
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sino Stride Technology (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the content of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this circular.

This circular does not constitute an offer of, nor is it calculated to invite offers for, shares or other securities of the Company, nor have such shares or other securities been allotted with a view to any of them being offered for sale to the public. No new shares will be issued in connection with, or pursuant to, the publication of this circular.



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)

PROPOSED VOLUNTARY WITHDRAWAL OF LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Financial Adviser to Sino Stride Technology (Holdings) Limited



匯金(資本)有限公司

Vision Finance (Capital) Limited

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders



招商證券(香港)有限公司

CHINA MERCHANTS SECURITIES (HK) CO., LTD.

A letter from the Board is set out on pages 6 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from China Merchants containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 29 of this circular.

A notice convening the EGM to be held at Room 501-504, 5/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Tuesday, 19 September 2006 at 4:00 p.m. or any adjournment thereof is set out on pages 30 to 31 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time of the EGM or any adjournment thereof to the office of the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

This circular will remain on the GEM website at "www.hkgem.com" on the "Latest Company Announcements" page for at least seven days from the date of publication.

* For identification purpose only

4 September 2006

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional or other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination of GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazettes newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at “www.hkgem.com” in order to obtain up-to-date information of GEM-listed issuers.

TABLE OF CONTENTS

	<i>Page</i>
Definitions	1
Responsibility statement of this circular	4
Expected timetable	5
Letter from the Board	6
Letter from the Independent Board Committee	12
Letter from China Merchants	14
Notice of the EGM	30
Appendix I – General Information	32

DEFINITIONS

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

“Acceptance Form”	the conditional acceptance form enabling the Independent Shareholders to indicate whether they intend to accept the Cash Offer. For further details, please refer to the paragraph headed “Acceptance of the Cash Offer” of this circular.
“Board”	the board of Directors.
“Business Day(s)”	any day(s) (other than Saturday and Sunday) on which banks in Hong Kong generally are open for business.
“Cash Offer”	HK\$0.17 per Share being offered by the Company to the Independent Shareholders. For further details, please refer to the paragraph headed “Reasonable cash alternative” of this circular.
“China Merchants”	China Merchants Securities (HK) Co., Ltd., the independent financial adviser to the Independent Board Committee and the Independent Shareholders.
“Companies Law”	The Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
“Director(s)”	the directors of the Company.
“EGM”	the extraordinary general meeting of the Company to be held at Room 501-504, 5/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Tuesday, 19 September 2006 at 4:00 p.m. or any adjournment thereof, notice of which is set out on pages 30 to 31 of this circular.
“Effective Date”	on or about Wednesday, 27 September 2006, the day on which the Proposed Withdrawal is to become effective.
“GEM”	The Growth Enterprise Market operated by the Stock Exchange.
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM.
“HK\$” or “cents”	Hong Kong dollars or cents, the lawful currency of Hong Kong.

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China.
“Independent Board Committee”	the independent board committee of the Company appointed to advise the Independent Shareholders in respect of the Proposed Withdrawal, which comprises the three independent non-executive Directors.
“Independent Shareholders”	the Shareholders excluding Made Connection Limited and its associates.
“Latest Practicable Date”	30 August 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular.
“Main Board Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
“Offer Period”	the period between the time of receipt of this circular by the Shareholders and 4:00 p.m. on the date prior to the date of the EGM.
“Proposed Withdrawal”	the proposed voluntary withdrawal of listing of the Shares on GEM.
“Registrar”	Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Hong Kong, being the Company’s branch share registrar in Hong Kong.
“SCT”	Shougang Concord Technology Holdings Limited, a limited liability company incorporated in Hong Kong and the shares of which are listed on the main board of the Stock Exchange.
“SCT Group”	SCT and its subsidiaries.
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company.
“Share Exchange Offer”	the voluntary share exchange offer of two new shares of SCT for every three Shares.
“Shareholder(s)”	the registered holder(s) of the Shares.

DEFINITIONS

“SST” or the “Company”	Sino Stride Technology (Holdings) Limited (中程科技集團有限公司*), a company incorporated in the Cayman Islands with limited liability with the Shares listed on GEM.
“SST Group”	SST and its subsidiaries.
“ST Electronics”	Singapore Technologies Electronics Limited, a substantial shareholder of the Company.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Vision Finance Capital”	Vision Finance (Capital) Limited, the financial adviser to the Company.
“%”	per cent.

* For identification purpose only

RESPONSIBILITY STATEMENT OF THIS CIRCULAR

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief,

- (i) the information contained in this circular is accurate and complete in all material aspects and not misleading;
- (ii) there are no other matters the omission of which would make any statement herein misleading; and
- (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

EXPECTED TIMETABLE

The expected timetable for the Proposed Withdrawal is set out below:-

Latest time for lodgement of related form of proxy for the EGM	4:00 p.m. on Sunday, 17 September 2006
Latest time for lodgement of the Acceptance Form	4:00 p.m. on Monday, 18 September 2006
Closure of register of members of the Company	Tuesday, 19 September 2006
EGM	4:00 p.m. on Tuesday, 19 September 2006
Date of announcement of the results of the EGM and the notice of the Proposed Withdrawal, which are to be published on the GEM website	Wednesday, 20 September 2006
The Proposed Withdrawal becoming effective	9:30 a.m. on Wednesday, 27 September 2006
Latest date of despatch of cheques to the Independent Shareholders who accept the Cash Offer	Thursday, 5 October 2006

LETTER FROM THE BOARD



SINO STRIDE

SINO STRIDE TECHNOLOGY (HOLDINGS) LIMITED

中程科技集團有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8177)

Executive Directors:

WONG Wai Tin (*Chairman*)

CHAU Chit

SHEN Yue

Non-executive Directors:

WONG Wai Kwan

NG Chong Khim

TAY Hun Kiat

Independent non-executive Directors:

CAI Xiao Fu

SHI Jian Jun

LI Xiaoqiang Richard

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

*Head office and principal place of
business in Hong Kong:*

Room 501-504

5/F., Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

4 September 2006

To the Shareholders,

Dear Sir or Madam

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING
ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
AND
NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 24 August 2006, the Directors announced that the Company has informed the Stock Exchange of its intention to implement the Proposed Withdrawal that would be conditional upon the approval by the Independent Shareholders.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information of the Proposed Withdrawal. The Independent Shareholders are invited to consider and vote on the Proposed Withdrawal at the EGM, a notice of which is set forth on pages 30 to 31 of this circular, the voting of which will be taken on a poll as required by the GEM Listing Rules.

THE PROPOSED WITHDRAWAL

Background

Pursuant to the joint announcement made by SCT and the Company dated 3 April 2006, as a result of the Share Exchange Offer made by Made Connection Limited, a wholly-owned subsidiary of SCT, pursuant to the Hong Kong Codes on Takeovers and Mergers, the Company has since been unable to maintain the 25% minimum public float requirement under Rule 11.23 of the GEM Listing Rules and the trading of the Shares on GEM has been suspended since 4 April 2006.

As at the Latest Practicable Date, the shareholding structure of the Company was as follows:

Name of Shareholder	Percentage of Shareholding
Made Connection Limited	71.32%
ST Electronics	28.01%
Public	0.67%

Reasons for the Proposed Withdrawal

In light of the circumstances, the Company is proposing to voluntarily withdraw the listing of the Shares on GEM.

The Directors are of the view that the Proposed Withdrawal will enable the Company to enjoy the following benefits:

- (A) The SCT Group currently comprises SCT (whose shares are listed on the main board of the Stock Exchange) and among other subsidiaries, the Company (whose Shares are listed on GEM). As such, the SCT Group has to comply with both the Main Board Listing Rules and the GEM Listing Rules. However, if the Company becomes a private company, the compliance requirements will be simplified as the GEM Listing Rules will no longer be applicable to the Company. The Main Board Listing Rules will apply to the SCT Group of which the Company will remain as a member (by virtue of the Company being a subsidiary of SCT) after the Proposed withdrawal becomes effective.
- (B) Due to the simplification of the compliance requirements, administrative and legal costs would be substantially reduced, in particular, the SCT Group will not have to deal with two different divisions within the Stock Exchange in matters relating to the Company.

LETTER FROM THE BOARD

Conditions of the Proposed Withdrawal

The Proposed Withdrawal will be conditional upon:

- (a) the approval granted by the Stock Exchange with respect to the Proposed Withdrawal; and
- (b) the approval of the Shareholders at a duly convened EGM at which the controlling Shareholder and their respective associates shall abstain from voting in favour, and
 - (i) the approval must be given by at least 75% of the votes attaching to Shares held by the Independent Shareholders voting either in person or by proxy at the EGM; and
 - (ii) the number of votes cast against the resolution is not more than 10% of the votes attaching to Shares held by the Independent Shareholders permitted to vote either in person or by proxy at the EGM.

Made Connection Limited, being the controlling Shareholder (as defined in the GEM Listing Rules), which controls and is entitled to exercise control over the voting rights in respect of 71.32% of the issued share capital of the Company, shall abstain from voting in favour of the Proposed Withdrawal and it has indicated that it does not intend to vote against the Proposed Withdrawal. Made Connection Limited does not have any associates which controls or is entitled to exercise control over the voting rights of the Shares.

On the next Business Day after the conclusion of the EGM, the Company will publish the results of the EGM together with a notice of the Proposed Withdrawal, and the Proposed Withdrawal shall be effective on the fifth Business Days after the date of the said notice.

Reasonable cash alternative

Pursuant to Rule 9.20(4) of the GEM Listing Rules, the Company shall offer to the Independent Shareholders either a cash alternative or other reasonable alternative pursuant to the Proposed Withdrawal.

The Company proposes to offer, subject to the Proposed Withdrawal becoming effective, HK\$0.17 per Share, equivalent to 2/3 of HK\$0.26, being the closing price of the shares of SCT as of 22 August 2006 (the latest closing price of the shares of SCT available before the Company finalised the terms of the Proposed Withdrawal), as a Cash Offer to the Independent Shareholders. The Directors consider that the Cash Offer is fair and reasonable as the amount of the Cash Offer was determined by reference to the value as at 22 August 2006 attributable to each Share held by those then Shareholders who accepted the Share Exchange Offer and held onto those shares of SCT received thereafter.

LETTER FROM THE BOARD

ST Electronics, holding approximately 28.01% of the existing issued share capital of the Company, has undertaken to vote in favour of the Proposed Withdrawal and it will not accept the Cash Offer. It is expected that the Proposed Withdrawal will be passed on the EGM as ST Electronics who holds approximately 97.64% of the shares eligible to vote on the Proposed Withdrawal has undertaken to vote in favour of the Proposed Withdrawal.

As at the Latest Practicable Date, save for the Shares held by Made Connection Limited and ST Electronics, there were 7,341,000 Shares in issue. At the offer price of HK\$0.17 per Share, and assuming that all of the remaining Independent Shareholders accept the Cash Offer, the total consideration will be approximately HK\$1,247,970.00. The Company will satisfy the total consideration out of the Company's share capital and share premium and be funded by its own cash deposit in bank. Vision Finance Capital is satisfied that sufficient financial resources are available to satisfy full acceptance of the Cash Offer.

Acceptance of the Cash Offer

Independent Shareholders are advised to indicate on the Acceptance Form as enclosed in this circular whether they intend to accept the Cash Offer.

The terms and conditions contained in the Acceptance Form shall constitute binding obligations on the Independent Shareholders who completed and delivered such Acceptance Form and cannot be revoked or withdrawn.

The duly completed Acceptance Form together with 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) for not less than the number of Shares in respect of which the Independent Shareholder intends to accept the Cash Offer shall be delivered by post or by hand to the Registrar marked "Sino Stride" on the envelope during the Offer Period.

If the Acceptance Form is not received from an Independent Shareholder, the Independent Shareholder is deemed to have rejected the Cash Offer and such Independent Shareholder will remain as a shareholder of the Company after the Proposed Withdrawal becomes effective.

Settlement mechanism

Provided that the relevant Acceptance Form together with 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) are in complete and good order in all respects and received by the Registrar before the expiry of the Offer Period, the Registrar shall, on behalf of the Company, within five Business Days following the date on which the Proposed Withdrawal becomes effective, make the necessary payment (calculated in accordance with the paragraph headed "Reasonable cash alternative" above less the relevant portion of the applicable stamp duty payable by the accepting Independent Shareholder) to the Independent Shareholders who have accepted the Cash Offer. Cheques will be made payable to such Independent Shareholders (or in the case of joint Shareholders, to the first named Shareholder as appear on the register of members of the Company). The Registrar shall send

LETTER FROM THE BOARD

the cheques to such Independent Shareholders at their own risks by ordinary post to the address as stated on the register of members of the Company as at 19 September 2006, being the date of the closure of the register of members of the Company.

In the event that the Proposed Withdrawal shall not become unconditional for whatever reason, 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) received by the Registrar shall be returned to the relevant Independent Shareholder(s) at their own risks by ordinary post to the address as stated on the register of members of the Company as at 19 September 2006, being the date of the closure of the register of members of the Company, within five Business Days after the date of the announcement of the EGM results.

Stamp duty

The portion of stamp duty to be borne by the transferee of the Shares incurred as a result of the Proposed Withdrawal will be borne by the Company. The amount of stamp duty payable by the Company is approximately 0.1% of the higher of (i) the aggregate consideration paid by the Company for the Shares held by the Independent Shareholders; and (ii) the assessed value of the Shares held by the Independent Shareholders as determined by the Stamp Office of the Hong Kong Inland Revenue Department. Assuming full acceptance of the Cash Offer and based on the price of HK\$0.17 per Share, the stamp duty payable by the Company would be approximately HK\$1,300.00 and be funded by the Company's cash deposit in bank.

The transferor's portion of the stamp duty at the same rate will be deducted from the amount payable to such Independent Shareholders who have accepted the Cash Offer.

RECOMMENDATION

The Directors are of the view that the terms of the Proposed Withdrawal are fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been established to advise the Independent Shareholders in relation to the Proposed Withdrawal. A copy of its letter is set out on pages 12 to 13 of this circular.

INDEPENDENT FINANCIAL ADVISER

China Merchants has been appointed by the Board to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Proposed Withdrawal are fair and reasonable and whether the Proposed Withdrawal is in the interest of the Company and its Shareholders as a whole and to advise the Independent Shareholders how to vote. A copy of its letter is set out on pages 14 to 29 of this circular.

LETTER FROM THE BOARD

EGM

A notice convening the EGM is set out on pages 30 to 31 of this circular. A resolution in respect of the Proposed Withdrawal will be proposed at the EGM. A form of proxy for the EGM is enclosed with this circular. If you are not able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Registrar as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



SINO STRIDE

SINO STRIDE TECHNOLOGY (HOLDINGS) LIMITED

中程科技集團有限公司*

(incorporated in Cayman Islands with limited liability)

(Stock Code: 8177)

Executive Directors:

WONG Wai Tin (*Chairman*)

CHAU Chit

SHEN Yue

Non-executive Directors:

WONG Wai Kwan

NG Chong Khim

TAY Hun Kiat

Independent non-executive Directors:

CAI Xiao Fu

SHI Jian Jun

LI Xiaoqiang Richard

Registered office:

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

*Head office and principal place of
business in Hong Kong:*

Room 501-504

5/F., Harcourt House

39 Gloucester Road

Wanchai

Hong Kong

4 September 2006

To the Independent Shareholders,

Dear Sir or Madam

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING
ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

We refer to the circular issued by the Company to the Shareholders dated 4 September 2006 which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meaning as they are defined in the circular.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Proposed Withdrawal and to make recommendations to the Independent Shareholders in connection with the Proposed Withdrawal.

We wish to draw your attention to the letter from the Board and the letter from China Merchants as set out in the circular.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the background together with the principal factors and reasons deliberated by, and the advice of, China Merchants as set out in its letter, we concur with the view of China Merchants that the terms of the Proposed Withdrawal (including the Cash Offer) are fair and reasonable so far as the Independent Shareholders are concerned and the Proposed Withdrawal is in the interest of the Company and the Shareholders as whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the Proposed Withdrawal.

Yours faithfully,
For and on behalf of
Independent Board Committee

CAI Xiao Fu

SHI Jian Jun

LI Xiaoqiang Richard

LETTER FROM CHINA MERCHANTS

The following is the text of the letter of advice from China Merchants to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



48th Floor, One Exchange Square
Hong Kong

4 September 2006

Sino Stride Technology (Holdings) Limited

Rooms 501 to 504
5th Floor, Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

*To the Independent Board Committee and
the Independent Shareholders of
Sino Stride Technology (Holdings) Limited*

Dear Sirs,

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF SINO STRIDE
TECHNOLOGY (HOLDINGS) LIMITED ON THE GROWTH ENTERPRISE MARKET
OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Proposed Withdrawal. Details of the Proposed Withdrawal are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 4 September 2006 (the “Circular”) issued by the Company to the Shareholders, of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Proposed Withdrawal, including the Cancellation Price, are fair and reasonable so far as the Independent Shareholders are concerned and the Proposed Withdrawal is in the interests of the Company and the Shareholders as a whole. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless otherwise defined herein.

In formulating our advice and recommendation, we have relied on the accuracy of the information and facts supplied, and the opinions expressed, by the Company, its Directors and its management to us. We have also assumed that all statements of belief and intention made by the Directors in the Circular were made after due enquiry. We have assumed that all information, representations and opinion made or referred to in the Circular were true,

LETTER FROM CHINA MERCHANTS

accurate and complete at the time they were made and continue to be true at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, its Directors and its management and have been advised by the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted any form of in-depth investigation into the business affairs, financial position or future prospects of the SST Group or SCT nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Company, its Directors and its management.

We have not considered the tax consequences on the Independent Shareholders of their acceptance or non-acceptance of the Proposed Withdrawal since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position with regard to the Proposed Withdrawal and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Proposed Withdrawal, we have considered the following principal factors and reasons:

I. Background to and the reasons for the Proposed Withdrawal

Background

The SST Group is principally engaged in the development and provision of system integration solutions in the PRC and Hong Kong. The principal system integration solutions provided by the SST Group are intelligent building system integration solutions and computer network system software. Current customers of the computer network system integration solutions in the PRC are mainly from the government, postal and telecommunication services, financial, transportation, energy source and education sectors.

As at the Latest Practicable Date, the Company was owned as to approximately 71.32%, 28.01% and 0.67% by Made Connection Limited (“Made Connection”), ST Electronics and the public respectively. Made Connection is a wholly-owned subsidiary of SCT, whose issued shares are listed on the main board of the Stock Exchange.

Pursuant to the joint announcement made by SCT and the Company dated 3 April 2006, as a result of the Share Exchange Offer made by Made Connection, the Company has since been unable to maintain the 25% minimum public float requirement under Rule 11.23 of the GEM Listing Rules and the Shares have been suspended from trading since 4 April 2006.

LETTER FROM CHINA MERCHANTS

Reasons for the Proposed Withdrawal

As stated in the Letter from the Board, in light of the circumstances mentioned above, the Company is proposing to voluntarily withdraw the listing of the Shares on GEM.

As stated in the Letter from the Board, the Directors are of the view that the Proposed Withdrawal will enable the Company to enjoy the following benefits:

- (i) the SCT Group currently comprises SCT (whose shares are listed on the main board of the Stock Exchange) and among other subsidiaries, the Company (whose Shares are listed on GEM). As such, the SCT Group has to comply with both the Main Board Listing Rules and the GEM Listing Rules. However, if the Company becomes a private company, the compliance requirements will be simplified as the GEM Listing Rules will no longer be applicable to the Company. The Main Board Listing Rules will apply to the SCT Group of which the Company will remain as a member (by virtue of the Company being a subsidiary of SCT) after the Proposed withdrawal becomes effective; and
- (ii) due to the simplification of the compliance requirements, administrative and legal costs would be substantially reduced, in particular, the SCT Group will not have to deal with two different divisions within the Stock Exchange in matters relating to the Company.

Reasonable cash alternative

Pursuant to Rule 9.20(4) of the GEM Listing Rules, the Company shall offer to the Independent Shareholders either a cash alternative or other reasonable alternative pursuant to the Proposed Withdrawal.

The Company proposes to offer, subject to the Proposed Withdrawal becoming effective, HK\$0.17 per Share (the "Cancellation Price") as a Cash Offer to the Independent Shareholders. The Cancellation Price was 2/3 of HK\$0.26, being the closing price of the shares of SCT (the "SCT Shares") on 22 August 2006 (the latest closing price of the SCT Shares available before the Company finalised the terms of the Proposed Withdrawal) (the "Price Determination Date"). The Directors consider the Cash Offer is fair and reasonable as the amount of the Cash Offer was determined by reference to the value as at the Price Determination Date attributable to each Share held by those then Shareholders who accepted the Share Exchange Offer and held onto those SCT Shares received thereafter.

ST Electronics, holding approximately 28.01% of the existing issued share capital of the Company, has undertaken to vote in favour of the Proposed Withdrawal and it will not accept the Cash Offer. The Directors expect that the Proposed Withdrawal will be passed on the EGM as ST Electronics who holds approximately 97.64% of the shares eligible to vote on the Proposed Withdrawal has undertaken to vote in favour of the Proposed Withdrawal.

LETTER FROM CHINA MERCHANTS

II. Historical financial performance, the business outlook and financial impacts of the Proposed Withdrawal on the Group

Historical financial performance

The table below sets out the SST Group's financial information for each of the three financial years ended 31 December 2005 and the six months ended 30 June 2005 and 30 June 2006, which are extracted from the published consolidated accounts of the SST Group.

	Audited			Unaudited	
	Year ended 31 December			Six months	
	2003	2004	2005	2005	2006
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	<u>227,023</u>	<u>293,134</u>	<u>265,846</u>	<u>109,414</u>	<u>89,709</u>
Gross profit	<u>59,956</u>	<u>68,227</u>	<u>54,302</u>	<u>25,243</u>	<u>19,042</u>
<i>Gross profit margin</i>	<i>26.41%</i>	<i>23.28%</i>	<i>20.43%</i>	<i>23.07%</i>	<i>21.23%</i>
Net profit attributable to the Shareholders	<u>31,808</u>	<u>22,943</u>	<u>9,314</u>	<u>4,170</u>	<u>2,510</u>
<i>Net profit margin</i>	<i>14.01%</i>	<i>7.83%</i>	<i>3.50%</i>	<i>3.81%</i>	<i>2.80%</i>
Dividend	<u>13,834</u>	<u>13,790</u>	<u>9,212</u>	<u>–</u>	<u>–</u>

Financial performance for the financial year ended 31 December 2004

According to the annual report of the Company for the year ended 31 December 2004, the SST Group recorded a turnover of approximately RMB293 million for the year ended 31 December 2004, representing an increase of approximately 29% over the year ended 31 December 2003. The turnover of the SST Group for the year ended 31 December 2004 was primarily derived from the provision of system integration solution of approximately RMB185 million, computer network system integration solution of approximately RMB106 million and system software of approximately RMB2 million, respectively. The growth in the turnover of the SST Group for the year ended 31 December 2004 was mainly attributed to several large engagements in system integration solution projects undertaken in cities including Shuzou, Shenzhen, Wuxi and Wenzhou in the PRC.

During the year ended 31 December 2004, the SST Group recorded a gross profit of approximately RMB68 million, representing a profit margin of approximately 23% as compared to the gross profit margin of 26% for the year ended 31 December 2003. The decrease in gross profit margin of the SST Group for the year ended 31 December 2004 was mainly attributable to (i) the

LETTER FROM CHINA MERCHANTS

sub-contracting and cooperation arrangement of smaller-sized projects with sub-contractors and partners, which has a lower profit margin; (ii) increased competition in the industry of system integration solution business; and (iii) increase in sales of hardware and software which has a lower gross profit margin.

The SST Group's net profit attributable to the Shareholders for the year ended 31 December 2004 amounted to approximately RMB23 million, representing a decrease of approximately 28% over the year ended 31 December 2003. As advised by the Directors, (i) the decrease in gross profit margin for the year ended 31 December 2004 mentioned above; and (ii) the increase in bank interest and operating expenses for the year, such as depreciation, lease payments and staff costs, decreased the net profit attributable to the Shareholders for the year. The net profit attributable to the Shareholders was further hampered by non-recurring expenses, such as (i) relocation expense for office removal of the Company and its subsidiary during the year; and (ii) additional professional costs incurred during the year for the Company's plan to list its Shares on the main board of the Stock Exchange by way of introduction.

Financial performance for the financial year ended 31 December 2005

According to the annual report of the Company for the year ended 31 December 2005, the SST Group recorded a turnover of approximately RMB266 million for the year ended 31 December 2005, representing a decrease of approximately 9% over the year ended 31 December 2004. The turnover of the SST 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 SST Group for the year ended 31 December 2005 was mainly due to the decrease in turnover attributed by computer network system integration solution, which is a management's decision to do so after considering the lower profit margin contributed by computer network system integration solution.

During the year ended 31 December 2005, the SST Group recorded a gross profit of approximately RMB54 million, representing a profit margin of approximately 20% as compared to the gross profit margin of 23% for the year ended 31 December 2004. The decrease in gross profit margin of the SST Group for the year ended 31 December 2005 was mainly attributable to fierce competition amongst competitors in the market and thus leading to price cutting of projects.

The SST Group's net profit attributable to the Shareholders for the year ended 31 December 2005 amounted to approximately RMB9 million, representing a decrease of approximately 59% over the year ended 31 December 2004. As advised by the Directors, (i) the decrease in turnover and gross profit margin for the year ended 31 December 2005 mentioned above; and (ii) the increase in distribution expense for the year ended 31 December 2005 resulting from the

LETTER FROM CHINA MERCHANTS

increase in market coverage of the Group's products in the PRC decreased the net profit attributable to the Shareholders for the year. The net profit attributable to the Shareholders was further hampered by an impairment of intangible assets for the year.

Financial performance for the six months ended 30 June 2006

According to the interim report of the Company for the six months ended 30 June 2006, the SST Group recorded a turnover of approximately RMB90 million for the six months ended 30 June 2006, representing a decrease of approximately 18% over the six months ended 30 June 2005. The turnover of the SST Group was primarily derived from the provision of system integration solutions of RMB77 million and computer network system integration solutions of approximately RMB13 million. During the six months ended 30 June 2006, the SST Group recorded an overall gross profit of approximately RMB19 million, representing a profit margin of approximately of 21%.

The SST Group's net profit attributable to the Shareholders amounted to approximately RMB3 million for the six months ended 30 June 2006, representing a decrease of approximately 40% over the six months ended 30 June 2005. As advised by the Directors, the decrease in the net profit attributable to the Shareholders was resulted from (i) the decrease in turnover and gross profit margin for the period ended 30 June 2006 as mentioned above; and (ii) the increase in bank interest for the period ended 30 June 2006.

Dividends paid to the Shareholders

For the three years ended 31 December 2005, the Company declared dividends to the Shareholders in the amounts of HK\$1.2 cents per Share, HK\$1.2 cents per Share and HK\$0.8 cents per Share respectively. No interim dividend was declared for the six months ended 30 June 2006.

As disclosed in the interim report of the Company for the six months ended 30 June 2006, the SST Group's cash and cash equivalents and deposit pledged with financial institutions reduced from approximately RMB43.33 million as at 31 December 2005 to approximately RMB32.72 million as at 30 June 2006. Although the Company has in the past maintained a consistent dividend payment, it is uncertain whether such dividend payout will continue in the future.

Business outlook

According to an article named "Review of China's electronics and IT industry in the first half of 2006" released by Xinhua News Agency on 16 August 2006, China's software sector saw its revenue growing by 27.6% in the first half of 2006. The software service sector led the growth, with its revenue growing by 45.5% to hit RMB27.3 billion. The software production sector generated RMB32.7 billion, up 23.2% and accounting for 59% of the software sector's total. The system integration sector generated RMB37.1 billion, up 27.3%. According to the same article, in spite of the

LETTER FROM CHINA MERCHANTS

good performance in the first six months, China's electronics and IT industry is still hampered by, among others, (i) prices drop and costs grow, narrowing the industry's profit margin; and (ii) competition expands to more sectors and becomes fiercer.

We note that the significant competition in the China's software market creates a challenging environment in which execution of the SST Group's business strategy will be important to determine its profitability and growth. Competition in the China's software market may retain in the foreseeable future and, as a result, may affect the performance of the SST Group.

Financial impacts of the Proposed Withdrawal on the Group

Cash position and net asset value

As mentioned in the Letter from the Board, the Company will pay the Cash Offer by cash from its internal funds. As disclosed in the interim report of the Company for the six months ended 30 June 2006, the SST Group's cash and cash equivalents was approximately RMB14.75 million (equivalent to approximately HK\$13.92 million) and the consolidated net asset value of the SST Group was approximately RMB162.57 million (equivalent to approximately HK\$153.37 million) as at 30 June 2006. The Proposed Withdrawal will decrease each of the cash and cash equivalents and the consolidated net asset value of the SST Group by approximately HK\$1.25 million (being the total consideration for all the Independent Shareholders except ST Electronics accepting the Cash Offer), representing only approximately 8.98% of the cash and cash equivalents and 0.82% of the consolidated net asset value of the SST Group as at 30 June 2006. As such, we consider that the Proposal Withdrawal will not have a material adverse impact on the SST Group's cash position and consolidated net asset value.

Gearing

Based on the interim report of the Company for the six months ended 30 June 2006, the gearing ratio of the SST Group (expressed as bank loans of approximately RMB94.62 million to Shareholders' equity of approximately RMB162.57 million) was approximately 58.20%. The Directors advised that as the Shares received under the Cash Offer will be cancelled, the Shareholders' equity immediately following the close of the Cash Offer will be decreased by approximately HK\$1.25 million (being the total consideration for all the Independent Shareholders except ST Electronics accepting the Cash Offer). Immediately following the close of the Cash Offer, the gearing ratio of the SST Group (expressed as bank loans of approximately RMB94.62 million to Shareholders' equity of approximately RMB161.25 million) will be slightly increased to approximately 58.68%. As such, we consider that the Proposed Withdrawal will not have a material adverse impact on the SST Group's gearing ratio.

LETTER FROM CHINA MERCHANTS

Conclusion

Although there would be no trading platform for the Shares after the Proposed Withdrawal, we consider that the Proposed Withdrawal is in the interests of the Company and the Shareholders as a whole after taking into account the following factors:

- (i) the compliance requirements would be simplified and the administrative and legal costs would be substantially reduced;
- (ii) the Main Board Listing Rules will apply to the SCT Group of which the Company will remain as a member (by virtue of the Company being a subsidiary of SCT) after the Proposed withdrawal becomes effective;
- (iii) there is limited advantage to be gained by the Company retaining its listing status on GEM for the purpose of raising new funds as the Company has not conducted any fund raising since its listing. We consider that the public listing of the Shares on GEM has not been effective from a fund-raising point of view; and
- (iv) the Cash Offer will not have a material adverse financial impact on the SST Group.

We also consider that the Proposed Withdrawal is in the interests of the Independent Shareholders as it can be viewed as an opportunity for them to liquidate their investments in the Company for other alternative investments after taking into account the following factors:

- (i) the financial performance of the SST Group has been gradually declining for the three years ended 31 December 2005 and the six months ended 30 June 2006 with (a) decreasing gross profit margins which were approximately 26.41%, 23.28%, 20.43% and 21.23% respectively; and (b) decreasing net profit margins (excluding the minority interests) which were approximately 14.01%, 7.83%, 3.50% and 2.80% respectively;
- (ii) it can be reasonably expected that the financial performance of the SST Group in the near future will still be affected by the increased competition in the software market in the PRC;
- (iii) it is uncertain whether the past dividend payout of the Company will continue in the future; and
- (iv) the Proposed Withdrawal will be passed on the EGM as ST Electronics who holds approximately 97.64% of the shares eligible to vote on the Proposed Withdrawal has undertaken to vote in favour of the Proposed Withdrawal.

LETTER FROM CHINA MERCHANTS

III. Analysis of the Cancellation Price

Basis of the Cancellation Price

As mentioned in the Letter from the Board, the Cancellation Price was determined with reference to the value as at the Price Determination Date attributable to each Share held by those then Shareholders who accepted the Share Exchange Offer and held onto those SCT Shares received thereafter. The Share Exchange Offer was made by Made Connection in March 2006 to acquire all the issued Shares for every three Shares in exchange for two SCT Shares. The Directors advised that the above basis of the determination of the Cancellation Price is made after considering (i) the closing price of the Shares as at the Price Determination Date cannot reflect the market value of the Company as the Shares have been suspended from trading since the close of the Share Exchange Offer, i.e. 4 April 2006; (ii) the decision of the Proposed Withdrawal was made after considering the failure to maintain the 25% minimum public float requirement, which was resulted from the Share Exchange Offer and the difficulties faced in restoring the 25% minimum public float requirement; and (iii) the Share Exchange Offer is the most recent and relevant case of the Company as the Share Exchange Offer is an offer to the then Shareholders to acquire their Shares and the Cash Offer is an offer to the Shareholders to cancel their Shares. We consider that the basis of the determination of the Cancellation Price is made by the Directors after reasonable consideration and concur with the Directors' view that the basis of the determination of Cancellation Price is fair and reasonable.

As (i) the Shares have been suspended from trading for almost 5 months; and (ii) the closing price of the Shares as at the Price Determination Date cannot reflect the market value of the Company due to the Shares suspension mentioned above, we consider the closing prices of the Shares are not an appropriate basis for assessing the Cancellation Price. Given that the Cancellation Price was determined with reference to the value as at the Price Determination Date attributable to each Share held by those then Shareholders who accepted the Share Exchange Offer and held onto those SCT Shares received thereafter, for comparison purpose, the Cancellation Price is compared with the closing prices of the SCT Shares which are converted based on the above formula (the "Effective Closing Prices") for the period from 4 April 2006 to the Price Determination Date (the "Review Period") in the following analysis.

LETTER FROM CHINA MERCHANTS

Comparison to the Effective Closing Prices

The following table shows the comparison between the Cancellation Price and the Effective Closing Prices during the Review Period and as at the Latest Practicable Date:

Reference date/period	Closing price/ average closing price of SCT Shares HK\$	Effective Closing Price/average Effective Closing Price HK\$	Discount of the Cancellation Price to Effective Closing Price/average Effective Closing Price
30 August 2006, the Latest Practicable Date	0.25	0.17	–
22 August 2006, the Price Determination Date	0.26	0.17	–
From 24 July 2006 (30 days from and including 22 August 2006) to 22 August 2006	0.28	0.19	(10.53%)
From 25 May 2006 (90 days from and including 22 August 2006) to 22 August 2006	0.29	0.19	(10.53%)
From 4 April 2006 to 22 August 2006	0.31	0.21	(19.05%)

Source: calculated from information extracted from website of the Stock Exchange

As shown in the above table, the Cancellation Price is equal to the Effective Closing Prices as at the Latest Practicable Date and the Price Determination Date and is below the averages of the Effective Closing Price on 30 days and 90 days prior to the Price Determination Date.

Price-to-Earnings ratio (“PER”) and Price-to-Book ratio (“PBR”)

We have reviewed valuation benchmarks for all comparable listed companies in Hong Kong, which are principally engaged in system integration and with a market capitalization of less than HK\$500 million (the “Comparable Companies”). The Comparable Companies are companies identified by us, to our best effort, in our research searching through the information provided by Bloomberg. We have set the criteria in selecting the Comparable Companies with a market capitalization of less than HK\$500 million as the market capitalization of the Company was approximately HK\$325.89 million as at the Latest Practicable Date (based on 1,086,300,000 Shares in issue as at the Latest Practicable Date and the closing price of the Shares as at the Latest Practicable Date was HK\$0.3 per Share).

LETTER FROM CHINA MERCHANTS

Set out below is our analysis of PER and PBR, the two most commonly used valuation benchmarks, for each of these Comparable Companies based on the respective closing price of their shares as at the Latest Practicable Date and that of the Company based on the Cancellation Price:

Company	Closing price as at the Latest Practicable Date HK\$	Market capitalization as at the Latest Practicable Date HK\$'million	PER (Note 1) Times	PBR (Note 2) Times
Computer & Technologies Holdings Limited (46)	0.87	234.47	29.79	0.77
Founder Holdings Limited (418)	0.395	443.90	9.19	1.21
Fintronics Holdings Company Limited (706)	0.202	213.57	N/A (Note 3)	0.55
Techwayson Holdings Limited (2330)	0.33	115.50	N/A (Note 3)	0.68
Zhongtian International Limited (2379)	0.34	136.00	14.68	0.89
Universal Technologies Holdings Limited (8091)	0.136	105.70	N/A (Note 3)	8.99
Angels Technologies Company Limited (8112)	0.41	120.44	N/A (Note 3)	61.32
Thiz Technology Group Limited (8119)	0.034	10.41	N/A (Note 3)	N/A (Note 4)
Chengdu Top Sci-Tech Company Limited (8135)	0.28	189.28	N/A (Note 3)	0.63
Highest	0.87	443.90	29.79	61.32
Average	0.333	174.36	17.89	9.38
Lowest	0.034	10.41	9.19	0.55
Company	0.30	325.89	17 (Note 5)	1.13 (Note 6)

Sources: Bloomberg

Notes:

- based on the closing prices of the Comparable Companies as at the Latest Practicable Date and their earnings accordingly to their latest annual reports.

LETTER FROM CHINA MERCHANTS

2. based on the closing prices of the Comparable Companies as at the Latest Practicable Date and their net asset values accordingly to their latest annual reports.
3. those companies recorded losses according to their latest annual reports.
4. the company recorded negative net asset value accordingly to its latest annual report.
5. based on the Cancellation Price of HK\$0.17 and earnings per Share of HK\$0.01 for the year ended 31 December 2005 as extracted from Bloomberg.
6. based on the Cancellation Price of HK\$0.17 and book value per Share of HK\$0.15 as at 31 December 2005 as extracted from Bloomberg.

As shown in the above table, PER represented by the Cancellation Price is slightly below the average of that of the Comparable Companies and falls within the range of that of the Comparable Companies. Although PBR represented by the Cancellation Price is below the average of that of the Comparable Companies, it nevertheless falls within the range of that of the Comparable Companies.

Comparison to recent privatisation precedents in Hong Kong

In assessing whether the level of the Cancellation Price is fair and reasonable, we have also reviewed all privatisation proposals announced from 1 January 2006 to the Latest Practicable Date for companies listed on the Stock Exchange and identified a total of 5 privatisations (the “Precedent Proposals”) whose intention is for an eventual withdrawal of the listing of the company. We have used the starting date of 1 January 2006 after considering transactions undertaken in a longer period may not reflect the prevailing market conditions and expectations. Summarised in the table below are the key statistics of the Precedent Proposals.

Company	Date of announcement 2006	Principal activities	Offer price/ cancellation price HK\$	Premium/(discount) over closing price/average closing price over the following period before the date of the privatisation announcement			Premium/(discount) of offer price to net asset value per share
				Last trading day	30 days	90 days	
Asia Aluminum Holdings Limited (930)	16 March	Design, manufacture and sale of customized aluminum extrusion products and processing and sale of aluminum panels	1.30	56.6%	78.7%	80.8%	41.7%
China Resources Cement Holdings Limited (712)	31 March	Manufacture of cement	2.45	35.4%	65.5%	N/A (Notes 1&2)	(2.8%)
SNP Leefung Holdings Limited (623)	28 June	Printing of books, magazines, pop-up books and packaging products	1.68	60.0%	66.3%	43.6%	12.8% (Note 3)

LETTER FROM CHINA MERCHANTS

Company	Date of announcement 2006	Principal activities	Offer price/ cancellation price HK\$	Premium/(discount) over closing price/average closing price over the following period before the date of the privatisation announcement			Premium/(discount) of offer price to net asset value per share
				Last trading day	30 days	90 days	
Egana Jewellery & Pearls Limited (926)	10 July	Design, manufacture, distribution and trading of jewellery worldwide and licensing	1.80	13.9%	23.3%	21.6%	14.6%
Wong's Kong King International (Holdings) Limited (532)	4 August	Distribution of chemicals, materials and equipment used in the manufacture of printed circuit boards and electronic products and manufacture of electrical and electronic products for OEM customers	1.38	21.1%	36.6%	48.44% (Notes 1&4)	15.0%
Highest				60.0%	78.7%	80.8%	41.7%
Average				37.4%	54.1%	48.6%	16.3%
Lowest				13.9%	23.3%	21.6%	(2.8%)
Company	24 August	Development and provision of system integration solutions in the PRC and Hong Kong	0.17	0	(10.53%)	(10.53%)	21.4% (Note 5)

Source: the respective announcement of the aforementioned privatised companies

Notes:

- not disclosed in the announcements of those companies.
- the then closing prices of the shares are not available on website of the Stock Exchange.
- based on the consolidated net tangible asset value per share.
- calculated from the then closing prices of the shares extracted from website of the Stock Exchange.
- based on the audited consolidated net asset value per Share of approximately RMB0.15 (equivalent to approximately HK\$0.14) as at 31 December 2005 (based on the audited consolidated net asset value (excluding the minority interests) of the Company of approximately RMB160.06 million and 1,086,300,000 Shares in issue as at 31 December 2005).

As illustrated in the table above, we note that the levels of ratio over various closing prices of the Shares as implied by the Cancellation Price are outside the ranges and lower than the averages of those of the Precedent Proposals.

LETTER FROM CHINA MERCHANTS

We note from the announcements of the Precedent Proposals that, immediately after the completion of the Precedent Proposal, the offerors of the Precedent Proposals would increase their shareholdings in the subject companies with a range of approximately 25% to 65% and the subject companies would become wholly-owned subsidiaries of the offerors of the Precedent Proposals. Thus the offer prices paid by the offerors of the Precedent Proposal should carry a premium for the purchase of a substantial number of the shares of the subject companies. As the shareholding held by the Independent Shareholders except ST Electronics represents only 0.67% of the issued share capital of the Company, we consider that the Precedent Proposals might not be an appropriate comparison.

The Cancellation Price represents a premium of approximately 21.4% to the audited net asset value per Share which is within the range and higher than the average of premiums to the audited net asset value per share as represented by the offer prices under the Precedent Proposals.

Conclusion

We consider that the Cancellation Price is a reasonable cash alternative offered to the Independent Shareholders and the terms of the Proposed Withdrawal are fair and reasonable so far as the Independent Shareholders are concerned after taking into account the following factors:

- (i) the basis of the determination of the Cancellation Price, in our view, is made by the Directors after reasonable consideration and fair and reasonable;
- (ii) in assessing whether the level of the Cancellation Price is fair and reasonable, we have used the Effective Closing Price instead of the closing prices of the Shares as (i) the closing prices of the Shares, in our opinion, are not an appropriate basis; and (ii) the basis of the determination of the Cancellation Price is reference to the value as at the Price Determination Date attributable to each Share held by those then Shareholders who accepted the Share Exchange Offer and held onto those SCT Shares received thereafter. We consider that using the Effective Closing Price in assessing the Cancellation Price is a reasonable alternative;
- (iii) although both PER and PBR represented by the Cancellation Price are below the averages of those of the Comparable Companies, they still fall within the ranges of those of the Comparable Companies;
- (iv) although the levels of ratio over various closing prices of the Shares as implied by the Cancellation Price are outside the ranges and lower than the averages of those of the Precedent Proposals, we still consider that the Cancellation Price is a reasonable cash alternative offered to the Independent Shareholders and the terms of the Proposed Withdrawal are fair and reasonable so far as the Independent Shareholders are concerned as the Precedent Proposals might not be an appropriate comparison; and

LETTER FROM CHINA MERCHANTS

- (v) the Cancellation Price represents a premium of approximately 21.4% to the audited net asset value per Share.

IV. Liquidity of the Shares

The highest, lowest and average daily trading volume of the Shares for the period from 1 August 2005 to 4 April 2006, the date on which the Shares have been suspended from trading on GEM, is illustrated in the following table:

Month	Average daily turnover <i>(in number of Shares)</i>	Percentage of average daily turnover to the total issued Shares <i>(Note 1)</i>	Percentage of average daily turnover to the Shares held by the Independent Shareholders <i>(Note 2)</i>
2005			
August	40,870	0.0038%	0.0131%
September	29,524	0.0027%	0.0095%
October	1,522,500	0.1402%	0.4886%
November	33,636	0.0031%	0.0108%
December	70,000	0.0064%	0.0225%
2006			
January	11,053	0.0010%	0.0035%
February	1,000	0.000092%	0.0003%
March	3,478	0.00032%	0.0011%
April <i>(Note 3)</i>	0	0	0

Source: calculated from information extracted from website of the Stock Exchange

Notes:

1. based on 1,086,300,000 Shares in issue.
2. based on 311,601,000 Shares held by the Independent Shareholders as at the Latest Practicable Date.
3. the Shares have been trading up to 4 April 2006.

As shown in the above table, the average daily trading volume of the Shares during the above period was relatively low, with the lowest average daily trading volume of nil for the month of April 2006 and onward and the highest average daily trading volume representing only approximately 0.1402% of the total issued Shares or approximately 0.4886% of the Shares held by the Independent Shareholders for the month of October 2005.

Given the lack of liquidity in the trading of the Shares during the period from 1 August 2005 to 4 April 2006, those Independent Shareholders who intend to dispose their holdings in the market within a short timeframe may not be able to do so without exerting a

LETTER FROM CHINA MERCHANTS

downward pressure on the Share price. We consider the Proposed Withdrawal is in the interests of the Company and the Independent Shareholders as a whole as it represents an opportunity for them to dispose of their holdings in the Company if they so wish and the Cancellation Price is a reasonable cash alternative offered to the Independent Shareholders.

CONCLUSION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that (i) the terms of the Proposed Withdrawal, including the Cancellation Price, are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Cancellation Price is a reasonable cash alternative offered to the Independent Shareholders; and (iii) the Proposed Withdrawal is in the interests of the Company and the Shareholders as a whole. We therefore recommend that the Independent Board Committee advises the Independent Shareholders to vote in favour of the respective resolution relating to the Proposed Withdrawal at the EGM. We also recommend the Independent Shareholders to vote in favour of the respective resolution relating to the Proposed Withdrawal at the EGM.

The Independent Shareholders should note that ST Electronics, holding approximately 28.01% of the existing issued share capital of the Company, has undertaken to vote in favour of the Proposed Withdrawal and it will not accept the Cash Offer. The Directors expect that the Proposed Withdrawal will be passed on the EGM as ST Electronics who holds approximately 97.64% of the shares eligible to vote on the Proposed Withdrawal has undertaken to vote in favour of the Proposed Withdrawal.

Yours faithfully,
For and on behalf of
China Merchants Securities (HK) Co., Ltd.
Eric Yeung
Director

For the purpose of this letter, for the purpose of illustration only, conversion of RMB into HK dollars is calculated at the exchange rate of HK\$1.00 to RMB1.06.

NOTICE OF THE EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Sino Stride Technology (Holdings) Limited (the “Company”) will be held at Room 501-504, 5/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Tuesday, 19 September 2006 at 4:00 p.m. or any adjournment thereof to consider and, if thought fit, pass the following resolution with or without modifications:–

RESOLUTION

“**THAT** the voluntary withdrawal of listing of the shares of the Company on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Proposed Withdrawal”) be approved and any one director of the Company be and is hereby authorised generally to do all such acts for and on behalf of the Company as he may in his absolute discretion deem necessary, desirable or expedient to effect and implement the Proposed Withdrawal.”

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

Hong Kong, 4 September 2006

* *For identification purpose only*

Notes:

1. A Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and to vote at the EGM. A proxy need not be a Shareholder. A form of proxy for use at the EGM is enclosed.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited, together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the Company’s branch share registrar, Abacus Share Registrars Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM.
3. In the case of joint registered holders of any Shares, any one of them may vote at the EGM, either personally or by proxy, in respect of such Shares as if he/she/it was solely entitled thereto; but if more than one of such joint registered holders be present at the EGM, either personally or by proxy, that one of them so present whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holders.

NOTICE OF THE EGM

4. As at the Latest Practicable Date, Made Connection Limited, being the controlling shareholder (as defined in the GEM Listing Rules) holding approximately 71.32% of the existing issued share capital of the Company, shall abstain from voting in the EGM and Singapore Technologies Electronics Limited, holding approximately 28.01% of the existing issued share capital of the Company, has undertaken to the Company that it will vote in favour of the Proposed Withdrawal and that it will not accept the Cash Offer.

1. 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:

	<i>HK\$</i>
<i>Authorised:</i>	
2,000,000,000 shares of HK\$0.01 each	20,000,000
<i>Issued and fully paid or credited as fully paid:</i>	
1,086,300,000 shares of HK\$0.01 each	10,863,000

All of the 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 2005, the date to which the latest published audited consolidated accounts of the SST Group were made up.

(b) Share options

As at the Latest Practicable Date, the Company did not have any other outstanding options, warrants or other securities convertible or exchangeable into the Shares.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short position

As at the Latest Practicable Date, the beneficial interests of the Directors or chief executive in the share capital of the Company or any of its associated corporation (within the meaning of Part XV of the SFO, 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 interest 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:

Name of director	Name of associated corporation	Relationship with the Company	Shares	Number of shares held in the associated corporation ('000)	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Chau Chit	Shougang Concord Technology Holdings Limited (Note 1)	Company's intermediate holding company	Ordinary shares	301,160	Through a controlled corporation (Note 2)	17.6%
Mr. Wong Wai Tin	Shougang Concord Technology Holdings Limited	Company's intermediate holding company	Ordinary shares	301,160	Through a controlled corporation (Note 2)	17.6%
Mr. Wong Wai Tin	Shougang Concord Technology Holdings Limited	Company's intermediate holding company	Ordinary shares	1,666	Directly beneficially owned	0.1%

Notes:

- (1) Shougang Concord Technology Holdings Limited, a company incorporated in Hong Kong whose securities are listed on the Main Board of the Stock Exchange.
- (2) Mega Start Limited 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company has any interests or short positions in the share, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) which are 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 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 pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

(b) Directors' interests in competing business

As at the Latest Practicable Date, ST Electronics (Shanghai) Co., Ltd., a wholly foreign-owned enterprise established by ST Electronics in Shanghai, People's Republic of China, is also engaged in the business of intelligent building systems and home automation systems in 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 2006, respectively. Through the share option scheme in Singapore Technologies Engineering Ltd. ("ST Engineering") (which owns 100% of ST Electronics), Mr. Ng Chong Khim and Mr. Tay Hun Kiat may from time to time own shares or share option 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 competed with or might compete with the business of the SST Group.

Substantial Shareholders

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 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 and in equity derivatives in, or in respect of, underlying Shares

Substantial shareholders	Capacity and nature of interest	Number of ordinary shares/ issued capital held	Percentage of the Company's issued share capital
SCT (<i>Note a</i>)	Through a controlled corporation	774,699,000	71.32%
Made Connection Limited (<i>Note a</i>)	Beneficial owner	774,699,000	71.32%
ST Electronics (<i>Note b</i>)	Beneficial owner	304,260,000	28.01%
Singapore Technologies Engineering Ltd. ("ST Engineering") (<i>Note b</i>)	Through a controlled corporation	304,260,000	28.01%
Temasek Holdings (Private) Ltd. ("Temasek Holdings") (<i>Note b</i>)	Through a controlled corporation	304,260,000	28.01%

Notes:

- (a) Made Connection Limited is a wholly-owned subsidiary of SCT whose shares are listed on the main board of the Stock Exchange. Pursuant to Part XV of the SFO, SCT is deemed to be interested in the Shares held by Made Connection Limited.
- (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 a controlling interest in ST Engineering. Pursuant to Part XV of the SFO, ST Engineering and Temasek Holdings are deemed to be interested in the Shares held by ST Electronics.

3. LITIGATION

As the Latest Practicable Date, neither the Company nor any of its subsidiaries are 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.

4. MATERIAL CONTRACT

In the two years immediately preceding the Latest Practicable Date, the following contract, not being contract entered into in the ordinary course of business, was entered into by the Company or its subsidiaries which was material:

A joint venture agreement dated 21 December 2004 between Sino Stride Technology Co., Ltd. (a subsidiary of SST), Singapore Technologies Kinetics Limited (a fellow subsidiary of ST Electronics) and Zhenjiang University Logistics and Investment Holdings Company (a wholly-owned company of Zhejiang University and an independent third party)

for the establishment in the PRC of 浙江星時達汽車專業維護有限公司 (STAR (Zhejiang) Automotive Center Co., Ltd.) with a total registered capital of RMB15,000,000 (in the proportion of 25%: 70%: 5%), which is engaged in providing automotive services, including automotive fixing maintaining service, automotive examination and maintenance, damage fixing, automotive beautifying and decorating, trading and supplying of automotive spare parts, training, technology consultation, tow truck service and after-sales technical support, etc.

5. CONSENT AND QUALIFICATIONS OF THE EXPERTS

The following is the qualifications of the experts who have been named in this circular or have given opinion or advice which are contained in this circular:

Name	Qualifications
China Merchants	a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) of the regulated activities under the SFO
Vision Finance Capital	a corporation licensed to conduct type 6 (advising on corporate finance) of the regulated activity under the SFO

As at the date of this circular, each of China Merchants and Vision Finance Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice or references to its name in the form and context in which they respectively appear.

6. EXPERT'S INTEREST IN ASSETS

As at the Latest Practicable Date, China Merchants and Vision Finance Capital:

- (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 2005, being the date to which the latest published audited consolidated accounts of the SST Group were made up; and
- (b) did not have any shareholding interest in any member of the SST 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 SST Group.

7. MISCELLANEOUS

- (a) As at the Latest Practicable Date, no agreements, arrangements or understandings (including any compensation arrangement) exist between the Company or any person acting in concert with any one of them and any of the directors of the

Company, recent directors of the Company, and holders or recent holders of the Shares which is conditional on or dependent upon the outcome of the Proposed Withdrawal or is otherwise connected with the Proposed Withdrawal.

- (b) The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2861 GT, George Town, British West Indies.
- (c) The head office of the Company is situated at Room 501-504, 5/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (d) The Registrar is situated at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) The qualified accountant and the secretary of the Company is Mr. Chow Shu Wing, a member of the Hong Kong Institute of Certified Public Accountants.
- (f) The English text of this Circular will prevail over the Chinese text, in case of any inconsistency.

8. PROCEDURES IN DEMANDING A POLL

In accordance with Article 66 of the articles of association of the Company, a resolution put to the vote of the EGM shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or

However, Shareholders are reminded that as required by the GEM Listing Rules, the Proposed Withdrawal shall be taken on a poll.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspect at the office of the Company at Room 501-504, 5/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong from 9:00 a.m. to 5:00 p.m. on any weekday (except Saturdays and public holidays) from the date of this circular up to and including the day immediately prior to the date of the EGM:

- (a) Memorandum and articles of association of the Company;
- (b) the letter from the Independent Board Committee dated 4 September 2006, the text of which is set out on pages 12 to 13 of this circular;
- (c) the letter from China Merchants dated 4 September 2006, the text of which is set out on pages 14 to 29 of this circular;
- (d) the letter of consent dated 4 September 2006 from each of China Merchants and Vision Finance Capital referred to in the section headed “Consent and Qualifications of the Experts” in this Appendix;
- (e) the letter of irrevocable undertaking from ST Electronics dated 12 July 2006;
- (f) the annual reports of the Company for the two years ended 31 December 2004 and 2005, respectively;
- (g) the interim reports of the Company for the six months ended 30 June 2004 and 2005;
- (h) the material contract referred to in the section headed “Material Contract” in this Appendix; and
- (i) the circular dated 4 September 2006 in relation to the Proposed Withdrawal and notice of the EGM.