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海灣控股有限公司

GST HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 0416)

**(1) CONTINUING CONNECTED TRANSACTION
AND
(2) CONNECTED TRANSACTION**

The Board announces that GST, a subsidiary of the Company, entered into the Property Management Agreement with the Property Manager on 11 June 2007. Pursuant to the Property Management Agreement, the Property Manager would provide property management services in relation to the Beijing Office.

The Board further announces that Beijing Gulf Engineering, another subsidiary of the Company, entered into the First Fire Safety Works Agreement and the Second Fire Safety Works Agreement with Beijing Gulf Property on 11 June 2007. Pursuant to these two agreements, Beijing Gulf Engineering would carry out modification works on fire safety systems for various parts of the Property.

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.

The Property Management Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company. Since the total assets ratio and the revenue ratio exceed 0.1% and each of the Relevant Ratios is less than 2.5%, it is subject to reporting and announcement requirements but exempt from the independent shareholders' approval.

The First Fire Safety Works Agreement and the Second Fire Safety Works Agreement and the transactions contemplated thereunder constitute in aggregate a connected transaction of the Company. Since the total assets ratio, the revenue ratio and the consideration ratio exceed 0.1% and each of the Relevant Ratios is less than 2.5%, it is subject to reporting and announcement requirements but exempt from the independent shareholders' approval.

The Board announces that GST, a subsidiary of the Company, entered into the Property Management Agreement with the Property Manager on 11 June 2007. Pursuant to the Property Management Agreement, the Property Manager would provide property management services in relation to the Beijing Office.

The Board further announces that Beijing Gulf Engineering, another subsidiary of the Company, entered into the First Fire Safety Works Agreement and the Second Fire Safety Works Agreement with Beijing Gulf Property on 11 June 2007. Pursuant to these two agreements, Beijing Gulf Engineering would carry out modification works on fire safety systems for various parts of the Property.

CONTINUING CONNECTED TRANSACTION

(i) Property Management Agreement

Date: 11 June 2007

Parties:

1. GST
2. The Property Manager

Subject matter:	The Property Manager shall be responsible for management services in relation to the Beijing Office, including but not limited to day-to-day maintenance and management, security, cleaning, fire safety management and refurbishment.
Duration:	3 years from 1 July 2007 to 30 June 2010
Consideration:	The Company moved into the Beijing Office in March 2007. However, there are no property management fees paid or payable for the period commencing from the time the Company moved in to 30 June 2007. From the date of commencement of the Property Management Agreement (i.e. 1 July 2007), property management service charge is calculated by reference to the gross floor area at RMB22 per square meter per month, which is determined by reference to the prevailing market rate. As the Company understands, the same rate is also applicable to other tenants of office units of the Property. As the gross floor area of the Beijing Office is approximately 4,691 square meter, the property management service charge for the Beijing Office is approximately RMB1,238,424 (approximately HK\$1,263,192) per year.
Payment:	The charge is payable half-yearly in advance on 20 March and 20 September each year.
Annual cap:	The annual caps in respect of the Property Management Agreement for the 4 years ending 31 December 2010 are RMB619,212 (approximately HK\$631,596), RMB1,238,424 (approximately HK\$1,263,192), RMB1,238,424 (approximately HK\$1,263,192) and RMB619,212 (approximately HK\$631,596) respectively.

CONNECTED TRANSACTION

(ii) First Fire Safety Works Agreement

Date:	11 June 2007
Parties:	<ol style="list-style-type: none"> 1. Beijing Gulf Engineering 2. Beijing Gulf Property
Subject matter:	Beijing Gulf Engineering shall be responsible for water and electricity modification works on fire safety systems in the tenant-occupied area of the basement level one to the 5th floor of the Property, testing of the said works and reporting the same to relevant government authorities for their examination. Such modification works are intended to go in line with the renovation of individual units of the Property.
Consideration:	<p>The consideration payable to Beijing Gulf Engineering by Beijing Gulf Property is determined by reference to:</p> <ol style="list-style-type: none"> (i) the fixed price stated in the Beijing Construction Budget (《北京建设工程预算》) set by the local government in 2001 included in the agreement on the supplies and installation works on the fire safety electricity system in respect of the Property; (ii) for items involving the use of copper, the supply would be priced at the price indicated by the pricing information service; and (iii) labour and other materials would be priced according to the fixed price set by the local government.

The parties have agreed that the total price for the works shall not exceed RMB1,500,000 (approximately HK\$1,530,000).

Payment: A prepayment of RMB50,000 would be made to Beijing Gulf Engineering within 10 days of the date of the First Fire Safety Works Agreement.

Subsequent payments will be made by reference to the progress of works at individual units. Upon completion of the works at any one unit, Beijing Gulf Property would pay Beijing Gulf Engineering 95% of the consideration for that unit. The remaining 5% is withheld by Beijing Gulf Property for a period 2 years and would be released if Beijing Gulf Property is satisfied that the work done is up to standard.

(iii) Second Fire Safety Works Agreement

Date: 11 June 2007

Parties: 1. Beijing Gulf Engineering
2. Beijing Gulf Property

Subject matter: Beijing Gulf Engineering shall be responsible as a contractor for modification works on fire safety systems of parts of the Property not covered by the First Fire Safety Works Agreement, which include but are not limited to non-tenant-occupied area of the basement level one to the 4th floor and the office units of the Property, and shall be responsible for supplying the materials and installing the material, miscellanies and accessories. Beijing Gulf Engineering shall also test and calibrate the equipment and provide all drawings in relation to the works. The works shall be completed by 15 December 2007.

Consideration: Beijing Gulf Engineering is entitled to a contractor fee of RMB2,800,000 (approximately HK\$2,856,000), which is determined on the basis of the price specified in the tender document on the supply and installation of mechanics in respect of the contents, designs and application for approval processes for the fire safety works.

Payment: There is no prepayment at the signing of the Second Fire Safety Works Agreement. Beijing Gulf Engineering shall by the end of each month submit an invoice to Beijing Gulf Property claiming the amount including:

- (i) 70% of the value of the completed works; and
- (ii) value of the unused materials delivered to the work site.

If there are remaining funds after settlement of the said amounts, it will be paid out to Beijing Gulf Engineering for up to 95% of the settlement amounts. The other 5% shall be withheld by Beijing Gulf Property and released to Beijing Gulf Engineering 24 months after completion of the works, after deducting all costs for remedying any defects discovered.

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 network products, as well as related products, including security systems, building automation systems and electronic power meters.

INFORMATION ON THE PROPERTY MANAGER

The Property Manager is a non-wholly owned subsidiary of Beijing Gulf Property. Its principal scope of business is the provision of property management and car parking services.

INFORMATION ON BEIJING GULF PROPERTY

Beijing Gulf Property 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.

REASONS AND BENEFITS OF THE TRANSACTIONS

(i) Property Management Agreement

Property management services are provided by the Property Manager to all occupants of the Property. The Company considers that the management service rendered by the Property Manager is in line with the Company's efficient operation in its Beijing Office.

(ii) First Fire Safety Works Agreement

The scope of business of Beijing Gulf Engineering is the provision of building installation service of low-voltage systems. Hence works under the First Fire Safety Works Agreement have been undertaken in the ordinary course of business of Beijing Gulf Engineering.

(iii) Second Fire Safety Works Agreement

The scope of business of Beijing Gulf Engineering is the provision of building installation service of low-voltage systems. Hence works under the Second Fire Safety Works Agreement have been undertaken in the ordinary course of business of Beijing Gulf Engineering.

GENERAL

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.

The Property Management Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company. Since the total assets ratio and the revenue ratio exceed 0.1% and each of the Relevant Ratios is less than 2.5%, it is subject to reporting and announcement requirements but exempt from the independent shareholders' approval.

The First Fire Safety Works Agreement and the Second Fire Safety Works Agreement and the transactions contemplated thereunder constitute in aggregate a connected transaction of the Company. Since the total assets ratio, the revenue ratio and the consideration ratio exceed 0.1% and each of the Relevant Ratios is less than 2.5%, it is subject to reporting and announcement requirements but exempt from the independent shareholders' approval.

The Board (including the independent non-executive Directors) considers that the Property Management Agreement, the First Fire Safety Works Agreement and the Second Fire Safety Works Agreement, and the transactions contemplated thereunder, are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

DEFINITION

In this announcement, unless otherwise defined, the following terms shall have the following meaning:-

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Gulf Engineering”	北京海灣威爾電子工程有限公司 (Beijing Gulf Wei'er Electrical Engineering Company Limited*), a limited company established in the PRC and a wholly-owned subsidiary of the Company
“Beijing Gulf Property”	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
“Beijing Office”	office premises situated at Units 1701-1703, 1705-1711, 1801-1803, 1805-1811, 1901-1903 and 1905, Block B, The Gate, Zhongguancun, Beijing, PRC, owned by GST, a subsidiary of the Company
“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
“Director(s)”	director(s) of the Company
“First Fire Safety Works Agreement”	a fire safety works agreement dated 11 June 2007 between Beijing Gulf Engineering and Beijing Gulf Property in relation to water and electricity modification works on fire safety systems in the tenant-occupied area of the basement level one to the 5th floor of the Property
“Group”	the Company and its subsidiaries
“GST”	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
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	The Gate, Zhongguancun, Beijing, PRC
“Property Management Agreement”	a property management agreement dated 11 June 2007 between GST and the Property Manager in relation to the provision of management services to the Beijing Office
“Property Manager”	北京新中關摩爾資產管理有限公司 (The Gate Asset Management Company Limited*), a limited liability company established in the PRC and a subsidiary of Beijing Gulf Property
“Relevant Ratio”	any of the five ratios (other than the profits ratio) as set out in Rule 14.07 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Second Fire Safety Works Agreement”	a fire safety works agreement dated 11 June 2007 between Beijing Gulf Engineering and Beijing Gulf Property in relation to modification works on fire safety systems of parts of the Property not covered by the First Fire Safety Works Agreement, which include but are not limited to non-tenant-occupied area of the basement level one to the 4th floor and the office units of the Property
“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

By Order of the Board
GST Holdings Limited
SONG Jiacheng
Chairman

* *for identification purpose only*

Note: For the purpose of this announcement and for indication only, the following exchange rate has been used for the conversion of Renminbi into Hong Kong dollars: RMB1 = HK\$1.02.

Hong Kong, 11 June 2007

As at the date of this announcement, the Board comprises eight Directors, of whom, Mr. SONG Jiacheng, Mr. CAO Yu and Mr. PENG Kaichen are executive Directors, Mr. ZENG Jun and Mr. LEE Kwan Hung, Eddie are non-executive Directors, Mr. CHANG Tso Tung, Stephen, Mr. CHAN Chi On, Derek and Mr. SUN Lun are independent non-executive Directors.

Please also refer to the published version of this announcement in South China Morning Post.