THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of these Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in **GST Holdings Limited**, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the Forms of Acceptance, the contents of which form part of the terms of the Offers contained therein.

These materials are not an offer for sale of the GST Shares in the United States. The GST Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be sold in the United States absent registration or an exemption from registration under the Securities Act.

UNITED TECHNOLOGIES FAR EAST LIMITED

(Incorporated in Hong Kong with limited liability)

海灣控股有限公司

GST HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00416)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO VOLUNTARY CONDITIONAL CASH OFFERS BY UBS AG ON BEHALF OF UNITED TECHNOLOGIES FAR EAST LIMITED TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF GST HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY HELD BY UNITED TECHNOLOGIES FAR EAST LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF GST HOLDINGS LIMITED

Financial adviser to
United Technologies Far East Limited

UBS Investment Bank

Financial adviser to
GST International Management Limited

citi

Independent financial adviser to the
GST independent board committee

CIMB

CIMB Securities (HK) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from UBS AG containing, among other things, details of the terms of the Offers is set out on pages 7 to 21 of this Composite Document.

A letter from the GST Board is set out on pages 22 to 28 of this Composite Document.

A letter from the GST Independent Board Committee is set out on pages 29 to 30 of this Composite Document. A letter from CIMB, containing advice to the GST Independent Board Committee in respect of the Offers is set out on pages 31 to 52 of this Composite Document.

The procedures for acceptance and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Share Offer and the Option Offer should be received by the Receiving Agent and the company secretary of GST, respectively, no later than 4:00 p.m. on 7 August 2009 (or such other time and/or date as UTFE may determine and announce with the consent of the Executive).

17 July 2009

CONTENTS

The timetable set out below is indicative and any changes to the timetable will be announced by UTFE. All time references contained in this Composite Document refer to Hong Kong time.

Despatch date of this Composite Document and the commencement of the Offers *(Note 1)*	Friday, 17 July 2009
Latest time and date for acceptance of the Offers on the first Closing Date *(Note 2)*	4:00 p.m. on Friday, 7 August 2009
First Closing Date *(Note 2)*	Friday, 7 August 2009
Announcement of the result of the Offers, as at the first Closing Date, on the website of the Stock Exchange	by 7:00 p.m. on Friday, 7 August 2009
Latest date for posting of remittances for the amount due in respect of valid acceptances received on or before the first Closing Date, assuming the Offers become or are declared unconditional on the first Closing Date *(Note 3)*	Monday, 17 August 2009
Latest time and date for the Offers remaining open for acceptance assuming the Offers become or are declared unconditional on the first Closing Date *(Note 4)*	4:00 p.m. on Friday, 21 August 2009
Latest time and date by which the Offers can become or be declared unconditional as to acceptances *(Note 5)*	7:00 p.m. on Tuesday, 15 September 2009

Notes:

(1) The Offers are made on Friday, 17 July 2009, namely the date of posting of this Composite Document, and are capable of being accepted on and from that date.

(2) In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance of the Offers is 4:00 p.m. on Friday, 7 August 2009. See also note (4) below.

(3) The consideration payable for the GST Shares and the Share Options under the Offers will be posted by ordinary post to the GST Shareholders or the GST Optionholders respectively accepting the Offers at their own risk as soon as possible, but in any event within 10 days of the later of: (i) the date of receipt by the Receiving Agent (in respect of the Share Offer) or the company secretary of GST (in respect of the Option Offer) of all the relevant documents to render the acceptance under the Offers complete and valid, and (ii) the date the Offers becomes, or are declared, unconditional.

(4) In accordance with the Takeovers Code, where the Offers become or are declared unconditional, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to the GST Shareholders and GST Optionholders who have not accepted the Offers. UTFE reserves its right to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). UTFE will issue a press announcement in relation to any extension of the Offers, which will state the next closing date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice. UTFE has stated its intention in this Composite Document to exercise certain rights of compulsory acquisition under section 88 of the Cayman Islands Companies Law if UTFE and its Concert Parties acquire not less than 90% of the Disinterested Shares within four months of the posting of this Composite Document as required by Rule 2.11 of the Takeovers Code. The Offers may not remain open for acceptance for more than 4 months from the date of posting of this Composite Document, unless UTFE has by that time become entitled to exercise those rights of compulsory acquisition.

(5) In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or are declared unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Tuesday, 15 September 2009, unless extended with the consent of the Executive.

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and UTFE proceeds with the privatisation of GST, dealings in the securities of GST will be suspended from the Closing Date (or such later time or date as UTFE may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of GST's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If, at the close of the Offers, less than 25% of the GST Shares are held by the public or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading of the GST Shares, or**

- **there are insufficient GST Shares in public hands to maintain an orderly market,**

then the Stock Exchange may exercise its discretion to suspend dealings in the GST Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the GST Shares and therefore, trading in the GST Shares may be suspended until a prescribed level of public float is attained.

As at the Latest Practicable Date and based on public information disclosed under Part XV of the SFO, the public float of GST is approximately 17.54%, which has fallen below 25% of the entire issued share capital of GST, the minimum prescribed under the Listing Rules.

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

"acting in concert"	has the meaning ascribed to it in the Takeovers Code;
"associates"	has the meaning ascribed to it in the Listing Rules;
"BVI"	means the British Virgin Islands;
"Business Day"	a day which the Stock Exchange is open for the transaction of business;
"Cayman Islands Companies Law"	means the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
"CCASS"	means the Central Clearing and Settlement System established and operated by the HKSCC;
"CIMB"	means CIMB Securities (HK) Limited (formerly known as CIMB-GK Securities (HK) Limited), a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the GST Independent Board Committee in relation to the Offers;
"Citi"	means Citigroup Global Markets Asia Limited, a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, being the financial adviser to GST International;
"Closing Date"	means the first closing date of the Offers, being 21 days after the date on which this Composite Document is posted, or any subsequent closing date as may be announced by UTFE and approved by the Executive;
"Composite Document"	means the composite document in connection with the Offers, incorporating the Offer Document issued by UBS AG, on behalf of UTFE, and the Response Document, issued by GST;
"Concert Parties"	means parties acting in concert with UTFE, as determined in accordance with the Takeovers Code;
"Conditions"	means the conditions of the Offers, as set out under the paragraph headed "Conditions of the Offers" in the "Letter from UBS AG" of this Composite Document;

"Consent(s)"	means any consent, approval, authorisation, qualification, waiver, permit, grant, franchise, concession, agreement, licence, exemption or order of, registration, certificate, declaration or permission from, or filing with, or report or notice to, any Relevant Authority;
"Disinterested Shares"	means all of the GST Shares other than those GST Shares held by UTFE and its Concert Parties;
"Executive"	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
"Forms of Acceptance"	means the **WHITE** Form of Acceptance and the **PINK** Form of Acceptance;
"GST"	means GST Holdings Limited, a limited company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (Stock Code: 00416);
"GST Board"	means the board of directors of GST;
"GST Director(s)"	means the director(s) for the time being of GST;
"GST Group"	means GST and its subsidiaries;
"GST Independent Board Committee"	means the independent committee of the GST Board comprising Mr. Chang Tso Tung, Stephen, Mr. Chan Chi On and Mr. Sun Lun;
"GST International"	means GST International Management Limited, a limited company incorporated in the British Virgin Islands with limited liability, which is owned by 22 shareholders, of which the Management Owners collectively own in aggregate approximately 81.63% of the issued share capital of GST International;
"GST Optionholders"	means registered grantees/holders for the time being of the Share Options;
"GST Shareholders"	means registered holders for the time being of the GST Shares;
"GST Shares"	means ordinary shares of HK$0.10 each in the issued share capital of GST;
"HK$"	means Hong Kong dollar(s), the lawful currency of Hong Kong;

"HKSCC"	means Hong Kong Securities Clearing Company Limited;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"Irrevocable Undertakings"	means the irrevocable undertakings dated 2 December 2008 given by GST International and each of the Management Owners in favour of UTFE;
"Joint Announcement"	means the joint announcement issued jointly by UTFE and GST on 2 December 2008 in connection with the Offers;
"Know-how"	means all know-how, trade secrets and confidential information, in any form (including paper, electronically stored data, magnetic media, film and microfilm) including without limitation financial and technical information, drawings, formulae, test results or reports, project reports and testing procedures, information relating to the working of any product, process, invention, improvement or development, instruction and training manuals, tables of operating conditions, information concerning intellectual property portfolio and strategy, market forecasts, lists or particulars of customers and suppliers, sales targets, sales statistics, prices, discounts, margins, future business strategy, tenders, price sensitive information, market research reports, information relating to research and development and business development and planning reports and any information derived from any of them;
"Last Trading Date"	means 7 November 2008, being the last trading day prior to the suspension of trading in the GST Shares before the publication of the Joint Announcement;
"Latest Practicable Date"	means 14 July 2009, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information referred to in this Composite Document;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	means the date which is 365 days after the date of the Joint Announcement, unless the date has been extended by UTFE with the consent of GST International;

"Management Owners"	means Messrs. Song Jiacheng, Zeng Jun, Cao Yu and Peng Kaichen, each a director of GST, who owns approximately 26.93%, 23. 14%, 15.78% and 15.78% respectively and together collectively own in aggregate approximately 81.63% of the issued share capital of GST International;
"Offer Document"	means the document required to be issued by, or on behalf of, UTFE to all GST Shareholders and GST Optionholders in accordance with the Takeovers Code containing, inter alia, details of the Offers and the terms and conditions of the Offers and forming part of this Composite Document;
"Offer Period"	means the period from 18 March 2008 until whichever is the latest of the date when the Offers close for acceptances, the date when the Offers lapse, and the date when an announcement is made of the withdrawal of the Offers;
"Offers"	means the Share Offer and the Option Offer;
"Option Offer"	means the voluntary conditional cash offer for cancellation of the Share Options at the Option Offer Price;
"Option Offer Price"	means the cash amount of HK$0.58 per Share Option with an exercise price of HK$2.80 for each GST Share payable by UTFE to GST Optionholders for each Share Option accepted under the Option Offer;
"**PINK** Form of Acceptance"	means the pink form of acceptance and cancellation of the outstanding Share Options in respect of the Option Offer;
"PRC"	means the People's Republic of China;
"PRC Antitrust Filing"	means the submission of the formal notification pursuant to The Anti-Monopoly Laws of the PRC to the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC, in connection with the Offers;
"Pre-Condition"	means the pre-condition to the making of the Offers as described under the paragraph headed "Pre-Condition to the Offers" in the "Letter from UBS AG" of this Composite Document;
"RMB"	means Renminbi, the lawful currency of the PRC;
"Receiving Agent"	means Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong;

"Relevant Authorities" or "Relevant Authority"	means any government, governmental, quasi-governmental, statutory or regulatory authority, body, agency, tribunal, court or institution;
"Response Document"	means the document required to be issued by GST to GST Shareholders and GST Optionholders in accordance with the Takeovers Code containing, inter alia, the board circular of GST and forming part of this Composite Document;
"Restricted Goods or Services"	means goods or services of the same type as or similar to or competitive with any goods or services supplied by the GST Group at the close of the Offers;
"Restricted Parties"	means GST International, the Management Owners, family members of the Management Owners and any company directly or indirectly controlled by the Management Owners and/or family members of the Management Owners and/or GST International;
"SFC"	means the Securities and Futures Commission of Hong Kong;
"SFO"	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"Share Offer"	means the voluntary conditional cash offer at the Share Offer Price to acquire all of the issued shares in the share capital of GST other than those GST Shares held by UTFE and its Concert Parties;
"Share Offer Price"	means the cash amount of HK$3.38 payable by UTFE to GST Shareholders for each GST Share accepted under the Share Offer;
"Share Option Scheme"	means the share option scheme adopted by GST pursuant to a written resolution passed by the GST Shareholders on 7 June 2005, as amended from time to time;
"Share Options"	means the outstanding options granted pursuant to the Share Option Scheme and "Share Option" shall be construed accordingly;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"subsidiaries"	has the meaning ascribed to it in the Listing Rules;
"Takeovers Code"	means the Codes on Takeovers and Mergers and Share Repurchases published by the SFC;

"UBS AG"	means UBS AG, acting through its division, UBS Investment Bank, a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities;
"Unconditional Date"	means the date on which the Offers become or are declared unconditional in all respects;
"US$"	United States dollar(s), the lawful currency of the United States of America;
"UTFE"	means United Technologies Far East Limited, a company incorporated in Hong Kong with limited liability;
"UTFE Directors"	means the directors of UTFE for the time being;
"**WHITE** Form of Acceptance"	means the white form of acceptance and transfer of the GST Shares in respect of the Share Offer; and
"%"	means per cent.

In the event of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

Any reference to exchange rate contained in this Composite Document is for the purpose of illustration only.

UBS Investment Bank

52nd Floor
Two International Finance Centre
8 Finance Sheet
Central
Hong Kong

17 July 2009

To the GST Shareholders and the GST Optionholders,

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
UBS AG
ON BEHALF OF
UNITED TECHNOLOGIES FAR EAST LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
GST HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY HELD BY
UNITED TECHNOLOGIES FAR EAST LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF
GST HOLDINGS LIMITED**

1. INTRODUCTION

On 2 December 2008, UTFE and GST jointly announced that on 8 November 2008, GST was advised by its controlling shareholder, GST International, that UTFE is considering making proposed voluntary conditional cash offers (i) to acquire all of the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties); and (ii) for the cancellation of all the outstanding Share Options.

On 17 June 2009, UTFE and GST jointly announced that the Pre-Condition had been fulfilled. UTFE will make, through UBS AG, voluntary conditional cash offers to acquire all of the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties), and for the cancellation of all the outstanding Share Options.

As at the Latest Practicable Date, GST International is interested in 427,479,369 GST Shares, representing approximately 53.43% of the total issued share capital of GST, and is GST's controlling shareholder (as defined in the Listing Rules). Pursuant to the Irrevocable Undertakings dated 2 December 2008, GST International and each of the Management Owners has irrevocably undertaken to accept or procure to accept the Share Offer in respect of the GST Shares held by GST International, and each of the Management Owners has irrevocably undertaken to accept the Option Offer in respect of all Share Options held by them respectively.

This letter sets out details of the principal terms of the Offers, together with information relating to UTFE and the intentions of UTFE in relation to the GST Group. Further details of the terms of the Offers are set out under the paragraph headed "Further Terms of the Offers" below, and details of the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

Your attention is also drawn to the letter from the GST Board, the letter from the GST Independent Board Committee and the letter from CIMB contained in this Composite Document.

2. THE OFFERS

2.1 Consideration for the Offers

UBS AG, on behalf of UTFE, is making (i) the Share Offer to acquire all the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties), and (ii) the Option Offer for the cancellation of all the outstanding Share Options, on the following basis:

The Share Offer:

For each GST Share	**HK$3.38 in cash**

The Option Offer:

For each Share Option with an exercise price of HK$2.80 per GST Share	**HK$0.58 in cash**

As at the Latest Practicable Date, there are 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares. Other than the 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares, GST has no other GST Shares, Share Options, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into GST Shares.

2.2 Comparisons of value

The Share Offer Price represents:

	Premium of the Share Offer Price to the share price %
Closing price on the Latest Practicable Date	1.2%
Closing price on the last business and trading day prior to the commencement of the Offer Period	50.2%
Closing price on the Last Trading Date	77.9%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	94.3%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	107.7%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	93.5%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	66.1%

The Option Offer Price represents the difference between the exercise price of the respective Share Options and the Share Offer Price.

Please also refer to the paragraph headed "Market Prices" in Appendix IV to this Composite Document for further information on the market prices of the GST Shares.

2.3 Highest and lowest prices

The highest closing price of the GST Shares as quoted on the Stock Exchange was HK$3.34 each on 13 and 14 July 2009 and the lowest closing price of the GST Shares as quoted on the Stock Exchange was HK$1.37 each on 23 and 24 October 2008 during the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

2.4 Consideration for the Share Offer and the Option Offer

Based on the Share Offer Price of HK$3.38 per GST Share and 567,791,369 GST Shares in issue (representing the GST Shares not already held by UTFE and its Concert Parties) as at the Latest Practicable Date, the maximum amount payable under the Share Offer (assuming no Share Options are exercised and the Share Offer is accepted in full) is approximately HK$1,919 million.

Based on the Option Offer Price of HK$0.58 per Share Option with an exercise price of HK$2.80 for each GST Share in respect of 4,500,000 outstanding Share Options involving 4,500,000 GST Shares as at the Latest Practicable Date, the maximum amount payable under the Option Offer (assuming no Share Options are exercised prior to the Closing Date and the Option Offer is accepted in full) is approximately HK$2.6 million.

In the event all the Share Options are exercised in full by GST Optionholders (other than the Share Options held by the Management Owners) prior to the Closing Date and the Share Offer is accepted in full (including all GST Shares issued and allotted as a result of the exercise of the Share Options), the maximum amount payable by UTFE pursuant to the Share Offer will be increased to approximately HK$1,927 million and approximately HK$1.3 million will then be payable under the Option Offer. In such case GST shall receive an aggregate subscription price of approximately HK$6.3 million from the exercise of the Share Options.

The consideration payable under the Offers was determined on the basis of the 2007 audited consolidated financial statements of GST, UTFE's review of GST's business and potential synergies arising from the acquisition of control by UTFE.

2.5 Share Option Scheme

As at the Latest Practicable Date, GST had outstanding 4,500,000 Share Options entitling GST Optionholders to subscribe for up to an aggregate of 4,500,000 GST Shares at an exercise price of HK$2.80 per GST Share. If the Share Options are exercised in full, GST will have to issue 4,500,000 GST Shares, representing approximately 0.56% of the enlarged issued share capital of GST.

2.6 Confirmation of Financial Resources

The maximum amount of aggregate cash consideration to be paid to GST Shareholders and GST Optionholders in connection with the Offers (including the compulsory acquisition which may be undertaken in connection with the Offers and assuming all the Share Options are exercised in full prior to the Closing Date (other than the Share Options held by the Management Owners and assuming the Management Owners will accept the Option Offer in full), and excluding the GST Shares not already held by UTFE and its Concert Parties) is approximately HK$1,928 million. It is presently intended that this amount will be funded by UTFE from funds made available from its affiliates.

UBS AG has been appointed as the financial adviser to UTFE in respect of the Offers. UBS AG is satisfied that sufficient financial resources are available to UTFE to satisfy full acceptance of the Offers as described above.

3. PRE-CONDITION TO THE OFFERS

As disclosed in the Joint Announcement, the making of the Offers was conditional upon any applicable waiting periods for a response from the relevant governmental or regulatory body having expired or being terminated and/or any Consent or approval (including without limitation any approval in relation to the PRC Antitrust Filing and national security approval, as may be necessary) of any governmental or regulatory body in relation to the Offers or the completion thereof having been obtained in terms reasonably satisfactory to UTFE pursuant to the provisions of any laws or regulations in the PRC and other relevant jurisdictions, in each case where necessary for completion of the Offers.

On 17 June 2009, UTFE and GST jointly announced that, on 16 June 2009, UTFE formally obtained written clearance dated 15 June 2009 from the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC in relation to the PRC Antitrust Filing in relation to the Offers and that, accordingly, UTFE is satisfied that the Pre-Condition had been fulfilled. Additionally, on 13 May 2009 the Brazilian Competition Authority has notified UTFE and gave its consent in relation to the Brazilian competition filing.

4. CONDITIONS OF THE OFFERS

The Offers will be conditional on the satisfaction or waiver of the following Conditions:

(A) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as UTFE may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the Disinterested Shares;

(B) the GST Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the GST Shares as a result of the Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the GST Shares on the Stock Exchange is or is likely to be withdrawn;

(C) (i) all Consents as are necessary for the acquisition of the GST Shares having been obtained in form and substance satisfactory to UTFE and remaining in full force and effect without variation from all Relevant Authorities and all conditions (if any) to such Consents having been fulfilled; (ii) each member of the GST Group possessing or having obtained all licences and permits from the Relevant Authorities that are necessary to carry on its business; and (iii) all mandatory consents from third parties having been obtained for the acquisition of the GST Shares;

(D) no event having occurred which would make the Offers or the acquisition of any of the GST Shares void, unenforceable, illegal or prohibit implementation of the Offers;

(E) no Relevant Authorities in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers or acquisition of the GST Shares void, unenforceable or illegal or which would impose any material conditions or obligations with respect to the Offers or the acquisition of any of the GST Shares pursuant to the Share Offer;

(F) since the date of the 2007 audited consolidated financial statements of GST, there having been no change, effect, fact, event or circumstance which has had or would reasonably be expected to have a material adverse effect on, or to cause a material adverse change in, the general affairs, management, financial position, business, prospects, conditions (whether financial, operational, legal or otherwise), earnings, solvency, current or future consolidated financial position, shareholders' equity or results of operations of GST or any member of the GST Group, whether or not arising in the ordinary course of business; and

(G) no material breach of any covenants, representations and warranties given by GST International and each of the Management Owners in favour of UTFE.

UTFE reserves the right to waive all or any of the Conditions to the Offers set out above, in whole or in part. Condition (A) may be waived subject to UTFE having received acceptances in respect of GST Shares which would result in UTFE and its Concert Parties holding more than 50% of the voting rights in GST. As at the Latest Practicable Date, none of the Conditions to the Offers have been fulfilled or waived, whether in whole or in part.

In addition to the Conditions set out above, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to UTFE that the GST Shares acquired under the Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement.

In addition to the Conditions set out above, the Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. The GST Board has approved the cancellation of the Share Options that are duly tendered for cancellation under the Option Offer.

Further, the Option Offer will be made on the basis that acceptance of the Option Offer by any person will constitute a warranty by such person or persons to UTFE that the Share Options are free from all third party rights, liens, charges, equities, adverse interests and encumbrances and are to be cancelled and renounced together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attaching to them.

5. IRREVOCABLE UNDERTAKINGS

On 2 December 2008, GST International and each of the Management Owners executed Irrevocable Undertakings in favour of UTFE, pursuant to which GST International and each of the Management Owners undertook to accept or procure to accept (i) the Share Offer in respect of the 427,479,369 GST Shares held by GST International as at the date of the Irrevocable Undertakings, representing approximately 53.43% of the issued share capital of GST (assuming no Share Options are exercised) as at the Latest Practicable Date; and (ii) the Option Offer in respect of the 2,250,000 Share Options granted to the Management Owners collectively entitling the Management Owners to subscribe for up to an aggregate of 2,250,000 GST Shares, within three (3) business days following the despatch of the Offer Document.

Assuming the Conditions of the Offers described above are satisfied or waived: (1) based on the Offer Price of HK$3.38 per GST Share, pursuant to the Irrevocable Undertakings, UTFE shall acquire from GST International the 427,479,369 GST Shares held by it at a total consideration of approximately HK$1,445 million; and (2) based on the Option Offer Price of HK$0.58 per each Share Option, pursuant to the Irrevocable Undertakings, the total consideration payable by UTFE to the Management Owners for the 2,250,000 Share Options collectively held by them will be approximately HK$1.3 million.

The Irrevocable Undertakings shall terminate if the Share Offer lapses or is withdrawn without having become wholly unconditional or if the Pre-Condition is not satisfied on or before the Long Stop Date and the Long Stop Date is not extended by UTFE with the consent of GST International. As disclosed under the paragraph headed "Pre-Condition to the Offers" of this Composite Document, on 16 June 2009, UTFE formally obtained written clearance dated 15 June 2009 from the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC in relation to the PRC Antitrust Filing in relation to the Offers. The Irrevocable Undertakings will remain binding even if a higher offer is made for the GST Shares.

6. NON-COMPETITION AND NON-SOLICITATION UNDERTAKINGS

GST International and each of the Management Owners have respectively undertaken in favour of UTFE (for itself and as trustee for each company comprising the GST Group) that they shall not and shall procure that the Restricted Parties shall not, directly or indirectly, for a period of 24 months from the date on which UTFE announces the close of the Share Offer pursuant to the Takeovers Code:

(a) engage in any business in the PRC, Hong Kong, United Kingdom, United Arab Emirates, Turkey, Qatar and the United States of America which competes with any business presently carried on by the GST Group ("**Competing Business**") or own, directly or indirectly, 5 per cent or more of the shares in any entity which is principally engaged in a Competing Business; or

(b) act as an employee, officer, consultant or in any other capacity in a Competing Business or provide technical, commercial or professional advice to a Competing Business; or

(c) accept orders for or supply or cause orders to be accepted for or cause to be supplied Restricted Goods or Services to any person who was provided by GST with, or negotiating with GST to be provided, with goods or services by the GST Group at any time during the 24 months up to and including the close of the Share Offer (a "**Group Customer**"); or

(d) solicit, canvass or approach or endeavour to solicit, canvass or approach or cause to be solicited, canvassed or approached any Group Customer for the purpose of offering to that person Restricted Goods or Services; or

(e) solicit, canvass or approach or endeavour to solicit, canvass or approach or cause to be solicited, canvassed or approached, for the purpose of obtaining the supply of goods or services of the same type as or similar to any goods or services supplied to the GST Group at the close of the Share Offer, any person who, to its knowledge, supplied the GST Group with any such goods or services at any time during the 24 months up to and including the close of the Share Offer (a "**Group Supplier**"), where it is reasonably likely that such soliciting, canvassing or approaching of a Group Supplier would, if successful, materially prejudice the ability of the GST Group to procure or the terms on which it is able to procure the supply of such goods or services; or

(f) solicit or entice away or endeavour to solicit or entice away or cause to be solicited or enticed away from the GST Group any person who is, and was at the close of the Share Offer, employed or directly or indirectly engaged by the GST Group with a view to inducing that person to leave such employment or engagement (whether or not such person would commit a breach of his contract of employment or engagement by reason of leaving); or

(g) solicit or endeavour to solicit or cause to be solicited any person who was at any time during the 24 months up to and including the close of the Share Offer employed or directly or indirectly engaged by the GST Group who, by reason of their employment or engagement, possesses any trade secrets or a material amount of confidential information concerning the business or affairs of the GST Group or is likely to be able to solicit away from the GST Group the custom of any Group Customer, with a view to inducing that person to act in the same or a materially similar capacity in relation to the same or a materially similar field of work for another person carrying on business in competition with the GST Group (whether or not such person would commit a breach of his contract of employment or engagement by reason of so acting).

In addition, GST International and each of the Management Owners have undertaken in favour of UTFE (for itself and as trustee for each company comprising the GST Group) that they shall not and shall procure that the Restricted Parties shall not, directly or indirectly, disclose or use any Know-how, confidential information or trade secrets which they possess or any of them individually possesses concerning the business or affairs of the GST Group or of any person having dealings with the GST Group.

In respect of the restrictions entered into by Mr. Song Jiacheng and Mr. Cao Yu in their capacity as Management Owners, the period applicable for the non-competition and non-solicitation undertakings shall be extended, in the case of Mr. Song Jiacheng, until the expiry of 24 months from the termination of his tenure as Honorary Chairman of GST and, in the case of Mr. Cao Yu, until the expiry of 24 months from the termination of his tenure as a director of GST.

7. GENERAL INFORMATION

7.1 Information on UTFE

UTFE was incorporated in Hong Kong on 13 August 1997 as a company with limited liability under Hong Kong law. UTFE is a holding company for investments in Hong Kong and the PRC. UTFE is an indirect wholly-owned subsidiary of United Technologies Corporation, a publicly traded corporation on the New York Stock Exchange in the United States of America. UTFE is the parent company of a number of operating companies in Hong Kong and the PRC.

7.2 Reasons for the Offers

UTFE believes that there are compelling commercial reasons for a combination of UTFE and GST. UTFE believes that the business of GST is a good strategic fit with its existing businesses and the proposed acquisition will allow UTFE to further expand the presence of UTFE and its affiliates in the PRC. If the Offers are completed, UTFE intends to conduct a post acquisition review of GST's operations with a view to developing a plan to realise efficiencies and synergies with UTFE and its affiliates' operations in the PRC. Pending completion of this post acquisition business review and the development and approval of an integration plan by UTFE's senior management, UTFE does not propose to institute any major changes to the business of GST (including in relation to any redeployment of fixed assets or major employee changes in the GST Group) following the acquisition and intends that GST will continue to carry on its business. There is a strong commitment to build on GST's current brand and business model, improve the utilisation of its fixed assets and provide enhanced opportunities for GST's employees.

7.3 UTFE's intentions in relation to GST

Compulsory acquisition and withdrawal of listing

In the event Condition (A) is satisfied, UTFE intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those GST Shares not acquired by UTFE under the Share Offer. On completion of the compulsory acquisition, GST will become a wholly-owned subsidiary of UTFE and an application will be made for the withdrawal of the listing of the GST Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where UTFE seeks to acquire or privatise GST by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Share Offer and purchases made by UTFE and its Concert Parties during the period of four months after posting of the Offer Document total 90% of the Disinterested Shares.

Honorary Chairmanship

The current Chairman of GST, Mr. Song Jiacheng, has agreed to take up the role as the Honorary Chairman of GST and a current GST Director, Mr. Cao Yu will continue to act as a GST Director, both for one year from the Closing Date. Both GST and UTFE will benefit from their deep understanding of the fire detection business in the PRC as well as their on-going experience and advice.

UTFE expects that the terms of the remuneration packages to be offered to each of Mr. Song Jiacheng and Mr. Cao Yu on completion of the Offers will be substantially the same and no better than the existing remuneration packages respectively offered to Mr. Song Jiacheng and Mr. Cao Yu in their current capacity as executive directors of GST, with reference to the existing basis by which the GST Board determines the existing terms of remuneration for the GST Directors and each of UTFE, Mr. Song Jiacheng and Mr. Cao Yu will comply with the relevant requirements of the Takeovers Code in relation to remuneration as and when they arise.

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and UTFE proceeds with the privatisation of GST, dealings in the securities of GST will be suspended from the Closing Date (or such later time or date as UTFE may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of GST's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

In the event that the compulsory acquisition rights are not available to UTFE and the Offers close, UTFE will, together with GST, use reasonable endeavours to maintain the listing of the GST Shares on the Stock Exchange and will ensure that not less than 25% of the GST Shares will be held by the public in compliance with the Listing Rules.

If, at the close of the Offers, less than 25% of the GST Shares are held by the public or if the Stock Exchange believes that:

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

then the Stock Exchange may exercise its discretion to suspend dealings in the GST Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the GST Shares and therefore, trading in the GST Shares may be suspended until a prescribed level of public float is attained.

7.4 General matters relating to the Offers

Availability of the Offers

UTFE intends to make available the Offers to all GST Shareholders and GST Optionholders, including those who are resident outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes due in respect of such jurisdiction) or obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdiction.

The attention of GST Shareholders and GST Optionholders who are not resident in Hong Kong is drawn to sub-paragraphs (i) and (j) of the paragraph headed “General” in Appendix I to this Composite Document.

In the event that the receipt of this Composite Document by overseas GST Shareholders or GST Optionholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the UTFE Directors regard as unduly onerous or burdensome or otherwise not in the best interests of UTFE or the shareholders of UTFE as a whole, this Composite Document, subject to the Executive’s consent, will not be despatched to such overseas GST Shareholders or GST Optionholders.

As at the Latest Practicable Date, there is only one overseas shareholder, GST International, the registered address of which was in the British Virgin Islands as registered on GST's share register.

Completion of the Offers

If the Conditions are not satisfied (or, if permissible, waived) on or before the Closing Date, the Offers will lapse unless extended by UTFE.

In that case, UTFE will issue an announcement in relation to the revision, extension, expiry or unconditionality of the Offers in accordance with the Takeovers Code and Listing Rules by 7:00 p.m. on the Closing Date. The latest date on which UTFE can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If the Conditions are satisfied (or, if permissible, waived), GST Shareholders and GST Optionholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

8. FURTHER TERMS OF THE OFFERS

8.1 The Share Offer

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

The completed and signed **WHITE** Form of Acceptance should then be forwarded, together with the relevant GST 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 the number of GST Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Receiving Agent, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "**GST Share Offer**" on the envelope, as soon as possible after receipt of this Composite Document and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as UTFE may determine and announce with the consent of the Executive.

8.2 The Option Offer

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

The completed and signed **PINK** Form of Acceptance should then be forwarded, together with the relevant certificate(s) of the Share Options stating the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the company secretary of GST at Suite 1612, 16th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, marked "**GST Option Offer**" on the envelope, as soon as possible after receipt of this Composite Document and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as UTFE may determine and announce with the consent of the Executive.

9. SETTLEMENT OF THE OFFERS

9.1 The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant GST 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 complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as UTFE may announce with the consent of the Executive), a cheque for the amount due to each GST Shareholder less seller's ad valorem stamp duty in respect of the GST Shares tendered by him/her/it under the Share Offer will be despatched to the GST Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed **WHITE** Form of Acceptance and all relevant documents by the Receiving Agent from the GST Shareholder accepting the Share Offer.

9.2 The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) of the Share Options are complete and in good order in all respects and have been received by the company secretary of GST no later than the latest time for acceptance (or such later time and/or date as UTFE may announce with the consent of the Executive), a cheque for the amount due to each GST Optionholder in respect of the Share Options surrendered by him/her under the Option Offer will be despatched to the GST Optionholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all respects and the date of receipt of the duly completed **PINK** Form of Acceptance and all relevant documents by the company secretary of GST from the GST Optionholder accepting the Option Offer.

Settlement of the consideration to which any GST Shareholder or GST Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which UTFE may otherwise be, or claim to be, entitled against such GST Shareholder or GST Optionholder, as the case may be.

9.3 Hong Kong stamp duty

Sellers' ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each accepting GST Shareholder at the rate of HK$1.00 for every HK$1,000 or part thereof of the consideration payable by UTFE for such person's GST Shares and will be deducted from the cash amount due to such accepting GST Shareholder. UTFE will pay the buyer's ad valorem stamp duty on its own behalf. No stamp duty is payable in connection with the Option Offer.

Your attention is drawn to the further terms of the Offers set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

10. TAXATION

The GST Shareholders and the GST Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of GST, UTFE UBS AG or any of their respective directors or any persons involved in the Offers accepts responsibility for any tax effects on or liabilities of any person or persons as a result of their acceptance of the Offers.

This Composite Document does not include any information in respect of overseas taxation. GST Shareholders and GST Optionholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the GST Shares and Share Options respectively.

11. GENERAL

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

All documents and remittances sent to the GST Shareholders and the GST Optionholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the GST Shareholders and the GST Optionholders at their addresses as they appear in the register of members of GST or the register of GST Optionholders (as the case may be), and in the case of joint GST Shareholders, to the GST Shareholder whose name appears first in the register of members of GST, as applicable. None of UTFE, its Concert Parties, GST, UBS AG, the Receiving Agent or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

12. ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Forms of Acceptance and the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,	Yours faithfully,
For and on behalf of	For and on behalf of
UBS AG	**UBS AG**
Matthew Hanning	**Patrick Lau**
Managing Director	*Director*

海灣控股有限公司
GST HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00416)

Executive Directors:
Mr. Song Jiacheng *(Chairman)*
Mr. Cao Yu
Mr. Peng Kaichen

Non-executive Directors:
Mr. Zeng Jun
Mr. Lee Kwan Hung

Independent non-executive Directors:
Mr. Chang Tso Tung, Stephen
Mr. Chan Chi On
Mr. Sun Lun

Registered Office:
Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
British West Indies

Head office and principal place of business in Hong Kong:
Suite 1612, 16th Floor
Shun Tak Center, West Tower
168-200 Connaught Road Central
Sheung Wan
Hong Kong

17 July 2009

To the GST Shareholders and the GST Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
UBS AG
ON BEHALF OF
UNITED TECHNOLOGIES FAR EAST LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
GST HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY HELD BY
UNITED TECHNOLOGIES FAR EAST LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF
GST HOLDINGS LIMITED**

1. INTRODUCTION

On 2 December 2008, UTFE and GST jointly announced that on 8 November 2008, GST was advised by its controlling shareholder, GST International, that UTFE is considering making proposed voluntary conditional cash offers (i) to acquire all of the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties); and (ii) for the cancellation of all the outstanding Share Options.

On 17 June 2009, UTFE and GST jointly announced that the Pre-Condition had been fulfilled, UTFE will make, through UBS AG, voluntary conditional cash offers to acquire all of the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties), and for the cancellation of all the outstanding Share Options.

Mr. Chang Tso Tung, Stephen, Mr. Chan Chi On and Mr. Sun Lun, all of whom are independent non-executive GST Directors, have been appointed as members of the GST Independent Board Committee in respect of the Offers. Mr. Lee Kwan Hung, a non-executive GST Director, is a partner of Woo, Kwan, Lee & Lo, the legal advisers as to Hong Kong laws of GST in relation to the Offers, and Mr. Zeng Jun, a non-executive GST Director, is one of the Management Owners; both GST Directors are accordingly not considered to be independent under the Takeovers Code to opine on the terms of the Offers.

CIMB has been approved by the GST Independent Board Committee to act as the independent financial adviser to advise the GST Independent Board Committee on the Offers.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the GST Group, UTFE and the Offers as well as setting out the letter from the GST Independent Board Committee containing its recommendation to the GST Shareholders and the GST Optionholders in respect of the Offers and the letter from CIMB containing its advice to the GST Independent Board Committee in respect of the Offers.

2. THE OFFERS

2.1 Consideration for the Offers

UBS AG, on behalf of UTFE, is making (i) the Share Offer to acquire all the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties), and (ii) the Option Offer for the cancellation of all the outstanding Share Options, on the following basis:

The Share Offer:

For each GST Share	**HK$3.38 in cash**

The Option Offer:

For each Share Option with an exercise price of HK$2.80 per GST Share	**HK$0.58 in cash**

As at the Latest Practicable Date, there are 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares. Other than the 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares, GST has no other GST Shares, Share Options, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into the GST Shares.

Further details of the Offers, including the acceptance and settlement procedures, are set out in the letter from UBS AG on pages 7 to 21 of this Composite Document, Appendix I to this Composite Document and the accompanying Forms of Acceptance.

2.2 Comparisons of value

The Share Offer Price represents:

	Premium of the Share Offer Price to the share price %
Closing price on the Latest Practicable Date	1.2%
Closing price on the last business and trading day prior to the commencement of the Offer Period	50.2%
Closing price on the Last Trading Date	77.9%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	94.3%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	107.7%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	93.5%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	66.1%

The Option Offer Price represents the difference between the exercise price of the respective Share Options and the Share Offer Price.

Please also refer to the paragraph headed "Market Prices" in Appendix IV to this Composite Document for further information on the market prices of the GST Shares.

2.3 Highest and lowest prices

The highest closing price of the GST Shares as quoted on the Stock Exchange was HK$3.34 each on 13 and 14 July 2009 and the lowest closing price of the GST Shares as quoted on the Stock Exchange was HK$1.37 each on 23 and 24 October 2008 during the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

2.4 Consideration for the GST Shares and the Share Options

Based on the Share Offer Price of HK$3.38 per GST Share and 567,791,369 GST Shares in issue (representing the GST Shares not already held by UTFE and its Concert Parties) as at the Latest Practicable Date, the maximum amount payable under the Share Offer (assuming no Share Options are exercised and the Share Offer is accepted in full) is approximately HK$1,919 million.

Based on the Option Offer Price of HK$0.58 per Share Option with an exercise price of HK$2.80 for each GST Share in respect of 4,500,000 outstanding Share Options involving 4,500,000 GST Shares as at the Latest Practicable Date, the maximum amount payable under the Option Offer (assuming no Share Options are exercised prior to the Closing Date and the Option Offer is accepted in full) is approximately HK$2.6 million.

2.5 Share Option Scheme

As at the Latest Practicable Date, GST had outstanding 4,500,000 Share Options entitling GST Optionholders to subscribe for up to an aggregate of 4,500,000 GST Shares at an exercise price of HK$2.80 per GST Share. If the Share Options are exercised in full, GST will have to issue 4,500,000 GST Shares, representing approximately 0.56% of the enlarged issued share capital of GST.

2.6 Conditions of the Offers

In addition to the Conditions set out in the section headed "Conditions of the Offers" in the letter from UBS AG of this Composite Document, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to UTFE that the GST Shares acquired under the Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement.

In addition to the Conditions set out above, the Option Offer will be subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. The GST Board has approved the cancellation of the Share Options that are duly tendered for cancellation under the Option Offer.

Further, the Option Offer will be made on the basis that acceptance of the Option Offer by any person will constitute a warranty by such person or persons to UTFE that the Share Options are free from all third party rights, liens, charges, equities, adverse interests and encumbrances and are to be cancelled and renounced together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attaching to them.

3. IRREVOCABLE UNDERTAKINGS

On 2 December 2008, GST International and each of the Management Owners executed Irrevocable Undertakings in favour of UTFE, pursuant to which GST International and each of the Management Owners undertook to accept or procure to accept (i) the Share Offer in respect of the 427,479,369 GST Shares held by GST International as at the date of the Irrevocable Undertakings, representing approximately 53.43% of the issued share capital of GST (assuming no Share Options are exercised) as at the Latest Practicable Date; and (ii) the Option Offer in respect of the 2,250,000 Share Options granted to the Management Owners collectively entitling the Management Owners to subscribe for up to an aggregate of 2,250,000 GST Shares, within three (3) business days following the despatch of the Offer Document.

Assuming the Conditions of the Offers are satisfied or waived: (1) based on the Offer Price of HK$3.38 per GST Share, pursuant to the Irrevocable Undertakings, UTFE shall acquire from GST International the 427,479,369 GST Shares held by it at a total consideration of approximately HK$1,445 million; and (2) based on the Option Offer Price of HK$0.58 per each Share Option, pursuant to the Irrevocable Undertakings, the total consideration payable by UTFE to the Management Owners for the 2,250,000 Share Options collectively held by them will be approximately HK$1.3 million.

The Irrevocable Undertakings shall terminate if the Share Offer lapses or is withdrawn without having become wholly unconditional or if the Pre-Condition is not satisfied on or before the Long Stop Date and the Long Stop Date is not extended by UTFE with the consent of GST International. As disclosed under the paragraph headed "Pre-Condition to the Offers" in the "Letter from UBS AG" of this Composite Document, on 16 June 2009, UTFE formally obtained written clearance dated 15 June 2009 from the Anti-Monopoly Bureau of the Ministry of Commerce of the PRC in relation to the PRC Antitrust Filing in relation to the Offers. The Irrevocable Undertakings will remain binding even if a higher offer is made for the GST Shares.

4. GENERAL INFORMATION

4.1 Information on the GST Group and GST International

GST was incorporated in the Cayman Islands on 27 April 2004 as an exempted company with limited liability under the Cayman Islands Companies Law. GST was listed on the Main Board of the Stock Exchange on 30 June 2005, trading under the stock code 00416. The GST Group is principally engaged in the development, manufacturing, sale and installation of intelligent fire detection and control systems, automatic and intelligent security systems for residential, commercial and industrial uses. The operations of the GST Group are substantially located in the PRC.

The audited consolidated net asset value of GST was approximately RMB1,119,576,000 as at 31 December 2008. GST recorded an audited consolidated net profit before tax and extraordinary items of approximately RMB193,845,000 and RMB185,824,000 for the years ended 31 December 2008 and 31 December 2007 respectively. GST recorded an audited consolidated net profit after tax and extraordinary items attributable to GST Shareholders of approximately RMB177,676,000 and RMB181,016,000 for the years ended 31 December 2008 and 31 December 2007 respectively.

GST International, being the controlling shareholder of GST, is an investment company incorporated in the BVI and is owned by 22 shareholders, of which the Management Owners, namely Messrs. Song Jiacheng, Zeng Jun, Cao Yu and Peng Kaichen, collectively own in aggregate approximately 81.63% of the issued share capital of GST International. The Management Owners are also GST Directors.

The GST Board received on 26 March 2009 memoranda from Mr. Zeng Jun and Mr. Peng Kaichen, both of whom are GST Directors (also being shareholders of GST International) which contained allegations against Mr. Song Jiacheng (also a shareholder of GST International and Chairman of the GST Board) with respect to certain affairs of the GST Group and GST International. Since then, an independent board committee (comprising only the independent non-executive GST Directors) was formed to look into the allegations that relate to the GST Group, which principally relate to the ownership, and procedures for the appointment, of a sub-contractor of the GST Group and other resources and relationships with suppliers. The independent board committee (with the advice of independent legal advisers retained for this purpose) reviewed the allegations and made further enquiries over a period of slightly over three months ending in July 2009.

At the Latest Practicable Date, in the opinion of the independent board committee, the allegations were unsubstantiated and no substantive evidence of any material irregularities had been presented to the independent board committee.

The GST Board is also aware the aforesaid memoranda revealed disagreement on the composition of the board of directors of GST International among certain shareholders of GST International.

UTFE has been informed of the above allegations. However, UTFE has informed GST that UTFE has not had the opportunity to review the memoranda or findings of the independent board committee or to conduct its own enquiries into the allegations, and is therefore not in a position to form its own view as to the validity of the allegations.

Your attention is also drawn to the financial information, property valuation and general information of the GST Group set out in Appendices II, III and IV to this Composite Document respectively.

4.2 UTFE's intentions in relation to GST

Your attention is drawn to the section headed "UTFE's intentions in relation to GST" in the letter from UBS AG.

GST Shareholders should note that UTFE has stated that, in the event valid acceptances of the Share Offer have been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as UTFE may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the Disinterested Shares, UTFE intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those GST Shares not acquired by UTFE under the Share Offer.

The current Chairman of GST, Mr. Song Jiacheng, has agreed to take up the role as the Honorary Chairman of GST and a current GST Director, Mr. Cao Yu, will continue to act as a GST Director, both for one year from the Closing Date. Both GST and UTFE will benefit from their deep understanding of the fire detection business in the PRC as well as their on-going experience and advice.

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and UTFE proceeds with the privatisation of GST, dealings in the securities of GST will be suspended from the Closing Date (or such later time or date as UTFE may, subject to

the rules of the Takeovers Code, decide) up to the withdrawal of listing of GST's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

In the event that the compulsory acquisition rights are not available to UTFE and the Offers close, UTFE will, together with GST, use reasonable endeavours to maintain the listing of the GST Shares on the Stock Exchange and will ensure that not less than 25% of the GST Shares will be held by the public in compliance with the Listing Rules.

If, at the close of the Offers, less than 25% of the GST Shares are held by the public or if the Stock Exchange believes that:

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

then the Stock Exchange may exercise its discretion to suspend dealings in the GST Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the GST Shares and therefore, trading in the GST Shares may be suspended until a prescribed level of public float is attained.

As at the Latest Practicable Date and based on the public information disclosed under Part XV of the SFO, the public float of GST is approximately 17.54%, which has fallen below 25% of the entire issued share capital of GST, the minimum prescribed percentage under the Listing Rules.

4.3 Statement by the Executive Directors of GST

Having considered the view of the GST Independent Board Committee and the advise from CIMB in relation to the Offers, the executive GST Directors believe that the terms of the Offers are fair and reasonable and in the interests of the GST Shareholders and GST Optionholders as a whole.

4.4 No dividend or other distribution

GST does not intend to declare or pay any dividend or other distribution on the GST Shares during the Offer Period.

5. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the GST Independent Board Committee and the letter from CIMB which set out their recommendations and opinions in relation to the Offers and the principal factors considered by them before arriving at their recommendations. You are also advised to read this Composite Document and the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers.

By order of the Board of
GST Holdings Limited
Song Jiacheng
Chairman

海灣控股有限公司
GST HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00416)

17 July 2009

To the GST Shareholders and the GST Optionholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
UBS AG
ON BEHALF OF
UNITED TECHNOLOGIES FAR EAST LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
GST HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY HELD BY
UNITED TECHNOLOGIES FAR EAST LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF
GST HOLDINGS LIMITED**

INTRODUCTION

We refer to the Composite Document dated 17 July 2009 jointly issued by UBS AG, on behalf of UTFE, and GST, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the GST Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the GST Shareholders and the GST Optionholders are concerned.

CIMB has been appointed as the independent financial adviser to the GST Independent Board Committee to advise us in respect of the terms of the Share Offer and the Option Offer. Details of its advice and principal factors taken into consideration in arriving at its recommendations are set out in the letter from CIMB contained in the Composite Document. CIMB considers that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the GST Shareholders and GST Optionholders are respectively concerned, and advises us to recommend the GST Shareholders and the GST Optionholders to accept the Share Offer and the Option Offer respectively.

We also wish to draw your attention to: (i) the letter from the GST Board; (ii) the letter from CIMB; and (iii) the additional information set out in the Appendices to this Composite Document.

RECOMMENDATION

Having taken into account the respective terms of the Share Offer and the Option Offer and the advice of CIMB in relation to the Offers, we consider that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the GST Shareholders and the GST Optionholders are respectively concerned.

Accordingly, we recommend the GST Shareholders that they should consider accepting the Share Offer. In respect of the Option Offer, we recommend the GST Optionholders that they should consider accepting the Option Offer.

Notwithstanding our recommendation, the GST Shareholders and the GST Optionholders should consider carefully the terms of the Offers.

Yours faithfully,
The Independent Board Committee
Mr. Chang Tso Tung, Stephen **Mr. Chan Chi On** **Mr. Sun Lun**
Independent non-executive directors

CIMB Securities (HK) Limited

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

17 July 2009

To the GST Independent Board Committee

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
UBS AG
ON BEHALF OF
UNITED TECHNOLOGIES FAR EAST LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF
GST HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY HELD BY
UNITED TECHNOLOGIES FAR EAST LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF
GST HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment, as approved by the GST Independent Board Committee, as the independent financial adviser to the GST Independent Board Committee in relation to the Offers, details of which are set out in the Composite Document dated 17 July 2009, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

The GST Board currently comprises three executive GST Directors, two non-executive GST Directors and three independent non-executive GST Directors. In accordance with Rule 2.8 of the Takeovers Code, members of the GST Independent Board Committee should comprise all non-executive GST Directors who have no direct or indirect interest in the Offers (other than as a GST Shareholder). Mr. Lee Kwan Hung, a non-executive GST Director, is a partner of Woo, Kwan, Lee & Lo, the legal advisers as to Hong Kong laws of GST in relation to the Offers, whereas Mr. Zeng Jun, a non-executive GST Director, is one of the Management Owners, both of whom are therefore not considered to be independent under the Takeovers Code to opine on the terms of the Offers and are precluded from membership of the GST Independent Board Committee. Accordingly, the GST Independent Board Committee comprising the three independent non-executive GST Directors, namely Mr. Chang Tso Tung, Stephen, Mr. Chan Chi On and Mr. Sun Lun, has been established to advise the GST Shareholders and the GST Optionholders in respect of the Offers.

In our capacity as the independent financial adviser to the GST Independent Board Committee, our role is to provide the GST Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts supplied to us and representations expressed by the GST Directors and/or management of the GST Group and have assumed that all such information and facts and any representations made to us or contained in the Composite Document were true, accurate and complete at the time they were made and continue to be so at the date of the Composite Document and during the period up to the close of the Offers. We have been advised by the GST Directors and/or the management of the GST Group that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

We consider we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs of the GST Group.

We have not considered the tax implications on the GST Shareholders and the GST Optionholders of their acceptances or non-acceptances of the Offers since this is particular to their own individual circumstances. In particular, the GST Shareholders and the GST Optionholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offers and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Offers, we have considered the following principal factors and reasons:

I. Background to and major terms of the Offers

Background

As set out in the letter from UBS AG of the Composite Document ("Letter from UBS AG"), on 8 November 2008, GST was advised by its controlling shareholder, GST International, that UTFE was considering making proposed voluntary conditional cash offers (i) to acquire all of the GST Shares (other than those Shares already held by UTFE and its Concert Parties); and (ii) for the cancellation of all the outstanding Share Options.

As stated in the Joint Announcement, the making of the Offers shall be subject to the satisfaction of the Pre-Condition. On 17 June 2009, UTFE and GST jointly announced that the Pre-Condition has been satisfied, and UTFE would make, through UBS AG, voluntary conditional cash offers to acquire all of the GST Shares (other than those GST Shares already held by UTFE and its Concert Parties), and for the cancellation of all the outstanding Share Options.

As at the Latest Practicable Date, GST International was interested in 427,479,369 GST Shares, representing approximately 53.43% of the total issued share capital of GST, and was GST's controlling shareholder (as defined in the Listing Rules), and UTFE and its Concert Parties were interested in 232,208,631 GST Shares, representing approximately 29.03% of the total issued share capital of GST.

Major terms of the Offers

The Offers are made on the following basis:

The Share Offer:

For each GST Share	**HK$3.38 in cash**

The Option Offer:

For each Share Option with an exercise price of HK$2.80 per GST Share	**HK$0.58 in cash**

As at the Latest Practicable Date, there were 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares. Other than the 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares, GST had no other GST Shares, Share Options, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into GST Shares.

The Offers will be conditional upon, amongst others, valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as UTFE may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the Disinterested Shares (the "90% Threshold Condition"). However, the 90% Threshold Condition may be waived by UTFE subject to UTFE having received acceptances in respect of the GST Shares which would result in UTFE and its Concert Parties holding more than 50% of the voting rights in GST. As at the Latest Practicable Date, none of the Conditions to the Offers have been fulfilled or waived, whether in whole or in part.

Irrevocable Undertakings

As disclosed in the Letter from UBS AG, on 2 December 2008, GST International and each of the Management Owners executed Irrevocable Undertakings in favour of UTFE, pursuant to which GST International and each of the Management Owners undertook to accept or procure to accept (i) the Share Offer in respect of the 427,479,369 GST Shares held by GST International as at the date of the Irrevocable Undertakings, representing approximately 53.43% of the issued share capital of GST (assuming no Share Options are exercised) as at the Latest Practicable Date; and (ii) the Option Offer in respect of the 2,250,000 Share Options granted to the Management Owners collectively entitling the Management Owners to subscribe for up to an aggregate of 2,250,000 GST Shares, within three (3) business days following the despatch of the Composite Document.

The Irrevocable Undertakings shall terminate if the Share Offer lapses or is withdrawn without having become wholly unconditional or if the Pre-Condition is not satisfied on or before the Long Stop Date and the Long Stop Date is not extended by UTFE with the consent of GST International. As mentioned above, the Pre-Condition has been satisfied. The Irrevocable Undertakings will remain binding even if a higher offer is made for the GST Shares.

Non-competition and non-solicitation undertakings

As disclosed in the Letter from UBS AG, GST International and each of the Management Owners have respectively undertaken in favour of UTFE (for itself and as trustee for each company comprising the GST Group) that they shall not and shall procure that the Restricted Parties shall not, among other things, directly or indirectly, for a period of 24 months from the date on which UTFE announces the close of the Share Offer pursuant to the Takeovers Code, engage in any Competing Business; or have dealings with any Group Customer who was provided by the GST Group with Restricted Goods or Services or any Group Supplier who supplied to the GST Group any goods or services at any time during the 24 months up to and including the close of the Share Offer; or solicit or entice away from the GST Group any person who is, and was at the close of the Share Offer, employed or directly or indirectly engaged by the GST Group with a view to inducing that person to leave such employment or engagement.

In respect of the restrictions entered into by Mr. Song Jiacheng and Mr. Cao Yu in their capacity as Management Owners, the period applicable for the non-competition and non-solicitation undertakings shall be extended, in the case of Mr. Song Jiacheng, until the expiry of 24 months from the termination of his tenure as Honorary Chairman of GST and, in the case of Mr. Cao Yu, until the expiry of 24 months from the termination of his tenure as a director of GST.

For a detailed description of the non-competition and non-solicitation undertakings, please refer to the section headed "6. Non-competition and non-solicitation undertakings" in the Letter from UBS AG.

Background of UTFE and its future intention

As stated in the Letter from UBS AG, UTFE was incorporated in Hong Kong on 13 August 1997 as a company with limited liability under Hong Kong law. UTFE is a holding company for investments in Hong Kong and the PRC. UTFE is an indirect wholly-owned subsidiary of United Technologies Corporation, a publicly traded corporation on the New York Stock Exchange ("NYSE") in the United States of America. UTFE is the parent company of a number of operating companies in Hong Kong and the PRC.

United Technologies Corporation, UTFE's parent company, is a sizable company listed on the NYSE and a constituent of the S&P 500 index, with market capitalization of approximately US$48,590 million (equivalent to approximately HK$376,573 million) as at the Latest Practicable Date. United Technologies Corporation is also engaged in provision of fire and security services business, which includes fire and special hazard detection and suppression systems and fire fighting equipment, electronic security, monitoring and rapid response systems and service and security personnel services.

For the financial year ended 31 December 2008, the audited consolidated net profit before and after taxation of United Technologies Corporation were approximately US$6,936 million (equivalent to approximately HK$53,754 million) and US$4,689 million (equivalent to approximately HK$36,340 million), respectively. As at 31 December 2008, United Technologies Corporation had net assets of approximately US$16,926 million (equivalent to approximately HK$131,176.5 million).

We note from the Letter from UBS AG that in the event the 90% Threshold Condition is satisfied, UTFE intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those GST Shares not acquired by UTFE under the Share Offer. On completion of the compulsory acquisition, GST will become a wholly-owned subsidiary of UTFE and an application will be made for the withdrawal of the listing of the GST Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where UTFE seeks to acquire or privatise GST by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Share Offer and purchases made by UTFE and its Concert Parties during the period of four months after posting of the Composite Document total 90% of the Disinterested Shares.

As stated in the Letter from UBS AG, UTFE believes that there are compelling commercial reasons for a combination of UTFE and GST. UTFE believes that the business of GST is a good strategic fit with its existing businesses and the proposed acquisition will allow UTFE to further expand the presence of UTFE and its affiliates in the PRC. We also note from the Letter from UBS AG that if the Offers are completed, UTFE intends to conduct a post acquisition review of GST's operations with a view to developing a plan to realise efficiencies and synergies with UTFE and its affiliates' operations in the PRC. UTFE has a strong commitment to build on GST's current brand and business model, improve the utilisation of its fixed assets and provide enhanced opportunities for GST's employees.

The GST Shareholders should note that while United Technologies Corporation, UTFE's parent company, is a sizable company listed on the NYSE and a constituent of the S&P 500 index, which is also engaged in provision of fire and security services business, and UTFE intends to carry on GST's current business following completion of the Offers, UTFE also intends to conduct a post acquisition review of GST's operations with a view to developing a plan to realise efficiencies and synergies with UTFE and its affiliates' operations in the PRC when the Offers are completed. Accordingly, we have no information as to UTFE's future development plan for GST following completion of the Offers and thus are unable to provide an opinion on the impact of the Offers on the future prospects of the GST Group.

Compulsory acquisition rights

As stated in the Letter from UBS AG, in the event that the 90% Threshold Condition is satisfied, UTFE intends to exercise the right under the Cayman Islands Companies Law to compulsorily acquire those GST Shares not acquired by UTFE under the Share Offer and to apply for a de-listing of the GST Shares from the Stock Exchange, and in the event that the compulsory acquisition rights are not available to UTFE and the Offers close, UTFE will, together with GST, use reasonable endeavors to maintain the listing of the GST Shares on the Stock Exchange and will ensure that not less than 25% of the GST Shares will be held by the public in compliance with the Listing Rules.

Accordingly, if the GST Shareholders consider retaining some or all of their GST Shares, they should be aware that, in the event that the 90% Threshold Condition is satisfied, UTFE intends to apply the provisions of the Cayman Islands Companies Law to compulsorily acquire all outstanding GST Shares at the Share Offer Price.

Further terms and conditions of the Offers, including the procedure for acceptance, are set out in the Letter from UBS AG.

II. Historical financial performance of the GST Group

GST was incorporated in the Cayman Islands on 27 April 2004 as an exempted company with limited liability under the Cayman Islands Companies Law. The GST Shares have been listed on the main board of the Stock Exchange since 30 June 2005.

The GST Group is a total fire and security solutions provider engaged in research and development, production, sales and distribution, installation, and after-sales services of fire alarm products, fire extinguishing products, intelligent security products, safety and protection products, and energy saving and environmental control products for its customers in a wide spectrum of sectors, including construction, public facilities, industrial facilities and special venues. Since the implementation of a new mandatory accreditation standard for fire alarm systems in the PRC, the GST Group has obtained the largest number of certifications in the new assessments, with a total of 48 products accredited with the new standard. Revenue of the GST Group was principally generated in the PRC market.

The following sets out a summary of the audited financial information of the GST Group for each of the three years ended 31 December 2008 as extracted from the annual report for each of the two years ended 31 December 2008 (the "2007 Annual Report" and the "2008 Annual Report", respectively):

	For the year ended 31 December		
	2008	**2007**	**2006**
	RMB'million	*RMB'million*	*RMB'million*
Revenue *(Note)*	1,131.5	840.2	645.8
Gross profit	473.0	368.3	316.7
Gross profit margin	41.8%	43.8%	49.0%
Profit before income tax	193.8	185.8	173.1
Profit after taxation and minority interests	177.7	181.0	165.0
Net profit margin	15.7%	21.5%	25.6%

	As at 31 December		
	2008	**2007**	**2006**
	RMB'million	*RMB'million*	*RMB'million*
Net assets	1,119.6	1,005.0	881.3

Note: set out below is a breakdown of the turnover by products:

	2008	YOY	2007	YOY	2006
	RMB' million	*change %*	*RMB' million*	*change %*	*RMB' million*
Fire alarm systems	810.7	40.2	578.3	21.5	476.1
Installation services	183.1	34.2	136.4	42.4	95.8
Security products	68.6	(8.2)	74.7	95.0	38.3
Electric power meters & 119 fire network systems	69.1	36.0	50.8	42.7	35.6
Total	1,131.5	34.7	840.2	30.1	645.8

As disclosed in the 2007 Annual Report, for the year ended 31 December 2006 ("FY2006"), the GST Group recorded a turnover of approximately RMB645.8 million. The net profit attributable to equity holders of GST for FY2006 was approximately RMB165.0 million, representing an increase of approximately 1.6% from the previous financial year.

For the year ended 31 December 2007 ("FY2007"), the GST Group recorded a turnover of approximately RMB840.2 million, representing an increase of approximately 30.1% from FY2006. The increase in turnover was principally attributable to (i) 21.5% increase in sales of fire alarm systems from approximately RMB476.1 million in FY2006 to approximately RMB578.3 million in FY2007; (ii) 95.0% increase in sales of security products from approximately RMB38.3 million in FY2006 to approximately RMB74.7 million in FY2007; and (iii) 42.4% increase in installation services from approximately RMB95.8 million in FY2006 to approximately RMB136.4 million in FY2007. However, as the security products and installation services carry a relatively lower gross profit margin, the GST Group's overall gross profit margin decreased from approximately 49.0% in FY2006 to approximately 43.8% in FY2007. The net profit attributable to equity holders for FY2007 was approximately RMB181.0 million, representing an increase of approximately 9.7% from FY2006. The net profit margin also decreased from approximately 25.6% in FY2006 to 21.5% in FY2007.

For the year ended 31 December 2008 ("FY2008"), the GST Group recorded a turnover of approximately RMB1,131.5 million, representing an increase of approximately 34.7% from FY2007. The increase was mainly attributable to (i) 40.2% increase in sales of fire alarm systems to approximately RMB810.7 million from approximately RMB578.3 million in FY2007; (ii) 34.2% increase in turnover of installation services to approximately RMB183.1 million from approximately RMB136.4 million in FY2007; and (iii) 36.0% increase in sale of electric power meters & 119 fire network systems to approximately RMB69.1 million from approximately RMB50.8 million in FY2007. While the gross profit rose by approximately 28.4% to approximately RMB473.0 million from approximately RMB368.3 million in FY2007, overall gross profit margin dropped from 43.8% in FY2007 to 41.8% in FY2008. The decrease in gross profit margin was due to the steep decrease in the gross profit margin in installation services and security products. As advised by the Directors, the decrease in gross profit margin in installation services and security products was principally due to the acceptance of lower margin installation projects under intensified market competition and higher labour costs along with the sharp increase in raw material costs. The net profit attributable to equity holders of GST for FY2008 was approximately RMB177.7 million, representing a slight decrease of approximately 1.8% from FY2007. The net profit margin decreased from approximately 21.5% in FY2007 to 15.7% in FY2008.

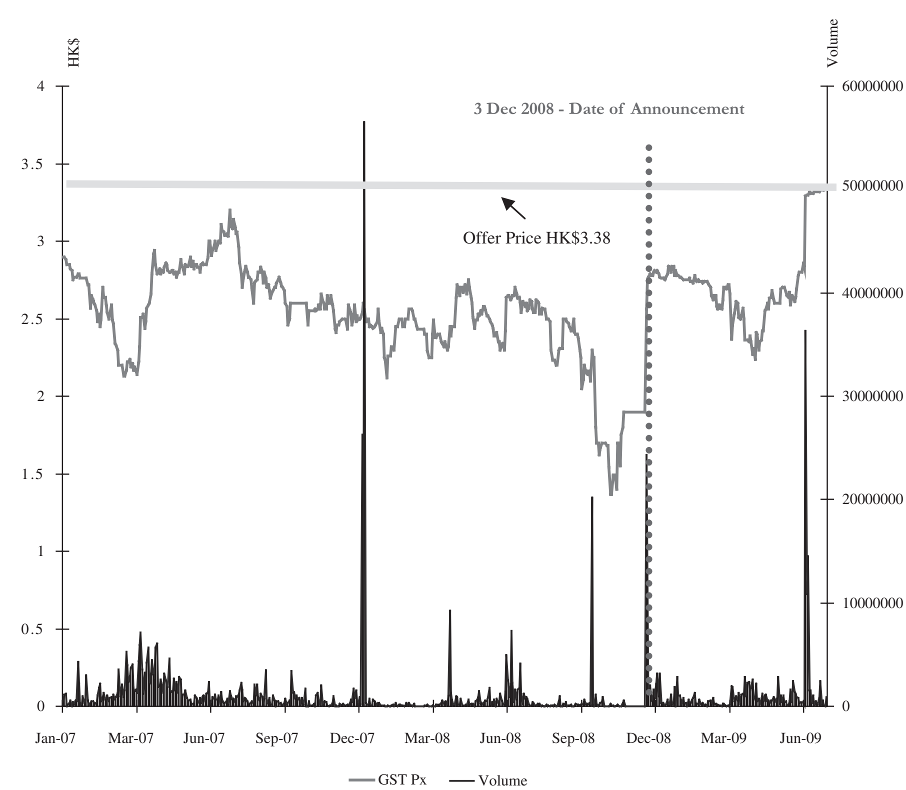
As disclosed in the 2008 Annual Report and advised by the GST Directors, from the perspective of the macro environment setting, now is the era for fire and security industry to undergo reform and substantial development in the PRC. However, global economy considerably slowed down in the fourth quarter of 2008 and the first quarter of 2009. The risk of further downturn remains and this adds uncertainty to the economic outlook. Under the current financial crisis, the economic growth of the PRC is susceptible to export market by other major countries and the faltering property market would likely drag down the market of fire and security products in the PRC.

Given (i) the fact that the operating environment of the GST Group has turned unfavourable in view of the slowing down of the global and PRC economy as affected by the global financial crisis as explained above; and (ii) despite the growth in turnover, the continuous drop in GST's gross profit margin and net profit margin from approximately 49.0% and 25.6% in FY2006 to approximately 41.8% and 15.7% in FY2008, respectively, we concur with the GST Directors' view that the GST Group will continue to operate in a challenging business environment in the near to medium term.

III. Share Offer Price and Option Offer Price

(i) Historical market price and liquidity of the GST Shares

The following chart shows the closing price and trading volume of the GST Shares as quoted on the Stock Exchange from 1 January 2007 to the Latest Practicable Date (both dates inclusive) (the "Review Period"):



Source: Bloomberg

GST went public on 30 June 2005 by listing on the main board of the Stock Exchange at the initial public offer price of HK$1.72 per GST Share. As shown in the above chart, during the period from 1 January 2007 to the Last Trading Date (the "Pre-Announcement Period"), the highest and lowest closing prices of GST Shares as quoted on the Stock Exchange were HK$3.2 per GST Share recorded on 23 July 2007, and HK$1.37 per GST Share recorded on 23 October 2008 and 24 October 2008, respectively. The Share Offer Price is above the closing price of the GST Shares throughout the Pre-Announcement Period and represents a premium of approximately 5.6% over such highest closing price per GST Share; and a premium of approximately 146.7% over such lowest closing price per GST Share during the Pre-Announcement Period.

It should be noted that the Share Offer Price represents a considerable premium of approximately 35.2% over the average closing price of HK$2.5 per GST Share during the Pre-Announcement Period, and also exceeds the highest closing price per GST Share during the same period.

Trading of GST Shares was suspended on 10 November 2008 pending release of the Joint Announcement dated 3 December 2008. During the period from 3 December 2008 to the Latest Practicable Date (both dates inclusive) (the "Post-Announcement Period"), the highest and lowest closing prices of GST Shares as quoted on the Stock Exchange were HK$3.34 recorded on 13 July 2009 and 14 July 2009, and HK$2.24 recorded on 16 April 2009. The Share Offer Price is above the closing price of the GST Shares throughout the Post-Announcement Period and represents a premium of approximately 1.2% and 50.9%, respectively, to such highest closing price and lowest closing price per GST Share.

The following table sets out the trading volume of the GST Shares during the Review Period:

	Average daily trading volume for the month/period *(Note 1)*	**Percentage of average daily trading volume to total number of GST Shares in issue as at the Latest Practicable Date** *(in % approximately)*	**Percentage of average daily trading volume to total number of GST Shares held by public shareholders as at the Latest Practicable Date** *(Note 2)* *(in % approximately)*
2007			
January	835,619	0.10	0.60
February	787,833	0.10	0.56
March	2,178,590	0.27	1.55
April	3,689,524	0.46	2.63
May	1,919,986	0.24	1.37
June	730,965	0.09	0.52
July	741,596	0.09	0.53
August	1,035,343	0.13	0.74
September	389,579	0.05	0.28
October	669,575	0.08	0.48
November	369,545	0.05	0.26
December	4,800,211	0.60	3.42

	Average daily trading volume for the month/period *(Note 1)*	Percentage of average daily trading volume to total number of GST Shares in issue as at the Latest Practicable Date *(in % approximately)*	Percentage of average daily trading volume to total number of GST Shares held by public shareholders as at the Latest Practicable Date *(Note 2)* *(in % approximately)*
2008			
January	187,622	0.02	0.13
February	128,128	0.02	0.09
March	89,692	0.01	0.06
April	854,095	0.11	0.61
May	501,150	0.06	0.36
June	1,424,335	0.18	1.02
July	723,667	0.09	0.52
August	199,200	0.02	0.14
September	1,174,500	0.15	0.84
October	256,667	0.03	0.18
November	240,500	0.03	0.17
1 and 2 December	–	–	–
Simple average during the Pre-Announcement Period	**1,094,445**	**0.14**	**0.78**
3 December – 31 December 2008	2,944,947	0.37	2.10
2009			
January	656,944	0.08	0.47
February	437,474	0.05	0.31
March	528,477	0.07	0.38
April	1,260,775	0.16	0.90
May	727,895	0.09	0.52
June	3,774,785	0.47	2.69
July (up to and including the Latest Practicable Date)	602,667	0.08	0.43
Simple average during the Post-Announcement Period	**1,412,807**	**0.18**	**1.01**

Source: Bloomberg

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the GST Shares on the Stock Exchange was suspended for the whole trading day.

2. Based on 140,312,000 GST Shares held by the public GST Shareholders as at the Latest Practicable Date, being the total number of GST Shares in issue less the number of GST Shares held by GST International, UTFE and its Concert Parties as at the Latest Practicable Date.

As illustrated in the above table, the simple average daily trading volume of the GST Shares during the Pre-Announcement Period was approximately 1,094,445 GST Shares, representing approximately 0.14% of the total number of the GST Shares in issue or approximately 0.78% of the total number of the GST Shares held by the public GST Shareholders as at the Latest Practicable Date.

Trading volume of the GST Shares increased to approximately 24,284,000 GST Shares on 3 December 2008, being the date of the Joint Announcement. Trading volume of the GST Shares decreased to a level similar to that for the Pre-Announcement Period after 3 December 2008, with the average daily trading volume of the GST Shares during the Post-Announcement Period being 1,412,807 GST Shares, representing approximately 0.18% of the total number of the GST Shares in issue as at the Latest Practicable Date and approximately 1.01% of the total number of the GST Shares held by the public GST Shareholders as at the Latest Practicable Date.

In view of the above, we consider that the overall liquidity of the GST Shares was low during the Review Period. As such, GST Shareholders who intend to dispose of a large number of the GST Shares in the open market may not be able to do so without exerting a downward pressure on the price of the GST Shares. Accordingly, we consider that the Offers provide an alternative exit to such GST Shareholders to realize their investment in GST at the Share Offer Price, which is above the highest closing price of the GST Shares during the Review Period.

(ii) Share Offer Price

The Share Offer Price of HK$3.38 per GST Share represents:

	Premium of the Share Offer Price to the GST Share Price/ net asset value per GST Share
Closing price on the Last Trading Date	77.9%
Average closing price for the last 5 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	94.3%
Average closing price for the last 10 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	107.7%
Average closing price for the last 30 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	93.5%
Average closing price for the last 60 trading days as quoted on the Stock Exchange immediately prior to and including the Last Trading Date	66.1%
Closing price on the Latest Practicable Date	1.2%
Audited net asset value per GST Share as at 31 December 2008 of approximately HK$1.58 (based on the capital and reserves attributable to equity holders of GST of approximately RMB1,118.7 million and 800,000,000 GST Shares in issue as at 31 December 2008)	113.9%

(iii) Comparison of the Share Offer Price with the comparables

In assessing the fairness of the Share Offer Price, we have conducted a search of all companies listed on the Stock Exchange, NYSE and NASDAQ whose principal business is manufacturing, sale and installation of fire safety equipment, products and systems in the PRC. Based on the above criteria, we have identified three companies (the "Comparable Companies"), being all the cases that we consider to be the GST Group's closest comparables (after taking into consideration their target markets, market capitalization, and audited net profit for the latest published results) and compared their respective valuation multiples, including price earning ratio ("PER") and price to book multiple ("P/B"), with the implied PER ("Implied PER") and the implied P/B ("Implied P/B") under the Share Offer Price, details of which are set out in the table ("Table A") below:

Table A

Name of company	Exchange	Principal business of the company, its subsidiaries and/or associates and/or jointly controlled entities	As at Last Trading Date: Latest audited net profit *(HK$' million)* *(Note 1)*	As at Last Trading Date: Market capital-ization *(HK$' million)* *(Note 2)*	As at Last Trading Date: PER (times) *(Note 3)*	As at Last Trading Date: P/B (times) *(Note 4)*	As at Latest Practicable Date: Market capital-ization *(HK$' million)* *(Note 2)*	As at Latest Practicable Date: PER (times) *(Note 5)*	As at Latest Practicable Date: P/B (times) *(Note 6)*
China Fire Safety Enterprise ("CFSE", 445 HK)	Hong Kong	manufacturing and sale of fire safety equipment, emergency lightings	90.9	556.7	6.4	0.4	1,084.9	11.9	0.7
China Fire & Security Group (CFSG US)	NASDAQ	design, development, manufacture and sale of a variety of fire safety products and system	191.4	1,683.1	8.8	2.8	2,691.9	14.1	4.5
China Security & Surveillance Technology, Inc. (CSR US)	NYSE	manufacture, distribute, install and service surveillance and safety products and systems	252.6	3,144.3	12.4	2.3	2,574.8	10.2	1.9
		Average			**9.2**	**1.8**		**12.1**	**2.4**
Implied value at Share Offer Price				**1,919.0**	**13.5**	**2.2**		**13.5**	**2.2**

Source: *Bloomberg and annual/interim reports of the Comparable Companies*

Note 1: Based on the latest published audited financial statement of the Comparable Companies, and adjusted to HK$ based on the exchange rates as quoted on Bloomberg on the Last Trading Date.

Note 2: Based on the market capitalization in the respective original currency, and adjusted to HK$ based on the exchange rates as quoted on Bloomberg on the Last Trading Date and the Latest Practicable Date.

Note 3: Calculated by dividing the market capitalization on the Last Trading Date as quoted on Bloomberg by net profit based on the respective latest published annual report of the Comparable Companies.

Note 4: Calculated by dividing the market capitalization on the Last Trading Date as quoted on Bloomberg by net tangible asset value attributable to equity holders based on the respective latest published annual/interim report of the Comparable Companies.

Note 5: Calculated by dividing the market capitalization on the Latest Practicable Date as quoted on Bloomberg by net profit based on the respective latest published annual report of the Comparable Companies.

Note 6: Calculated by dividing the market capitalization on the Latest Practicable Date as quoted on Bloomberg by net tangible asset value attributable to equity holders based on the respective latest published annual/interim report of the Comparable Companies.

PER and P/B analysis

As shown in Table A, as at the Last Trading Date, the PERs of the Comparable Companies ranged from approximately 6.4 times to approximately 12.4 times, with an average of approximately 9.2 times, and the P/Bs of the Comparable Companies ranged from approximately 0.4 times to approximately 2.8 times, with an average of approximately 1.8 times.

Given the considerable time gap between the date of the Joint Announcement and the Latest Practicable Date, we have also reviewed the valuation of the Comparable Companies as at the Latest Practicable Date. As at the Latest Practicable Date, the PERs of the Comparable Companies ranged from approximately 10.2 times to approximately 14.1 times, with an average of approximately 12.1 times, and the P/Bs of the Comparable Companies ranged from approximately 0.7 times to approximately 4.5 times, with an average of approximately 2.4 times.

The Implied PER of 13.5 times and the Implied P/B of 2.2 times of the Share Offer Price of HK$3.38 are higher than the average PER and the average P/B of the Comparable Companies as at the Last Trading Date. As at the Latest Practicable Date, the Implied PER is higher than the average PER of the Comparable Companies while the Implied P/B is comparable with the average P/B of the Comparable Companies.

Dividend yield analysis

None of the Comparables Companies nor GST declared or paid cash dividends for their latest financial year and, save for CFSE which declared cash dividends for the financial year ended 31 December 2005, none of the Comparable Companies had declared nor paid any cash dividends on shares of common stock for the latest three financial years.

We have also reviewed the dividend related statistics of GST since listing on the main board of the Stock Exchange on 30 June 2005 with the summary set out as follows:

For the year ended 31 December	Dividend per GST Share	Basic earnings per GST Share	Dividend payout ratio	Average daily closing price of the GST Share for the year then ended	Dividend yield based on average daily closing price for the year
	HK$	*HK$*	*%*	*HK$*	*%*
2005	0.070	0.242	28.96	1.35	5.19
2006	0.073	0.206	35.58	2.73	2.68
2007	0.086	0.241	35.58	2.67	3.21
2008	Nil	0.251	Nil	2.36	Nil

We note from the above table that GST has a relatively flat dividend payout ratio for the three financial years ended 31 December 2007, but has not declared any dividend for FY2008. For the three financial years ended 31 December 2007, dividend yield of GST, calculated based on average daily closing price of the GST Shares for the year, were approximately 5.19%, 2.68% and 3.21% respectively. Based on the above, we are of the view that, although dividend yield of GST had been better than that of the Comparable Companies during the past financial years, the dividend yield of GST has been fluctuating, and with no dividend declared for FY2008, there is no assurance whether GST will declare dividend in the future.

(iv) Comparison of the Share Offer with other cash offer transactions

For additional reference, we have also conducted a search on the Stock Exchange's website, and reviewed and compared the Share Offer Price with offer prices of all cash offers announced (including takeovers and privatizations), during the period commencing from 1 July 2008 to the Latest Practicable Date, by companies listed on the Stock Exchange (the "Cash Offer Comparables"). However, as the offer price offered by an investor for the shares of a particular company is affected by, among other factors, the industry, business or operational performance, financial position and future prospects of that particular company, the comparison with the Cash Offer Comparables is solely for reference purpose only. The table ("Table B") below sets out the comparison between the Share Offer and the Cash Offer Comparables:

Table B

Name of Cash Offer Comparables	Announcement date	Transaction type *(Note 1)*	Offer price *(HK$)*	Premium/ (discount) of offer price to closing price on last trading date	Premium/ (discount) of offer price to the average closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
A-S China Plumbing Products Limited (8262)	22-Jun-09 and 7-Jul-09	TO	3.05, being the minimum per share conside-ration	205.0%	237.4%	272.0%
BEP International Holdings Limited (2326)	26-Jun-09	TO	0.00814	(89.8)%	(90.8)%	(91.0)%
Sun Innovation Holdings Limited (547)	17-Jun-09	TO	0.08	95.1%	86.9%	97.0%
Binhai Investment Company Limited (8035)	12-Jun-09	TO	0.08	(87.5)%	(88.2)%	(89.0)%
Oriental Press Group Limited (18)	1-Jun-09	TO	0.95	15.9%	17.6%	17.3%
Stone Group Holdings Limited (409)	25-May-09	PT	0.48	39.1%	37.9%	43.9%
Nam Tai Electronic & Electronical Products Limited (2633)	19-May-09	PT	1.52	2.0%	3.0%	3.4%

Name of Cash Offer Comparables	Announcement date	Transaction type *(Note 1)*	Offer price *(HK$)*	Premium/ (discount) of offer price to closing price on last trading date	Premium/ (discount) of offer price to the average closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
Automated Systems Holdings Limited (771)	6-May-09	TO	1.29	(39.4)%	(31.7)%	(29.1)%
Royale Furniture Holdings Limited (1198)	6-May-09	TO	0.33	(1.5)%	(1.5)%	(4.6)%
Hong Kong Catering Management Limited (668)	6-May-09	TO	0.388	(22.4)%	(21.8)%	(21.0)%
MAE Holdings Limited (851)	22-Apr-09	TO	0.184	(12.4)%	(12.0)%	(6.6)%
Yu Ming Investments Limited (666)	20-Apr-09	TO	0.1	2.0%	4.2%	7.6%
Shanghai Qingpu Fire-Fighting Equipment Co., Ltd. (8115)	17-Apr-09	TO	0.216	13.7%	9.1%	8.0%
China Resources Microelectronics Limited (597)	18-Mar-09	PT	0.3	80.7%	86.8%	104.1%

Name of Cash Offer Comparables	Announcement date	Transaction type *(Note 1)*	Offer price *(HK$)*	Premium/ (discount) of offer price to closing price on last trading date	Premium/ (discount) of offer price to the average closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
Delta Networks, Inc. (722)	12-Mar-09	PT	2.2 *(Note 2)*	43.8%	60.1%	62.7%
Nam Tai Electronic & Electronical Products Limited (2633)	24-Feb-09	PT	1.50	163.2%	161.3%	158.6%
Crocodile Garments Limited (122)	17-Feb-09	PT	0.42 *(Note 2)*	101.9%	102.5%	104.6%
Same Time Holdings Limited (451)	9-Feb-09	TO	1.23	12.8%	15.4%	15.4%
CT Telecom Holdings Limited (138)	6-Jan-09	TO	0.50	44.9%	46.6%	44.9%
Dickson Group Holdings Limited (313)	4-Dec-08	TO	0.02	(63.6)%	(62.1)%	(61.0)%
Natural Beauty Bio-Technology Limited (157)	25-Nov-08	PT	1.20	(15.5)%	1.0%	9.9%
Fortuna International Holdings Limited (530)	13-Nov-08	TO	0.025	(21.9)%	(18.8)%	(0.4)%
PCCW Limited (8)	4-Nov-08	PT	4.50 *(Note2)*	63.6%	57.3%	49.8%
eForce Holdings Limited (943)	4-Sep-08	TO	0.07	(73.6)%	(75.2)%	(76.1)%

Name of Cash Offer Comparables	Announcement date	Transaction type *(Note 1)*	Offer price *(HK$)*	Premium/ (discount) of offer price to closing price on last trading date	Premium/ (discount) of offer price to the average closing price for the last 5 trading days up to and including the respective last trading date	Premium/ (discount) of offer price to the average closing price for the last 10 trading days up to and including the respective last trading date
Hantec Investment Holdings Limited (111)	3-Sep-08	TO	0.934	(23.4)%	(28.0)%	(31.3)%
China Huiyuan Juice Group Limited (1886)	3-Sep-08	TO	12.2	194.7%	202.0%	208.1%
Linefan Technology Holdings Limited (8166)	19-Aug-08	TO	0.4995	(44.5)%	(42.2)%	(41.4)%
Global Solution Engineering Limited (8192)	18-Jul-08	TO	0.0162	(96.1)%	(95.4)%	(94.4)%
	Average (PT&TO)			***17.4%***	***20.1%***	***23.6%***
	Average (PT)			***59.9%***	***63.7%***	***67.1%***
	Average (TO)			***0.4%***	***2.6%***	***6.2%***
Share Offer Price	**3-Dec-08**		**3.38**	**77.9%**	**94.3%**	**107.7%**

Notes:

1. PT: Privatization; TO: Takeovers.

2. The offer prices and the comparisons with the respective 5-day and 10-day average prices are based on the respective revised cancellation prices as announced by PCCW Limited, Delta Networks, Inc. and Crocodile Garments Limited on 30 December 2008, 2 June 2009 and 30 April 2009 respectively.

As set out above, the premiums of the Share Offer Price over the closing price on the Last Trading Date, average closing price for the last 5 trading days up to and including the Last Trading Date, and the average closing price for the last 10 trading days up to and including the Last Trading Date are substantially higher than the corresponding premium/discount for the Cash Offer Comparables, for privatizations and takeovers as a whole or separately.

(v) Option Offer Price

The Option Offer Price, which represents the difference between the exercise price of the Share Options and the Share Offer Price, is calculated on a "see-through" basis since the exercise price of the Share Options of HK$2.80 per GST Share is below the Share Offer Price.

Our view

Having considered the above, we are of the view that the Share Offer Price and the Option Offer Price are fair and reasonable so far as the GST Shareholders and the GST Optionholders are respectively concerned.

IV. RECOMMENDATION

Having considered the above principal factors and reasons, in particular:

– the operating environment of the GST Group has turned unfavourable in view of the slowing down of the global and PRC economy;

– despite the growth in turnover, GST experienced a continuous drop in its profit margins in the previous financial years;

– the Share Offer Price represents a premium over the historical high closing price of the GST Shares during the Review Period;

– in light of the low liquidity of GST Shares during the Review Period, the disposal of a large number of GST Shares by GST Shareholder(s) in the open market may exert a downward pressure on the price of the GST Shares, and the Offers provide an alternative exit to GST Shareholders to realize all their investment in GST at the Share Offer Price, which is above the highest closing price of the GST Shares during the Review Period;

– the Implied PER is higher than the average PER of the Comparable Companies as at the Last Trading Date and the Latest Practicable Date;

– the Share Offer Price represents a premium of approximately 113.9% over the audited net asset value per GST Share as at 31 December 2008 of approximately HK$1.58; and

– the Option Offer Price represents the difference between the exercise price of the Share Options and the Share Offer Price,

we consider the terms of the Offers are fair and reasonable so far as the GST Shareholders and the GST Optionholders are respectively concerned. Accordingly, we advise the GST Independent Board Committee to recommend the GST Shareholders and the GST Optionholders to accept the Share Offer and the Option Offer respectively.

Notwithstanding of the above, should the GST Share price exceed the Share Offer Price, those GST Shareholders who wish to accept the Share Offer should consider realizing their investments in the open market. The Offers are still subject to the 90% Threshold Condition, and the Offers will not become unconditional if the 90% Threshold Condition is not met or waived by UTFE. Given the significant premium of the Share Offer Price over the average closing price of the GST Shares before the Joint Announcement, it is possible that the GST Share price may drop significantly to lower levels similar to those prior to the Last Trading Date if the Offers lapse. Accordingly, the GST Shareholders who want to realise their investments and do not want to take such risk may also consider selling the GST Shares in the open market, particularly if the market price of the GST Shares is close to the Share Offer Price.

If the GST Shareholders consider retaining some or all of their GST Shares, they are reminded that, if the 90% Threshold Condition is satisfied, UTFE intends to apply the provisions of the Cayman Islands Companies Law to compulsorily acquire all outstanding GST Shares at the Share Offer Price.

Yours faithfully,
For and on behalf of
CIMB Securities (HK) Limited

Alex Lau	**Heidi Cheng**
Director	*Director*
Head of Corporate Finance	

1. FURTHER TERMS OF THE OFFERS

1.1 The Share Offer

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

(a) If the GST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your GST Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed **WHITE** Form of Acceptance together with the relevant GST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand to the Receiving Agent, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, marked "**GST Share Offer**" on the envelope.

(b) If the GST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your GST Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your GST Shares, you must either:

(i) lodge your GST 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) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Acceptance together with the relevant GST 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 the number of GST Shares in respect of which you intend to accept the Share Offer to the Receiving Agent; or

(ii) arrange for the GST Shares to be registered in your name by GST through the Receiving Agent, and send the duly completed **WHITE** Form of Acceptance together with the relevant GST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Receiving Agent; or

(iii) if your GST Shares have been lodged with your licensed securities dealer/ registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Receiving Agent). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in the securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in the securities/custodian bank as required by them; or

(iv) if your GST Shares have been lodged with your Investor Participant Account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Share Offer must be received by the Receiving Agent).

(c) If the GST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your GST Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your GST Shares, the **WHITE** Form of Acceptance should nevertheless be completed and delivered to the Receiving Agent together with a letter stating that you have lost one or more of your GST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant GST Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Receiving Agent as soon as possible thereafter. If you have lost your GST Share certificate(s), you should also write to the Receiving Agent for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Receiving Agent.

(d) If you have lodged transfer(s) of any of your GST Shares for registration in your name and have not yet received your GST Share certificate(s), and you wish to accept the Share Offer in respect of your GST Shares, you should nevertheless complete the **WHITE** Form of Acceptance and deliver it to the Receiving Agent together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to UBS AG and/or UTFE or their respective agent(s) to collect from the Receiving Agent on your behalf the relevant GST Share certificate(s) when issued and to deliver such certificate(s) to the Receiving Agent as if it was/they were delivered to the Receiving Agent with the **WHITE** Form of Acceptance.

(e) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Acceptance is received by the Receiving Agent no later than 4:00 p.m. on the Closing Date or such later time and/or date as UTFE may determine and announce with the consent of the Executive, and is:

(i) accompanied by the relevant GST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the GST Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant GST Shares; or

(ii) from a registered GST Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to GST Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Receiving Agent or the Stock Exchange.

(f) If the **WHITE** Form of Acceptance is executed by a person other than the registered GST Shareholder, appropriate documentary evidence of authority to the satisfaction of the Receiving Agent must be produced.

(g) Seller's ad valorem stamp duty for transfers of GST Shares registered by the Receiving Agent arising in connection with acceptance of the Share Offer will be payable by each accepting GST Shareholder at the rate of HK$1.00 for every HK$1,000 or part thereof of the greater of (i) the consideration payable by UTFE in respect of the relevant acceptance; and (ii) the value of the GST Shares and will be deducted from the cash amount due to such accepting GST Shareholder. UTFE will pay the buyer's ad valorem stamp duty in respect of the GST Shares accepted under the Share Offer.

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

(i) If the Share Offer is withdrawn or lapses, UTFE shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the GST 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) lodged with the **WHITE** Form of Acceptance to the relevant GST Shareholder(s).

1.2 The Option Offer

(a) If you accept the Option Offer, you should complete the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer.

(b) The completed **PINK** Form of Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options stating the number of Share Options in respect of the Share Options granted which you intend to accept the Option Offer, by post or by hand to the company secretary of GST at Suite 1612, 16th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Sheung Wan, Hong Kong, marked "**GST Option Offer**" on the envelope, as soon as possible and in any event so as to reach the company secretary of GST at the aforesaid address no later than 4:00 p.m. on the Closing Date or such later time and/or date as UTFE may determine and announce with the consent of the Executive.

(c) No stamp duty will be deducted from the amount paid to the GST Optionholders who accept the Option Offer.

(d) No acknowledgement of receipt of any **PINK** Form of Acceptance and/or certificate(s) of the Share Options will be given.

(e) If the Option Offer is withdrawn or lapses, UTFE shall, as soon as possible, but in any event within 10 days thereof, return by ordinary post the certificate(s) of the Share Options lodged with the **PINK** Form of Acceptance to the relevant GST Optionholder(s).

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant GST 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 complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as UTFE may announce with the consent of the Executive), a cheque for the amount due to each GST Shareholder less seller's ad valorem stamp duty in respect of the GST Shares tendered by him/her/it under the Share Offer will be despatched to the GST Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the later of the date on which the Offers become or are declared unconditional in all aspects and the date of receipt of the completed **WHITE** Form of Acceptance and all the relevant documents by the Receiving Agent from the GST Shareholder accepting the Share Offer.

2.2 The Option Offer

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) of the Share Options are complete and in good order in all respects and have been received by the company secretary of GST no later than the latest time for acceptance (or such later time and/or date as UTFE may announce with the consent of the Executive), a cheque for the amount due to each GST Optionholder in respect of the Share Options surrendered by him/her under the Option Offer will be despatched to the GST Optionholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days of the later of the date on which the Offers become, or are declared, unconditional in all aspects and the date of receipt of the duly completed **PINK** Form of Acceptance and all relevant documents by the company secretary of GST from the GST Optionholder accepting the Option Offer.

Settlement of the consideration to which any GST Shareholder or GST Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which UTFE may otherwise be, or claim to be, entitled against such GST Shareholder or GST Optionholder, as the case may be.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) UTFE has the right, subject to the Takeovers Code, to extend the Offers after the despatch of this Composite Document or to revise the terms of the Offers, and may introduce new conditions to be attached to any revision to any of the Offers or any subsequent revision thereof to the extent necessary to implement the revised Offers and subject to the consent of the Executive.

(b) Unless the Offers have previously been extended with the consent of the Executive, all acceptances must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Forms of Acceptance and the Offers will be closed on the Closing Date.

(c) If in the course of the Offers, UTFE revises its terms, all the GST Shareholders and the GST Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

(d) If the Offers are extended, the announcement of such extension will state the next closing date or, if the Offers become or are declared unconditional as to acceptances, a statement may be made that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to those GST Shareholders and those GST Optionholders who have not accepted the Offers and an announcement will be published.

(e) Except with the consent of the Executive, the Offers shall not be capable of remaining open for acceptance after four months from posting of this Composite Document in the event that UTFE chooses to exercise its power of compulsory acquisition, unless, by that time, UTFE has become entitled to exercise rights of compulsory acquisition.

(f) If the closing date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers so extended.

(g) The acceptance by or on behalf of a GST Shareholder of the Share Offer or a GST Optionholder of the Option Offer in its original and/or any previously revised form shall be treated as an acceptance of the relevant Offer(s) as so revised.

(h) Any acceptance of the relevant revised Offer(s) and/or any election pursuant thereto shall be irrevocable unless and until the accepting GST Shareholder/GST Optionholder becomes entitled to withdraw his/her/its acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

4. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF GST

In the event Condition (A) as stated as the paragraph headed "Conditions of the Offers" in the letter from UBS AG in this Composite Document is satisfied, UTFE intends to exercise the right under section 88 of the Cayman Islands Companies Law to compulsorily acquire those GST Shares not acquired by UTFE under the Share Offer. On completion of the compulsory acquisition, GST will become a wholly-owned subsidiary of UTFE and an application will be made for the withdrawal of the listing of the GST Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

According to Rule 15.6 of the Takeovers Code, as UTFE may consider exercising its rights under the relevant provisions of the Cayman Islands Companies Law to compulsorily acquire those GST Shares not acquired by UTFE under the Share Offer, the Share Offer may not remain open for acceptance for more than four months from the posting of the Offer Document, unless UTFE has by that time become entitled to exercise the power of compulsory acquisition available to it under the Cayman Islands Companies Law, in which event UTFE will do so without delay.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where UTFE seeks to acquire or privatise GST by means of the Share Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Share Offer and purchases made by UTFE and its Concert Parties during the period of four months after posting of the Offer Document total 90% of the Disinterested Shares.

WARNING:

If the level of acceptances reaches the prescribed level under the Cayman Islands Companies Law and Rule 2.11 of the Takeovers Code permits a compulsory acquisition and UTFE proceeds with the privatisation of GST, dealings in the securities of GST will be suspended from the Closing Date (or such later time or date as UTFE may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of the GST Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

If, at the close of the Offers, less than 25% of the GST Shares are held by the public or if the Stock Exchange believes that:

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

then the Stock Exchange may exercise its discretion to suspend dealings in the GST Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the GST Shares and therefore, trading in the GST Shares may be suspended until a prescribed level of public float is attained.

As at the Latest Practicable Date and based on public information disclosed under Part XV of the SFO, the public float of GST is approximately 17.54%, which has fallen below 25% of the entire issued share capital of GST, the minimum prescribed under the Listing Rules.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), UTFE must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offers. UTFE must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offers have been revised or extended or have expired or have become or been declared unconditional.

(b) In computing the total number of GST Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix, and which have been received by the Receiving Agent or the company secretary of GST respectively no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offers tendered by the GST Shareholders and the GST Optionholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from the Closing Date if the Offers have not by then become unconditional as to acceptances.

(b) If UTFE is unable to comply with the requirements set out in the paragraph headed "Announcements" in this Appendix, the Executive may require that the GST Shareholders and the GST Optionholders who have tendered acceptances to the Offers, as the case may be, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

(c) If the Offers are withdrawn with the consent of the Executive in accordance with the Takeovers Code, UTFE shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the GST Share certificate(s) lodged with the **WHITE** Form of Acceptance to the relevant GST Shareholder(s) or the certificate(s) of the Share Options lodged with the **PINK** Form of Acceptance to the relevant GST Optionholder(s).

7. GENERAL

(a) All communications, notices, Forms of Acceptance, certificate(s) of GST Shares or certificate(s) of the Share Options, transfer receipt(s), other documents of title or indemnity and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the GST Shareholders and the GST Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of UTFE, its Concert Parties, UBS AG, GST, the Receiving Agent nor any of their respective directors or other parties involved in the Offers or any of their respective agents shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Forms of Acceptance form part of the terms of the Offers.

(c) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Forms of Acceptance will constitute an authority to UTFE or such person or persons as UTFE may direct to complete, amend and execute any document on behalf of the person accepting the Offers and to do any other act that may be necessary or expedient for the purpose of vesting in UTFE, UBS AG or such person or persons as it may direct, the GST Shares and the Share Options (as the case may be) in respect of which such person has accepted the Offers.

(f) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to UTFE and UBS AG that the GST Shares acquired under the Share Offer and/or the Share Options acquired under the Option Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of the Joint Announcement or subsequently becoming attached to them, including without limitation, in the case of the GST Shares, the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement. The GST Optionholders will surrender to GST all of their existing rights, if any, in respect of the Share Options, following which such Share Options will be cancelled, renounced and extinguished.

(g) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to UTFE and UBS AG that the number of GST Shares in respect of which it is indicated in the **WHITE** Form of Acceptance is the aggregate number of GST Shares held by such nominee for such beneficial owners who are accepting the Share Offer.

(h) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any revision and/or extension thereof.

(i) The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. GST Shareholders or GST Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about or obtain appropriate legal advice regarding the implications of the Share Offer and/or the Option Offer in the relevant jurisdictions and observe any applicable regulatory or legal requirements. It is the responsibility of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes due in respect of such jurisdiction. Any such overseas GST Shareholder or GST Optionholder shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. UTFE, UBS AG and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay.

(j) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person to UTFE and UBS AG and that such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

(k) All acceptances, instructions, authorities and undertakings given by GST Shareholders in the **WHITE** Form of Acceptance and by GST Optionholders in the **PINK** Form of Acceptance shall be irrevocable and unconditional except as permitted under the Takeovers Code.

(l) Shares sold to UTFE by way of the Share Offer will be registered under the name of UTFE or its nominee.

(m) In making their decision, the GST Shareholders and GST Optionholder must rely on their own examination of UTFE, GST and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance are not to be construed as any legal or business advice. GST Shareholders and GST Optionholders should consult their own professional advisers for professional advice.

(n) Subject to the terms of the Takeovers Code, acceptance(s) of the Share Offers may, at the discretion of UTFE, be treated as valid even if it is not entirely in order or is not accompanied by the relevant GST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof), but, in such cases, the consideration due will not be despatched until the GST Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) has/have been received by the Receiving Agent. However, such acceptances will not be counted towards fulfilling the acceptance condition unless Rule 30.2 of the Takeovers Code has been fully complied with.

(o) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated income statements of the GST Group for each of the three years ended 31 December 2008. The auditor's reports issued by PricewaterhouseCoopers in respect of the GST Group's audited financial statements for each of the three years ended 31 December 2006, 2007 and 2008 did not contain any qualifications. There were no extraordinary items and exceptional items in respect of the summary of the audited consolidated income statement of the GST Group for each of the three years.

Financial Summary

For the year ended 31 December

	2008	**2007**	**2006**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	1,131,475	840,151	645,771
Profit before income tax	193,845	185,824	173,128
Income tax expenses	(16,133)	(4,769)	(8,001)
Profit for the year	177,712	181,055	165,127
Minority interests	36	39	134
Dividends	–	64,320	58,640
Dividends per share	–	8.04 RMB cents	7.33 RMB cents
Basic earnings per share	22.2 RMB cents	22.6 RMB cents	20.6 RMB cents

2. AUDITED ACCOUNTS OF THE GST GROUP FOR THE YEAR ENDED 31 DECEMBER 2008

Set out below is the full text of the audited financial statements together with relevant notes to the financial statements of the GST Group for the year ended 31 December 2008 extracted from the annual report of GST for the year ended 31 December 2008.

Consolidated Income Statement

		Year ended 31 December	
		2008	**2007**
	Notes	*RMB'000*	*RMB'000*
Revenue	*5*	1,131,475	840,151
Cost of goods sold		(658,487)	(471,824)
Gross profit		472,988	368,327
Other income	*7*	36,382	45,089
Distribution costs		(153,804)	(98,688)
Administrative and general expenses		(164,576)	(127,032)
Operating profit	*8*	190,990	187,696
Share of results of			
Jointly controlled entity	*18*	2,926	392
Associates	*19*	(71)	(2,264)
Profit before income tax		193,845	185,824
Income tax expenses	*9*	(16,133)	(4,769)
Profit for the year		177,712	181,055
Attributable to:			
Equity holders of the Company		177,676	181,016
Minority interests		36	39
		177,712	181,055
Earnings per share for profit attributable to equity holders of the Company	*11*		
– Basic (RMB cents)		22.2	22.6
– Diluted (RMB cents)		22.2	22.6
Dividends	*12*	–	64,320

Consolidated Balance Sheet

		As at 31 December	
		2008	**2007**
	Notes	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	338,184	310,568
Prepaid operating leases for land	*16*	9,406	9,631
Intangible assets	*17*	19,130	16,024
Investment in a jointly controlled entity	*18*	847	188
Investment in associates	*19*	–	71
Deferred income tax assets	*22*	6,034	3,257
		373,601	339,739
Current assets			
Inventories	*23*	241,471	153,711
Trade receivables	*24*	342,647	253,385
Other receivables, deposits and prepayments	*25*	55,675	73,061
Amount due from a jointly controlled entity	*18*	12,663	24,373
Amount due from a related company	*26*	3,534	3,534
Restricted bank deposits	*28*	16,474	11,511
Cash and bank deposits	*27*	413,701	352,605
		1,086,165	872,180
Total assets		1,459,766	1,211,919
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*29*	84,800	84,800
Reserves	*30*	1,033,868	919,278
		1,118,668	1,004,078
Minority interests		908	872
Total equity		1,119,576	1,004,950

		As at 31 December	
		2008	2007
	Notes	*RMB'000*	*RMB'000*
LIABILITIES			
Current liabilities			
Trade payables	*31*	145,514	95,330
Other payables and accruals		29,397	17,062
Amount due to a related company	*26*	40	–
Advance from customers	*32*	139,718	70,272
Tax payable		25,521	24,305
		340,190	206,969
Total liabilities		340,190	206,969
Total equity and liabilities		1,459,766	1,211,919
Net current assets		745,975	665,211
Total assets less current liabilities		1,119,576	1,004,950

Balance Sheet of the Company

		As at 31 December	
		2008	**2007**
	Notes	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*15*	5,897	141
Investment in and loans to subsidiaries	*20*	367,172	446,361
		373,069	446,502
Current assets			
Other receivables, deposits and prepayments	*25*	234	223
Amount due from a jointly controlled entity	*18*	–	5,306
Cash and bank deposits	*27*	205	214
		439	5,743
Total assets		373,508	452,245
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	*29*	84,800	84,800
Reserves	*30*	284,788	363,503
Total equity		369,588	448,303
LIABILITIES			
Current liabilities			
Other payables and accruals		3,920	3,942
Total liabilities		3,920	3,942
Total equity and liabilities		373,508	452,245
Net current (liabilities)/assets		(3,481)	1,801
Total assets less current liabilities		369,588	448,303

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company			
	Share capital	**Reserves**	**Minority interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	84,800	795,678	833	881,311
Employee share options scheme – value of services provided	–	1,224	–	1,224
Profit for the year	–	181,016	39	181,055
Total income recognised for the year	–	182,240	39	182,279
Dividend paid	–	(58,640)	–	(58,640)
At 31 December 2007	84,800	919,278	872	1,004,950

	Attributable to equity holders of the Company			
	Share capital	**Reserves**	**Minority interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2008	84,800	919,278	872	1,004,950
Employee share options scheme – value of services provided	–	1,234	–	1,234
Profit for the year	–	177,676	36	177,712
Total income recognised for the year	–	178,910	36	178,946
Dividend paid	–	(64,320)	–	(64,320)
At 31 December 2008	84,800	1,033,868	908	1,119,576

Consolidated Cash Flow Statement

	Notes	Year ended 31 December 2008 RMB'000	2007 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	185,905	30,173
PRC income tax paid		(13,888)	(7,364)
Net cash generated from operating activities		172,017	22,809
Cash flows from investing activities			
Purchase of property, plant and equipment		(47,348)	(150,752)
Proceeds from disposal of property, plant and equipment		2,774	2,294
Increase in intangible assets		(5,998)	(3,875)
Placement of time deposits with original maturities over three months		(87,126)	–
Interest received		3,971	6,956
Sales of available-for-sale financial assets		–	90,000
Purchase of available-for-sale financial assets		–	(60,000)
Net cash used in investing activities		(133,727)	(115,377)
Cash flows from financing activities			
Dividend paid		(64,320)	(58,640)
Taking back restricted bank deposits		–	11,480
Net cash used in financing activities		(64,320)	(47,160)
Net decrease in cash and cash equivalents		(26,030)	(139,728)
Cash and cash equivalents at beginning of the year		352,605	492,333
Cash and cash equivalents at end of the year		326,575	352,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

GST Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 27 April 2004.

The principal activity of the Company is investment holding. The Company and its subsidiaries (together, the "Group") are engaged in the development, manufacturing, sales and installation of intelligent fire detection and control systems, automatic and intelligent securities systems for residential, commercial and industrial uses. The principal activities of the Company's subsidiaries are set out in note 36 to the financial statements.

The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands, British West Indies. The head office and principal place of business of the Company in Hong Kong is located at Suite 1612, 16/F, Shun Tak Center, West Tower, 168-200 Connaught Road C. Sheung Wan, Hong Kong and the principal place of business of the Company in Beijing is located in 21/F, Block 2, Boya International Centre, No.1 Lize Zhong Yi Road, Chaoyang District, Beijing 100102, The People's Republic of China (the "PRC").

The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) Amendments and interpretations effective in 2008

- The International Accounting Standards ("IAS") 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to IFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(b) *Interpretations effective in 2008 but not relevant*

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008 but is not relevant to the Group's operations:

- International Financial Reporting Interpretation Committee ("IFRIC") – Int 11, 'IFRS 2 – Group and treasury share transactions'

- IFRIC – Int 12, 'Service Concession arrangements'

- IFRIC – Int 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, and the Group has not early adopted them:

- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply IFRS8 from 1 January 2009.

- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from 1 January 2009.

- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (Revised) from 1 January 2010.

- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective from 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company will apply IAS 27 (Amendment) prospectively from 1 January 2010 in its separate financial statements.

- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply IFRS 2 (Amendment) from 1 January 2009.

- IFRIC – Int 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008). IFRIC – Int 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. The Group will apply IFRIC – Int 16 from 1 January 2009.

- IASB's annual improvements project published in May 2008

  ➢ IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the IAS 1 (Amendment) from 1 January 2009.

  ➢ IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009).

    – The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

    – The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

– The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

– IAS 37, 'Provisions, contingent liabilities and contingent assets' requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Group will apply the IAS 19 (Amendment) from 1 January 2009.

➢ IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investment in associates and any related impairment losses from 1 January 2009.

➢ IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

➢ IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the IAS 38 (Amendment) from 1 January 2009.

➢ There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the balance sheet date', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting' which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

These standards, amendments and interpretations to existing standards above are not expected to have material impact on the Group's financial statements.

(d) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the Group's operations:

- IAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009).
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009).
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009).
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009).
- IFRIC – Int 13, 'Customer loyalty programmes' (effective from 1 July 2008).
- IFRIC – Int 15, 'Agreements for construction of real estates' (effective from 1 January 2009).
- IAS 39 (amendment), 'Financial Instruments: Recognition and Measurement' – 'Eligible hedged items' (effective from 1 July 2009).
- IFRIC – Int 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009).
- IFRIC – Int 18, 'Transfers of Assets from Customers' (effective for transfers on or after 1 July 2009).
- IASB's annual improvements project published in May 2008
  - ➢ IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009).
  - ➢ IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009).
  - ➢ IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009).
  - ➢ IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009).
  - ➢ IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009).

- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009).

- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009).

- The minor amendments to IAS 20 'Accounting for government grants and disclosure of government assistance', IAS 29, 'Financial reporting in hyperinflationary economies', IAS 40, 'Investment property' and IAS 41, 'Agriculture', which are not addressed above.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (Note 2.6).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.9). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investment in a jointly controlled entity is accounted for by the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of jointly controlled entity is recognised in the consolidated income statement and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of investment.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that is attributable to the other venturers. Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. The Group does not recognise its share of profits or losses from the jointly controlled entity that results from the purchase of assets by the Group from the jointly controlled entity until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

A business segment is a Group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

–	Buildings	20-35 years
–	Plant & machinery	10 years
–	Vehicles	6 years
–	Equipment, furniture and fixtures	2-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Development assets are tested for impairment annually, in accordance with IAS 36 as described in Note 2.9.

2.7 Construction-in-progress

Construction-in-progress represents capital assets under construction, and is stated at cost less accumulated impairment losses. Cost comprises all expenditures and other direct costs, prepayments and deposits attributable to the construction. No depreciation is provided in respect of construction-in-progress.

2.8 Prepaid operating leases for land

Land use rights are stated at cost less accumulated amortisation and impairment losses. Cost represents consideration paid for the rights to use the land in the PRC on which various plants and buildings are situated. Amortisation of prepaid operating leases for land is calculated on a straight line basis over the period of the land use rights.

2.9 Impairment of investments in subsidiaries, jointly controlled entity, associates and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial Assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: loans and receivable and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (Notes 2.12 and 2.13).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in noncurrent assets unless the management intends to dispose of the investment within 12 months of the balance sheet date.

2.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. Impairment testing of trade receivables is described in Note 2.12.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, bank deposits with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(a) Defined Contribution plans

(1) The Group participates in a number of defined contribution plans in the PRC. The plans are organised by relevant municipal governments in the PRC. Contributions to the above schemes by the Group are calculated as a percentage of employees' basic salaries. The Group's contributions to the defined contribution retirement scheme are expensed as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(2) The Group also operates a mandatory provident fund scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5 per cent. of the employees' relevant income. The Group's contribution to the defined contribution retirement scheme is expensed as incurred. Once the contributions have been paid, the Company has no further payment obligations.

(b) Share-based compensation

The Group operates an equity settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.18 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue for sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods or all critical components of the goods are delivered to customers and title has passed.

(b) Revenue for installation service is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

(c) Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

2.20 Government grants

Government grants are assistance provided by local municipal government to encourage business development in the local municipality. Such grants are discretionary in nature. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.21 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The management will analyse and take on measures to manage the Group's exposure to financial risks with close co-operation with the Group's operating units. Generally, the Group adopts conservative strategies on its risk management. As the Group's exposure to these financial risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

(a) Market risk

(i) Foreign exchange risk

With the majority of the Group's businesses transacted in RMB, even though certain deposits are placed with banks in Hong Kong and denominated in Hong Kong dollars ("HKD") and United States dollars ("USD") arising from issuance of shares in 2006 and certain export sales denominated in USD, RMB is defined as the Company's functional currency. In Hong Kong, companies are not allowed to open RMB bank accounts and conversion of foreign currencies to RMB is therefore restricted. On the other hand, the conversion of RMB into foreign currencies in the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. As a result of its significant business operations in PRC, the Group's revenue and expenses are mainly denominated in RMB and over 90% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rate of the RMB against foreign currencies on the Group's result of operations is therefore minimal and the Group has not entered into any hedging transactions in order to reduce the Group's exposure to foreign currency risk in this regards.

At 31 December 2008, if RMB had weakened/strengthened against HKD by 1%, with all other variables unchanged, net profit would have increased/decreased approximately RMB9,000 (2007: approximately RMB735,000).

At 31 December 2008, if RMB had weakened/strengthened against USD by 1%, with all other variables unchanged, net profit would have increased/decreased approximately RMB84,000 (2007: approximately RMB60,000).

The Group's treasury policy is to manage exposure to foreign exchange risk whenever its financial impact is material to the Group. The Group will continue to monitor its foreign exchange position. For the year ended 31 December 2008, the Group did not use any financial instruments or enter into any contract in order to hedge against its exposure to foreign exchange risk.

(ii) Price risk

The Group is not exposed to equity securities price risk because the Group does not hold any investments in equity securities. The management also considers the Group's exposure to commodity price risk is low because proportion of raw materials with sensitive price fluctuation to total cost of production is very low and there are many other substitutes of these raw materials due to product technology change.

(iii) Cash flow and fair value interest rate risk

The Group's interest-bearing assets are mainly represented by cash and bank deposits as disclosed in Note 27. For the year ended 31 December 2008, Interest income is approximately RMB4,077,000 (2007: RMB6,749,000). Apart from this, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group had no bank borrowings as at 31 December 2008 and 31 December 2007. As such, the Group is not exposed to interest-rate risk from long-term borrowings and has not used any interest rate swaps to hedge its exposure to interest-rate risk.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions.

(i) Trade receivables

The carrying amount of trade receivables included in the consolidated balance sheet represents the Group's maximum exposure to credit risk in relation to its financial assets. The Group's main business is development, manufacturing, sales and installation of intelligent fire detection and control systems, automatic and intelligent securities systems. Most customers are professional fire equipments installers, systems integrators and sub-contractors who are usually small in scale and spreading over different provinces in PRC. Thus the customer base of the Group is much diversified. As such, the Group's trade receivables relate to a large number of diversified customers and there is no significant concentration of credit risk for the Group. The Group has almost 194 representative offices spreading over different provinces in PRC. These representative offices are responsible for sales of products and collection of trade receivables. The Group has policies in place for each representative office to ensure that sales of products are made to customers with an appropriate credit history and these representative offices will perform credit evaluations of their customers.

The credit evaluations include risk control assessment of the credit quality of the customer, taking into account of its financial position, past experience and other factors, such as reviewing legal incorporation documents of the customer's company and impact of external financial environment fluctuation to the customer. Customers' credit quality is assessed and classified based on factors such as cash advance received, repayment agreement signed and long-term co-operating relationship with each customer. Higher rating will be granted to customers with cash advance received, repayment agreement signed and long-term co-operating relationship. Individual risk limits are set based on credit evaluations of customers and management's classification. The utilisation of credit limits is regularly monitored.

The management will also monitor the recovery rate of receivables balance of each representative office on an on-going basis in order to ensure the outstanding receivable balance not yet recovered of each representative office has not exceeded the limit set by the management. The Group also has policy in the calculation of sales commission for sales representatives. It is mainly based on the amount of receivables recovered from customers. If some receivables cannot be recovered and become bad debt, the sales representatives will not get their sales commission. For those customers exceed its credit limit, the Group will suspend delivery of goods to those customers until their outstanding debts are settled. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's historical experience in collection of trade receivables falls within the recorded allowance and the management are of the opinion that adequate provision for uncollectible trade receivables has been made in the consolidated financial statements.

(ii) Cash and bank deposits

The Group keeps over 99% of its cash and bank deposits in reputable banks such as China Construction Bank, China Merchants Bank, Bank of China and Hong Kong and Shanghai Banking Corporation Limited as saving deposits and short-term bank deposits (Note 27). These banks have an independent rating of 'A' or strong and stable historical background in PRC and Hong Kong. As such, the Group's exposure to credit risk in this regards is not significant.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group ensures that it maintains sufficient cash, which is available to meet its liquidity requirement for normal operation including working capital and capital expenditure requirements according to the annual forecast of fixed assets acquisition. The Group will carry out forecast on its working capital and capital expenditure requirements periodically and reviewed its daily cash position and historical cash requirement for normal operation.

During 2008 and 2007, the Group does not have any bank borrowing. As at 31 December 2008, trade payables of the Group are mostly due within one year. As at 31 December 2008, the Group does not have any capital commitment (2007: RMB2,368,000) and only have operating lease commitments for buildings which is due within one year by amount of RMB1,836,000 (2007: RMB1,547,000) (Note 34). As at 31 December 2008, as the Group has sufficient cash and bank deposits by RMB413,701,000 (2007: RMB352,605,000) (Note 27), management considered that the Group has adequate resources to finance its liquidity requirement and the liquidity risk of the Group is low.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and term deposits. Total capital is calculated as 'equity', as shown in the consolidated balance sheet, plus net debt.

During 2008, the Group did not have any current and non-current bank borrowings. As such, the gearing ratio of the Group was zero (2007: zero) and the management considered there is no capital risk of the Group.

3.3 Fair value estimation

The carrying amounts of the Group's financial assets including cash and bank deposits, trade receivables and other receivables, amount due from a jointly controlled entity and financial liabilities including trade payables and other payables, approximate their fair values due to their short maturities.

The carrying values less any estimated credit adjustments for principal assets and liabilities with a maturity of less than one year, if any, are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of non-current assets

At each balance sheet date, the Group considers both internal and external sources of information to assess whether there is any indication that non-current assets, including property, plant and equipment, development costs and goodwill are impaired. If any such indication exists, the recoverable amount of the assets is estimated and an impairment loss is recognised to reduce the carrying amount of the assets to its recoverable amount. Estimated recoverable amounts are determined based on estimated discounted future cash flows of the cash generating unit at the lowest level to which the assets belongs. The recoverable amount is the higher of value in use or fair value less cost to sell. Such impairment losses are recognised in the income statement. Accordingly, there will be an impact to the future results if there is a significant change in the recoverable amounts of the non-current assets.

(b) Income taxes

The Group is subject to income taxes principally in the PRC. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Moreover, for some domestic subsidiaries in the Group, the taxation exemption and the applicable PRC income tax rate are also subject to re-assessment by the respective local tax bureau in view of the new Corporate Income Tax Law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Provision for doubtful debts

The Group maintains an allowance for doubtful debts for estimated losses resulting from the inability of its customers to make the required payments. The Group makes its estimates based on the aging of its trade receivable balances, customers creditworthiness, and historical write-off experience. If the financial condition of its customers deteriorates, actual write-offs might be higher than expected, and the Group will be required to revise the basis of making the allowance and its future results will be affected.

(d) Percentage of completion of installation contracts

The Management estimates the percentage of completion of installation contracts. These estimates are based on the actual costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. The Management assesses the completion progress at each balance sheet date. The reliability of these estimates is subject to the timely update of total estimated costs and the accurate recording of actual costs incurred. If the total estimated costs and actual costs incurred are untimely updated or incorrectly recorded, the revenue for the period in which such unreliable estimation arise will be affected.

5. REVENUE

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Sales of goods		
Fire alarm systems	810,680	578,319
Fire alarm network systems	25,897	19,286
Video entry systems and building automation systems	68,558	74,718
Electric power meters	43,217	31,402
Provision of services		
Installation services	183,123	136,426
Revenue and turnover	1,131,475	840,151

6. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. No geographical segment is presented as the operations of the Group are substantially located in the PRC.

Business segment

Year ended 31 December 2008	Sales of goods				Provision of services		
	Fire alarm systems	Fire alarm network systems	Video entry systems and building automation systems	Electric power meters	Installation services	Corporate	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross segment revenue	866,698	27,929	68,558	43,217	183,123	–	1,189,525
Inter-segment revenue	(56,018)	(2,032)	–	–	–	–	(58,050)
Revenue	810,680	25,897	68,558	43,217	183,123	–	1,131,475
Segment results	212,451	2,499	2,566	(4,146)	(14,784)	(11,673)	186,913
Interest income							4,077
Operating profit							190,990
Share of results of							
– Jointly controlled entity	2,926	–	–	–	–	–	2,926
– Associates	–	(71)	–	–	–	–	(71)
Profit before income tax							193,845
Income tax expenses							(16,133)
Profit for the year							177,712
Segment assets	959,410	128,213	57,521	72,427	218,574	23,621	1,459,766
Segment liabilities	212,253	12,221	23,279	21,792	66,685	3,960	340,190
Capital expenditure	19,017	2,258	6,816	171	18,463	5,929	52,654
Depreciation	17,308	638	1,127	383	2,012	869	22,337
Amortisation of prepaid operating leases for land	225	–	–	–	–	–	225
Development costs amortisation	2,892	–	–	–	–	–	2,892
Provision for impairment of receivables	8,654	356	–	2,552	1,527	–	13,089

	Sales of goods				Provision of services		
Year ended 31 December 2007	Fire alarm systems	Fire alarm network systems	Video entry systems and building automation systems	Electric power meters	Installation services	Corporate	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross segment revenue	612,261	65,888	74,718	31,402	136,426	–	920,695
Inter-segment revenue	(33,942)	(46,602)	–	–	–	–	(80,544)
Revenue	578,319	19,286	74,718	31,402	136,426	–	840,151
Segment results	160,751	14,145	15,888	658	6,655	(17,150)	180,947
Interest income							6,749
Operating profit							187,696
Share of results of							
– Jointly controlled entity	392	–	–	–	–	–	392
– Associates	–	(2,264)	–	–	–	–	(2,264)
Profit before income tax							185,824
Income tax expenses							(4,769)
Profit for the year							181,055
Segment assets	711,265	114,324	70,279	61,309	150,122	104,620	1,211,919
Segment liabilities	135,068	5,948	13,349	7,641	41,019	3,944	206,969
Capital expenditure	112,977	361	11,167	2,130	5,152	17,074	148,861
Depreciation	14,689	215	1,451	364	1,753	373	18,845
Amortisation of prepaid operating leases for land	225	–	–	–	–	–	225
Development costs amortisation	2,391	–	–	–	–	–	2,391
Provision for impairment of receivables	5,940	334	–	862	1,928	–	9,064

Inter-segment transfers or transactions are entered into at a term and conditions agreed upon by respective parties.

Capital expenditure comprises additions to property, plant and equipment.

7. OTHER INCOME

	Year ended 31 December 2008 RMB'000	Year ended 31 December 2007 RMB'000
Government grant related to revenue	225	7,957
Value added tax refund	31,602	30,144
Interest income	4,077	6,749
Others	478	239
	36,382	45,089

8. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	Year ended 31 December 2008 RMB'000	Year ended 31 December 2007 RMB'000
Charging:		
Changes in inventories of finished goods and work in progress	–	654
Raw materials and consumables used	598,882	388,972
Employee benefit expense *(Note 13)*	142,632	98,527
Research costs	13,551	10,789
Rental expenses	3,614	4,083
Transportation expenses	13,805	8,935
Development costs amortisation	2,892	2,391
Depreciation	22,337	18,845
Provision for impairment of receivables	13,089	9,064
Provision for obsolete inventories	2,884	884
Amortisation of prepaid operating leases for land	225	225
Impairment of investment in associates	71	2,203
Net exchange loss	2,289	5,395
Auditors' remuneration	2,678	2,423
Crediting:		
Net gain on disposal of property, plant and equipment	(73)	(351)
Changes in inventories of finished goods and work in progress	(60,569)	–

The above items are included in cost of goods sold, distribution costs as well as administrative and general expenses.

9. INCOME TAX EXPENSES

	Year ended 31 December	
	2008	2007
	RMB'000	*RMB'000*
Current income tax	18,910	7,272
Deferred income tax *(Note 22)*		
– Origination and reversal of temporary differences	(2,777)	(851)
– Effect of change in tax rates under new Corporate Income Tax Law	–	(1,652)
	(2,777)	(2,503)
	16,133	4,769

No provision for Hong Kong profits tax has been provided as the Group has no assessable profit in Hong Kong. The provision for PRC income tax is calculated based on the statutory income tax rate according to the relevant laws and regulations in the PRC.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law becomes effective on 1 January 2008 and introduces a wide range of changes which, include, but not limited to, the unification of the income tax rate for domestic-invested enterprises and foreign-invested enterprises, which results in increasing the income tax rates for foreign invested enterprises from 15% or 24% to 25%. In addition, the New CIT Law also provides a five-year transitional period starting from its effective date for those enterprises which were established before the promulgation date of the new tax law and which were entitled to preferential income tax rates under the then effective tax laws or regulations. Also pursuant to the new CIT Law, effective from 1 January 2008, enterprises that have applied and been granted High / New Technology Enterprise ("HNTE") will be entitled to a favorable statutory tax rate of 15%.

Gulf Security Technology Company Limited ("GST"), Beijing Gulf Electric Meters Company Limited ("Gulf Meters"), Gulf Fire Prevention Network Company Limited ("Gulf Network") and Qinhuangdao Gulf Plastic & Metal Products Company Limited ("Gulf Plastic"), subsidiaries of the Group, as Foreign Investment Enterprises ("FIEs") registered in a designated development zone, have been exempted from taxation for the first two profitable years and a 50% relief from the applicable national PRC income tax rate for the next three years (the "Exemption and Relief"). Because GST and Gulf Network got and applied the Exemption and Relief since 2004, GST and Gulf Network have been exempted from taxation in 2004 and 2005 and a 50% relief was applied in 2006, 2007 and 2008. Because Gulf Meters got and applied the Exemption and Relief since 2005, Gulf Meters has been exempted from taxation in 2005 and 2006 and a 50% relief was applied in 2007 and 2008 and will be applied in 2009. Because Gulf Plastic got and applied the Exemption and Relief since 2006, Gulf Plastic has been exempted from taxation in 2006 and 2007 and a 50% relief was applied in 2008 and will be applied in 2009 and 2010.

Beijing Gulf Wei'er Electrical Engineering Company Limited ("Beijing Gulf Engineering"), a subsidiary of the Group, is a designated HNTE registered in Zhongguancun Science Park. According to relevant tax laws and regulations in the PRC, effective since the incorporation of Beijing Gulf Engineering in March 2004, it has been exempted from taxation for the first three profitable years and a 50% relief from the applicable national PRC income tax rate for the next three years. Because Beijing Gulf Engineering applied the aforesaid exemption and relief since 2004, Beijing Gulf Engineering has been exempted from taxation in 2004, 2005 and 2006 and a 50% relief was applied in 2007 and 2008 and will be applied in 2009.

In order to increase the productivity, GST constructed the 3rd phase of the factory (the "GST 3rd Phase") which was completed for production since August 2006. According to relevant tax laws and regulations in the PRC, the additional investment of the GST 3rd Phase is exempted from taxation for the first two profitable years and a 50% relief from the applicable national PRC income tax rate for the next three years. Because the GST 3rd Phase has made profit since its first operation year, which is 2006, the GST 3rd Phase has been exempted from taxation in 2006 and 2007 and a 50% relief was applied in 2008 and will be applied in 2009 and 2010.

On 26 December 2007, the State Council issued the "Circular of the State Council on the Implementation of Transitional Preferential Enterprise Income Tax Policies". Pursuant to this Circular, the transitional income tax rates for the Group's subsidiaries, GST, Gulf Network and Gulf Plastic, as manufacturing foreign invested enterprises, established in the Qinhuangdao Economic and Technology Development Zone before 16 March 2007, are 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012, respectively. Other tax preferential treatments such as 50% relief in income tax rate shall be based on the above transitional income tax rate. Thus, the provisions for income tax for GST, Gulf Network and Gulf Plastic were provided at a rate of 9% for 2008 (2007: GST, Gulf Network: 7.5%; Gulf Plastic: 0%).

In 2008, Beijing Gulf Engineering applied for and was subsequently approved as HNTE, and accordingly, it was subject to a favorable income tax rate of 15% according to the New CIT Law and the above transitional income tax rates for the period from 2008 to 2012 were no longer applicable to it. Thus the provision for income tax was provided at a rate of 7.5% for 2008 (2007: 7.5%).

For Gulf Meters, the applicable PRC income tax rate is 25% (2007: 24%) and accordingly the provision for income tax was provided at a rate of 12.5% for 2008 (2007: 12%). The applicable PRC income tax rate for other subsidiaries of the Group in the PRC was 25% for 2008 (2007:33%).

Pursuant to the new CIT Law and the Detail Implementation Regulations ("DIR") issued by the State Administration of Taxation ("SAT") on 6 December 2007, a 10% withholding tax will be levied on dividend payable declared and remitted by FIEs to its foreign investors on or after 1 January 2008. On 22 February 2008, the Ministry of Finance ("MoF") and SAT jointly issued Cai Shui 2008 Circular 1 ("Circular 1"). According to Article 4 of Circular 1, where FIEs declare dividend in 2008 from the cumulative retained earnings as of 31 December 2007, such dividends earned by the foreign investor shall be exempt from corporate withholding income tax. For dividend which arises from FIEs profit earned after 1 January 2008, withholding income tax will be levied on the foreign investor. The Group has decided not to pay out dividends arising from FIEs profit earned after 1 January 2008 in the foreseeable future.

The Group's effective tax rate differs from the statutory rate principally due to the following factors:

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Profit before income tax	193,845	185,824
PRC income calculated at statutory rate of 25% (2007: 33%)	48,461	61,322
Non-deductible expenses	10,829	7,758
Effect of change in tax rates under new CIT Law	–	(1,652)
Effect of different income tax assessment rate and tax exemption	(32,459)	(45,821)
Tax losses for which no deferred income tax asset was recognised	1,044	–
Additional allowances	(3,841)	(5,138)
Income not subject to tax	(7,901)	(11,700)
Income tax expenses	16,133	4,769

10. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB15,629,000 (2007: RMB13,340,000).

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2008	**2007**
Profit attributable to equity holders of the Company *(RMB'000)*	177,676	181,016
Weighted average number of ordinary shares in issue *(thousands)*	800,000	800,000
Basic earnings per share *(RMB cents per share)*	22.2	22.6
Diluted earnings per share *(RMB cents per share)*	22.2	22.6

For the year ended 31 December 2008 and 2007, the share options did not have a dilutive effect because the average market price of ordinary shares during the period did not exceed the exercise price of the options.

12. DIVIDENDS

The Board of Directors does not recommend the payment of a final dividend in respect of the year ended 31 December 2008.

A final dividend of RMB8.04 cents per share (approximately HK8.56 cents) for the year ended 31 December 2007, amount to total dividend of RMB64,320,000 (approximately HK$68,480,000) was approved at the annual general meeting of the Company on 21 May 2008 and it was paid on 28 May 2008.

13. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Wages and salaries excluding directors' emoluments	104,181	75,484
Retirement benefit contributions – Employees *(Note 14)*	11,843	4,869
Staff welfare and allowances	21,004	12,461
Directors' emoluments	4,370	4,489
Amortisation of fair value of share options	1,234	1,224
	142,632	98,527

The number of employees (excluding directors) as at 31 December 2008 was 3,531 (2007: 3,460).

(a) Directors' emoluments

The aggregate amounts of emoluments paid and payable to the directors of the Company are as follows:

	2008					2007				
	Salaries, bonus, allowances and benefits	Retirement benefit contributions	Subtotal	Amortisation of fair value of share options granted to directors	Total	Salaries, bonus, allowances and benefits	Retirement benefit contributions	Subtotal	Amortisation of fair value of share options granted to directors	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Song Jiacheng	1,435	14	1,449	207	1,656	1,320	12	1,332	205	1,537
Cao Yu	1,265	14	1,279	166	1,445	1,100	12	1,112	165	1,277
Peng Kaichen	600	11	611	123	734	1,050	5	1,055	122	1,177
Xu Shaowen *(Note)*	–	–	–	–	–	224	8	232	–	232
Zeng Jun	130	–	130	123	253	120	–	120	122	242
Lee Kwan Hung, Eddie	258	–	258	123	381	180	–	180	122	302
Chang Tso Tung, Stephen	258	–	258	123	381	180	–	180	122	302
Chan Chi On, Derek	255	–	255	123	378	150	–	150	122	272
Sun Lun	130	–	130	123	253	128	–	128	122	250
	4,331	39	4,370	1,111	5,481	4,452	37	4,489	1,102	5,591

Note: Resigned on 18 May 2007

None of the directors of the Company waived any emoluments paid/payable to them by the Group.

(b) Five highest paid individuals

The five highest paid individuals included three directors (2007: three directors) whose emoluments are included in the above disclosures. The emoluments of the remaining two (2007: two) individuals are as follows:

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Salaries, bonus, allowance and benefits in kind	1,581	1,578
Retirement benefit contribution	24	49
	1,605	1,627

The emoluments of the above individuals fell within the following band:

	Number of individuals Year ended 31 December	
	2008	**2007**
Emolument band		
Nil to HK$1,000,000	2	1
HK$1,000,000 to HK$1,500,000	–	1

(c) During 2007 and 2008, no emoluments were paid to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. RETIREMENT BENEFITS

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Employees	11,843	4,869
Directors	39	37
Obligations on defined contribution plans charged for the year	11,882	4,906

Employees in the Group are required to participate in defined contribution retirement plans operated by the local municipal government in the PRC or third parties in Hong Kong. Contributions by the Group are calculated based on a percentage of the employees' basic salary or a fixed sum as stipulated under the relevant requirements. Under the current plans, no forfeited contribution can be used by the Group to reduce the existing level of contributions or future contributions.

15. PROPERTY, PLANT AND EQUIPMENT

	Group						
	Buildings	Leasehold Improvements	Plant and machinery	Vehicles	Equipment, furniture and fixture	Construction In-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2007	113,339	–	69,131	22,578	28,701	4,630	238,379
Additions	107,226	–	11,289	4,461	5,470	20,415	148,861
Transfers	3,660	–	596	–	166	(4,422)	–
Disposals	(781)	–	(2,592)	(1,646)	(1,293)	–	(6,312)
At 31 December 2007	223,444	–	78,424	25,393	33,044	20,623	380,928
Additions	8,340	1,534	10,810	5,176	6,280	20,514	52,654
Transfers	17,366	–	–	–	–	(17,366)	–
Disposals	(211)	–	(3,818)	(2,102)	(2,232)	(273)	(8,636)
At 31 December 2008	248,939	1,534	85,416	28,467	37,092	23,498	424,946
Accumulated depreciation							
At 1 January 2007	11,769	–	16,488	12,203	15,424	–	55,884
Depreciation charge for the year	6,301	–	6,641	2,809	3,094	–	18,845
Depreciation written off – disposal	(128)	–	(1,708)	(1,463)	(1,070)	–	(4,369)
At 31 December 2007	17,942	–	21,421	13,549	17,448	–	70,360
Depreciation charge for the year	7,792	271	7,170	2,854	4,250	–	22,337
Depreciation written off – disposal	(49)	–	(2,172)	(1,810)	(1,904)	–	(5,935)
At 31 December 2008	25,685	271	26,419	14,593	19,794	–	86,762
Net book value							
At 31 December 2007	205,502	–	57,003	11,844	15,596	20,623	310,568
At 31 December 2008	223,254	1,263	58,997	13,874	17,298	23,498	338,184

	Buildings *RMB'000*	**Company** Equipment, furniture and fixture *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2007	–	654	654
Additions	–	40	40
At 31 December 2007	–	694	694
Additions	5,759	171	5,930
At 31 December 2008	5,759	865	6,624
Accumulated depreciation			
At 1 January 2007	–	357	357
Depreciation charge for the year	–	196	196
At 31 December 2007	–	553	553
Depreciation charge for the year	82	92	174
At 31 December 2008	82	645	727
Net book value			
At 31 December 2007	–	141	141
At 31 December 2008	5,677	220	5,897

As of 31 December 2008, the Group has not obtained ownership certificates for some properties and premises of the Group at a carrying value of approximately RMB134,599,000 (2007: RMB81,696,000). The Group is in the progress of obtaining these certificates.

16. PREPAID OPERATING LEASES FOR LAND

	2008	2007
	RMB'000	*RMB'000*
Cost		
Beginning and end of the year	11,345	11,345
Accumulated amortisation		
Beginning of the year	1,714	1,489
Charge for the year	225	225
End of the year	1,939	1,714
Net book value		
Beginning of the year	9,631	9,856
End of the year	9,406	9,631

The land is held under medium term leases in the PRC.

17. INTANGIBLE ASSETS

	2008			2007		
	Goodwill	Development costs	Total	Goodwill	Development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
Beginning of the year	6,541	12,953	19,494	6,541	9,078	15,619
Additions	–	5,998	5,998	–	3,875	3,875
End of the year	6,541	18,951	25,492	6,541	12,953	19,494
Accumulated amortisation						
Beginning of the year	–	3,470	3,470	–	1,079	1,079
Charge for the year	–	2,892	2,892	–	2,391	2,391
End of the year	–	6,362	6,362	–	3,470	3,470
Net book value						
Beginning of the year	6,541	9,483	16,024	6,541	7,999	14,540
End of the year	6,541	12,589	19,130	6,541	9,483	16,024

Amortisation of intangible assets is included in administrative and general expenses.

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segment. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a one-year period. Key assumptions used by the management to calculate value-in-use include gross margin of the products to be sold for next year at 47.5%, growth rate of the business for next year at 2.8% and the discount rate at 5.31% per annum, which is the RMB lending annual interest rate prevailing in the PRC. The growth rate is based on the management's past experience and knowledge in the fire alarm products industry, contract-on-hand and marketing strategy of the Group and adjusting with growth forecast of National Gross Domestic Product and growth of related industries such as real estate industry. Cash flow projections during the budget period are also based on the expected sales of fire alarm products during the budget period. Expected cash inflows/outflows, which include the sales of fire alarm products, have been determined based on past performance and management's expectations for the market development.

A business segment-level summary of the goodwill allocation is presented below.

	As at 31 December 2008 and 2007		
	Fire alarm systems	**Fire alarm network systems**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Goodwill	5,972	569	6,541

18. INVESTMENT IN AND AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

Group:	**As at 31 December**	
	2008	**2007**
	RMB'000	*RMB'000*
Investment in a jointly controlled entity:		
Share of net assets	847	188

	2008	**2007**
	RMB'000	*RMB'000*
Beginning of the year	188	(204)
Share of profit	2,926	392
Elimination of unrealized profit for sales to a jointly controlled entity	(2,267)	–
End of the year	847	188
Amount due from a jointly controlled entity		
0 to 90 days	7,437	3,694
91 to 180 days	4,414	13,908
181 to 365 days	–	5,666
Over 365 days	812	1,105
	12,663	24,373

As of 31 December 2008, the amount due from a jointly controlled entity of approximately RMB812,000 (2007: RMB6,771,000) were past due but not impaired.

The amount due from a jointly controlled entity is unsecured, interest-free, mostly repayable in accordance with the trading terms and denominated in US dollars.

Company:	**As at 31 December**	
	2008	**2007**
	RMB'000	*RMB'000*
Amount due from a jointly controlled entity		
181 to 365 days	–	5,306
	–	5,306

Details of the jointly controlled entity are set out in Note 36.

19. INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Beginning of the year	71	2,335
Share of loss	–	(61)
Impairment of investment in associates	(71)	(2,203)
End of the year	–	71
Representing:		
Share of net assets, unlisted	–	71

Details of the associates are set out in Note 36.

20. INVESTMENTS IN AND LOANS TO SUBSIDIARIES

	Company	
	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Investments in subsidiaries		
– Unlisted shares, at cost	159,678	159,678
Loans to a subsidiary *(Note)*	207,494	286,683
	367,172	446,361

Note:

The balance is unsecured and interest-free. It is in equity nature and has no settlement plan in the near future. Details of the subsidiaries are set out in Note 36.

21. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

		Group	
		As at 31 December	
		2008	**2007**
	Notes	*RMB'000*	*RMB'000*
Assets as per consolidated balance sheet			
Loans and receivables			
Trade receivables	*24*	342,647	253,385
Other receivables	*25*	23,168	33,500
Amount due from a jointly controlled entity	*18*	12,663	24,373
Amount due from a related company	*26*	3,534	3,534
Restricted bank deposits	*28*	16,474	11,511
Cash and bank deposits	*27*	413,701	352,605
Total		812,187	678,908

		Company	
		As at 31 December	
		2008	**2007**
	Notes	*RMB'000*	*RMB'000*
Assets as per balance sheet of the company			
Loans and receivables			
Loans to a subsidiary	*20*	207,494	286,683
Amount due from a jointly controlled entity	*18*	–	5,306
Other receivables	*25*	234	223
Cash and bank deposits	*27*	205	214
Total		207,933	292,426

22. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	5,583	4,012
– Deferred tax asset to be recovered within 12 months	2,339	1,379
	7,922	5,391
Deferred tax liabilities:		
– Deferred tax liabilities to be settled after more than 12 months	1,510	1,897
– Deferred tax liabilities to be settled within 12 months	378	237
	1,888	2,134
Deferred tax assets – net	6,034	3,257

The gross movement on the deferred income tax account is as follows:

	2008	**2007**
	RMB'000	*RMB'000*
Beginning of the year	3,257	754
Credited to the income statement	2,777	2,503
End of the year	6,034	3,257

The movement in deferred tax liabilities during the year is as follows:

	Development Cost
	RMB'000
At 1 January 2007	720
Charged to income statement	1,414
At 31 December 2007	2,134
Credited to income statement	(246)
At 31 December 2008	1,888

The movement in deferred tax assets during the year is as follows:

	Provision for impairment of receivables	Provision for inventory obsolescence	Property, plant and equipments	Accrual and Unrealized profit	Tax Loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	1,174	112	36	152	–	1,474
(Charged)/credited to income statement	3,574	246	(36)	133	–	3,917
At 31 December 2007	4,748	358	–	285	–	5,391
Credited to income statement	769	470	66	51	1,175	2,531
At 31 December 2008	5,517	828	66	336	1,175	7,922

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB1,044,000 (2007: Nil) in respect of losses amounting to RMB4,177,000 (2007: Nil) that cannot be carried forward against future taxable income.

23. INVENTORIES

	As at 31 December	
	2008	2007
	RMB'000	*RMB'000*
Raw materials	65,289	50,572
Work-in-progress	20,268	16,659
Finished goods	97,329	43,491
	182,886	110,722
Components delivered to customers in respect of contracts not yet completed at year end	58,585	42,989
At cost, less provision for obsolete inventories	241,471	153,711

24. TRADE RECEIVABLES

The Group's sales to corporate customers are entered into on credit terms ranging from 30 to 180 days. The Group also grants credit terms to certain customers depending on those customers' progress of installation of the Group's products. The ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
0 to 90 days	199,147	148,367
91 to 180 days	44,088	45,014
181 to 365 days	54,256	31,422
Over 365 days	84,276	54,613
	381,767	279,416
Less: Provision for impairment of receivables	(39,120)	(26,031)
	342,647	253,385

The carrying amounts of the Group's trade receivables approximated its fair value as at 31 December 2008 because of the short maturities of these receivables. Based on the past experience, the Management estimated that the carrying amounts of the Group's trade receivables could be fully recovered.

As of 31 December 2008, trade receivables of approximately RMB35,264,000 (2007: approximately RMB42,674,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Past due but not impaired:		
0 to 90 days	13,956	17,132
91 to 180 days	14,593	19,508
181 to 365 days	6,715	6,034
	35,264	42,674

As of 31 December 2008, trade receivables of approximately RMB58,226,000 (2007: approximately RMB37,159,000) were impaired. The amount of the provision for impairment of receivables was approximately RMB39,120,000 (2007: approximately RMB26,031,000). The ageing analysis of these receivables is as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Past due and impaired:		
181 to 365 days	10,694	6,358
Over 365 days	47,532	30,801
	58,226	37,159

As at 31 December 2008 and 2007, the carrying amounts of the Group's trade receivables are all RMB denominated.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
As at 1 January	26,031	16,967
Provision for impairment of receivables	13,089	9,064
As at 31 December	39,120	26,031

The maximum exposure to credit risk at the reporting date is the carrying amount of the trade receivables. The Group does not hold any collateral as security.

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to the nature of the receivables as below:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Counterparties without external credit rating		
Group 1 – existing customers with debts not yet due according to the contract	250,057	172,880
Group 2 – existing customers with repayment agreement signed	26,150	20,368
Group 3 – retention monies for installation projects	12,070	6,335
	288,277	199,583

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group	
	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Other Receivables	23,168	33,500
Prepayments	19,811	21,792
Prepaid expense	4,663	5,060
Other current assets	8,033	12,709
	55,675	73,061

	Company	
	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Other Receivables	42	42
Prepaid expense	192	181
	234	223

26. AMOUNT DUE FROM/TO A RELATED COMPANY

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Amount due from a related company:		
Beijing Gulf Jingcheng Property Development Company Limited ("Beijing Gulf Property")	3,534	3,534
Amount due to a related company:		
Gulf Technology Group Company Limited ("Gulf Group")	40	–

Beijing Gulf Property is a subsidiary company of Gulf Group. Gulf Group is currently owned by the same beneficial shareholders of GST International Management Limited, the controlling shareholder of the Company.

Amount due from a related company is the retention of the installation projects completed in 2007. Based on past experience and relationship with Beijing Gulf Property, the Management estimated that the amount could be fully recovered.

Amounts due from/(to) a related company are unsecured and interest-free.

27. CASH AND BANK DEPOSITS

	Group As at 31 December 2008 RMB'000	2007 RMB'000
Cash and cash equivalents	326,575	352,605
Time deposits with original maturities over three months	87,126	–
	413,701	352,605

The effective interest rate on time deposits with original maturities over three months of the Group was 3.11% per annum (2007: Nil). Time deposits with original maturities over three months have a weighted average remaining maturity of 95 days (2007: Nil).

	Company As at 31 December 2008 RMB'000	2007 RMB'000
Cash and cash equivalents	205	214
	205	214

	Group As at 31 December		Company As at 31 December	
	2008	**2007**	**2008**	**2007**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents				
RMB denominated	285,238	258,596	–	–
USD denominated	39,437	24,914	170	177
HKD denominated	816	69,082	23	24
Others	1,084	13	12	13
	326,575	352,605	205	214
Time deposits with original maturities over three months				
RMB denominated	82,000	–	–	–
USD denominated	5,126	–	–	–
	87,126	–	–	–
Total cash and bank deposits	413,701	352,605	205	214

28. RESTRICTED BANK DEPOSITS

	Group As at 31 December 2008 *RMB'000*	 2007 *RMB'000*
Restricted bank deposits	16,474	11,511

The effective interest rate on restricted bank deposits of the Group was 0.36% per annum (2007: 0.72% per annum).

The restricted bank deposits were the amount deposited in bank as escrow for the installation projects bidding.

29. SHARE CAPITAL

	Authorised Common shares of HK$0.1 each *No. of shares*	 *RMB'000*
As 1 January 2007 and at 31 December 2007	2,000,000,000	212,000
As 1 January 2008 and at 31 December 2008	2,000,000,000	212,000

	Issued Common shares of HK$0.1 each *No. of shares*	 *RMB'000*
As 1 January 2007 and at 31 December 2007	800,000,000	84,800
As 1 January 2008 and at 31 December 2008	800,000,000	84,800

Share Options

On 23 May 2007, the Company granted share options to Directors and employees under the share option scheme (the "Share Option Scheme") that was adopted on 7 June 2005 conditionally and became unconditional on 30 June 2005. The exercise price of the granted options is HK$2.80 which equals the market price of the shares of the Company on the date immediately before the date of grant of the share options. The options granted are divided into three batches according to the exercisable periods (the vesting periods). The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include any employees, directors, substantial shareholders or any of their respective associates of the Company and/or any of its subsidiaries or associated companies.

The following table discloses the movement of the Company's share options during the year ended 31 December 2008:

	Date of grant	Exercisable period	Exercise price per share	Balance as at 1 January 2008	Granted/ Exercised during the year	Lapsed upon resignation	Balance as at 31 December 2008
				Number of share options			
			HK$				
Category 1:							
Directors	23 May 2007	23 May 2008 – 22 May 2017	2.80	1,350,000	–	–	1,350,000
Directors	23 May 2007	23 May 2009 – 22 May 2017	2.80	1,350,000	–	–	1,350,000
Directors	23 May 2007	23 May 2010 – 22 May 2017	2.80	1,350,000	–	–	1,350,000
				4,050,000	–	–	4,050,000
Category 2:							
Employees	23 May 2007	23 May 2008 – 22 May 2017	2.80	150,000	–	–	150,000
Employees	23 May 2007	23 May 2009 – 22 May 2017	2.80	150,000	–	–	150,000
Employees	23 May 2007	23 May 2010 – 22 May 2017	2.80	150,000	–	–	150,000
				450,000	–	–	450,000
				4,500,000	–	–	4,500,000

The closing price of the Company's share on 22 May 2007, the date immediately before the date of grant of the share options (23 May 2007), was HK$2.80 per share.

The fair value of the 4,950,000 share options granted determined by an independent third party using the Black-Scholes option pricing model was approximately HK$3,560,733 (approximately RMB3,482,397). On 31 August 2007, 450,000 share options granted were lapsed upon resignation of an employee. As such, the fair value of remaining 4,500,000 share options granted was approximately HK$3,237,033 (approximately RMB3,165,818). During the year ended 31 December 2008, HK$1,261,000 (approximately RMB1,234,000) was recognized into administrative and general expense (2007: HK$1,252,000/RMB1,224,000) for the fair value of the share options granted. There is no other share option granted up to the date of this report.

The following significant assumptions were used to derive the fair value using the Black-Scholes option pricing model:

Expected life of options	2-4 years
Expected volatility based on historical volatility of share price	34%
Expected annual dividend yield	2.61%
Risk Free Interest rate	4.002% – 4.099%

Due to the subjectivity and uncertainty of the values of options, such values are subject to a number of assumptions and with regard to the limitation of the model.

30. RESERVES

	Group						
	Share premium	Merger reserves	General reserves	Other reserves	Currency translation adjustments	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	308,671	102,902	91,810	–	15	292,280	795,678
Dividend paid	(58,640)	–	–	–	–	–	(58,640)
Profit for the year	–	–	–	–	–	181,016	181,016
Employee share option scheme – value of service provided	–	–	–	1,224	–	–	1,224
Transfer	–	–	19,718	–	–	(19,718)	–
At 31 December 2007	250,031	102,902	111,528	1,224	15	453,578	919,278
Dividend paid	(64,320)	–	–	–	–	–	(64,320)
Profit for the year	–	–	–	–	–	177,676	177,676
Employee share option scheme – value of service provided	–	–	–	1,234	–	–	1,234
Transfer	–	–	19,364	–	–	(19,364)	–
At 31 December 2008	185,711	102,902	130,892	2,458	15	611,890	1,033,868

	Company			
	Share premium	**Other reserves**	**Accumulated deficits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2007	468,243	–	(33,984)	434,259
Dividend paid	(58,640)	–	–	(58,640)
Employee share option scheme				
– value of service provided	–	1,224	–	1,224
Loss for the year	–	–	(13,340)	(13,340)
At 31 December 2007	409,603	1,224	(47,324)	363,503
Dividend paid	(64,320)	–	–	(64,320)
Employee share option scheme				
– value of service provided	–	1,234	–	1,234
Loss for the year	–	–	(15,629)	(15,629)
At 31 December 2008	345,283	2,458	(62,953)	284,788

(a) Merger reserve of the Group represents the difference between the value of the paid-up capital of the subsidiaries acquired and the value of the Company's shares issued in exchange therefore pursuant to the group reorganisation completed in December 2004.

(b) General reserves represent statutory reserve which is composed of appropriation at 10% of the net profit of certain subsidiaries of the Group according to their respective Articles of Association.

(c) Pursuant to Section 31 of the Cayman Islands Companies Law (2003 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provisions in the Articles of Association of the Company.

31. TRADE PAYABLES

At 31 December 2008, the ageing analysis of the trade payables was as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
0 to 90 days	116,373	80,139
91 to 180 days	10,367	9,810
181 to 365 days	11,341	2,937
Over 365 days	7,433	2,444
	145,514	95,330

32. ADVANCE FROM CUSTOMERS

Advance from customers represents cash received from customers in respect of contracts not yet completed at year end.

33. CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Operating profit	190,990	187,696
Depreciation	22,337	18,845
Amortisation of prepaid operating leases for land	225	225
Development costs amortisation	2,892	2,391
Provision for impairment of receivables	13,089	9,064
Provision for obsolete inventories	2,884	884
Net gain on disposal of property, plant and equipment	(73)	(351)
Interest income	(4,077)	(6,749)
Amortisation of value of services provided under employee share options scheme	1,234	1,224
Operating profit before working capital changes	229,501	213,229
Increase in restricted bank deposits	(4,963)	(5,439)
Increase in inventories	(90,644)	(36,117)
Increase in trade receivables	(102,351)	(118,036)
Decrease/(increase) in other receivables, deposits and prepayments	17,493	(39,783)
Decrease/(increase) in due from a jointly controlled entity	8,671	(9,529)
Increase in due from a related company	–	(3,534)
Increase in due to a related company	40	–
Increase/(decrease) in trade payables	50,184	(12,459)
Increase in other payables and accruals	12,335	715
Decrease in advance from a related company	–	(1,998)
Increase in advance from customers	69,446	37,725
(Decrease)/increase in other taxes payable	(3,807)	5,399
Cash generated from operations	185,905	30,173

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2008	**2007**
	RMB'000	*RMB'000*
Net book amount *(Note 15)*	2,701	1,943
Net gain on disposal of property, plant and equipment	73	351
Proceeds from disposal of property, plant and equipment	2,774	2,294

34. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
Property, plant and equipment	–	2,368

(b) Operating lease commitments for buildings

	As at 31 December	
	2008	**2007**
	RMB'000	*RMB'000*
First year	1,836	1,547
Second to fifth year	2,004	2,453
After the fifth year	438	479
	4,278	4,479

35. RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related companies which were, in the opinion of the Directors, carried out in the normal course of the Group's business:

		Year ended 31 December	
		2008	**2007**
	Notes	*RMB'000*	*RMB'000*
Sales to jointly controlled entity	*(i)*	42,689	37,441
Repair cost paid to a related company	*(ii)*	–	132
Services rendered to a related company	*(iii)*	–	6,298
Rental paid to a related company	*(iv)*	40	240
Compensation and remuneration for key management personnel	*(v)*	4,420	4,489
Acquisition of office premises	*(vi)*	–	81,696
Property management fee paid to a related company	*(vii)*	1,238	619
Car park license fee paid to a related company	*(viii)*	501	236

Notes:

(i) Sales of finished goods to a jointly controlled entity, Global System Technology PLC ("GST PLC") were conducted in the normal course of business at prices and terms mutually agreed by the parties involved.

(ii) Repair cost paid to Qinhuangdao Development Zone Junhui Car Repair and Decoration Company Limited, a subsidiary of Gulf Group, were conducted at prices and terms mutually agreed by the parties involved.

(iii) Services rendered to Beijing Gulf Jingcheng Property Development Company Limited ("Beijing Gulf Property"), a subsidiary of Gulf Group, represented installation services provided by the Group at terms mutually agreed by the parties involved.

(iv) Rental paid to Gulf Group was determined based on market rent.

(v) The key management personnel are the directors of the Company. Their compensations and remunerations are set out in note 13 to the financial statements.

(vi) The consideration for the acquisition of office premises in Zhongguancun was determined according to the framework agreement dated 13 November 2006 signed between GST and Beijing Gulf Property with approval from independent shareholders of the Company by way of poll at the extraordinary general meeting held on 29 December 2006 and was paid to Beijing Gulf Property on 13 March 2007.

(vii) Property management fee paid to The Gate Asset Management Company Limited ("The Gate") (北京新中關摩爾資產管理有限公司), a subsidiary of Beijing Gulf Property, which provides property management services in relation to the office building of the Group in Zhongguancun, Beijing. The property management fee was determined based on terms agreed upon by both parties.

(viii) Car park license fee paid to The Gate which provides the Group with the right to use certain car park facilities in the office building of the Group in Zhongguancun, Beijing. The car park license fee was determined based on terms agreed upon by both parties..

The receivables and payables due from and to related companies have been disclosed in Notes 18 and 26.

36. PARTICULARS OF SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

As at 31 December 2008, the Company has direct and indirect interests in the following subsidiaries, associates and a jointly controlled entity which are all limited liability companies or have substantially the same characteristics as a limited liability company:

Company	Place and date of incorporation/ establishment	Issued/ registered and fully paid share capital	Attributable equity interests	Principal activities and place of operation
Subsidiaries				
Interests held directly:				
GST Group International Limited	The British Virgin Islands (the "BVI") 17 March 2004	USD 0.01	100%	Investment holding in the BVI
Interests held indirectly:				
Gulf Security Technology Company Limited	The PRC 25 April 2004	USD36,280,000	100%	Manufacturing and sales of intelligent fire detection and control systems in the PRC
Gulf Fire Prevention Network Company Limited	The PRC 16 April 2004	USD7,000,000	100%	Development and sales of fire alarm network products in the PRC

Company	Place and date of incorporation/ establishment	Issued/ registered and fully paid share capital	Attributable equity interests	Principal activities and place of operation
Beijing Gulf Electric Meters Company Limited	The PRC 10 May 2004	USD6,500,000	100%	Development and sales of power meter in the PRC
Gulf Electrical Engineering Company Limited	The PRC 24 September 1996	RMB50,000,000	100%	Provision of system integration and installation services in the PRC
Beijing Gulf Wei'er Electrical Engineering Company Limited	The PRC 24 March 2004	RMB100,000,000	100%	Provision of system integration and installation services in the PRC
Qinhuangdao Gulf Labour Services Company Limited	The PRC 9 March 2005	RMB500,000	100%	Provision of human resources services
Qinhuangdao Gulf Plastic & Metal Products Company Limited	The PRC 5 June 2006	USD2,000,000	100%	Manufacturing and sales of plastic and metal products, metal components and mould in the PRC
Qinhuangdao Gulf Software Technology Company Limited	The PRC 5 June 2006	USD2,000,000	100%	Development and sales of software product, computer integrated circus system and corresponding computing technology
Qinhuangdao City Chengan Fire Prevention Network Company Limited	The PRC 9 August 2001	RMB2,000,000	51%	Sales of fire alarm network products and provision of related installation, maintenance and technical services in the PRC
GST Security and Safety Holdings Limited	The BVI 27 June 2007	USD1	100%	Investment holding in the BVI
Shenzhen Gulf Security Technology Company Limited	The PRC 17 October 2007	RMB10,000,000	100%	Design development and sales of security equipments, electronics equipments, surveillance equipments, mould and computing software products
Gulf Link-Zone Fire Technology (Beijing) Company Limited	The PRC 26 September 2008	RMB1,000,000	100%	OEM and ODM fire protection equipments in the PRC
Associates				
Interests held indirectly:				
Nanning Gulf Fire Prevention Network Technology Company Limited	The PRC 19 September 2001	RMB1,000,000	25%	Sales of fire alarm network products and provision of related installation, maintenance and technical services in the PRC

Company	Place and date of incorporation/ establishment	Issued/ registered and fully paid share capital	Attributable equity interests	Principal activities and place of operation
Henan Province Hongda Gulf Chengan Firefighting Network Company Limited	The PRC 21 November 2005	RMB10,000,000	25%	Sales of fire alarm network products and provision of related installation, maintenance and technical services in the PRC
Jointly controlled entity				
Interests held indirectly:				
Global System Technology PLC	United Kingdom 23 November 2000	£50,000	51%	Sales of fire alarm systems, power meters and other electronic equipment in Dubai

37. EVENTS AFTER THE BALANCE SHEET DATE

According to the joint announcement dated 3 December 2008, United Technologies Far East Limited ("UTFE"), a wholly-owned subsidiary of United Technologies Corporations ("UTC") which is a substantial shareholder of the Company, made a proposed voluntary conditional cash offers to acquire all the issued shares in the capital of the Company including shares held by GST International Management Limited ("GST International"), the controlling shareholder of the Company including shares, (other than those shares already held by UTFE and parties acting in concert with it), and for the cancellation of all the outstanding share options of the Company (the "Offers"). The Offers, if and when made, will be made on HK$3.38 in cash for each share of the Company and HK$0.58 in cash for each share option of the Company. The making of the Offers is conditional upon any applicable waiting periods for a response from the relevant governmental or regulatory body having expired or being terminated and/or any consent or approval (including without limitation any approval in relation to the PRC Antitrust Filing and national security approval, as may be necessary) of any governmental or regulatory body in relation to the Offers or the completion thereof having been obtained in terms reasonably satisfactory to UTFE pursuant to the provisions of any laws or regulations in the PRC and other relevant jurisdictions, in each case where necessary for completion of the Offers.

38. ULTIMATE HOLDING COMPANY

As at 31 December 2008, the directors of the Company regarded GST International Management Limited, a company incorporated in the BVI, as being the ultimate holding company.

3. INDEBTEDNESS STATEMENT

As at 30 April 2009, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the GST Group did not have any outstanding bank loans.

Apart from intra-group liabilities, the GST Group did not, as at 30 April 2009, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills and payables) or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

GST is not aware of any material changes from 30 April 2009 to the Latest Practicable Date to the indebtedness and contingent liabilities position of the GST Group.

4. MATERIAL CHANGES

The GST Directors are not aware of any material changes in the financial or trading position or outlook of the GST Group subsequent to 31 December 2008, being the date to which the latest audited consolidated financial statements of the GST Group were made up.

5. PROPERTY VALUATION RECONCILIATION

Property Interests	*RMB'000*
Net book value of property interests of the GST Group as at 31 December 2008 (audited) *(Note 1)*	250,502
Additions during the period from 1 January 2009 to 30 April 2009 (unaudited) *(Note 2)*	670
Depreciation and amortization during the period from 1 January 2009 to 30 April 2009 (unaudited) *(Note 2)*	(3,100)
Disposal during the period from 1 January 2009 to 30 April 2009 (unaudited) *(Note 2)*	(459)
Net book value of property interests of the GST Group as at 30 April 2009 (unaudited) *(Note 2)*	247,613
Valuation surplus as at 30 April 2009 (unaudited)	21,429
Market value of property interests as at 30 April 2009 as per Appendix III to this Composite Document *(Note 3)*	269,042

Notes

1. The net book value of the property interests of the GST Group (those covered by the valuation report as set out in Appendix III to this Composite Document) as at 31 December 2008 consists of the net book value of buildings, prepaid operating leases for land and certain construction in progress of the GST Group as at 31 December 2008 amounting RMB223,254,000, RMB9,406,000 and RMB17,842,000 respectively. The net book value of property interests which have obtained all required title certificates of the GST Group as at 31 December 2008 is RMB132,677,000 and the net book value of property interests which have not obtained all required title certificates of the GST Group as at 31 December 2008 is RMB117,825,000. The property interests of the GST Group are stated at historical cost less accumulated depreciation/amortisation and impairment losses in the consolidated financial statements of the GST Group.

2. Extracted from the unaudited management account of GST for the period ended 30 April 2009.

3. The market value of property interests as at 30 April 2009 consists of two parts: the summarized capital value of RMB156,057,000 and the summarized reference value of RMB112,985,000.

   a. The summarized capital value is the summarized market value of properties which have obtained title certificates, which is stipulated on page 132.

   b. The summarized reference value is the summarized market value of properties which GST is in the process of obtaining all the required title certificates and has not obtained all required title certificates on 30 April 2009 which are property nos. 4 to 8, 16 to 19, 22, 25, 29 to 31, 34, 36, 43 and a building of property no. 32 and 2 underground car parking spaces of property no. 38. The reference value of each property is stipulated in Note 3 on page 136, Note 3 on page 137, Note 3 on page 138, Note 3 on page 139, Note 3 on page 140, Note 3 on page 148, Note 4 on page 149, Note 4 on page 150, Note 3 on page 151, Note 3 on page 154, Note 3 on page 157, Note 3 on page 161, Note 3 on page 162, Note 3 on page 163, Note 3 on page 167, Note 3 on page 169, Note 3 on page 176, Note 7 on page 165 and Note 4 on page 171 set out in Group III of Appendix III to this Composite Document respectively. Those properties with no commercial value in Group III of Appendix III to this Composite Document are recorded at historical cost less accumulated depreciation and impairment losses in the books of the GST Group.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this Composite Document received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 April 2009 of the property interests of the GST Group. As described in the paragraph headed "Documents Available for Inspection" in Appendix IV to this Composite Document, a copy of the full valuation report will be made available for public inspection.

JONES LANG LASALLE® SALLMANNS

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

17 July 2009

The Board of Directors
GST Holdings Limited
Suite 1612, 16/F
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which GST Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), Hong Kong and the United Arab Emirates, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 April 2009 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests in Group I, Group III (excluding property no. 32) and Group IV by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of property no. 32 in Group III and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available. This property interest has therefore been valued on the basis of its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

We have attributed no commercial value to the property interests in Group V, which have not been assigned to the Group as at the date of valuation, thus the titles of the properties are not invested in the Group.

We have attributed no commercial value to the property interests in Group II and Group VI, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

As the Group is in compliance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and section 6 of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual leased properties under operating lease have been excluded from the valuation certificates in our valuation report to this Composite Document, of which a summary is included in the Summary of Values and the certificate for leased properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and Real Estate Title Certificates relating to the property interests in the PRC and have made relevant enquiries and have caused searches to be made at the Hong Kong and the United Arab Emirates Land Registries in respect of Hong Kong and the United Arab Emirates properties respectively. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Commerce & Finance Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). The exchange rates adopted in our valuations are HK$1 = RMB0.8806 and United Arab Emirates Dirhams 1 = RMB1.8576 which were approximately the prevailing exchange rates as at the date of valuation.

The continued turmoil and instability in the financial markets is continuing to cause volatility and uncertainty in the world's capital markets and real estate markets. There are low levels of liquidity in the real estate market and transaction levels are significantly reduced, resulting in a lack of clarity as to pricing levels and the market drivers. This, combined with a general weakening of sentiment towards real estate, has resulted in a continual reappraisal of local property prices. Many transactions that are occurring involve vendors who are more compelled to sell, or purchasers who will only buy at discounted prices. In this environment, prices and values are going through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property.

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I – Property interest owned and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
1.	Unit 1612, 16th Floor West Tower, Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong	14,530,000	100%	14,530,000

Note: According to the information provided by the Group, the potential tax liability which would arise on the disposal of property interest in Group I is stamp duty of a maximum rate of 3.75% of consideration. The directors of the Company (the "Directors") consider that it is unlikely any such liability will crystallize as the Group has no intention to sell the property which is currently being occupied for office purpose.

	Sub-total:	**14,530,000**		**14,530,000**

Group II – Property interests rented and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*
2.	Flat A, 9th Floor, Yan Wo Building, No. 70 Java Road, Hong Kong	No commercial value
3.	Flat B, 23rd Floor, Yan Wo Building, No. 70 Java Road, Hong Kong	No commercial value
	Sub-total:	**Nil**

Group III – Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
4.	Unit 801 on Level 8, Tower A Shi Ji Bao Ding Apartment No. 9 Dingcheng Road Chaoyang District Beijing The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
5.	Unit 3-3B303 on Level 3, Block 1 Xin De Jia Yuan No. 66 West Minzudaxue Road Haidian District Beijing The PRC	No commercial value	100%	No commercial value
6.	Levels 17 to 19, Tower B Xinzhongguan Mansion No. 19 Zhongguancun Avenue Haidian District Beijing The PRC	No commercial value	100%	No commercial value
7.	Unit 4-2-0102 on Level 1, Block 4 Ao Zhou Kang Du No. 39 North Wangjing Road Chaoyang District Beijing The PRC	No commercial value	100%	No commercial value
8.	Unit 401 on Level 4 Changzhi Mansion No. 1 Lane 237 Changning Zhi Road Changning District Shanghai The PRC	No commercial value	100%	No commercial value
9.	Unit 10B on Level 10 Chengjian Mansion No. 189 West Tiyu Road Tianhe District Guangzhou City Guangdong Province The PRC	3,366,000	100%	3,366,000

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
10.	Unit 1204 on Level 12 Nanxing Garden No. 327 Yuangang Road Tianhe District Guangzhou City Guangdong Province The PRC	644,000	100%	644,000
11.	Unit 20A10 on Level 20 Xindacheng Plaza No. 27 Shuiyinerheng Road Tianhe District Guangzhou City Guangdong Province The PRC	721,000	100%	721,000
12.	Unit 1604 on Level 16 Jinyan Garden No. 624 Yueken Road Tianhe District Guangzhou City Guangdong Province The PRC	719,000	100%	719,000
13.	Unit 902 on Level 9 of a 9-storey residential building No. 59 Beiyuan Linxia Road Chengguan District Lanzhou City Gansu Province The PRC	248,000	100%	248,000
14.	Unit B on Level 15 Guomao Mansion No. 258 Qingyang Road Chengguan District Lanzhou City Gansu Province The PRC	329,000	100%	329,000

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
15.	Units 803 and 805 on Level 8 Huada Mansion No. 266 Wuhouci Street Wuhou District Chengdu City Sichuan Province The PRC	1,747,000	100%	1,747,000
16.	Unit 2 on Level 11, Entrance 1 Daqi Community No. 403 Zhongshan Road Shahekou District Dalian City Liaoning Province The PRC	No commercial value	100%	No commercial value
17.	Unit 25 on Level 2, Building 7 Bai Ri Nan Li Linghe District Jinzhou City Liaoning Province The PRC	No commercial value	100%	No commercial value
18.	Unit 505 on Level 5, Block D Dong Qing Yuan Dongqing Mansion No. 64 Qingchun Road Xiacheng District Hangzhou City Zhejiang Province The PRC	No commercial value	100%	No commercial value
19.	Unit 603 on Level 6 Tai Yang Cheng, Phase I Fenglin Mansion No. 60 Suzhou Road Hefei City Anhui Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
20.	Unit 8A on Level 8, Entrance 2 Mei Hua Ge, Quanjingsiji Garden No. 93 Yingxiongshan Road Shizhong District Jinan City Shandong Province The PRC	690,000	100%	690,000
21.	Unit D on Level 16, Building 1 Mingchanghuayuan Mansion located at Renmin Zhong Road Kunming City Yunnan Province The PRC	404,000	100%	404,000
22.	Unit 705 on Level 7, Entrance East Building 10, Dan Feng Xin Yu Dashiqiao Community Xuanwu District Nanjing City Jiangsu Province The PRC	No commercial value	100%	No commercial value
23.	Unit 1302 on Level 13 Longyin Plaza No. 217 North Zhongshan Road Gulou District Nanjing City Jiangsu Province The PRC	2,458,000	100%	2,458,000
24.	Unit E on Level 10, Block B Jing Du Hua Yuan No. 37 West Donghai Road Shinan District Qingdao City Shandong Province The PRC	880,000	100%	880,000

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
25.	Unit 505 on Level 5 Tiancheng Hotel No. 28 Beiling Street Huanggu District Shenyang City Liaoning Province The PRC	No commercial value	100%	No commercial value
26.	A unit on Level 20 Fortune Centre No. 55 Beizhan Road Shenhe District Shenyang City Liaoning Province The PRC	1,662,000	100%	1,662,000
27.	A unit on Level 18 Mingcheng Garden No. 30-2 Xiannongtan Road Shenhe District Shenyang City Liaoning Province The PRC	1,767,000	100%	1,767,000
28.	Unit 1701 on Level 17 Jianyin Mansion No. 105 Zhongshan Road Tianshan District Urumqi City Xinjiang Autonomous Region The PRC	814,000	100%	814,000
29.	Units B-15-4 and B-15-5 on Level 15, Xiya Square No. 33 Yuzhou Road Jiulongpo District Chongqing The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
30.	Units 1405 and 1406 on Level 14 Xiangkai Mansion No. 776 Furong Zhong Road Tianxin District Changsha City Hunan Province The PRC	No commercial value	100%	No commercial value
31.	Unit 4-Middle-West on Level 6 Qinyuan Apartment No. 100 West Gongyuan Road Yuquan District Huhhot City Inner Mongolia Autonomous Region The PRC	No commercial value	100%	No commercial value
32.	3 parcels of land, 10 buildings and various structures No. 80 East Changjiang Road Qinhuangdao Econ-Tech Development Zone Qinhuangdao City Hebei Province The PRC	106,823,000	100%	106,823,000
33.	Units 14-4-10, 14-5-9, 14-5-10, 15-4-10, 15-5-9, 15-5-10, 16-3-11 and 16-3-12 Hepingli Community Qinhuangdao Econ-Tech Development Zone Qinhuangdao City Hebei Province The PRC	1,634,000	100%	1,634,000
34.	Unit 804 on Level 8 Huayu Mansion No. 15 Yongding Lane Wuxi City Jiangsu Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
35.	Unit 1604 on Level 16, Tower A Yiheguoji Mansion No. 1 South Hanguang Road Yanta District Xi'an City Shaanxi Province The PRC	1,090,000	100%	1,090,000
36.	Unit A on Level 21 Zhengzhou Xinwen Mansion No. 85 Huayuan Road Jinshui District Zhengzhou City Henan Province The PRC	No commercial value	100%	No commercial value
37.	Units 13N, 13O, 13P and 13Q on Level 13, Daqing Mansion No. 37 Shennan Road Futian District Shenzhen The PRC	2,494,000	100%	2,494,000
38.	Units 1807, 1808 and 1809 on Level 18 and 2 underground car parking spaces, Shijifangzhou Mansion No. 91 Guangan Street Shijiazhuang City Hebei Province The PRC	1,682,000	100%	1,682,000
39.	A unit on Level 5 Zai Shui Yi Fang located at the southern side of Taikang Road, Luonan New District Luoyang City Henan Province The PRC	705,000	100%	705,000

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
40.	Units C03 to C05 and A01 to A07 on Level 10, Jinyuan International Business Mansion No. 146 Hebei Street Qinhuangdao City Hebei Province The PRC	4,237,000	100%	4,237,000
41.	Villa no. A706, Hongyu Villa located at the coast of Beidaihe Qinhuangdao City Hebei Province The PRC	2,165,000	100%	2,165,000
42.	Unit East on Level 3, Entrance 4 Building 43 Lu Neng Qi Neng Jia Yuan Zhangdian District Zibo City Shandong Province The PRC	440,000	100%	440,000
43.	Unit 301 on Level 3, Building 1 Yiyuan Community No. 2 Jia 6-1 Wenyi Road Heping District Shenyang City Liaoning Province The PRC	No commercial value	100%	No commercial value

Note1: According to the information provided by the Group, the potential tax liability which would arise on the disposal of property interests of property nos. 4 to 39 and 42 to 43 in Group III are Business Tax of 5% of consideration, PRC Land Appreciation Tax (ranging from 30% to 60% of the appreciated amount), PRC Enterprises Income Tax of 15% of net profit upon disposal. The Directors consider that it is unlikely any such liability will crystallize as the Group has no intention to sell such properties which are currently being occupied for office, industrial or staff quarters purposes.

Note2: According to the information provided by the Group, the potential tax liability which would arise on the disposal of property interests of property nos. 40 to 41 in Group III are Business Tax of 5% of consideration, PRC Land Appreciation Tax (ranging from 30% to 60% of the appreciated amount), PRC Enterprises Income Tax of 1.25% of consideration upon disposal. The Directors consider that it is unlikely any such liability will crystallize as the Group has no intention to sell such properties which are currently being occupied for office purpose.

	Sub-total:	**137,719,000**		**137,719,000**

Group IV – Property interests held and occupied by the Group in the United Arab Emirates

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 April 2009 *RMB*
44.	Unit 3606 on Level 36 Lake Terrace Jumeirah Lake Towers Dubai The United Arab Emirates	2,043,000	100%	2,043,000
45.	Unit 201 on Level 2 Marina Diamond 6 Dubai Marina Dubai The United Arab Emirates	1,765,000	100%	1,765,000

Note: According to the information provided by the Group, the potential tax liability which would arise on the disposal of property interests in Group IV is fee for registration of the sale of immovable assets transactions of 2% of the consideration upon disposal. The Directors consider that it is unlikely any such liability will crystallize as the Group has no intention to sell such properties which are currently being occupied for staff quarters purpose.

	Sub-total:	**3,808,000**		**3,808,000**

Group V – Property interests contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*
46.	Units 748, 749 and 802, on Levels 7 and 8 of Ruihai Mansion Yangfangdian, Haidian District, Beijing The PRC	No commercial value
47.	Units 1905 and 1906, on Levels 19 of Entrance 2, Chang'an Jinzuo Xinhua East Street, Saikan District, Huhhot City Inner Mongolia Autonomous Region The PRC	No commercial value
48.	Unit 1502 on Level 15 of Biyu Square, Yanshan Avenue Qinghuangdao City, Hebei Province The PRC	No commercial value

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*
49.	Unit 1906 on Level 19 of Office Tower and Unit 1504 on Level 15 of Residential Tower 2 Dongda City Square, located at the western side of Hulun South Street Huhhot City, Inner Mongolia Autonomous Region The PRC	No commercial value
50.	Units 2101 and 2215 on Levels 21 and 22 of Block B Boshimingren, located at Zhongshan East Street Huhhot City, Inner Mongolia Autonomous Region The PRC	No commercial value
51.	Unit 405 on Level 4 of Entrance 1, Block 67 Tianshan Shuixiehuadu, No. 218 Zhufeng Avenue Development Zone, Shijiazhuang City, Hebei Province The PRC	No commercial value
52.	Levels 16 to 17 of Zhaocheng Mansion located at the southern side of Tiedong Lake Anshan City, Liaoning Province The PRC	No commercial value
	Sub-total:	**Nil**

Group VI – Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 April 2009 *RMB*
53.	71 properties rented by the Group in the PRC	No commercial value
	Sub-total:	**Nil**

	Capital value in existing state as at 30 April 2009 *RMB*	Capital value attributable to the Group as at 30 April 2009 *RMB*
Grand total:	**156,057,000**	**156,057,000**

Note: After the date of valuation, the Group entered into a Tenancy Agreement with an independent third party to rent a property in the PRC for office purpose. We have attributed no commercial value to the property. Please refer to page 187.

VALUATION CERTIFICATE

Group I – Property interest owned and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
1.	Unit 1612, 16th Floor West Tower Shun Tak Centre Nos. 168-200 Connaught Road Central Hong Kong	The property comprises an office unit on the 16th floor of a 39-storey office building above a commercial podium completed in about 1985. The property has a gross floor area of approximately 2,013 sq.ft. (187.01 sq.m.) The property is held under Conditions of Grant No. UB11612 for a term 75 renewable for 75 years commencing from 31 December 1980.	The property is currently occupied by the Group for office purpose.	14,530,000 100% interest attributable to the Group: RMB14,530,000

Notes:

1. GST Group International Limited ("GST Group International") is a wholly-owned subsidiary of the Company.

2. The registered owner of the property is GST Group International vide Memorial No. 07080100870227 dated 16 July 2007.

3. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB3018018 dated 4 March 1986.

VALUATION CERTIFICATE

Group II – Property interests rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
2.	Flat A, 9th Floor Yan Wo Building No. 70 Java Road Hong Kong	The property comprises a unit on the 9th floor of a 25-storey residential building completed in about 2000. The property has a saleable area of approximately 420 sq.ft. (39.02 sq.m.) Pursuant to a Tenancy Agreement entered into between GST Holdings Limited, as Tenant, and Chase Harvest Development Limited, as Landlord, the property is rented to the Company for a term of one year commencing from 18 April 2008 and expiring on 17 April 2009 at a monthly rental of HK$10,000 inclusive of rates and management fee. As advised by the Group, the Group will continue to use the property after the date of valuation.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. The registered owner of the property is Chase Harvest Development Limited which is an independent third party vide Memorial No. UB3798425 dated 15 July 1988.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
3.	Flat B, 23rd Floor Yan Wo Building No. 70 Java Road Hong Kong	The property comprises a unit on the 23rd floor of a 25-storey residential building completed in about 2000. The property has a saleable area of approximately 420 sq.ft. (39.02 sq.m.) Pursuant to a Tenancy Agreement entered into between GST Holdings Limited, as Tenant, and Chase Harvest Development Limited, as Landlord, the property is rented to the Company for a term of one year commencing from 17 November 2008 and expiring on 16 November 2009 at a monthly rental of HK$10,000 inclusive of rates and management fee.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. The registered owner of the property is Chase Harvest Development Limited which is an independent third party vide Memorial No. UB3798425 dated 15 July 1988.

VALUATION CERTIFICATE

Group III – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
4.	Unit 801 on Level 8 Tower A, Shi Ji Bao Ding Apartment No. 9 Dingcheng Road Chaoyang District Beijing The PRC	The property comprises a residential unit on Level 8 of a 24-storey residential building completed in about 2001. The property has a gross floor area of approximately 230.5 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Beijing Gulf Wei'er Electrical Engineering Company Limited ("Beijing Gulf Engineering") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Jing Fang Quan Zheng Chao Qi 06 Zi Di No. 001648, a unit with a gross floor area of approximately 230.5 sq.m. is owned by Beijing Gulf Engineering.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB2,628,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by Beijing Gulf Engineering;

   b) If the land use rights of the property are in granted nature, Beijing Gulf Engineering can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, Beijing Gulf Engineering can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or Beijing Gulf Engineering should turn in relevant land income generated from transferring the property to the state; Beijing Gulf Engineering can also lease the property, but Beijing Gulf Engineering should turn in relevant land income generated from leasing the property; Beijing Gulf Engineering can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
5.	Unit 3-3B303 on Level 3 Block 1 Xin De Jia Yuan No. 66 West Minzudaxue Road Haidian District Beijing The PRC	The property comprises a residential unit on Level 3 of a 20-storey residential building completed in about 2000. The property has a gross floor area of approximately 126.58 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Beijing Gulf Wei'er Electrical Engineering Company Limited ("Beijing Gulf Engineering") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Jing Fang Quan Zheng Hai Qi Yi Zi Di No. 0063389, a unit with a gross floor area of approximately 126.58 sq.m. is owned by Beijing Gulf Engineering.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB2,025,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by Beijing Gulf Engineering;

   b) If the land use rights of the property are in granted nature, Beijing Gulf Engineering can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, Beijing Gulf Engineering can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or Beijing Gulf Engineering should turn in relevant land income generated from transferring the property to the state; Beijing Gulf Engineering can also lease the property, but Beijing Gulf Engineering should turn in relevant land income generated from leasing the property; Beijing Gulf Engineering can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
6.	Levels 17 to 19 Tower B Xinzhongguan Mansion No. 19 Zhongguancun Avenue Haidian District Beijing The PRC	The property comprises the whole of Levels 17 to 19 of a 19-storey office building completed in about 2006. The property has a total gross floor area of approximately 4,691.89 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 27 July 2053 for commercial and office uses.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to 24 Commodity Property Sale & Purchase Contracts entered into between GSTCL and Beijing Haiwanjingcheng Real Estate Development Company Limited dated 6 March 2007, Levels 17 to 19 of Tower B of Xinzhongguan Mansion with a total gross floor area of approximately 4,691.89 sq.m. were contracted to be sold to GSTCL at a total consideration of RMB81,695,565.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained any proper title certificates. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB87,738,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The Commodity Property Sale & Purchase Contracts mentioned in note 2 are legal, valid and binding on both signing parties.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
7.	Unit 4-2-0102 on Level 1 Block 4 Ao Zhou Kang Du No. 39 North Wangjing Road Chaoyang District Beijing The PRC	The property comprises a commercial unit on Level 1 of a 28-storey residential building completed in about 2006. The property has a gross floor area of approximately 120.13 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. Beijing Gulf Wei'er Electrical Engineering Company Limited ("Beijing Gulf Engineering") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – X Jing Fang Quan Zheng Chao Qi Zi Di No. 562704, a unit with a gross floor area of approximately 120.13 sq.m. is owned by Beijing Gulf Engineering.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,754,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by Beijing Gulf Engineering;

   b) If the land use rights of the property are in granted nature, Beijing Gulf Engineering can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, Beijing Gulf Engineering can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or Beijing Gulf Engineering should turn in relevant land income generated from transferring the property to the state; Beijing Gulf Engineering can also lease the property, but Beijing Gulf Engineering should turn in relevant land income generated from leasing the property; Beijing Gulf Engineering can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
8.	Unit 401 on Level 4 Changzhi Mansion No. 1 Lane 237 Changning Zhi Road Changning District Shanghai The PRC	The property comprises an office unit on Level 4 of a 26-storey commercial building completed in about 1998. The property has a gross floor area of approximately 134.27 sq.m. The land use rights of the property have been allocated for composite use.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate – Hu Fang Di Chang Zi (2000) No. 018151, a unit with a gross floor area of approximately 134.27 sq.m. is owned by GSTCL and the land use rights of the property have been allocated for composite use.

3. In the valuation of this property, we have attributed no commercial value to the property which is erected on the allocated land. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB2,121,000 assuming it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

    a) The building ownership rights of the property are legally owned by GSTCL;

    b) As the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

    c) There is no mortgage recordation on the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
9.	Unit 10B on Level 10 Chengjian Mansion No. 189 West Tiyu Road Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises an office unit on Level 10 of a 28-storey office building completed in about 1998. The property has a gross floor area of approximately 230.54 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 26 January 2047 for office use.	The property is currently occupied by the Group for office purpose.	3,366,000 100% interest attributable to the Group: RMB3,366,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate – Yue Fang Di Zheng Zi Di No. C4027111, a unit with a gross floor area of approximately 230.54 sq.m. is owned by GSTCL and the land use rights of the property have been granted for a term of 50 years expiring on 26 January 2047 for office use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
10.	Unit 1204 on Level 12 Nanxing Garden No. 327 Yuangang Road Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises a residential unit on Level 12 of a 12-storey residential building completed in about 2002. The property has a gross floor area of approximately 97.5361 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 6 April 2069 for residential use.	The property is currently occupied by the Group for staff quarters purpose.	644,000 100% interest attributable to the Group: RMB644,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate – Yue Fang Di Zheng Zi Di No. C3098082, a unit with a gross floor area of approximately 97.5361 sq.m. is owned by GSTCL and the land use rights of the property have been granted for a term of 70 years expiring on 6 April 2069 for residential use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
11.	Unit 20A10 on Level 20 Xindacheng Plaza No. 27 Shuiyinerheng Road Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises a residential unit on Level 20 of a 30-storey residential building completed in about 2003. The property has a gross floor area of approximately 79.245 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 16 March 2069 for residential use.	The property is currently occupied by the Group for office purpose.	721,000 100% interest attributable to the Group: RMB721,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate – Yue Fang Di Zheng Zi Di No. C3096354, a unit with a gross floor area of approximately 79.245 sq.m. is owned by GSTCL and the land use rights of the property have been granted for a term of 70 years expiring on 16 March 2069 for residential use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
12.	Unit 1604 on Level 16 Jinyan Garden No. 624 Yueken Road Tianhe District Guangzhou City Guangdong Province The PRC	The property comprises a residential unit on Level 16 of a 26-storey residential building completed in about 1999. The property has a gross floor area of approximately 95.81 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 25 February 2063 for residential use.	The property is currently occupied by the Group for staff quarters purpose.	719,000 100% interest attributable to the Group: RMB719,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate – Yue Fang Di Zheng Zi Di No. C3288836, a unit with a gross floor area of approximately 95.81 sq.m. is owned by GSTCL and the land use rights of the property have been granted for a term of 70 years expiring on 25 February 2063 for residential use

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
13.	Unit 902 on Level 9 of a 9-storey residential building No. 59 Beiyuan Linxia Road Chengguan District Lanzhou City Gansu Province The PRC	The property comprises a residential unit on Level 9 of a 9-storey residential building completed in about 1998. The property has a gross floor area of approximately 130.27 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	248,000 100% interest attributable to the Group: RMB248,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Fang Quan Zheng Lan Fang (Cheng Wai) Chan Zi No. 85077, a unit with a gross floor area of approximately 130.27 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
14.	Unit B on Level 15 Guomao Mansion No. 258 Qingyang Road Chengguan District Lanzhou City Gansu Province The PRC	The property comprises an office unit on Level 15 of a 20-storey commercial building completed in about 1996. The property has a gross floor area of approximately 117.61 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 28 December 2033.	The property is currently occupied by the Group for office purpose.	329,000 100% interest attributable to the Group: RMB329,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Fang Quan Zheng Lan Fang (Cheng Wai) Chan Zi No. 86274, a unit with a gross floor area of approximately 117.61 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
15.	Units 803 and 805 on Level 8 Huada Mansion No. 266 Wuhouci Street Wuhou District Chengdu City Sichuan Province The PRC	The property comprises 2 office units on Level 8 of an 18-storey commercial building completed in about 1994. The property has a total gross floor area of approximately 323.68 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 30 October 2044 for composite use.	The property is currently occupied by the Group for office purpose.	1,747,000 100% interest attributable to the Group: RMB1,747,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Commodity Property Sale & Purchase Contract entered into between GSTCL and Chengdu Huada Shangcheng Company Limited dated 29 July 2004, a unit with a gross floor area of approximately 159.52 sq.m. were contracted to be sold to GSTCL at a consideration of RMB669,984.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Wu Guo Yong (2005) Di Nos. 08361 and 05670, the land use rights of the property with a total apportioned land area of approximately 53.75 sq.m. have been granted to GSTCL for a term of 40 years expiring on 30 October 2044 for composite use.

4. Pursuant to 2 Building Ownership Certificates – Rong Fang Quan Zheng Cheng Fang Jian Zi No. 1110509 and Cheng Fang Quan Zheng Jian Zheng Zi Di No. 1192829, 2 units with a total gross floor area of approximately 323.68 sq.m. are owned by GSTCL.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights and the land use rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
16.	Unit 2 on Level 11 Entrance 1 Daqi Community No. 403 Zhongshan Road Shahekou District Dalian City Liaoning Province The PRC	The property comprises an office unit on Level 12 of a 19-storey office building completed in about 1999. The property has a gross floor area of approximately 187.17 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Da Fang Quan Zheng Sha Dan Zi No. 2005600130, a unit with a gross floor area of approximately 187.17 sq.m. is owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which is erected on the allocated land. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,516,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) As the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
17.	Unit 25 on Level 2 Building 7 Bai Ri Nan Li Linghe District Jinzhou City Liaoning Province The PRC	The property comprises a residential unit on Level 2 of a 6-storey residential building completed in about 2000. The property has a gross floor area of approximately 117.8 sq.m. The land use rights of the property have been allocated for a term of 10 years expiring on 29 October 2014 for residential use.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Jin Ling Guo Yong (2004) Zi No. 015472, the land use rights of the property with an apportioned land area of approximately 62 sq.m. have been allocated to GSTCL for a term of 10 years expiring on 29 October 2014 for residential use.

3. Pursuant to a Building Ownership Certificate – Fang Chan Zheng Jin Fang Quan 01 Zi Di No. 000229904, a unit with a gross floor area of approximately 117.8 sq.m. is owned by GSTCL.

4. In the valuation of this property, we have attributed no commercial value to the property which is erected on the allocated land. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB365,000 assuming it could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) As the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
18.	Unit 505 on Level 5 Block D Dong Qing Yuan Dongqing Mansion No. 64 Qingchun Road Xiacheng District Hangzhou City Zhejiang Province The PRC	The property comprises an office unit on Level 5 of an 18-storey commercial building completed in about 1997. The property has a gross floor area of approximately 160.05 sq.m. The land use rights of the property have been allocated for residential use.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Hang Xia Guo Yong (2007) Di No. 011699, the land use rights of the property with an apportioned land area of approximately 19.6 sq.m. have been allocated to GSTCL for residential use.

3. Pursuant to a Building Ownership Certificate – Hang Fang Quan Zheng Xia Yi Zi Di No. 05433762, a unit with a gross floor area of approximately 160.05 sq.m. is owned by GSTCL.

4. In the valuation of this property, we have attributed no commercial value to the property which is erected on the allocated land. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,873,000 assuming it could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) As the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
19.	Unit 603 on Level 6 Tai Yang Cheng Phase I, Fenglin Mansion No. 60 Suzhou Road Hefei City Anhui Province The PRC	The property comprises an office unit on Level 6 of a 7-storey office building completed in about 2000. The property has a gross floor area of approximately 135.77 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Fang Quan Zheng He Chan Zi Di No.085219, a unit with a gross floor area of approximately 135.77 sq.m. is owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which have not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB706,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) If the land use rights of the property are in granted nature, GSTCL can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
20.	Unit 8A on Level 8 Entrance 2 Mei Hua Ge Quanjingsiji Garden No. 93 Yingxiongshan Road Shizhong District Jinan City Shandong Province The PRC	The property comprises a residential unit on Level 8 of a 12-storey residential building completed in about 2001. The property has a gross floor area of approximately 113.14 sq.m. The land use rights of the property have been granted for a term expiring on 30 November 2065 for residential use.	The property is currently occupied by the Group for staff quarters purpose.	690,000 100% interest attributable to the Group RMB690,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Ji Fang Quan Zheng Zhong Zi No. 106723, a unit with a gross floor area of approximately 113.14 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
21.	Unit D on Level 16 Building 1 Mingchanghuayuan Mansion located at Renmin Zhong Road Kunming City Yunnan Province The PRC	The property comprises an office unit on Level 16 of a 28-storey office building completed in about 1997. The property has a gross floor area of approximately 72.21 sq.m. The land use rights of the property have been granted for a term of 60 years expiring on 22 September 2064 for residential use.	The property is currently occupied by the Group as warehouse.	404,000 100% interest attributable to the Group: RMB404,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Kun Pan Guo Yong (04) Di No. 0123839, the land use rights of the property with an apportioned land area of approximately 7.28 sq.m. have been granted to GSTCL for a term of 60 years expiring on expiring on 22 September 2064 for residential use.

3. Pursuant to a Building Ownership Certificate – Kun Ming Shi Fang Quan Zheng Zi Di No. 200507014, a unit with a gross floor area of approximately 72.21 sq.m. is owned by GSTCL.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
22.	Unit 705 on Level 7 Entrance East Building 10 Dan Feng Xin Yu Dashiqiao Community Xuanwu District Nanjiang City Jiangsu Province The PRC	The property comprises a residential unit on Level 7 of a 7-storey residential building completed in about 2000. The property has a gross floor area of approximately 76.45 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Ning Fang Quan Zheng Xuan Bian Zi Di No. 253891, a unit with a gross floor area of approximately 76.45 sq.m. is owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained relevant Land Use Rights Certificates. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB780,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) If the land use rights of the property are in granted nature, GSTCL can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
23.	Unit 1302 on Level 13 Longyin Plaza No. 217 North Zhongshan Road Gulou District Nanjing City Jiangsu Province The PRC	The property comprises an office unit on Level 13 of a 33-storey office building completed in about 2006. The property has a gross floor area of approximately 248.32 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 17 November 2048 for office use.	The property is currently occupied by the Group for office purpose.	2,458,000 100% interest attributable to the Group: RMB2,458,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Ning Gu Guo Yong (2007) Di No. 14895, the land use rights of the property with an apportioned land area of approximately 11.8 sq.m. have been granted to GSTCL for a term of 40 years expiring on expiring on 17 November 2048 for office use.

3. Pursuant to a Building Ownership Certificate – Ning Fang Quan Zheng Gu Zhuan Zi Di No. 325768, a unit with a gross floor area of approximately 248.32 sq.m. is owned by GSTCL.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate and the State-owned Land Use Rights Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
24.	Unit E on Level 10 Block B Jing Du Hua Yuan No. 37 West Donghai Road Shinan District Qingdao City Shandong Province The PRC	The property comprises an office unit on Level 10 of a 33-storey office and residential building completed in about 2001. The property has a gross floor area of approximately 135.35 sq.m. The land use rights of the property have been granted for a term expiring on 15 June 2062 for office and residential uses.	The property is currently occupied by the Group for office purpose.	880,000 100% interest attributable to the Group: RMB880,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate – Qing Fang Di Quan Shi Zi No. 217862, a unit with a gross floor area of approximately 135.35 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Real Estate Title Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
25.	Unit 505 on Level 5 Tiancheng Hotel No. 28 Beiling Street Huanggu District Shenyang City Liaoning Province The PRC	The property comprises an office unit on Level 5 of a 13-storey building completed in about 1998. The property has a gross floor area of approximately 51.84 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. We have not been provided with any proper title certificate of the property.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB259,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) It is uncertain whether GSTCL can legally transfer, lease or mortgage the property without proper title certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
26.	A unit on Level 20 Fortune Centre No. 55 Beizhan Road Shenhe District Shenyang City Liaoning Province The PRC	The property comprises an office unit on Level 20 of a 27-storey office building completed in about 2005. The property has a gross floor area of approximately 169.63 sq.m.	The property is currently occupied by the Group for office purpose.	1,662,000 100% interest attributable to the Group: RMB1,662,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Shen Fang Quan Zheng Shen He Zi Di No.54991, a unit with a gross floor area of approximately 169.63 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

    a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

    b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
27.	A unit on Level 18 Mingcheng Garden No. 30-2 Xiannongtan Road Shenhe District Shenyang City Liaoning Province The PRC	The property comprises an office unit on Level 18 of a 19-storey office building completed in about 2004. The property has a gross floor area of approximately 304.74 sq.m.	The property is currently occupied by the Group for office purpose.	1,767,000 100% interest attributable to the Group: RMB1,767,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Shen Fang Quan Zheng Shen He Zi No. 54994, a unit with a gross floor area of approximately 304.74 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
28.	Unit 1701 on Level 17 Jianyin Mansion No. 105 Zhongshan Road Tianshan District Urumqi City Xinjiang Autonomous Region The PRC	The property comprises an office unit on Level 17 of a 22-storey office building completed in about 2000. The property has a gross floor area of approximately 159.52 sq.m. The land use rights of the property have been granted for a term expiring on 7 September 2044.	The property is currently occupied by the Group for office purpose.	814,000 100% interest attributable to the Group: RMB814,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Wu Fang Quan Zheng Wu Shi Tian Shan Qu Zi Di No. 00138977, a unit with a gross floor area of approximately 159.52 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
29.	Units B-15-4 and B-15-5 on Level 15 Xiya Square No. 33 Yuzhou Road Jiulongpo District Chongqing The PRC	The property comprises 2 residential units on Level 15 of an 18-storey residential building completed in about 1998. The property has a gross floor area of approximately 185.74 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Fang Quan Zheng 100 Zi Di No. 267106, 2 units with a total gross floor area of approximately 185.74 sq.m. are owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value the property which has not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB688,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) If the land use rights of the property are in granted nature, GSTCL can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
30.	Units 1405 and 1406 on Level 14 Xiangkai Mansion No. 776 Furong Zhong Road Tianxin District Changsha City Hunan Province The PRC	The property comprises 2 residential units on Level 14 of a 21-storey residential building completed in about 1999. The property has a total gross floor area of approximately 333.04 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 Building Ownership Certificates – Chang Fang Quan Zheng Tian Xin Zi Nos. 00411782 and 00411783, 2 units with a total gross floor area of approximately 330.04 sq.m. are owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which have not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,266,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) If the land use rights of the property are in granted nature, GSTCL can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
31.	Unit 4-Middle-West on Level 6 Qinyuan Apartment No. 100 West Gongyuan Road Yuquan District Huhhot City Inner Mongolia Autonomous Region The PRC	The property comprises a residential unit on Level 6 of a 6-storey residential building completed in about 2001. The property has a gross floor area of approximately 108.12 sq.m. The land use rights of the property have been allocated for residential use.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Hu Fang Quan Zheng Yu Quan Qu Zi No. 2004021931, a unit with a gross floor area of approximately 108.12 sq.m. is owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which is erected on the allocated land. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB400,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) As the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
32.	3 parcels of land, 10 buildings and various structures No. 80 East Changjiang Road Qinhuangdao Econ-Tech Development Zone Qinhuangdao City Hebei Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 59,986.206 sq.m. and 10 buildings and various ancillary structures erected thereon which were completed in various stages between 1997 and 2006. The buildings have a total gross floor area of approximately 64,355.30 sq.m. The buildings and structures mainly include industrial buildings, a composite building, walls, roads and gates. The land use rights of the property have been granted for terms of 50 years expiring on 27 January 2047 and 9 May 2055 respectively for industrial use.	The property is currently occupied by the Group for production and ancillary office purposes.	106,823,000 100% interest attributable to the Group: RMB106,823,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Certificates – Qin Ji Guo Yong (2004) Zi Nos. Qin Kai 040 and 041, Qin Ji Guo Yong (2006) Zi No. Qin Kai 022, the land use rights of 3 parcels of land with a total site area of approximately 59,986.206 sq.m. have been granted to GSTCL for terms of 50 years expiring on 27 January 2047 and 9 May 2055 respectively for industrial use.

3. Pursuant to a Building Ownership Certificate – Qinhuangdao Shi Fang Quan Zheng Qin Kai Fang Zi Di No. 20005346, 9 buildings with a total gross floor area of approximately 61,441.30 sq.m. are owned by GSTCL.

4. Pursuant to a Construction Work Planning Permit – Kai Gong Cheng 2006-045 in favour of GSTCL, a building with a planned gross floor area of approximately 2,914 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – 130302S005-01-01 in favour of GSTCL, permission by the relevant local authority has been given to commence the construction of the building mentioned in note 4.

6. Pursuant to a Construction Work Acceptance Certificate – Kai Jun Gong 2007-022 in favour of GSTCL, permission by the relevant local authority has been given for obtaining the Building Ownership Certificate of the building mentioned in note 4.

7. In the valuation of this property, we have attributed no commercial value to the building mentioned in note 4 which has not obtained Building Ownership Certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the building (excluding the land element) as at the date of valuation would be RMB6,026,000 assuming all relevant title certificates have been obtained and the building could be freely transferred.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) GSTCL has legally obtained the land use rights of the property and has the rights to use, occupy, transfer, lease, mortgage or otherwise dispose of the land use rights of the property;

   b) GSTCL has legally obtained the building ownership rights of the buildings mentioned in note 3 and has the rights to use, occupy, transfer, lease, mortgage or otherwise dispose of the buildings;

   c) There is no mortgage recordation on the Building Ownership Certificate and State-owned Land Use Rights Certificates; and

   d) There is no legal impediment for GSTCL to obtain the Building Ownership Certificate of the building mentioned in note 4.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
33.	Units 14-4-10, 14-5-9, 14-5-10, 15-4-10, 15-5-9, 15-5-10, 16-3-11 and 16-3-12 Hepingli Community Qinhuangdao Econ-Tech Development Zone Qinhuangdao City Hebei Province The PRC	The property comprises 8 residential units on Levels 5 and 6 of three 6-storey residential buildings completed in about 1995. The units have a total gross floor area of approximately 480.84 sq.m. The land use rights of the property have been granted for a term of 70 years for residential use.	The property is currently occupied by the Group for staff quarters purpose.	1,634,000 100% interest attributable to the Group: RMB1,634,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to 5 State-owned Land Use Rights Certificates – Qin Ji Guo Yong (2004) Zi Di Qin Kai Zhu Nos. 01781 to 01785, the land use rights of the property with a total apportioned land area of approximately 80.14 sq.m. have been granted to GSTCL for a term of 70 years for residential use.

3. Pursuant to 5 Building Ownership Certificates – Qinhuangdao Shi Fang Quan Zheng Qin Kai Zi Nos. 20004686, 20004687, 20004688, 20004691 and 20004692, 7 units with a total gross floor area of approximately 480.84 sq.m. are owned by GSTCL.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights and the land use rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificates and the State-owned Land Use Rights Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
34.	Unit 804 on Level 8 Huayu Mansion No. 15 Yongding Lane Wuxi City Jiangsu Province The PRC	The property comprises a residential unit on Level 8 of a 26-storey residential building completed in about 1998. The property has a gross floor area of approximately 90.23 sq.m.	The property is currently occupied by the Group for staff quarters purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Xi Fang Quan Zheng Chong An Zi No. 10016074, a unit with a gross floor area of approximately 90.23 sq.m. is owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which is erected on the allocated land. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB577,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) As the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
35.	Unit 1604 on Level 16 Tower A Yiheguoji Mansion No. 1 South Hanguang Road Yanta District Xi'an City Shaanxi Province The PRC	The property comprises an office unit on Level 16 of a 30-storey office building completed in about 2003. The property has a gross floor area of approximately 227.05 sq.m.	The property is currently occupied by the Group for office purpose.	1,090,000 100% interest attributable to the Group: RMB1,090,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Xi'an Shi Fang Quan Zheng Yan Ta Qu Zi Di No. 1100104017-23-1-21601-1, a unit with a gross floor area of approximately 227.05 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
36.	Unit A on Level 21 Zhengzhou Xinwen Mansion No. 85 Huayuan Road Jinshui District Zhengzhou City Henan Province The PRC	The property comprises an office unit on Level 21 of a 25-storey office building completed in about 2003. The property has a gross floor area of approximately 267.55 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Zheng Fang Quan Zheng Zi Di No. 0701006398, a unit with a gross floor area of approximately 267.55 sq.m. is owned by GSTCL.

3. In the valuation of this property, we have attributed no commercial value to the property which have not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,150,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL;

   b) If the land use rights of the property are in granted nature, GSTCL can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, GSTCL can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or GSTCL should turn in relevant land income generated from transferring the property to the state; GSTCL can also lease the property, but GSTCL should turn in relevant land income generated from leasing the property; GSTCL can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
37.	Units 13N, 13O, 13P and 13Q on Level 13 Daqing Mansion No. 37 Shennan Road Futian District Shenzhen The PRC	The property comprises 4 office units on Level 13 of a 33-storey office building completed in about 2003. The property has a total gross floor area of approximately 168.52 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 29 September 2047 for commercial and office uses.	The property is currently occupied by the Group for office purpose.	2,494,000 100% interest attributable to the Group: RMB2,494,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 Real Estate Title Certificates – Shen Fang Di Zheng Zi Di Nos. 3000462762, 3000462733 and 3000462734, the property with a total gross floor area of approximately 168.52 sq.m. are owned by GSTCL and the land use rights of the property have been granted for a term of 50 years expiring on 29 September 2047 for commercial and office uses.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Real Estate Title Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
38.	Units 1807, 1808 and 1809 on Level 18 and 2 underground car parking spaces Shijifangzhou Mansion No. 91 Guangan Street Shijiazhuang City Hebei Province The PRC	The property comprises 3 office units on Level 18 and 2 underground car parking spaces of a 23-storey office building completed in about 2006. The units have a total gross floor area of approximately 323.52 sq.m.	The property is currently occupied by the Group for office purpose.	1,682,000 100% interest attributable to the Group: RMB1,682,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Shi Fang Quan Zheng Chang Zi Di No. 170000045, 3 units with a total gross floor area of approximately 323.52 sq.m. are owned by GSTCL.

3. Pursuant to 2 Sale Contracts of the Use Rights of Shijifangzhou Underground Car Parking Spaces entered into between GSTCL and Shijiazhuang Shijifangzhou Real Estate Development Company Limited dated 30 June 2006, the use rights of 2 underground car parking spaces for a term expiring on 20 August 2074 were contracted to be sold to GSTCL at a total consideration of RMB200,000.

4. In the valuation of this property, we have attributed no commercial value to the 2 underground car parking spaces which have not obtained any proper title certificates. However, for reference purpose, we are of the opinion that the capital value of them as at the date of valuation would be RMB300,000 assuming all relevant title certificates have been obtained and they could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the 3 office units are legally owned by GSTCL and the 3 office units can be transferred, leased or mortgaged by GSTCL;

   b) There is no mortgage recordation on the Building Ownership Certificate; and

   c) It is uncertain whether GSTCL can legally transfer, lease or mortgage the 2 underground car parking spaces without proper title certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
39.	A unit on Level 5 Zai Shui Yi Fang located at the southern side of Taikang Road Luoyang New District Luoyang City Henan Province The PRC	The property comprises an office unit on Level 5 of an 8-storey office building completed in about 2007. The property has a gross floor area of approximately 235.01sq.m.	The property is currently occupied by the Group for office purpose.	705,000 100% interest attributable to the Group: RMB705,000

Notes:

1. Gulf Security Technology Company Limited ("GSTCL") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Luo Fang Quan Zheng Shi Zi Di No. 00010891, a unit with a gross floor area of approximately 235.01 sq.m. is owned by GSTCL.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GSTCL and the property can be transferred, leased or mortgaged by GSTCL; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
40.	Units C03 to C05 and A01 to A07 on Level 10, Jinyuan International Business Mansion No. 146 Hebei Street Qinhuangdao City Hebei Province The PRC	The property comprises 10 office units on Level 10 of a 30-storey office building completed in about 2003. The property has a total gross floor area of approximately 814.64 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 8 November 2050 for composite use.	The property is currently occupied by the Group for office purpose.	4,237,000 100% interest attributable to the Group: RMB4,237,000

Notes:

1. Gulf Electrical Engineering Company Limited ("GST Engineering") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Qin Ji Guo Yong (2008) Di Nos. 572 and 573, the land use rights of the property with a total apportioned land area of approximately 58.42 sq.m. have been granted to GST Engineering for a term of 50 years expiring on 8 November 2050 for composite use.

3. Pursuant to 2 Building Ownership Certificates – Qinhuangdao Shi Fang Quan Zheng Qin Si Fang Zi Di Nos. 301102909 and 30102911, 10 units with a total gross floor area of approximately 814.64 sq.m. are owned by GST Engineering.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GST Engineering and the property can be transferred, leased or mortgaged by GST Engineering; and

   b) There is no mortgage recordation on the Building Ownership Certificates.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
41.	Villa no. A706 Hongyu Villa located at the coast of Beidaihe Qinhuangdao City Hebei Province The PRC	The property comprises a villa completed in about 2008. The property has a gross floor area of approximately 200.46 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 8 June 2074 for residential use.	The property is currently vacant.	2,165,000 100% interest attributable to the Group: RMB2,165,000

Notes:

1. Gulf Electrical Engineering Company Limited ("GST Engineering") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate – Qin Ji Guo Yong (2002) Di No. 010355, the land use rights of the property with an apportioned land area of approximately 86.44 sq.m. have been granted to GST Engineering for a term of 70 years expiring on 8 June 2074 for residential use.

3. Pursuant to a Building Ownership Certificate – Qinhuangdao Shi Fang Quan Zheng Qin Bei Fang Zi Di No.20005339, a villa with a gross floor area of approximately 200.46 sq.m. is owned by GST Engineering.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by GST Engineering and the property can be transferred, leased or mortgaged by GST Engineering; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
42.	Unit East on Level 3 Entrance 4 Building 43 Lu Neng Qi Neng Jia Yuan Zhangdian District Zibo City Shandong Province The PRC	The property comprises a residential unit on Level 3 of an 11-storey residential building completed in about 2005. The property has a gross floor area of approximately 162.80 sq.m.	The property is currently occupied by the Group for office purpose.	440,000 100% interest attributable to the Group: RMB440,000

Notes:

1. Beijing Gulf Wei'er Electrical Engineering Company Limited ("Beijing Gulf Engineering") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Zibo Shi Fang Quan Zheng Zhangdian Qu Zi Di No. 01-1058159, a unit with a gross floor area of approximately 162.80 sq.m. is owned by Beijing Gulf Engineering.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by Beijing Gulf Engineering and the property can be transferred, leased or mortgaged by Beijing Gulf Engineering; and

   b) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
43.	Unit 301 on Level 3 Building 1 Yiyuan Community No. 2 Jia 6-1 Wenyi Road Heping District Shenyang City Liaoning Province The PRC	The property comprises a residential unit on Level 3 of a 6-storey residential building completed in about 1993. The property has a gross floor area of approximately 166 sq.m.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Qinhuangdao Gulf Fire Prevention Network Company ("Gulf Network") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Building Ownership Certificate – Shen Fang Quan Zheng He Ping Zi Di No. 16363, a unit with a gross floor area of approximately 166 sq.m. is owned by Gulf Network.

3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained relevant Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB813,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) The building ownership rights of the property are legally owned by Gulf Network;

   b) If the land use rights of the property are in granted nature, Gulf Network can transfer, lease or mortgage the property. If the land use rights of the property are in allocated nature, Gulf Network can transfer the property after obtaining the approval from the relevant local authorities, but the transferee should pay off the land premium of the property or Gulf Network should turn in relevant land income generated from transferring the property to the state; Gulf Network can also lease the property, but Gulf Network should turn in relevant land income generated from leasing the property; Gulf Network can also mortgage the property, but the land premium should be paid off in priority from the earning generated from auctioning the property; and

   c) There is no mortgage recordation on the Building Ownership Certificate.

VALUATION CERTIFICATE

Group IV – Property interests held and occupied by the Group in the United Arab Emirates

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
44.	Unit 3606 on Level 36 Lake Terrace Jumeirah Lake Towers Dubai The United Arab Emirates	The property comprises a three bedroom apartment on Level 36 of a 40-storey residential tower completed in 2008. The property has a gross floor area of approximately 1,496 sq.ft. (138.98 sq.m.)	The property is currently occupied by the Group for staff quarters purpose.	2,043,000 100% interest attributable to the Group: RMB2,043,000

Notes:

1. Pursuant to a Certificate of the property ownership dated 5 June 2008, the Company is the registered owner of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
45.	Unit 201 on Level 2 Marina Diamond 6 Dubai Marina Dubai The United Arab Emirates	The property comprises a two bedroom apartment on Level 2 of a 20-storey residential tower completed in 2008. The property has a gross floor area of approximately 1,083.72 sq.ft. (100.68 sq.m.)	The property is currently occupied by the Group for staff quarters purpose.	1,765,000 100% interest attributable to the Group: RMB1,765,000

Notes:

1. Pursuant to a Certificate of the property ownership dated 10 March 2008, the Company is the registered owner of the property.

VALUATION CERTIFICATE

Group V – Property interests contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
46.	Units 748, 749 and 802 on Levels 7 and 8 Ruihai Mansion Yangfangdian Haidian District Beijing The PRC	The property comprises 2 units on Level 7 and a unit on Level 8 of an 18-storey office building completed in 2008. The property has a total gross floor area of approximately 498.86 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. The Group has entered into 3 Commodity Property Sale & Purchase Contracts with Beijing Xiyouruihai Real Estate Development Company Limited dated 21 March 2008, 22 April 2009 and 28 April 2009 respectively to purchase the 3 units with a total gross floor area of approximately 498.86 sq.m. at a total consideration of RMB7,607,640.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Commodity Property Sale & Purchase Contracts mentioned in note 1 are legal, valid and binding on both signing parties; and

   b) The property can be transferred, leased or mortgaged by the Group after obtaining the relevant Building Ownership Certificates of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
47.	Units 1905 and 1906 on Levels 19 Entrance 2, Chang'an Jinzuo Xinhua East Street, Saikan District Huhhot City Inner Mongolia Autonomous Region The PRC	The property comprises 2 units on Level 19 of a 37-storey residential building completed in 2007. The property has a total gross floor area of approximately 288.35 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. The Group has entered into 2 Commodity Property Sale & Purchase Contracts with Inner Mongolia Autonomous Region Hehai Real Estate Development Company Limited in 2007 to purchase the 2 units with a total gross floor area of approximately 288.35 sq.m. at a total consideration of RMB1,418,104.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Commodity Property Sale & Purchase Contracts mentioned in note 1 are legal, valid and binding on both signing parties; and

   b) The property can be transferred, leased or mortgaged by the Group after obtaining the relevant Building Ownership Certificates of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
48.	Unit 1502 on Level 15 Biyu Square Yanshan Avenue Qinghuangdao City Hebei Province The PRC	The property comprises a unit on Level 15 of a 27-storey office building which is currently under construction. The property has a gross floor area of approximately 234.4 sq.m.	The property is currently under construction.	No commercial value

Notes:

1. The Group has entered into a Commodity Property Sale & Purchase Contract with Qinghuangdao City Biyu Real Estate Development Company Limited dated 27 June 2008 to purchase the unit with a gross floor area of approximately 234.4 sq.m. with a consideration of RMB1,057,144.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Commodity Property Sale & Purchase Contract mentioned in note 1 is legal, valid and binding on both signing parties; and

   b) The property can be transferred, leased or mortgaged by the Group after obtaining the relevant Building Ownership Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
49.	Unit 1906 on Level 19 of Office Tower and Unit 1504 on Level 15 of Residential Tower 2 Dongda City Square located at the western side of Hulun South Street Huhhot City Inner Mongolia Autonomous Region The PRC	The property comprises a unit on Level 19 of an office tower and a unit on Level 15 of a residential tower in a 28-storey office& residential building completed in 2007. The property has a total gross floor area of approximately 556.69 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. The Group has entered into 2 Commodity Property Sale & Purchase Contracts with Inner Mongolia Autonomous Dongda Mengguwang Real Estate Development Company Limited to purchase the 2 units with a total gross floor area of approximately 556.69 sq.m. with a total consideration of RMB3,046,698.7.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a) The Commodity Property Sale & Purchase Contracts mentioned in note 1 are legal, valid and binding on both signing parties; and

    b) The property can be transferred, leased or mortgaged by the Group after obtaining the relevant Building Ownership Certificates of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
50.	Units 2101 and 2215 on Levels 21 and 22 of Block B Boshimingren located at Zhongshan East Street Huhhot City Inner Mongolia Autonomous Region The PRC	The property comprises 2 units on Levels 21 and 22 of a 29-storey residential building completed in 2007. The property has a total gross floor area of approximately 292.14 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. The Group has entered into 2 Commodity Property Sale & Purchase Contracts with Inner Mongolia Autonomous Region Longhai Real Estate Development Company Limited dated 31 October 2007 to purchase the 2 units with a total gross floor area of approximately 556.69 sq.m. with a total consideration of RMB1,940,817.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Commodity Property Sale & Purchase Contracts mentioned in note 2 are legal, valid and binding on both signing parties; and

   b) The property can be transferred, leased or mortgaged by the Group after obtaining the relevant Building Ownership Certificates of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
51.	Unit 405 on Level 4 Entrance 1 Block 67 Tianshan Shuixiehuadu No. 218 Zhufeng Avenue Development Zone Shijiazhuang City Hebei Province The PRC	The property comprises a unit on Level 4 of a 34-storey residential building completed in 2007. The property has a gross floor area of approximately 47.69 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. The Group has entered into a Commodity Property Sale & Purchase Contract with Hebei Tianshan Real Estate Development Company Limited to purchase the unit with a gross floor area of approximately 47.69 sq.m. with a consideration of RMB229,912.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Commodity Property Sale & Purchase Contract mentioned in note 1 is legal, valid and binding on both signing parties; and

   b) The property can be transferred, leased or mortgaged by the Group after obtaining the relevant Building Ownership Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
52.	Levels 16 to 17 of Zhaocheng Mansion located at the southern side of Tiedong Lake Anshan City Liaoning Province The PRC	The property comprises the whole of Levels 16 to 17 of a 21-storey commercial building completed in 2003. The property has a total gross floor area of approximately 152.23 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. The Group has entered into a Commodity Property Sale & Purchase Contract with Anshan City Zhaocheng Real Estate Development Company Limited to purchase the property with a total gross floor area of approximately 152.23 sq.m. with a consideration of RMB464,302.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Commodity Property Sale & Purchase Contract mentioned in note 1 is legal, valid and binding on both signing parties; and

   b) If the land use rights of the property are in granted nature, the Group can transfer, lease or mortgage the property after obtaining the relevant Building Ownership Certificate of the property. If the land use rights of the property are in allocated nature, the Group can transfer the property upon obtaining the approval from the relevant local authorities after obtaining the relevant Building Ownership Certificate of the property, but the transferee should pay off the land premium of the property or the Group should turn in relevant land income generated from transferring the property to the state; the Group can also lease the property after obtaining the relevant Building Ownership Certificate of the property, but the Group should turn in relevant land income generated from leasing the property; the Group can also mortgage the property after obtaining the relevant Building Ownership Certificate of the property, but the land premium should be paid off in priority from the earning generated from auctioning the property.

VALUATION CERTIFICATE

Group VI – Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2009 *RMB*
53.	71 properties rented by the Group in the PRC	The properties comprise 71 properties completed in various stages between 1998 and 2009. The properties have a total lettable area of approximately 14,555.95 sq.m. The lettable area of each usage is set out as follows: **Usage** — **Area (sq.m.)** Office — 11,060.82 Industrial — 3,300.00 Staff quarters — 195.13 **Total: — 14,555.95**	The property is currently occupied by the Group for office, production and staff quarters purposes.	No commercial value

Notes:

1. Pursuant to 71 Tenancy Agreements entered into between the Group and various independent third parties, 71 properties with a total lettable area of approximately 14,555.95 sq.m. are rented to the Group for various terms with the latest expiry date on 18 November 2014 at a total current annual rental of RMB4,548,343.36 for office, industrial and staff quarters uses.

2. Among the above 71 properties, the respective lessors have obtained the relevant Building Ownership Certificates or Real Estate Title Certificates for 45 properties with a total lettable area of approximately 9,536.42 sq.m. For the remaining 26 properties with a total lettable area of approximately 5,019.53 sq.m., the respective lessors have not obtained any relevant valid title documents.

3. We have been provided with a legal opinion on the legality of the Tenancy Agreements issued by the Company's PRC legal advisers, which contains, *inter alia,* the following:

   a) For the 45 properties, the relevant Tenancy Agreements are binding and enforceable on both signing parties and are consistent with the PRC laws. The Tenancy Agreements should be registered on the relevant local authorities. However, the lack of registration of the Tenancy Agreements will not affect the legality of such leases; and

   b) For the remaining 26 properties without valid title documents, it is uncertain whether the lessors have the rights to rent these properties to the Group and the Group may be required to move out of these properties due to the possible dispute of the ownership rights of them.

VALUATION CERTIFICATE

Property interest rented and occupied by the Group in the PRC after the date of valuation

Property	Description and tenure	Particulars of occupancy
A unit on Level 7 Xincheng Mansion No.535 Qinshuiqiao Road Jiangdong District Ningbo City Zhejiang Province The PRC	The property comprises an office unit on Level 6 of a 16-storey office building completed in about 2006. The property has a lettable area of approximately 142.1 sq.m. The property is rented to Gulf Security Technology Company Limited, a wholly-owned subsidiary of the Company from an independent third party for a term of 3 years expiring on 14 June 2012 at an annual current rental of RMB42,000 exclusive of water and electricity charges and management fees.	The property is currently occupied by the Group for office purpose.

Notes:

1. Pursuant to a Tenancy Agreement, the property is rented to Gulf Security Technology Company Limited from an independent third party for a term of 3 years expiring on 14 June 2012 at an annual current rental of RMB42,000 exclusive of water and electricity charges and management fees.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreement issued by the Company's PRC legal advisers, which contains, inter alia, the following:

   a) The Tenancy Agreement is binding and enforceable on both signing parties and is consistent with the PRC laws. The Tenancy Agreement should be registered on the relevant local authorities. However, the lack of registration of the Tenancy Agreement will not affect the legality of such lease.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purposes of giving information with regard to the Offers, UTFE and GST.

The UTFE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the GST Group, GST International and the Management Owners) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the GST Group, GST International and the Management Owners) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

The GST Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to UTFE and its Concert Parties and UBS AG) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by UTFE and its Concert Parties and UBS AG) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL OF GST

(a) Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of GST were as follows:

Authorised:

HK$200,000,000 divided into 2,000,000,000 GST Shares of HK$0.10 each

Issued and fully paid up:

HK$80,000,000 divided into 800,000,000 Shares of HK$0.10 each

No new GST Shares have been issued by GST since 31 December 2008 (being the date to which its latest published audited accounts were prepared). All of the GST Shares currently in issue rank pari passu in all respects with each other, including rights and entitlements as to dividends, voting rights and return of capital.

(b) Share Option Scheme

As at the Latest Practicable Date, GST had outstanding Share Options entitling the GST Optionholders to subscribe for up to an aggregate of 4,500,000 GST Shares at an exercise price of HK$2.80 per GST Share. If the Share Options are exercised in full, GST will have to issue 4,500,000 GST Shares, representing approximately 0.56% of the enlarged issued share capital of GST.

(c) Listing

The GST Shares are listed and traded on the main board of the Stock Exchange. No part of the issued share capital of GST is listed or dealt in, nor is any listing of or permission to deal in the GST Shares being proposed or to be sought on, any other stock exchange.

As at the Latest Practicable Date, other than the 800,000,000 GST Shares in issue and outstanding Share Options involving 4,500,000 GST Shares, GST has no other GST Shares, Share Options, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into GST Shares.

3. MARKET PRICES

(a) During the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the GST Shares as quoted on the Stock Exchange was HK$3.34 per GST Share on 13 and 14 July 2009, and the lowest closing price of the GST Shares as quoted on the Stock Exchange was HK$1.37 per GST Share on 23 and 24 October 2008.

(b) The table below sets out the closing prices of the GST Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date:

Date	**Closing price per GST Share** *(HK$)*
28 September 2007	2.5
31 October 2007	2.56
30 November 2007	2.5
31 December 2007	2.48
31 January 2008	2.32
29 February 2008	2.45
17 March 2008, being the last Business Day prior to the commencement of the Offer Period	2.25
31 March 2008	2.4
30 April 2008	2.7
30 May 2008	2.48
30 June 2008	2.7
31 July 2008	2.57
29 August 2008	2.5
30 September 2008	2.3
31 October 2008	1.7
Last Trading Date	1.9
31 December 2008	2.84
30 January 2009	2.74
27 February 2009	2.65
31 March 2009	2.57
30 April 2009	2.6
29 May 2009	2.59
30 June 2009	3.32
Latest Practicable Date	3.34

(c) The closing price of the GST Shares as quoted on the Stock Exchange on the Last Trading Date was HK$1.90 per GST Share.

(d) The closing price of the GST Shares as quoted on the Stock Exchange on the Latest Practicable Date was HK$3.34 per GST Share.

4. DISCLOSURE OF INTERESTS UNDER THE SFO

(A) Directors' interests and short positions in GST Shares and the shares of GST's associated corporations

As at the Latest Practicable Date, the interests and short positions of the GST Directors and chief executive of GST in the GST Shares, underlying shares and debentures of GST and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to GST and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "**Model Code**"), to be notified to GST and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows:

(a) GST – Long positions in GST Shares

As at the Latest Practicable Date, the table below sets out the long positions in the GST Shares and underlying shares held by the GST Directors and chief executive of GST:

		Number of GST Shares			
Name of GST Director/chief executive	**Capacity**	**GST Shares**	**Underlying shares** *(Note(i))*	**Total**	**Approximate percentage of issued share capital** *(%)*
Mr. Song Jia Cheng	Personal interest	0	750,000	750,000	0.09
Mr. Cao Yu	Personal interest	0	600,000	600,000	0.08
Mr. Peng Kai Chen	Personal interest	0	450,000	450,000	0.06
Mr. Zeng Jun	Personal interest	0	450,000	450,000	0.06
Mr. Lee Kwan Hung	Personal interest	0	450,000	450,000	0.06
Mr. Chan Chi On	Personal interest	0	450,000	450,000	0.06
Mr. Chang Tso Tung, Stephen	Personal interest	0	450,000	450,000	0.06
Mr. Sun Lun	Personal interest	0	450,000	450,000	0.06

Notes:

(i) These interests represented the interests in underlying shares in respect of the Shares Options granted to the GST Directors as beneficial owners, the details of which are set out in paragraph (c) below.

(b) Associated corporations – Long positions in shares of associated corporations

As at the Latest Practicable Date, the table below sets out the long positions in the shares and underlying shares of the associated corporations of GST held by the GST Directors and chief executive of GST:

Name of GST Director/chief executive	**Capacity**	**Number of ordinary shares of US$0.01 each in GST International Total**	**Approximate percentage of issued share capital** *(%)*
Mr. Song Jia Cheng	Personal interest	269,276	26.93
Mr. Cao Yu	Personal interest	157,781	15.78
Mr. Peng Kai Chen	Personal interest	157,781	15.78
Mr. Zeng Jun	Personal interest	231,366	23.14

(c) GST Directors' rights to acquire GST Shares

As at the Latest Practicable Date, the GST Directors' interests in Share Options which remain outstanding are summarized below:

Name of GST Director/chief executive	**Date of grant**	**Vesting period**	**Exercisable period**	**Exercise price per GST Share** *(HK$)*	**Number of Share Options outstanding**	**Number of GST Shares involved**
Mr. Song Jiacheng	23 May 2007	23 May 2007– 22 May 2008	23 May 2008– 22 May 2017	2.80	250,000	250,000
Mr. Song Jiacheng	23 May 2007	23 May 2007– 22 May 2009	23 May 2009– 22 May 2017	2.80	250,000	250,000
Mr. Song Jiacheng	23 May 2007	23 May 2007– 22 May 2010	23 May 2010– 22 May 2017	2.80	250,000	250,000
Mr. Cao Yu	23 May 2007	23 May 2007– 22 May 2008	23 May 2008– 22 May 2017	2.80	200,000	200,000
Mr. Cao Yu	23 May 2007	23 May 2007– 22 May 2009	23 May 2009– 22 May 2017	2.80	200,000	200,000
Mr. Cao Yu	23 May 2007	23 May 2007– 22 May 2010	23 May 2010– 22 May 2017	2.80	200,000	200,000
Mr. Peng Kai Chen	23 May 2007	23 May 2007– 22 May 2008	23 May 2008– 22 May 2017	2.80	150,000	150,000
Mr. Peng Kai Chen	23 May 2007	23 May 2007– 22 May 2009	23 May 2009– 22 May 2017	2.80	150,000	150,000
Mr. Peng Kai Chen	23 May 2007	23 May 2007– 22 May 2010	23 May 2010– 22 May 2017	2.80	150,000	150,000

Name of GST Director/chief executive	Date of grant	Vesting period	Exercisable period	Exercise price per GST Share *(HK$)*	Number of Share Options outstanding	Number of GST Shares involved
Mr. Zeng Jun	23 May 2007	23 May 2007–22 May 2008	23 May 2008–22 May 2017	2.80	150,000	150,000
Mr. Zeng Jun	23 May 2007	23 May 2007–22 May 2009	23 May 2009–22 May 2017	2.80	150,000	150,000
Mr. Zeng Jun	23 May 2007	23 May 2007–22 May 2010	23 May 2010–22 May 2017	2.80	150,000	150,000
Mr. Lee Kwan Hung	23 May 2007	23 May 2007–22 May 2008	23 May 2008–22 May 2017	2.80	150,000	150,000
Mr. Lee Kwan Hung	23 May 2007	23 May 2007–22 May 2009	23 May 2009–22 May 2017	2.80	150,000	150,000
Mr. Lee Kwan Hung	23 May 2007	23 May 2007–22 May 2010	23 May 2010–22 May 2017	2.80	150,000	150,000
Mr. Chang Tso Tung, Stephen	23 May 2007	23 May 2007–22 May 2008	23 May 2008–22 May 2017	2.80	150,000	150,000
Mr. Chang Tso Tung, Stephen	23 May 2007	23 May 2007–22 May 2009	23 May 2009–22 May 2017	2.80	150,000	150,000
Mr. Chang Tso Tung, Stephen	23 May 2007	23 May 2007–22 May 2010	23 May 2010–22 May 2017	2.80	150,000	150,000
Mr. Chan Chi On	23 May 2007	23 May 2007–22 May 2008	23 May 2008–22 May 2017	2.80	150,000	150,000
Mr. Chan Chi On	23 May 2007	23 May 2007–22 May 2009	23 May 2009–22 May 2017	2.80	150,000	150,000
Mr. Chan Chi On	23 May 2007	23 May 2007–22 May 2010	23 May 2010–22 May 2017	2.80	150,000	150,000
Mr. Sun Lun	23 May 2007	23 May 2007–22 May 2008	23 May 2008–22 May 2017	2.80	150,000	150,000
Mr. Sun Lun	23 May 2007	23 May 2007–22 May 2009	23 May 2009–22 May 2017	2.80	150,000	150,000
Mr. Sun Lun	23 May 2007	23 May 2007–22 May 2010	23 May 2010–22 May 2017	2.80	150,000	150,000

Save as disclosed above, as at the Latest Practicable Date, none of the GST Directors or chief executive of GST had or was deemed to have any interests or short positions in the GST Shares, underlying shares or debentures of GST or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to GST and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to GST and the Stock Exchange; or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

(B) Substantial shareholders' interests and short positions in the GST Shares

As at the Latest Practicable Date, the following persons (other than a GST Director or chief executive of GST) were substantial shareholders of GST (as defined in the Listing Rules) and had an interest or short position in the GST Shares or underlying shares of GST which would fall to be disclosed to GST under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered into the register required to be kept by GST under section 336 of the SFO and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital, were as follows:

Long position in GST Shares

Name of shareholder	Nature of interest	Capacity	Number of GST Shares	Approximate percentage of issued share capital
GST International	Beneficial interest	Beneficial owner	427,479,369 (L)	53.43%
United Technologies Corporation ("**UTC**") *(Note)*	Corporate interest	Interest in controlled corporation	232,208,631 (L)	29.03%
Otis Elevator Company ("**Otis**") *(Note)*	Corporate interest	Interest in controlled corporation	230,224,631 (L)	28.78%
Carrier Corporation ("**Carrier**") *(Note)*	Corporate interest	Interest in controlled corporation	230,224,631 (L)	28.78%
United Technologies Far East Limited ("**UTFE**") *(Note)*	Corporate interest	Interest in controlled corporation	230,224,631 (L)	28.78%

Notes:

(L) indicates a long position

As at the Latest Practicable Date, UTC holds 100% of the equity interests in each of Otis and Carrier. Otis and Carrier hold an aggregate of 100% equity interest in UTFE, which owns 230,224,631 GST Shares. In addition, UTC owns 1,984,000 GST Shares through another wholly-owned subsidiary.

As at the Latest Practicable Date, UTFE and its Concert Parties own or control in aggregate 232,208,631 GST Shares, representing approximately 29.03% of the issued share capital of GST.

Save as disclosed above, the GST Directors were not aware that there was any person (other than a GST Director or chief executive of GST) who, as at the Latest Practicable Date, was a substantial shareholder of GST (as defined in the Listing Rules) and had an interest or short position in the GST Shares or underlying shares of GST which would fall to be disclosed to GST under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered into the register required to be kept by GST under section 336 of the SFO or which were required to be disclosed pursuant to the Takeovers Code.

5. DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

(a) Interests discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date:

(i) the shareholdings of UTFE in GST (as defined in Note 1(a) to paragraph 4 of Schedule I to the Takeovers Code) is set out in the section headed "Disclosure of Interests under the SFO – Substantial shareholders' interests and short positions in the GST Shares" in this Appendix to this Composite Document.

(ii) no director of UTFE was interested in any GST Shares, convertible securities, warrants, options or derivatives of GST.

(iii) save as disclosed in the section headed "Disclosure of Interests under the SFO – Substantial shareholders' interests and short positions in the GST Shares" in this Appendix of this Composite Document, none of the parties acting in concert with UTFE owned or controlled any GST Shares, convertible securities, warrants, options or derivatives of GST.

(iv) the shareholdings in GST (as defined in Note 1(a) to paragraph 4 of Schedule I to the Takeovers Code) owned or controlled by GST International and each of the Management Owners, being parties who have given Irrevocable Undertakings, is set out in the section headed "Disclosure of Interests under the SFO – Substantial shareholders' interests and short positions in the GST Shares" in this Appendix to this Composite Document.

(v) none of UTFE nor any parties acting in concert with UTFE had borrowed or lent any GST Shares, convertible securities, warrants, options or derivatives of GST (save for any borrowed GST Shares which have been on-lent or sold).

(vi) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between UTFE, or any party acting in concert with UTFE or any other associate of UTFE, and any other person.

(b) Interests discloseable under Schedule II to the Takeovers Code

As at the Latest Practicable Date:

(i) GST had no holdings of shares, convertible securities, warrants, options or derivatives of UTFE.

(ii) save as disclosed in the sections headed "Disclosure of Interests under the SFO – Directors' interests and short positions in the GST Shares and the shares of GST's associated corporations and "Disclosure of Interests under the SFO – Substantial shareholders' interests and short positions in the GST Shares" in this Appendix of this Composite Document, none of the GST Directors was interested in any GST Shares, convertible securities, warrants, options or derivatives of GST. None of the GST Directors was interested in any shares, convertible securities, warrants, options or derivatives of UTFE.

(iii) no subsidiary of GST, nor any pension fund of GST or any of its subsidiaries, nor any adviser to GST as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders) owned or controlled any GST Shares, convertible securities, warrants, options or derivatives of GST.

(iv) no GST Shares, convertible securities, warrants, options or derivatives of GST were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with GST.

(v) Messrs. Song Jiacheng, Zeng Jun, Cao Yu and Peng Kaichen, each a director of GST, have respectively undertaken pursuant to the Irrevocable Undertakings in their capacity as Management Owners to accept the Share Offer and, in respect of their respective Share Options, to accept the Option Offer. Save as the aforesaid, the other GST Directors intend to accept the offers, in respect of their own beneficial shareholdings and the Share Options holdings.

(vi) none of GST nor any GST Directors had borrowed or lent any GST Shares, convertible securities, warrants, options or derivatives of GST (save for any borrowed GST Shares which have been either on-lent or sold).

(vii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between GST, or any party who is an associate of GST by virtue of classes (1), (2), (3) or (4) of the definition of associate in the Takeovers Code, and any other person.

6. DEALINGS IN SECURITIES

(a) Dealings in GST Shares discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date:

(i) save for the acquisition of (i) 55,578,000 GST Shares at HK$3.30 per GST Share on 28 December 2007; and (ii) 26,066,000 GST Shares at HK$3.30 per GST Share on 21 December 2007 by UTFE and parties acting in concert with UTFE, none of UTFE nor parties acting in concert with UTFE has dealt for value in the GST Shares, convertible securities, warrants, options or derivatives of GST during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(ii) none of the UTFE Directors has dealt for value in the GST Shares, convertible securities, warrants, options or derivatives of GST during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(iii) none of GST International or any of the Management Owners, being parties who have given Irrevocable Undertakings to undertake to accept the Offers, had dealt for value in the GST Shares, convertible securities, warrants, options or derivatives of GST during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(b) Dealings in GST Shares discloseable under Schedule II to the Takeovers Code

(i) GST has not dealt for value in the shares, convertible securities, warrants, options or derivatives of UTFE during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(ii) None of the GST Directors has dealt for value in the shares, convertible securities, warrants, options or derivatives of any of GST or UTFE during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(iii) Save for the acquisition of 30,000 GST Shares at HK$2.59 per GST Share by Citi on 3 December 2008 (such 30,000 GST Shares were sold at HK$2.68 per GST Share on 4 December 2008), none of the subsidiaries of GST, any pension fund of GST or any of its subsidiaries, nor any adviser to GST as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders) has dealt for value in the GST Shares, convertible securities, warrants, options or derivatives of GST during the Offer Period and ending on the Latest Practicable Date.

(iv) No person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with GST or with any person who is an associate of GST by virtue of classes (1), (2), (3) and (4) of the definition of associate has dealt for value in the GST Shares, convertible securities, warrants, options or derivatives of GST during the Offer Period and ending on the Latest Practicable Date.

(v) No fund manager (other than exempt fund managers) managing funds on a discretionary basis which are connected with GST has dealt for value in the GST Shares, convertible securities, warrants, options or derivatives of GST during the Offer Period and ending on the Latest Practicable Date.

7. LITIGATION

As at the Latest Practicable Date, no member of the GST Group was engaged in any litigation or arbitration or claim of material importance and the GST Directors were not aware of any litigation or claim of material importance pending or threatened by or against any member of the GST Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contract (not being a contract entered into in the ordinary course of business) has been entered into by the GST Group after the date falling two years immediately preceding the commencement of the Offer Period up to the Latest Practicable Date which is or may be material:

- a framework agreement dated 13 November 2006 entered into between 海灣安全技術有限公司 (Gulf Security Technology Company Limited*), a wholly-owned subsidiary of GST, as the purchaser and 北京海灣京城房地產開發有限公司 (Beijing Gulf Jingcheng Property Development Limited*) ("**Beijing Gulf Property**") as the vendor, for the sale and purchase of Units 1701-1703, 1705-1711, 1801-1803, 1805-1811, 1901- 1903 and 1905, Block B, The Gate, Zhongguancun, Beijing, PRC at a total consideration of RMB81,695,584, terms of which are disclosed in the announcement of GST on 14 November 2006.

9. SERVICE CONTRACTS

Mr. Zeng Jun and Mr. Lee Kwan Hung have been appointed as the non-executive GST Directors for a term of three years commencing from 1 February 2008. During such term, Mr. Zeng Jun shall receive a director's fee of RMB130,000 per year and the right to occupy the premise situated at No.3B03, No.66 Minzudaxuexi Road, Haidian District, Beijing, PRC and Mr. Lee Kwan Hung shall receive a director's fee of HK$20,000 per month and an alternative authorised representative's fee of HK$5,000 per month.

Mr. Chang Tso Tung, Stephen, Mr. Chan Chi On and Mr. Sun Lun have been appointed as the independent non-executive GST Directors for a term of three years commencing from 1 February 2008. During such term, Mr. Chang Tso Tung, Stephen and Mr. Chan Chi On shall receive a director's fee of HK$25,000 per month and Mr. Sun Lun shall receive a director's fee of RMB130,000 per year.

* *For identification purposes only*

The present service contracts of the abovementioned GST Directors have replaced their respective previous service contracts with GST as GST Directors, the particulars of which are set out below:–

Name of GST Director	Date of the previous service contract	Particulars of the previous service contract
Mr. Zeng Jun	9 September 2004	appointed as a non-executive GST Director with a specific term of 3 years, a director's fee of HK$10,000 per month and the right to occupy the premise situated at No.3B03, No.66 Minzudaxuexi Road, Haidian District, Beijing, PRC.
Mr. Lee Kwan Hung	22 December 2004	appointed as a non-executive GST Director with a specific term of 3 years and a director's fee of HK$10,000 per month.
Mr. Chang Tso Tung, Stephen	5 February 2005	appointed as an independent non-executive GST Directors with a specific term of 3 years and a director's fee of HK$15,000 per month.
Mr. Chan Chi On	5 February 2005	appointed as an independent non-executive GST Directors with a specific term of 3 years and a director's fee of HK$12,500 per month.
Mr. Sun Lun	5 February 2005	appointed as an independent non-executive GST Directors with a specific term of 3 years and a director's fee of HK$10,000 per month.

Save as disclosed above, as at the Latest Practicable Date, none of the GST Directors had entered into any service contract (including continuous or fixed term contracts) with GST or any of its subsidiaries or associated companies which (a) were entered into or amended within 6 months before the commencement of the Offer Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

10. ARRANGEMENTS IN RELATION TO THE OFFERS

As at the Latest Practicable Date:

(a) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the GST Shares or the shares of UTFE which might be material to the Offers;

(b) save for the normal professional fees in connection with the Offers payable to Woo, Kwan, Lee & Lo (of which Lee Kwan Hung, a non-executive GST Director, is a partner), the legal advisers as to Hong Kong laws of GST in relation to the Offers, there was no benefit (other than statutory compensation) to be given to any GST Director as compensation for loss of office or otherwise in connection with the Offers;

(c) save for the Irrevocable Undertakings and the normal professional fees in connection with the Offers payable to Woo, Kwan, Lee & Lo (of which Lee Kwan Hung, a non-executive GST Director, is a partner), the legal advisers as to Hong Kong laws of GST in relation to the Offers, there was no agreement or arrangement between any GST Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(d) save for the Irrevocable Undertakings, there was no material contract entered into by UTFE in which any GST Director has a material personal interest;

(e) save for the Irrevocable Undertakings, there was no irrevocable commitment to accept or reject the Offers which had been received by UTFE or its Concert Parties;

(f) save as disclosed in the sections headed "3. Pre-Condition to the Offers", "4. Conditions of the Offers", "5. Irrevocable Undertakings" and "6. Non-competition and non-solicitation undertakings" in the letter from UBS AG contained in this Composite Document, no agreement, arrangement or understanding (including any compensation arrangement) exists between UTFE or its Concert Parties and any GST Directors, recent GST Directors, GST Shareholders or recent GST Shareholders having any connection with or dependence upon the Offers;

(g) save as disclosed in the sections headed "3. Pre-Condition to the Offers", "4. Conditions of the Offers" and "5. Irrevocable Undertakings" in the letter from UBS AG contained in this Composite Document, there were no agreements or arrangements to which UTFE was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers; and

(h) there was no agreement, arrangement or understanding between UTFE and any other person to transfer, charge or pledge the beneficial interests in the GST Shares or Share Options acquired in pursuance of the Offers.

11. EXPERTS

The following are qualifications of each of the experts who are named in this Composite Document or have given their opinion, letters or advice which are contained in this Composite Document:

UBS AG	acting through its division, UBS Investment Bank, a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities, being the financial adviser to UTFE in relation to the Offers
Citi	a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, being the financial adviser to GST International in relation to the Offers
CIMB	a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the GST Independent Board Committee in relation to the Offers
Jones Lang Lasalle Sallmanns Limited ("**JLL Sallmanns**")	Property Valuer
Commerce & Finance Law Offices ("**C&F**")	PRC legal advisers to GST

12. CONSENTS

Each of UBS AG, Citi, CIMB, JLL Sallmanns and C&F has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion herein of its letter and the references to its name, in the form and context in which they are included.

13. MATERIAL CHANGES

The GST Directors are not aware of any material changes in the financial or trading position or outlook of GST subsequent to 31 December 2008, the date to which the latest audited consolidated financial statements of the GST Group were made up.

14. GENERAL

(a) The company secretary of GST is Hung Lap Kay. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

(b) The UTFE Directors are Mr. Christopher Witzky, Mr. Brian Roy, Ms. Ann Clark Beiber and Mr. Timothy Kent Airgood.

(c) As at the Latest Practicable Date, the directors of United Technologies Corporation are Louis R. Chênevert, George David, John V. Faraci, Jean-Pierre Garnier, Jamie S. Gorelick, Carlos M. Gutierrez, Edward A. Kangas, Charles R. Lee, Richard D. McCormick, Harold McGraw III, Richard B. Myers, H. Patrick Swygert, André Villeneuve and Christine Todd Whitman.

(d) The Hong Kong branch share registrar and transfer office of GST is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The registered office of GST is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies and its head office and principal place of business in Hong Kong is at Suite 1612, 16th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.

(f) The registered office of UTFE is at 5001, 50th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

(g) The registered address of UBS AG, being the financial adviser to UTFE and the agent making the Offers on behalf of UTFE, is at 52nd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

(h) The address of CIMB, being the independent financial adviser to the GST Independent Board Committee, is at 25th Floor, Central Tower, 28 Queen's Road Central, Hong Kong.

(i) The English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection (i) on the websites of GST and the SFC at http://www.gst.com.cn and http://www.sfc.hk respectively; and (ii) at the principal place of business of GST in Hong Kong at Suite 1612, 16th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) while the Offers remain open for acceptance:

(a) the memorandum of association and articles of association of GST;

(b) the memorandum of association and articles of association of UTFE;

(c) the annual reports of the GST Group for each of the two years ended 31 December 2007 and 31 December 2008;

(d) the interim report of the GST Group for the six months ended 30 June 2008;

(e) the letter from UBS AG, the financial adviser to UTFE and the agent making the Offers on behalf of UTFE, the text of which is set out on pages 7 to 21 of this Composite Document;

(f) the letter from the GST Board, the text of which is set out on pages 22 to 28 of this Composite Document;

(g) the letter of recommendation from the GST Independent Board Committee, the text of which is set out on pages 29 to 30 of this Composite Document;

(h) the letter of advice from CIMB, the independent financial adviser to the GST Independent Board Committee, the text of which is set out on pages 31 to 52 of this Composite Document;

(i) the letter and full valuation report relating to certain property interests of the GST Group, prepared by JLL Sallmanns, the text of which is set out in Appendix III to this Composite Document;

(j) the PRC legal opinion from C&F referred to in the valuation report prepared by JLL Sallmanns, an extract of which is set out in Appendix III to this Composite Document;

(k) the letters of written consent from each of the parties listed in the paragraph headed "12. Consents" in this Appendix;

(l) the Irrevocable Undertakings given by GST International and each of the Management Owners as referred to in this Composite Document;

(m) the material contract referred to in the paragraph headed "8. Material Contracts" in this Appendix; and

(n) the service contracts referred to in the paragraph headed "9. Service Contracts" in this Appendix.