

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

**If you have sold or transferred** all your shares in **GST Holdings Limited**, you should at once hand this circular to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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海灣控股有限公司

**GST HOLDINGS LIMITED**

*(incorporated in Cayman Islands with limited liability)*

(Stock Code: 416)

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF OFFICE PROPERTIES**

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



**CIMB - GK Securities (HK) Limited**

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A letter from the board of directors of GST Holdings Limited is set out on pages 3 to 9 of this circular. A letter from the Independent Board Committee is set out on pages 10 to 11 of this circular.

A letter from CIMB-GK Securities (HK) Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 15 of this circular.

A notice convening an extraordinary general meeting of GST Holdings Limited to be held at Chater Room II, The Ritz Carlton, 3 Connaught Road Central, Hong Kong on 29 December 2006 (Friday) at 3:00 p.m. is set out on pages 29 to 30 of this circular. A form of proxy for use at the extraordinary general meeting is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting. Completion and return of this form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
1. Introduction .....	3
2. The Framework Agreement .....	4
3. Information on the Group .....	6
4. Information on the Vendor .....	6
5. Reasons and benefits of the Acquisition .....	6
6. Discloseable and Connected Transaction .....	7
7. EGM .....	7
8. Action to be taken .....	8
9. Recommendation .....	9
10. General .....	9
<b>Letter from the Independent Board Committee</b> .....	10
<b>Letter from CIMB-GK Securities (HK) Limited</b> .....	12
<b>Appendix I – Property Valuation Report</b> .....	16
<b>Appendix II – General Information</b> .....	24
<b>Notice of the EGM</b> .....	29

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## DEFINITIONS

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

“Acquisition”	the proposed acquisition by GST of the Property pursuant to the terms and conditions of the Framework Agreement and the Ancillary Pre-sale Agreements
“Ancillary Pre-sale Agreements”	24 real estate pre-sale agreements (all in the standard form designated by the Beijing Municipal Construction Committee and the Beijing Administration for Industry and Commerce and agreed by the Vendor and the Purchaser) to be entered into between the Purchaser and the Vendor in relation to the purchase of the Property, one to be executed in respect of each unit in the Property
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Gulf Property” or “Vendor”	北京海灣京城房地產開發有限公司 (Beijing Gulf Jingcheng Property Development Limited*), a limited liability company established in the PRC and a non-wholly owned subsidiary of Gulf Group
“Board”	the board of Directors
“Company”	GST Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	RMB81,695,584, being the consideration for the Acquisition
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at Chater Room II, The Ritz Carlton, 3 Connaught Road Central, Hong Kong on 29 December 2006 (Friday) at 3:00 p.m to consider and approve, if thought fit, the Framework Agreement and all the transactions contemplated thereunder
“Framework Agreement”	the framework agreement dated 13 November 2006 entered into between GST as the Purchaser and Beijing Gulf Property as the Vendor in relation to the purchase of the Property at the Consideration
“Group”	the Company and its subsidiaries
“GST” or “Purchaser”	海灣安全技術有限公司 (Gulf Security Technology Company Limited*), a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company

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## DEFINITIONS

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“GST International Management”	GST International Management Limited, a limited company incorporated in the British Virgin Islands and the controlling shareholder of the Company
“Gulf Group”	海灣科技集團有限公司 (Gulf Technology Group Company Limited*), a limited liability company established in the PRC.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company comprising three independent non-executive Directors, namely, Mr. Sun Lun, Mr. Chang Tso Tung, Stephen and Mr. Chan Chi On, Derek
“Independent Shareholder(s)”	the Shareholder(s) other than GST International Management and its associates
“Latest Practicable Date”	1 December 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	Units 1701-1703, 1705-1711, 1801-1803, 1805-1811, 1901-1903 and 1905, Tower B, The Gate, Zhongguancun, Beijing, PRC
“Relevant Ratio”	any of the five ratios as set out in Rule 14.07 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent



海灣控股有限公司  
**GST HOLDINGS LIMITED**

*(incorporated in Cayman Islands with limited liability)*

(Stock Code: 416)

*Executive Directors:*

Mr. Song Jiacheng (*Chairman*)

Mr. Cao Yu

Mr. Peng Kaichen

Mr. Xu Shaowen

*Registered Office:*

Century Yard

Cricket Square

Hutchins Drive

P.O. Box 2681 GT

George Town

Grand Cayman

British West Indies

*Non-executive Directors:*

Mr. Zeng Jun

Mr. Lee Kwan Hung, Eddie

*Independent Non-Executive Directors:*

Mr. Sun Lun

Mr. Chang Tso Tung, Stephen

Mr. Chan Chi On, Derek

5 December 2006

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF OFFICE PROPERTIES**

**1. INTRODUCTION**

The Board announced in an announcement dated 14 November 2006 that on 13 November 2006, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property.

The Consideration of the Acquisition is RMB81,695,584 and shall be satisfied in cash by the internal resources of the Group.

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## LETTER FROM THE BOARD

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As (1) Gulf Group is wholly-owned by 22 shareholders who are the same beneficial shareholders of 100% of the issued share capital of GST International Management, the controlling shareholder of the Company, and who also entered into a lock-up agreement in respect of their respective shareholding in GST International Management and (2) the directors of Gulf Group, namely, Mr. Song Jiacheng and Mr. Peng Kaichen, are also directors of the Company, the Company considers that Gulf Group together with its subsidiaries (but not associated companies) are connected persons of the Company for the sole purpose of the interpretation of connected transactions under the Listing Rules. Since the Vendor is a non-wholly owned subsidiary of the Gulf Group, the Vendor is a connected person of the Company by virtue of its being a non-wholly owned subsidiary of Gulf Group. Accordingly, the Acquisition constitutes a connected transaction of the Company under Rule 14A.17 of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by poll. GST International Management and its associates will abstain from voting in respect of the relevant resolution(s) approving the Acquisition at the EGM. Since one of the Relevant Ratios in respect of the Acquisition exceeds 5% but all the Relevant Ratios are less than 25%, the Acquisition also constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Acquisition and CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with further details of the Acquisition, the advice from the Independent Board Committee to the Independent Shareholders, the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the notice of the EGM and information on the Company. A letter from the Independent Board Committee is set out on pages 10 to 11 of this circular and a letter from CIMB-GK Securities (HK) Limited is set out on pages 12 to 15 of this circular.

### 2. THE FRAMEWORK AGREEMENT

- (1) **Date** : 13 November 2006
- (2) **Parties** : Vendor : 北京海灣京城房地產開發有限公司 (Beijing Gulf Jingcheng Property Development Limited\*), a limited liability company established in the PRC and a non-wholly owned subsidiary of Gulf Group.
- Purchaser : 海灣安全技術有限公司 (Gulf Security Technology Company Limited\*) a wholly-foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company.

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## LETTER FROM THE BOARD

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### **(3) Property**

The Property comprises of office premises situated at Units 1701-1703, 1705-1711, 1801-1803, 1805-1811, 1901-1903 and 1905, Block B, The Gate, Zhongguancun, Beijing, PRC.

The gross floor area of the Property is approximately 4,691 square meters.

The Property is newly developed and completed by the Vendor, and thus there is no original purchase cost of the Property. The Property is now vacant and GST is the first purchaser of the Property. However, as advised by the Vendor, based on the estimates on the various costs (including but not limited to land costs, construction costs and taxes) so far incurred and expected to be incurred, the development costs should be approximately RMB12,500 per square meter, by reference to the area of the Property against the total saleable area of the whole development. Furthermore, the Vendor advised that as the Property only formed part of the development developed by the Vendor and further works on the development are still in progress, such figure is subject to cost adjustments upon completion of the whole development project.

### **(4) Consideration**

The Consideration of the Acquisition is RMB81,695,584 and shall be satisfied in cash in full within 7 working days of the date of the Ancillary Pre-sale Agreements. The Consideration shall be satisfied by the internal resources of the Group. The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser after taking into account the discount offered to the Purchaser by the Vendor and the prevailing market conditions in the vicinity of the Property in Beijing, PRC. Based on a valuation conducted by LCH (Asia Pacific) Surveyors Limited, an independent qualified valuer, as at 9 November 2006, the valuation of the Property is approximately RMB86,000,000 with the average unit price per square meter of approximately RMB18,333. As such, the Consideration represent approximately 5% discount to this independent valuation. The Board considers that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **(5) Conditions to the Acquisition**

The Framework Agreement shall become effective upon the fulfillment and satisfaction of all of the following conditions:-

- (a) the Framework Agreement has been duly executed by the authorized representatives of the Vendor and the Purchaser; and
- (b) the passing by the Independent Shareholders at the EGM by poll of an ordinary resolution to approve of the Acquisition contemplated under the Framework Agreement.

If the above conditions are not fulfilled on 30 June 2007 (or on such other date as may be agreed by the Vendor and the Purchaser), the Framework Agreement shall terminate and neither party shall be liable to the other party in respect of such termination, save and except for antecedent breaches.

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## LETTER FROM THE BOARD

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### **(6) Completion**

On completion of the Framework Agreement, the Vendor shall provide to the Purchaser the bank releases of the Property within 10 working days (being evidence of the release of the outstanding mortgage over the Property taken out earlier by the Vendor) and to execute the Ancillary Pre-sale Agreements. The Purchaser shall then execute the Ancillary Pre-sale Agreements and shall pay the Consideration to the Vendor within 7 working days from the date of the Ancillary Pre-sale Agreements. The Vendor shall also within 5 working days of the Ancillary Pre-sale Agreements cause the executed Ancillary Pre-sale Agreements to be duly registered with the real estate administration authorities of Beijing. On the fifth working day from the date of the Consideration being paid in full by the Purchaser, the Vendor shall deliver vacant possession of the Property to the Purchaser.

### **3. INFORMATION ON THE GROUP**

The Group is the leading fire alarm systems provider in China and is primarily engaged in the manufacturing and distribution of fire alarm systems and network products, as well as related products, including security systems, building automation systems and electronic power meters.

### **4. INFORMATION ON THE VENDOR**

The Vendor is a non-wholly owned subsidiary of Gulf Group. Its principal scope of business is the sale and development of real estates in the PRC.

### **5. REASONS AND BENEFITS OF THE ACQUISITION**

The head office of the Group in Beijing, PRC is a leased property of approximately 2,787 square meter with the tenure of the existing tenancy expiring by the end of January and February 2007. As the Group experienced rapid growth in recent years, the existing head office premises lack rooms for future expansion. In order to accommodate the Group's various department expansion, the Group has been seeking new office premises in Beijing with more area.

Furthermore, the office rental expenses in Beijing has increased rapidly and according to the property information in Zhongguancun district, the office rental is now approximately RMB5.5 per square meter per day. Hence, the rental payment for the premises of approximately 4,691 square meters will be approximately RMB9.4 million per annum. By acquiring the office building and on the assumption that the office will depreciate over 30 years, the depreciation charge incurred will be approximately RMB2.7 million per annum which is significantly less than the rental expenses of approximating RMB9.4 million per annum. As the acquisition is satisfied in cash using internal resources of the Group and the Property will be recorded at cost in the Group's property, plant and equipment, therefore, the assets and liabilities of the Group should remain substantially unchanged upon the completion of the Acquisition.

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## LETTER FROM THE BOARD

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The Property is located at Zhongguancun District of Beijing which is one of the newly developed commercial districts for high-tech industry in Beijing, PRC. The Property comprises various office units with a gross floor area of approximately 4,691 square meters which represent approximately 68% increase in office space and it is expected to be suitable for the Group's anticipated expansion. Based on the increased demand of office space due to the Group's expansion and increased rental expenses, the Acquisition will reduce the operation cost of the Group, therefore the Board (not including the independent non-executive Directors, who have formed the Independent Board Committee, with their opinion given in a letter set out on pages 10 to 11 in this circular) considers that the Acquisition is in the interest of the Company and the Shareholders as a whole.

### 6. DISCLOSEABLE AND CONNECTED TRANSACTION

As (1) Gulf Group is wholly-owned by the 22 shareholders who are the same beneficial shareholders of 100% of the issued share capital of GST International Management, the controlling shareholder of the Company, and who also entered into a lock-up agreement in respect of their respective shareholding in GST International Management, and (2) the directors of Gulf Group, namely, Mr. Song Jiacheng and Mr. Peng Kaichen, are also directors of the Company, the Company considers that Gulf Group together with its subsidiaries (but not associated companies) are connected persons of the Company for the sole purpose of interpretation of connected transactions under the Listing Rules. Since the Vendor is a non-wholly owned subsidiary of the Gulf Group, the Vendor is a connected person of the Company by virtue of its being a non-wholly owned subsidiary of Gulf Group. Accordingly, the Acquisition constitutes a connected transaction of the Company under Rule 14A.17 of the Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by poll. GST International Management and its associates will abstain from voting in respect of the relevant resolution(s) approving the Acquisition at the EGM. Since one of the Relevant Ratios in respect of the Acquisition exceeds 5% but all the Relevant Ratios are less than 25%, the Acquisition also constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Acquisition and CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### 7. EGM

An EGM will be held on 29 December 2006 (Friday) at 3:00 pm at Chater Room II, The Ritz Carlton, 3 Connaught Road Central, Hong Kong, during which an ordinary resolution shall be proposed to the shareholders of the Company to approve the Framework Agreement and the transaction contemplated thereunder. GST International Management and its associates, being connected persons in respect of the Acquisition, will abstain from voting on the ordinary resolution to approve the Framework Agreement and the transactions contemplated thereunder. Any vote of the Independent Shareholders at the EGM shall be taken by poll.

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## LETTER FROM THE BOARD

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Under the articles of association of the Company, a poll can be demanded by:

- (a) the chairman of the meeting; or
- (b) at least three members present in person or by proxy having the right to vote on the resolution; or
- (c) a member or members present in person or by proxy representing in aggregate not less than one-tenth of the total voting rights of all other members have the right to attend and vote at the meeting; or
- (d) a member or members present in person or by proxy holding shares conferring the right to attend and vote at the meeting on which an aggregate sum and been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

and a demand for a poll by a person as proxy for a member shall be as valid as if the demand were made by the member himself.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders taken at a general meeting to approve connected transactions pursuant to Chapter 14A of the Listing Rules and transactions that are subject to independent shareholders' approval pursuant to the Listing Rules must be taken on poll.

Accordingly, the chairman of the EGM will demand that the ordinary resolution to approve the Framework Agreement and the transactions contemplated thereunder be decided by poll.

No voting trust, other agreement, arrangement or understanding were entered into by or binding upon GST International Management and its associates in respect of their beneficial interests in the Company.

### **8. ACTION TO BE TAKEN**

A form of proxy for use at the EGM is enclosed with this circular, whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited of Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM, or any adjourned meeting, should you so wish.

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## LETTER FROM THE BOARD

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### 9. RECOMMENDATION

The Directors consider that the terms of the Acquisition are fair and reasonable, and normal commercial terms and are in the interests of the Company and the shareholders as a whole. Accordingly, the Directors recommend the shareholders of the Company to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition and the transactions contemplated thereunder.

### 10. GENERAL

Your attention is drawn to the general information set out in the appendix to this circular and the notice convening the EGM.

By order of the Board  
**GST Holdings Limited**  
**SONG Jiacheng**  
*Chairman*



海灣控股有限公司  
**GST HOLDINGS LIMITED**

*(incorporated in Cayman Islands with limited liability)*  
(Stock Code: 416)

*Independent Non-Executive Directors:*

Mr. Sun Lun  
Mr. Chang Tso Tung, Stephen  
Mr. Chan Chi On, Derek

*Registered Office:*

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

5 December 2006

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
ACQUISITION OF OFFICE PROPERTIES**

**INTRODUCTION**

We, being the independent non-executive Directors comprising the Independent Board Committee, are writing to you to set out our recommendation in respect of the Acquisition. The Independent Board Committee has been appointed by the Board to advise you as Independent Shareholders whether in its view the entering into of the Framework Agreement will be in the best interests of the Company and its Shareholders as a whole. Terms defined in the circular shall have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board which sets out, among other things, information relating to the Acquisition and the letter of advice from CIMB-GK Securities (HK) Limited which contains its advice to us and to you set out on pages 3 to 9 and on pages 12 to 15 of the circular respectively.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Framework Agreement and the advice of CIMB-GK Securities (HK) Limited, we consider the terms of the Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned, are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Framework Agreement.

Yours faithfully,  
Independent Board Committee  
**Mr. Sun Lun**  
**Mr. Chang Tso Tung, Stephen**  
**Mr. Chan Chi On, Derek**  
*Independent non-executive Directors of*  
*GST Holdings Limited*



CIMB-GK Securities (HK) Limited

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

5 December 2006

*To the Independent Board Committee and the Independent Shareholders of  
GST Holdings Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF OFFICE PROPERTIES**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, details of which are contained in a circular (the "Circular") to the Shareholders dated 5 December 2006, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Purchaser, a wholly-owned subsidiary of the Company, conditionally entered into the Framework Agreement on 13 November 2006 with the Vendor, a non-wholly owned subsidiary of the Gulf Group, in relation to the acquisition of the Property from the Vendor for a cash consideration of RMB81,695,584. As (i) the Gulf Group is wholly-owned by 22 shareholders who are also beneficial shareholders of 100% interest in the issued share capital of GST International Management, the controlling shareholder of the Company, and who entered into a lock-up agreement in respect of their respective shareholding in GST International Management; and (ii) the directors of the Gulf Group, namely, Mr. Song Jiacheng and Mr. Peng Kaichen, are also directors of the Company, the Gulf Group together with its subsidiaries are connected persons of the Company for the purpose of the Listing Rules. The Vendor, being a non-wholly owned subsidiary of the Gulf Group, is therefore a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company under Rule 14A.17 of the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll at the EGM. GST International Management and its associates will abstain from voting in respect of the ordinary resolution to be proposed to approve the Acquisition at the EGM. The Acquisition also constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. The Independent Board Committee comprising Mr. Sun Lun, Mr. Chang Tso Tung, Stephen and Mr. Chan Chi On, Derek, being independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Acquisition.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The Directors have declared in a responsibility statement set out in the

Appendix II to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the Directors' representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been withheld or omitted from the Circular.

We consider that we have reviewed sufficient information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the Acquisition in order to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, GST International Management, GST, or any of their respective subsidiaries, associates, or jointly controlled entities.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation for the Acquisition, we have considered the following principal factors and reasons:

### **Background and reasons for the Acquisition**

The Group is a leading fire alarm systems provider in China and is principally engaged in the manufacture and distribution of fire alarm systems and network products and related products including security systems, building automation systems and electronic power meters.

Pursuant to the Framework Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Property for a cash consideration of RMB81,695,584. The Property comprises various office units with a gross floor area of approximately 4,691 square meters and is located at the Zhongguancun District, Beijing, the PRC, which is one of the newly developed commercial districts for high-tech industry in Beijing.

By virtue of the rapid growth experienced by the Group in recent years, the Directors consider that the existing head office premises of the Group, which is a leased property located in Beijing with a gross floor area of approximately 2,787 square meters and tenure of the existing tenancy expiring by the end of January and February 2007, is insufficient to accommodate the requirements of the Group for future expansion and the Group has been seeking new office premises in Beijing. As noted from various research reports found in the public domain, rental for office premises in Beijing has been on an ascending trend in recent years and is expected to continue to experience upward pressure in the near term. Based on our findings and the above, we concur with the views of the Directors that the Acquisition will enable the Group to meet its demand for larger office space to accommodate its future expansion and to better control its operation costs in view of the anticipated increase in rental for office premises in Beijing.

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## LETTER FROM CIMB-GK SECURITIES (HK) LIMITED

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Having considered the above background and reasons, we concur with the views of the Directors that the Acquisition is in the interests of the Company and the Shareholders as a whole.

### **The Consideration**

The consideration for the Acquisition of RMB81,695,584, which shall be satisfied in cash in full within 7 working days from the date of the Ancillary Pre-Sale Agreements using the internal resources of the Group, has been determined after arm's length negotiations between the Vendor and the Purchaser with reference to the prevailing market conditions in the vicinity of the Property and after taking into account the discount offered to the Purchaser by the Vendor.

In assessing the fairness of the Consideration, we have reviewed the valuation report (the "Valuation Report") dated 5 December 2006 prepared by LCH (Asia Pacific) Surveyors Limited, an independent property valuer (the "Independent Valuer"), the texts of which are set out in Appendix I to the Circular. As noted from the Valuation Report, in arriving at the valuation of the Property (the "Valuation"), the Independent Valuer has adopted the sales comparison approach on the assumption that the Property is sold with the benefit of vacant possession as at the date of valuation. We have been advised by the Independent Valuer that the above valuation methodology is commonly used in arriving at the Valuation. We also noted from the Valuation Report that as at 9 November 2006, the Valuation was approximately RMB86,000,000 with an average unit price per square meter of approximately RMB18,333. As such, the Consideration represents a discount of approximately 5% to the Valuation.

Based on the above and the fact that the Consideration represents a discount of approximately 5% to the Valuation, we consider that the Consideration is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### **POSSIBLE FINANCIAL EFFECT**

#### **Net asset value**

Based on the consideration of RMB81,695,584 for the Acquisition, which will be recorded as the Group's property, plant and equipment and will be satisfied in cash using the internal resources of the Group, the assets and liabilities of the Group should remain substantially unchanged upon completion of the Acquisition.

#### **Earnings**

As advised by the Directors, the Acquisition will not have a material effect on the earnings of the Group immediately upon completion of the Acquisition.

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## LETTER FROM CIMB-GK SECURITIES (HK) LIMITED

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### **Working capital**

The consideration of RMB81,695,584 for the Acquisition shall be satisfied in cash in full within 7 working days from the date of the Ancillary Pre-Sale Agreements using the internal resources of the Group. Based on the latest published interim report, the cash and bank balances of the Group as at 30 June 2006 was approximately RMB481.15 million. Accordingly, the Directors consider and we concur that the Acquisition will not have a material adverse impact on the working capital position of the Group.

### **RECOMMENDATION**

Having taken into consideration the principal factors and reasons referred to in the above, we are of the opinion that the entering into of the Framework Agreement is in the interests of the Company and the Shareholders as a whole and that the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote for the ordinary resolution to be proposed at the EGM to approve the Acquisition.

Yours faithfully,

For and on behalf of

**CIMB-GK Securities (HK) Limited**

**Alex Lau**

**Flavia Hung**

*Executive Vice President      Senior Vice President*

*The following is the text of the letter and the valuation certificate on the valuation of the property to be acquired by the Company as at 9 November 2006 prepared by LCH (Asia-Pacific) Surveyors Limited for the purposes of inclusion in this circular.*



利駿行測量師有限公司

**LCH (Asia-Pacific)** Surveyors Limited

CHARTERED SURVEYORS  
PLANT AND MACHINERY VALUERS  
BUSINESS & FINANCIAL SERVICES VALUERS

*The readers are reminded that the report which follows has been prepared in accordance with the guidelines set by the HKIS Valuation Standards on Properties, First Edition, 2005 (“HKIS Standards”) published by the Hong Kong Institute of Surveyors (the “HKIS”) and entitles the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer.*

27th Floor  
Li Dong Building  
9 Li Yuen Street East  
Central  
Hong Kong

5 December 2006

The Directors  
GST Holdings Limited  
Suite 6308, Central Plaza  
No. 18 Harbour Road  
Wanchai  
Hong Kong

Dear Sirs,

In accordance with the instructions given by the management of GST Holdings Limited (hereinafter referred to as the “Company”) to us to value the interest of an office premises of a development known as The Gate in Haidian District of Beijing (hereinafter referred to as the “subject property”) in the People’s Republic of China (hereinafter referred to as the “PRC” or “China”) of which the Company or its subsidiary intended to acquire in the coming future, we confirm that we have conducted physical inspection, made relevant enquiries and obtained such further information as we consider necessary to support our opinion of value of the subject property as at 9 November 2006 (hereinafter referred to as the “date of valuation”) for the Company’s internal management reference purpose.

We understand that the use of our work product (regardless of form of presentation) would form part of the Company’s business due diligence to the subject property and we have not been engaged to make specific sale or purchase recommendations. We further understand that the use of our work product will not supplant other due diligence which a rational investor should conduct in reaching business decisions regarding the subject property. Our findings and conclusion in this valuation are documented in a valuation report and submitted to the Company at today’s date.

At the request of the management of the Company, we prepared this summary report (including this letter and the valuation certificate) to summarise our findings and conclusion as documented in the valuation report for the purpose of inclusion in this circular at today's date for the Company's shareholders' reference. Terms herein used without definition shall have the same meanings as in the valuation report, and the assumptions and caveats adopted in this summary report also apply to the valuation report.

**BASIS OF VALUATION**

According to the International Valuation Standards (hereinafter referred to as "IVS"), Seventh Edition, 2005 published by the International Valuation Standards Committee, which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, we are instructed to have our opinion of value of the subject property on the market value basis.

The term "Market Value" is defined as "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".

Our valuation has been made on the assumptions, that

1. the legally interested party in the subject property sells the subject property in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the subject property;
2. the legally interested party in the subject property has free and uninterrupted rights to use or assign the property interest being valued for the whole of the unexpired terms as granted and any premiums payable have already been fully paid; and
3. the subject property can be freely disposed and transferred free of all encumbrances at the date of valuation for its existing or alternative uses in the market to both local and overseas purchasers without payment of any premium to the government.

Should this not be the case, it will have adverse impact to the value as reported.

There are three generally accepted approaches to value in arriving at the market value of a property on an absolute title basis, namely the Market Approach, the Cost Approach and the Income Approach. In valuing the subject property, we have adopted the comparable sales method of the Market Approach (also called sales comparison approach) on the assumption that the subject property is sold with the benefit of vacant possession as at the date of valuation. The comparable sales method considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title.

**MATTERS THAT MIGHT AFFECT THE VALUE REPORTED**

No allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the subject property. Unless otherwise stated, it is assumed that the subject property is free from all encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

As at the Latest Practicable Date of this circular, we are unable to identify any adverse news against the subject property which may affect the reported value in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the subject property. However, should it be established subsequently that such news did exist at the date of valuation, we reserve the right to adjust the value reported herein.

**ESTABLISHMENT OF TITLES**

We are given to understand that the subject property is at the final stage of construction and no title documents regarding the subject property can be provided to us. The inherent defects in the land registration system of China further forbidden us to conduct searches from the relevant land registration departments to verify the existing titles of the subject property or any material encumbrances that might be attached to the subject property. We are not legal professionals and are not qualified to ascertain the titles and to report any encumbrances that may be registered against the subject property.

In the course of valuation, we have complied with the requirements as stated in Practice Note No. 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and relied solely on the copy of the PRC legal opinion dated 1 December 2006 as provided by the Company with regard to the legally interested party in the subject property as disclosed in the attached valuation certificate. We are given to understand that the PRC legal opinion was prepared by Commerce & Finance Law Offices (通商律師事務所), a qualified PRC legal adviser. No responsibility or liability is assumed in relation to those legal opinions.

**INSPECTIONS AND INVESTIGATIONS OF THE SUBJECT PROPERTY IN ACCORDANCE WITH VS4 OF THE HKIS STANDARDS**

We have inspected the subject property in respect of which we have been provided with such information as we have requested for the purpose of our valuation. We have not inspected those parts of the subject property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We cannot express an opinion about or advice upon the condition of uninspected parts and the attached valuation certificate should not be taken as making any implied representation or statement about such parts. No structural survey, investigation, test or examination has been made, but in the course of our inspections we did not note any serious defects in the subject property inspected. We are not, however, able to report that the subject property is free from rot, insect, infestation or any other defects. No tests were carried out to the services (if any) and we are unable to identify those services covered, unexposed or inaccessible.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the subject property, and that the inspection and the use of this report do not purport to be a building survey of the subject property. We have assumed that the subject property is free of rot and inherent danger or unsuitable materials and techniques.

If the management of the Company is proposing to purchase the subject property and wants to satisfy them as to the condition of it, then the management of the Company should obtain a surveyor's detailed inspection report of their own before deciding whether or not to enter into an agreement for sale and purchase.

We have not carried out on-site measurements to verify the correctness of the areas of the subject property, but have assumed that the areas shown on the documents and handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedure to value did not include an independent land survey to verify the legal boundaries of the subject property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries that appeared on the documents handed to us. No responsibility from our part is assumed. The management of the Company or interested party in the subject property should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the subject property, or has since been incorporated, and we are therefore unable to report that the subject property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the subject property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have been instructed to assume that no contaminative or potentially contaminative uses have ever been carried out in the subject property. We have not carried out any investigation into past or present uses, either of the subject property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the subject property or on any neighbouring land, or that the subject property has been or is being put to a contaminative use, this might reduce the value now reported.

#### **SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VS5 OF THE HKIS STANDARDS**

We have relied solely on the information provided by the management of the Company or its appointed personnel or by the developer/agents of the subject property without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, construction progress and floor areas and all other relevant matters.

We have not carried out any study to ascertain possible alternative development options and the related economics do not come within the scope of this report. Our valuation has been made only based on the advice and information made available to us. While a limited scope of general inquiries had been made to the local property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility and liability is assumed.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating this report.

When we adopted the work products from other professions, external data providers and the management of the Company in our valuation, the assumptions and caveats that adopted by them in arriving at their figures also applied in our valuation. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the management of the Company or its appointed personnel. Also, we have sought and received confirmation from the management of the Company or its appointed personnel that no material factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Company of material and latent facts that may affect the valuation.

Unless otherwise stated, all monetary amounts are in Renminbi Yuan (“RMB”).

We have had no reason to doubt the truth and accuracy of the information provided to us by the management of the Company or its appointed personnel. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

#### **LIMITING CONDITIONS OF THIS SUMMARY REPORT**

Our opinion of value of the subject property in this summary report is valid only for the stated purpose and only for the date of valuation, and for the sole use of the named Company. The valuer or its personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accepts no responsibility whatsoever to any other person.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this summary report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this summary report or any reference made hereto may be included in any published documents, circular or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this summary report in a circular to the Company’s shareholders.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Company is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our report except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

## STATEMENTS

The attached valuation certificate is prepared in line with the ethics and guidelines as contained in the HKIS Standards. The valuation has been undertaken by valuers, acting as external valuers, qualified for the purpose of the valuation.

We retain a copy of this summary report and the valuation report together with the data from which it was prepared, and these data and documents will, according to the Laws of Hong Kong, keep for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the client's authorisation and prior arrangement made with us. Moreover, we will add the client's information into our client list for our future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no present nor prospective interest in the subject property, the Company and its subsidiaries or the value reported.

The valuation certificate is attached.

Yours faithfully,  
For and on behalf of  
**LCH (Asia-Pacific) Surveyors Limited**  
**Joseph Ho Chin Choi**  
*B.Sc. PG Dip RPS (GP)*  
*Managing Director*

Contributing valuers:

**Elsa Ng Hung Mui** *B.Sc. M.Sc. RPS (GP)*

**Terry Fung Chi Hang** *B.Sc.*

*Notes:*

1. Mr. Joseph Ho Chin Choi has been conducting assets valuation (including real estate properties) and advisory work in Hong Kong, Macau, Taiwan, mainland China, Japan, South East Asia, Finland, Germany, Guyana, Canada and the United States of America for various purposes since 1988. He has more than 18 years of experience in valuing real estate properties in mainland China.
2. Ms. Elsa Ng Hung Mui is a Registered Professional Surveyor who has been conducting valuation of real estate properties in Hong Kong since 1994 and has more than 8 years of experience in valuing properties in mainland China.
3. Both Mr. Joseph Ho Chin Choi and Ms. Elsa Ng Hung Mui are valuers on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the HKIS.

## VALUATION CERTIFICATE

Property to be acquired by the Company or its subsidiary in the PRC and valued on the basis of market value by market evidence

Property	Description and tenure	Particulars of Occupancy	Amount of valuation in existing state as at 9 November 2006 RMB
<p>The Whole of the 17th and 18th Floors of The South and North Wings of Tower B and The Whole of the 19th Floor of the North Wing of Tower B The Gate Zhongguancun Haidian District Beijing The People's Republic of China (see Note 2 below)</p>	<p>The Gate (the "Development") comprises a total of 3 towers named Tower A, Tower B (with 2 linked blocks) and a Residential Tower all built over a 6-storey commercial and carpark podium (including 2 levels built underground). The Development was completed recently.</p> <p>Tower A of the Development is an office block whereas Tower B (the "Subject Tower") contains 2 linked blocks named the South Wing and the North Wing of 12-storey and 13-storey in height, respectively (<i>no numeric indications of 13th and 14th Floors</i>) for office purpose.</p> <p>The property comprises two whole floors on the 17th and 18th Floors of the South Wing and the North Wing and one whole floor on the 19th Floor of the North Wing of the Subject Tower for office purpose.</p> <p>The property has a total gross floor area of approximately 50,499 sq. ft. (4,691.44 sq. m.) and a total saleable area of approximately 31,908 sq. ft. (2,964.37 sq. m.).</p> <p>The Development is subject to a right to use the land for various land use terms for residential, office, ancillary commercial and car parking usages. The property is restricted to office usage and is subject to a land use term of 50 years till 27 July 2053 (<i>see Note 3 below</i>).</p>	<p>The property is currently vacant.</p> <p>As advised by the management of the Company, the property will be used by the Company and/or its subsidiaries for office purpose.</p>	86,000,000

*Notes:*

1. Pursuant to a Framework Agreement dated 13 November 2006 and made between 北京海灣京城房地產開發有限公司 (translated as Beijing Gulf Jingcheng Property Development Limited and hereinafter referred to as the “Vendor”) and 海灣安全技術有限公司 (translated as Gulf Security Technology Company Limited and hereinafter referred to as the “Purchaser”), a wholly-owned subsidiary of the Company, the Purchaser has conditionally agreed to purchase the property at a consideration of RMB81,695,584.
2. The property is also known as Units 1701-1703, 1705-1711, 1801-1803, 1805-1811, 1901-1903 and 1905 of the Subject Tower.
3. According to the legal opinion prepared by the Company’s PRC legal adviser, Commerce & Finance Law Offices, the following opinions are noted:
  - (a) The right to possess the land is held by the State and the right to use the land has been granted to the Vendor via two various State-owned Land Use Rights Certificates known as Jing Hai Guo Yong (2003) Chu Zi Di 2486 Hao and Jing Hai Guo Yong (2004) Chu Zi Di 3103 Hao (京海國用(2003)出字第2486號及京海國用(2004)出字第3103號) dated 24 November 2003 and 9 June 2004, respectively; and both issued by the Land Resources and Housing Administration Bureau of Beijing (北京市國土資源和房屋管理局). The Vendor is the legally interested party in the land of the property.
  - (b) The land covered by the State-owned Land Use Rights Certificates as mentioned in Note 2 (a) above is restricted for residential, office, ancillary commercial and car parking usages for various land use terms till 27 July 2073 for residential usage, 27 July 2053 for office usage, 27 July 2043 for ancillary commercial usage and 27 July 2053 for car parking usage;
  - (c) Pursuant to the various relevant planning permits, construction permit and a Pre-sale Permit of Commodity Units known as Jing Fang Shou Zheng Zi (2004) 508 Hao (京房售証字(2004)508號) dated 3 November 2004, the Vendor has obtained necessary permits and approval for construction and pre-sale of the property; and
  - (d) Based on the above information, the Framework Agreement is legal and binding. Both party’s rights and obligations under the Framework Agreement are protected under the PRC laws. After the independent shareholders of the Company has approved on the Framework Agreement and the relevant conditions for the subject acquisition have been fulfilled, there is no legal impediment for the Purchaser to obtain the relevant Building Ownership Certificate.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### A. Directors

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules, were as follows:

#### *Beneficial interests in the shares of associated corporations*

<b>Name of associated corporation</b>	<b>Name of Director</b>	<b>Number of ordinary shares held in the associated corporation</b>	<b>Approximate shareholding percentage</b>
GST International Management Limited	Song Jiacheng	269,276 ordinary shares	26.93%
GST International Management Limited	Zeng Jun	231,366 ordinary shares	23.14%
GST International Management Limited	Cao Yu	157,781 ordinary shares	15.78%
GST International Management Limited	Peng Kaichen	157,781 ordinary shares	15.78%
GST International Management Limited	Xu Shaowen	52,560 ordinary shares	5.26%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## B. Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons or corporations (not being Directors or chief executive of the Company), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	Capacity	Nature of interests	Number of Shares held	Approximate percentage of long position in Shares to the issued share capital of the Company
GST International Management Limited	Registered and beneficial owner	Corporate interest	423,409,369 (L)	52.93%
United Technologies Corporation (“UTC”) <i>(Note)</i>	Interest in controlled corporation	Corporate interest	150,564,631 (L)	18.82%
Otis Elevator Company (“Otis”) <i>(Note)</i>	Interest in controlled corporation	Corporate interest	148,580,631 (L)	18.57%
Carrier Corporation (“Carrier”) <i>(Note)</i>	Interest in controlled corporation	Corporate interest	148,580,631 (L)	18.57%
United Technologies Far East Limited (“UTFE”) <i>(Note)</i>	Registered and beneficial owner	Corporate interest	148,580,631 (L)	18.57%

*(L): Long position*

*Note:* 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 interests in UTFE, which owns 148,580,631 Shares. In addition, UTC owns 1,984,000 Shares through another wholly-owned subsidiary.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into, any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### **4. LITIGATION**

As at the Latest Practicable Date, so far as the Directors are aware, neither the Company nor any member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

### **5. COMPETING INTEREST**

None of the Directors nor respective associates have any interest in any business, which may compete with the business of the Group.

### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company and its subsidiaries since 31 December 2005, the date to which the latest published audited accounts of the Company were made up.

### **7. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2005, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Company.

**8. EXPERTS**

The qualifications of the experts who have given opinion in this circular are as follows:

<b>Name</b>	<b>Qualification</b>
CIMB-GK Securities (HK) Limited	A corporation licensed under the SFO for carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities
LCH (Asia Pacific) Surveyors Limited	Chartered surveyors

As at the Latest Practicable Date, each of CIMB-GK Securities (HK) Limited and LCH (Asia Pacific) Surveyors Limited did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe or nominate persons to subscribe for Securities in any member of the Group.

As at the Latest Practicable Date, none of CIMB-GK Securities (HK) Limited and LCH (Asia Pacific) Surveyors Limited had any interest, direct or indirect at any assets which had been, since 31 December 2005, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to the any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of CIMB-GK Securities (HK) Limited and LCH (Asia Pacific) Surveyors Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, reports or certificate (as the case may be) and references to its name in the form and context in which it appears in this circular.

**9. GENERAL**

- (a) The qualified accountant of the Company is Ho Yui Pok, Eleutherius.
- (b) The secretary of the Company is Ho Yui Pok, Eleutherius, a certified public accountant in Hong Kong.
- (c) The registered office of the Company is situated at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies and the principal place of business of the Company is situated at Suite 6308, 63rd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (d) The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In any event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at Suite 6308, 63rd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours up to and including 28 December 2006:

- (a) the Framework Agreement;
- (b) the letter from CIMB-GK Securities (HK) Limited, the text of which is set out on pages 12 to 15 of this circular;
- (c) the valuation report from LCH (Asia Pacific) Surveyors Limited, the text of which is set out in Appendix I of this circular; and
- (d) the consent letters of CIMB-GK Securities (HK) Limited and LCH (Asia Pacific) Surveyors Limited referred to in the section headed “Experts” in this appendix.

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## NOTICE OF THE EGM

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海灣控股有限公司  
**GST HOLDINGS LIMITED**

*(incorporated in Cayman Islands with limited liability)*

(Stock Code: 416)

5 December 2006

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of GST Holdings Limited (the “Company”) will be held at Chater Room II, The Ritz Carlton, 3 Connaught Road Central, Hong Kong at 3:00 p.m. on 29 December 2006 (Friday) (the “EGM”) for considering and, if thought fit, pass with or without modification, the following resolution as ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT** the framework agreement dated 13 November 2006 made between海灣安全技術有限公司 (Gulf Security Technology Company Limited\*) and北京海灣京城房地產開發有限公司 (Beijing Gulf Jingcheng Property Development Limited\*) (the “Framework Agreement”, a copy of which has been produced to the meeting and marked “A” and initialed by the Chairman for the purpose of identification) and the transactions contemplated under the Framework Agreement be and are hereby approved, ratified and confirmed and that the director of the Company be and are hereby authorised on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, agreements, deeds, acts, matters and things as they may in their discretion consider necessary, desirable or expedient for the purpose of or in connection with the implementation of the Framework Agreement.”

By order of the Board  
**GST Holdings Limited**  
**SONG Jiacheng**  
*Chairman*

\* *For identification purpose only*

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## NOTICE OF THE EGM

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*Registered Office:*

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

*Head Office and Principal Place of Business:*

Suite 6308, 63rd Floor  
Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

*Notes:*

1. A member of the Company who is entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy, to attend and vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent him.
2. A form of proxy for use at the EGM is enclosed. Whether or not a member of the Company intends to attend the EGM in person, he or she is urged to complete and return the form of proxy in accordance with the instructions printed thereon.
3. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM or on the poll concerned, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the EGM either personally or by proxy, in respect of such share as if he or she were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy then the one of such joint holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.