursuant to the Group Reorganisation in preparation for the public listing of the Company's shares on the GEM of Stock Exchange, over the nominal value of the Company's shares issued in exchange thereof. The contribution surplus of the Company represents the excess of the then combined net assets of the subsidiaries acquired pursuant to the Group Reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, certain subsidiaries located on the Mainland of the PRC are required to allocate 5% to 10% of their profit after tax, as determined in accordance with the accounting principles generally accepted in the PRC ("PRC GAAP") applicable to the PRC subsidiaries, to the statutory surplus reserve ("SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiaries, and part of the SSR may be converted to increase the paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(c) Enterprise expansion fund

In accordance with the Company Law of the PRC, certain subsidiaries located on the Mainland of the PRC are required to transfer 5% to 10% of their profit after tax, as determined in accordance with PRC GAAP applicable to the PRC subsidiaries, to the enterprise expansion fund ("EEF") which is a non-distributable reserve other than in the event of the liquidation of these subsidiaries. EEF must be used for production and operation expansion purposes.

(d) Shares issued under share option scheme

On 27 September 2004, options were exercised to subscribe for 2,210,000 shares at a consideration of HK$0.34 per share, of which HK$0.01 per share was credited to the share capital and the balance of HK$0.33 was credited to the share premium of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

For the year ended 31 December 2005, the Group recorded a turnover of approximately RMB266 million, representing a decrease of approximately 9% over the year ended 31 December 2004. The turnover of the Group for the year ended 31 December 2005 was primarily derived from the provision of system integration solution of approximately RMB218 million, computer network system integration solution of approximately RMB47 million and system software of approximately RMB1 million, respectively. The decrease in the turnover of the Group for the year ended 31 December 2005 was mainly due to the decrease in turnover attributed by computer network system integration solution.

During the year ended 31 December 2005, the Group recorded a gross profit of approximately RMB54 million, representing a profit margin of approximately of 20.4% as compared to the gross profit margin of 23% for the year ended 31 December 2004. The decrease in gross profit margin was mainly attributable to fierce competition amongst competitors in the market and thus leading to price cutting of projects.

The selling and distribution expense increased from RMB11 million for the year ended 31 December 2004 to RMB14.5 million for the year ended 31 December 2005 mainly due to the Group developed the intelligent building system and value added service projects markets and strengthened coverage outside Zhejiang Province which included but not limited to Yuennam, Chongqing, Beijing, and Jiangzu during the year.

Administrative costs for the year ended 31 December 2005 remain stable at RMB23 million (2004: RMB23 million).

Other operating costs of RMB5.3 million for the year ended 31 December 2005 mainly represents impairment of intangible assets of RMB5.1 million

The Group's net profit from ordinary activities attributable to ordinary equity holders of the parent for the year ended 31 December 2005 amounted to approximately RMB9.3 million, representing a decrease of approximately 59.4% over the year ended 31 December 2004.

Liquidity, financial resources and debt ratio

The Group generally finances its operations with internally generated financial resources, short-term bank loans and part of the proceeds from the placing of the Company's shares on 29 July 2002. As at 31 December 2005, the Group had outstanding short-term bank borrowings of RMB88 million (2004: RMB68 million) of which RMB9 million (2004: Nil) are secured by pledged cash deposit by the Group and pledged properties by a related company. The outstanding bank borrowing of RMB69 million (2004: RMB68 million) are unsecured and guaranteed by the Company, Sino Stride Technology or Hangzhou Sino Stride Megain Optic-Electronic Technology Company Limited ("Megain") (formerly known as Hangzhou Sino Stride Xingda Computer System Co., Ltd.), the subsidiaries of the Company. The rest of the outstanding bank borrowing of RMB10 million was cross guaranteed by an independent third party. The Group pledged cash deposit of RMB19 million to financial institutions to secure bank borrowings, the issuance of letters of credits and notes payable as at 31 December 2005.

The directors of the Company advised that normally there is no apparent seasonality of borrowing requirements for the Group and the maturity profile of the Group's borrowings as at 31 December 2005 are wholly repayable within one year.

As at 31 December 2005, the Group's cash and cash equivalents amounted to approximately RMB25 million (2004: RMB58 million).

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimize cost of funds, the Group's treasury activities are centralized. Cash is generally placed on deposits, mostly denominated in Renminbi and Hong Kong dollars. The Group's liquidity and financing arrangements are reviewed regularly.

Gearing ratio

The Group expresses its gearing ratio as a percentage of bank borrowings over total assets. As at 31 December 2005, the Group's gearing ratio was 21.7% (2004: 17%).

Significant investments

Save as those disclosed in the paragraph "OPERATIONS REVIEW", the Group did not hold any significant investment as at 31 December 2005.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as those disclosed in the paragraph "OPERATIONS REVIEW", the Group did not make any material acquisitions or disposals of subsidiaries or affiliated companies during the year ended 31 December 2005.

Exchange rate risk

The Group's exposure to market risk for changes in foreign currency exchange rates relates primarily to the Group's operation in Hong Kong.

The Group has foreign currency risk as certain of its payables to suppliers, trade receivables and bank borrowings are denominated in foreign currencies, principally United States dollars. Fluctuations in exchange rates of Hong Kong Dollars and Renminbi against foreign currencies could affect the Group's results of operation. No financial instruments are used by the Group for hedging purposes. No foreign currency net investments of the Group are hedged by currency borrowings and other hedging instruments.

Contingent liabilities

At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	Group		Company	
	2005	2004	**2005**	2004
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Guarantees given to banks in connection with facilities granted to:				
Subsidiaries	**–**	–	**38,850**	11,000
Third party company	**10,000**	–	**–**	–
	10,000	–	**38,850**	11,000

As at 31 December 2005, the banking facilities granted to the subsidiaries subject to guarantees given to the banks by the Company were utilised to the extent of approximately RMB22,659,000 (2004: RMB11,000,000), and the banking facility guaranteed by the Group to a third party company was utilised to the extent of approximately RMB10,000,000 (2004: Nil).

Segmental information

Details of information relating to different geographical segments of the Group have been set out in Note 3 under "Notes to the Audited Financial Statements".

Charge on assets

Other than the Group's bank deposits of RMB19 million which had been pledged to financial institutions to secure bank borrowings, the issuance of letter of credits and notes payable, as at 31 December 2005, the Group did not have any charge on its assets.

Employees and remuneration policies

As at 31 December 2005, the Group had 378 (2004: 351) employees.

The Board believes that the quality of its employees is the most important factor in sustaining the Group's growth and enhancing its profitability. Employees are remunerated according to their performance and working experience. In addition to basic salaries and retirement scheme, staff benefits include performance bonus. No specific training scheme is adopted by the Group.

As at 31 December 2005, the Group has no options outstanding as all outstanding share options were cancelled by the Group on 11 November 2005 with consent from the share option holders and pursuant to a board resolution.

Future plans for material investments or capital assets

The Group intends to pursue strategic acquisitions of and/or investments in system integration business and relevant system software development business to strengthen or complement the Group's existing business. Up to the date of this results announcement, no such acquisitions and/or investments targets other than those mentioned in the paragraph "OPERATIONS REVIEW" have been located by the Group.

OPERATIONS REVIEW

During the year under review, the Group has made a number of achievements in the area of business development. In February 2005, the Group's Sino Stride Property Management System Application Software V1.0 ("Software V1.0") was passed the tests conducted by 浙江省軟件測評中心 and Software V1.0 has been registered in 國家版權局 as the Group's intellectual property. On 1 March 2005, Sino Stride Technology Co Limited ("Sino Stride Technology"), one of the subsidiaries of the Company located in Hangzhou, the PRC, emerged 1st ranking of PRC intelligent building system integration solution providers according to the research carried out 中國建築業協會智能建築專業委員會 (Intelligent Building Expert Network of China Architectural Association). In March 2005, Sino Stride Technology was awarded 電子工程專業承包企業二級資質 from浙江省建設廳(Zhejiang Provincial Department of Construction). With such qualification, Sino Stride Technology is able to bid for, including but not limited to any electronic system projects which are under RMB25 million. Sino Stride Technology was also awarded as 2004 浙江省軟件業十強企業 (2004 Zhejiang Province Top Ten Software Enterprise) by Zhejiang Provincial Department of Information Industry, 浙江省守合同重信用AA級 and emerged "2004-2005 年度華東醫療行業十佳系統集成商" and "2004-2005年度華東智能建築十佳系統集成商" by 電腦商報 in March 2005 and April 2005, respectively. On 10 May 2005, Sino Stride Technology was awarded "2005年中國軟件產業最大規模前100家企業" by Zhejiang Provincial Department of Information Industry. On August 2005, Sino Stride Technology was designated as one of the "2004年度國家規劃布局內重點軟件企業" (Outstanding Software enterprise defined by the National Development Bureau of the PRC of year 2004) and is subjected to corporate income tax of the PRC at a rate of 10%, being preferential tax rate applicable to the outstanding software enterprise. Chongqing Sino Stride Technology Company Limited ("Chongqing Sino Stride"), one of the subsidiaries of the Company, was awarded 重慶市衛星設備安裝許可單位，建築智能化三級施工資質 on March 2005 and December 2005, respectively. Chongqing Sino Stride was also granted tax holiday by relevant tax authorities for which corporate income tax is exempted for the first two profit making years (after deducting losses incurred in previous years) and is entitled to a 50% tax reduction for the succeeding three years in accordance with the relevant tax laws in the PRC.

During the year ended 31 December 2005, the Group successfully bided several large intelligent building system and value added service projects such as 浙江大學房地產管理部 (The Property Management Department of Zhejiang University), 浙江省能源集團有限公司, 浙江省烟草公司平陽縣公司, 福建省民主黨派工商聯台聯辦公大樓, 麗水公安局設備採購, 溫州楊府山小區智能化, 河北省疾病預防控制中心實驗樓弱電系統, 嘉興時代廣場弱電系統, 寧波華泰劍橋三期智能化系統, 浙江大學塘北花苑經濟適用房工程, 福建省民主黨派工商聯台聯辦公樓弱電工程，福建省電力調度通信中心智能化工程，山東移動通信樞紐交換中心弱電系統工程，北京市通

信公司綜合業務樓工程弱電系統，溫州市南甌明園小區智能化系統工程，廈門嘉庚體育館弱電系統建設工程施工合同，蘇州市地方稅務局，新建雲南省委辦公大樓樓宇自控等系統工程設計；滕州市北辛商務中心主樓建築智能工程，杭州市商業銀行智能化弱電工程and中國石油大廈智能化系統工程。

As for the provision of intelligent traffic system ("ITS"), the Group successfully bided for the project of 瑞安市公安局（智能交通）. Besides, the project of 縉云交通警察電子警察系統 (Jin Yu Electronic Traffic Police System) was completed during the year under review. On 30 June 2005, the Group's「安鋭」牌 PARAY 1000 型公路車輛智能監測記錄系統 (the "System") was passed the test carried out by 公安部交通安全產品質量監督檢測中心.

As at 31 December 2004, the Group, through Sino Stride Technology, held 95% equity interest of 杭州中程萬京光電科技有限公司 (Hangzhou Sino Stride Megain Optic-Electronic Technology Company Limited ("Megain")) (formerly known as Hangzhou Sino Stride Xingda Computer System Co., Ltd.), a PRC company which principally engaged in the provision of system value-added service solution and development. On 12 October 2005, Sino Stride Technology further invested RMB2,000,000 in Megain in order to extend the Group's business scope to the development and sales of Light Emitted Diode and related projects. As at 31 December 2005, Sino Stride Technology held 97.5% equity interest of Megain. The business of the development and sales of Light Emitted Diode and related projects was still in the development stage as at 31 December 2005 and the Directors believe that such further investment in Megain would enhance the Group to diversify the Group's business in the future.

As stated in 2004 annual report, Sino Stride Technology entered into a joint venture agreement (the "JV Agreement") dated 21 December 2004 with Singapore Technologies Kinetics Limited ("ST Kinetics"), a fellow subsidiary of the Company's substantial shareholder, Singapore Technologies Electronics Limited ("ST Electronics"), and Zhejiang University Logistics and Investment Holdings Company, for the establishment of a Sino-foreign equity joint-venture (the "JV"), namely 浙江星時達汽車專業維護有限公司 (STAR (Zhejiang) Automotive Center Co., Ltd). According to the JV Agreement, the Group will contribute RMB3,750,000 in cash, representing 25% of the registered capital of the JV. For the year ended 31 December 2005, the Group contributed RMB1,875,000 in the JV, representing approximately 12.5% of the registered capital the JV. The JV is principally engaged in the provision of automotives services. For the year ended 31 December 2005, the JV was still at its preliminary set-up stage, with its potential yet to be realised.

As far as the prospect of new business/projects of the Group is concerned, the large intelligent building system and value added service solutions projects successfully bid by the Group during the year 31 December 2005 have been performed in accordance with the respective contract terms and expected progresses.

SHARES TRANSFER AMONG SUBSTANTIAL SHAREHOLDERS

On 23 February 2005, Mega Start Limited ("Mega Start") and Singapore Technologies Electronics Limited ("ST Electronics"), substantial shareholders of the Company, entered into a Share Purchase Agreement in which ST Electronics acquired 88,260,000, approximately 8.12% shares of the issued share capital of the Company from Mega Start at a consideration of HK$0.315 per shares. Upon the completion of the transaction, ST Electronics's shareholding in the Company increased from approximately 19.88% to 28% of the issued share capital of the Company while Mega Start's shareholding interest in the Company decreased from approximately 49.71% to 41.59% of the issued share capital of the Company.

SHARE EXCHANGE OFFER BY A WHOLLY-OWNED SUBSIDIARY OF SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

On 16 December 2005, Shougang Concord Technology Holdings Limited ("SCT"), a company incorporated in Hong Kong whose securities are listed on the Main Board of the Stock Exchange, approached the Board of the Company stating its intention to make a voluntary conditional share exchange offer (the "Share Exchange Offer") to acquire all the issued shares of the Company.

On 23 December 2005, SCT issued an announcement jointly with the Company in respect of, amongst other things, a voluntary conditional share exchange offer by Made Connection Limited (the "Offeror"), a wholly-owned subsidiary of SCT, to acquire all the issued shares of the Company at two new shares of SCT for every three shares of the Company. On the same day, Mega Start and Mr. Wong Wai Tin tendered 451,740,000 issued shares and 2,500,000 issued shares, respectively, of the Company for acceptance of the Share Exchange Offer.

Subsequent to the year end date on 20 March 2006, valid acceptances have been received in respect of 758,819,000 ordinary shares, representing approximately 69.85% of issued share capital, of the Company, under the Share Exchange Offer. The Offeror announced that the Share Exchange Offer is declared unconditional on 20 March 2006. Accordingly, the Offeror will be interested in 758,819,000 issued shares capital of the Company and will become the controlling shareholder of the Company once the legal title of such 758,819,000 shares are properly transferred to the Offeror. As at the date of this report, the legal titles of such 758,819,000 shares accepted under the Share Exchange Offer as at 20 March 2006 have yet to be legally transferred to the Offeror. The Company will become a subsidiary of the Offeror once the legal titles of such 758,819,000 shares are legally transferred to the Offeror. Accordingly, SCT will become the substantial shareholder of the Company.

On the basis, and after accounting for the shareholding interests of ST Electronics of approximately 28% of the issued share capital of the Company which has not indicated its willingness to accept the Share Exchange Offer up to the date of this report, the public float of SST is estimated to be approximately 2.15% as and when the legal titles of such 758,819,000 shares accepted under the Share Exchange Offer as at 20 March 2006 are properly and legally transferred to the Offeror.

As disclosed in the Offer Document issued by the Offeror on 20 February 2006, the Offeror intends to effect the compulsory acquisition of the Company's shares in the event that the Offeror is permitted to do so under the Companies Law and the Takeover Code, and to apply for the withdrawal of listing of the Company shares on GEM. The Company may apply for suspension in the trading of the Company's shares from or about the date on which the Share Exchange Offer has been accepted by the shareholders of not less than 90% of the disinterested Company's shares until the withdrawal of listing. If SCT and the Offeror cannot acquire the requisite percentage of the Company shareholding to effect the compulsory acquisition, SCT and the Offeror will use its best endeavours to maintain the listing of the Company on GEM and will undertake to the Stock Exchange to use its best endeavours following the closing of the Offer to ensure that not less than 25% of the Company's shares will be held by the public by, inter alia, the placement of existing Company shares or the issue of new Company shares as soon as possible in compliance with the GEM Listing Rules.

Pursuant to the Offer Document issued by the Offeror and SCT on 20 February 2006, the Share Exchange Offer will remain open till the final closing date on 3 April 2006.

PROSPECTS

In light of the 2008 Beijing Summer Olympic Games, Expo 2010 Shanghai, PRC's entry to the WTO and PRC's continuous economic growth, the Directors believe that the demand for system integration solutions and value added service solutions will continue to grow with the prosperity of PRC property markets, increasing proportion of investments in intelligence buildings and necessity for PRC information network system to be in line with international standards. Moreover, the demand of traffic controls management system will increase with the surge in the number of motor vehicles in PRC and the implementation of the proposed new traffic controls regulations in near future. As the application of intelligence technologies in building, traffic and other relevant sectors in PRC is still at early stage, there is a growth potential for the Group's business.

The Ministry of Construction ("MOC") and the MII of the PRC promulgated market entry requirements and qualification verification process for system integration solutions and value added service solution providers respectively, new competitors without recognition are difficult to accumulate relevant experience and technology to fulfill the market entry requirements to enter this regulated market. Leveraging on the Group's compliance with the market entry requirements, grade A standard in system integration solutions and value added service solution, the prominent market position recognised by awards such as "Top Ten Software Enterprise" of Zhejiang Province, and "Outstanding Software Enterprise of Year 2005" defined by the National Development Bureau of the PRC, the Group will continue to increase its marketing efforts, expand its market coverage to other provinces in PRC.

In respect of the Share Exchange Offer, the Offeror intends to effect the compulsory acquisition of the Company's shares in the event that the Offeror is permitted to do so under the Companies Law and the Takeover Code, and to apply for the withdrawal of listing of the Company shares on GEM. The Company may apply for suspension in the trading of the Company's shares from or about the date on which the Share Exchange Offer has been accepted by the shareholders of not less than 90% of the disinterested Company's shares until the withdrawal of listing. If SCT and the Offeror cannot acquire the requisite percentage of the Company shareholding to effect the compulsory acquisition, SCT and the Offeror will use its best endeavours to maintain the listing of the Company on GEM and will undertake to the Stock Exchange to use its best endeavours following the closing of the Offer to ensure that not less than 25% of the Company's shares will be held by the public by, inter alia, the placement of existing Company shares or the issue of new Company shares as soon as possible in compliance with the GEM Listing Rules.

With the extensive commercial network support from the Offeror and SCT, it will enhance the Group's business expansion and earnings enhancement in future.

To further enhance its competitiveness in the industry, the Group also intends to pursue strategic acquisitions of investments in system integration business and software development business in the future if such opportunities arise to strengthen and complement the Group's existing business.

DIRECTORS INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, the beneficial interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (Chapter 571 of the Laws of Hong Kong), which will have 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 in which they are taken or deemed to have taken under such provisions of the SFO), or which will be required pursuant to Section 352 of the SFO to be entered in the register referred therein or required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange are as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest			Percentage of the Company's issued
Name	*Notes*	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**share capital as at 31 December 2005**
Directors					
Mr. Chau Chit	*(a)*	–	451,740,000	451,740,000	41.59%
Mr. Wong Wai Tin	*(a)*	–	451,740,000	451,740,000	41.59%
Mr. Wong Wai Tin	*(a) & (b)*	2,500,000	–	2,500,000	0.23%

The interests of the directors in the share options of the Company are separately disclosed in note 28 under "Notes to the Audited Financial Statements".

Notes:

(a) Mega Start Limited ("Mega Start"), the ultimate holding company of the Company, is held by Mr. Chau Chit, a director, and Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit, and Mr. Wong Wai Tin, a director, in the proportion of 50%, 30% and 20%, respectively.

(b) On 8 January 2004, Mr. Wong Wai Tin personally purchased 2,500,000 shares representing approximately 0.23% of the issued share capital of the Company.

Short positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest			Percentage of the Company's issued
Name	*Note*	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**share capital as at 31 December 2005**
Directors					
Mr. Chau Chit	*(c)*	–	451,740,000	451,740,000	41.59%
Mr. Wong Wai Tin	*(c)*	–	451,740,000	451,740,000	41.59%
Mr. Wong Wai Tin	*(c)*	2,500,000	–	2,500,000	0.23%

Note:

(c) On 23 December 2005, Mega Start and Mr. Wong Wai Tin have tendered 451,740,000 shares and 2,500,000 shares, respectively, for acceptance of a share exchange offer (the "Share Exchange Offer") offered by Made Connection Limited (the "Offeror"), a direct wholly-owned subsidiary of Shougang Concord Technology Holdings Limited ("SCT"), a company incorporated in Hong Kong whose securities are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Details of the Share Exchange Offer are set out in notes 34 and 35 under "Notes to the Audited Financial Statements".

Save as disclosed above, as at 31 December 2005, none of the directors of the Company had registered an interest or short position in the shares of the Company or any of its associated corporations (within the meaning of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the share option scheme as defined below and as set out in note 28 under "Notes to the Audited Financial Statements", at no time during the year ended 31 December 2005 were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, the following persons or companies had interests and short positions in shares and underlying shares 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 will, directly or indirectly, be 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 Group, or substantial shareholders as recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO:

Long positions in ordinary shares:

Substantial shareholders	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares/ issued capital held**	**Percentage of the Company's issued share capital as at 31 December 2005**
The Company				
Mega Start	*(a)*	Directly beneficially owned	451,740,000	41.59%
Mr. Chau Chit	*(a)*	Through a controlled corporation	451,740,000	41.59%
Ms. Ting Hiu Wan	*(a)*	Through a controlled corporation	451,740,000	41.59%

Substantial shareholders	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares/ issued capital held**	**Percentage of the Company's issued share capital as at 31 December 2005**
Mr. Wong Wai Tin	*(a)*	Through a controlled corporation	451,740,000	41.59%
	(a)	Directly beneficially owned	2,500,000	0.23%
Singapore Technologies Electronics Limited ("ST Electronics")	*(b)*	Directly beneficially owned	304,260,000	28.00%
Singapore Technologies Engineering Ltd. ("ST Engineering")	*(b)*	Through a controlled corporation	304,260,000	28.00%
Temasek Holdings (Private) Ltd. ("Temasek Holdings")	*(b)*	Through a controlled corporation	304,260,000	28.00%

Notes:

(a) Mega Start Limited ("Mega Start"), the ultimate holding company of the Company, is held by Mr. Chau Chit, a director, and Ms. Ting Hiu Wan, the spouse of Mr. Chau Chit, and Mr. Wong Wai Tin, a director, in the proportion of 50%, 30% and 20%, respectively.

(b) ST Electronics is a wholly-owned subsidiary of ST Engineering whose shares are listed on the Singapore Exchange Securities Trading Limited. Temasek Holdings holds controlling interest in ST Engineering. Pursuant to Part XV of the SFO, ST Engineering and Temasek Holdings are taken to be interested in the shares held by ST Electronics.

Short positions in ordinary shares:

		Number of shares held, capacity and nature of interest			**Percentage of the Company's issued share capital as at 31 December 2005**
Name	*Note*	**Directly beneficially owned**	**Through controlled corporation**	**Total**	
Mega Start	*(c)*	451,740,000	–	451,740,000	41.59%
Mr. Chau Chit	*(c)*	–	451,740,000	451,740,000	41.59%
Ms. Ting Hiu Wan	*(c)*	–	451,740,000	451,740,000	41.59%
Mr. Wong Wai Tin	*(c)*	–	451,740,000	451,740,000	41.59%
Mr. Wong Wai Tin	*(c)*	2,500,000	–	2,500,000	0.23%

Note:

(c) On 23 December 2005, Mega Start and Mr. Wong Wai Tin have tendered 451,740,000 shares and 2,500,000 shares, respectively, for acceptance of a share exchange offer (the "Share Exchange Offer") offered by Made Connection Limited ("the Offeror"), a direct wholly-owned subsidiary of Shougang Concord Technology Holdings Limited ("SCT"), a company incorporated in Hong Kong whose securities are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Details of the Share Exchange Offer are set out in notes 34 and 35 under "Notes to the Audited Financial Statements".

Save as disclosed above, as at 31 December 2005, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' Interests and Short Positions in Shares and Underlying Shares" above, had registered an interest or long positions in the shares or underlying shares of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to written resolutions of the shareholders dated 16 July 2002, a share option scheme (the "Share Option Scheme") was approved and adopted. On 27 August 2004, the Company granted certain directors and employees under the Share Option Scheme a total of 12,000,000 share options to subscribes for shares of HK$0.01 each in the capital of the Company which were exercisable at any time from 27 August 2004 to 26 August 2014 at an exercise price of HK$0.34 per share. On 27 September 2004, 2,210,000 share options were exercised by certain employees. As at 31 December 2005, the Company has no options outstanding as all the outstanding share options were cancelled by the Company on 11 November 2005 with consent from the share option holders and pursuant to a board resolution.

DIRECTORS' INTEREST IN COMPETING BUSINESS

ST Electronics (Shanghai) Co., Ltd., a wholly foreign-owned enterprise established by ST Electronics in Shanghai, the Mainland of the PRC, is also engaged in the business of intelligent building management systems and home automation systems in the Mainland of the PRC. Mr. Ng Chong Khim and Mr. Tay Hun Kiat, two of the senior management staff of ST Electronics, were appointed as non-executive directors of the Company on 15 March 2002 and 10 June 2005, respectively. Through the Share Option Scheme of ST Engineering (which owns 100% of ST Electronics), Mr. Ng Chong Khim and Mr. Tay Hun Kiat may own shares or share options in ST Engineering.

Save as disclosed above, none of the directors or the substantial shareholders or the management shareholders of the Company or their respective associates had an interest in a business that competes or is likely to compete, directly or indirectly, with the businesses of the Group as at 31 December 2005.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmations of independence from Mr. Cai Xiao Fu, Mr. Shi Jian Jun and Mr. Li Xiaoqiang, Richard, and still considers them to be independent.

AUDIT COMMITTEE

The Company established an audit committee on 16 July 2002 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to give advice and comments thereon to the board of directors. The audit committee is also responsible for reviewing the financial reporting process and internal control system of the Group. The Group's financial statements for the year ended 31 December 2005 have been reviewed by the audit committee, who is of the opinion that such statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures had been made.

The audit committee has three members comprising the three independent non-executive Directors, Mr. Cai Xiao Fu, Mr. Shi Jian Jun and Mr. Li Xiaoqiang, Richard. The audit committee held four meetings during the year ended 31 December 2005 to perform the functions specified in the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

Subject to the deviations as disclosed hereof, the Company has complied with all the code provisions on Corporate Governance Practices as set out in GEM Listing Rules during the period under review:

Code Provision A.4.1

Under the code provision A.4.1, non-executive directors should be appointed for specific term, subject to re-election. Except for Mr. Ng Chong Khim and Mr. Tay Hun Kiat, who have not entered into any service contract with the Company, each of the Directors of the Company has entered into service agreement with the Company with effect from the date of appointment of the respective Directors for a fixed terms of three years. Mr. Ng and Mr. Tay are nominated by Singapore Technologies Electronics Limited, one of the substantial shareholders of the Company, as non-executive directors of the Company with effective from 15 March 2002 and 10 June 2005, respectively, are not appointed for specific term. They are, however, subject to retirement and re-election at least once every three years. The reason for non-compliance is that the Board does not believe in any arbitrary terms of office for Mr. Ng and Mr. Tay.

Code Provision A.4.2

Under the code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. The existing Articles of Association of the Company provides that no Director holding office as chairman and/or managing Director shall be subject to retirement by rotation. Accordingly, as at the date of this report, Mr. Wong Wai Tin, being the chairman of the Company, is not subject to retirement by rotation. In order to comply with the code provision A.4.2, amendments will be proposed at the forthcoming Annual General Meeting to specify that every Director shall be subject to retirement by rotation at least once every three years. Subject to the approval by the shareholders in the forthcoming Annual General Meeting, Mr. Wong Wai Tin, Mr. Chau Chit, Mr. Wong Wai Kwan, Mr. Ng Chong Khim, Mr. Tay Hun Kiat and Mr. Cai Xiao Fu shall retire by rotation and being eligible, will offer themselves fore re-election at the forthcoming Annual General Meeting.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2005.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted a code of conduct regarding of dealing set out in Rules 5.48 to 5.67 of the GEM Listing Rules. During the year ended 31 December 2005, the Company had also made specific enquiries with all Directors and the Company was not aware of any non-compliance with the required standard of dealing and its code of conduct regarding securities transactions by Directors.

By order of the Board
Sino Stride Technology (Holdings) Limited
Wong Wai Tin
Chairman

Hangzhou, the PRC
28 March 2006

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

This announcement will remain on the GEM website at http://www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the Company's website at http://www.sinostride.com.

* *For identification purpose only*