

[For Immediate Release]



**GST Announces 2005 Annual Results  
Net Profit Surges by 32% to RMB 162 Million**

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**China's Leading Integrated Fire Alarm System  
Product and Solution Provider**

**Financial Highlights**

<b>RMB Million</b>	<b>For the year ended 31 Dec</b>		<b>Growth (%)</b>
	<b>2005</b>	<b>2004</b>	
Turnover	<b>562</b>	424	+32%
Gross Profit	<b>288</b>	214	+34%
Profit attributable to shareholders	<b>162</b>	123	+32%
Earning Per Share (RMB cents)			
– Basic	<b>25</b>	23	+8.7%
– Diluted	<b>23</b>	23	-

(30 March 2006 – Hong Kong) – China's leading integrated fire alarm system product and solution provider – **GST Holdings Limited** ("GST" or the "Group"; HKSE stock code: 416) announced its annual results for the year ended 31 December 2005 today.

During the year under review, the Group's turnover and gross profit surged by 32.4% and 34.5% to approximately RMB562 million and RMB288 million, respectively, as compared to last year. The overall gross margin increased by 0.8% to 51.4%, as a result of effective cost control. Net profit attributable to shareholders rose by 32.2% to RMB162.4 million, exceeding the profit forecast as stated in the IPO prospectus on 20 June 2005 for the year ended 31 December 2005.

In view of the satisfactory results, the Board of Directors proposed the payment of a final dividend of HK7 cents per share.

Commenting on the Group's encouraging performance, Mr Song Jiacheng, Chairman and CEO of GST, said, "The Group benefited from the increased level of fire safety awareness of both the Central Government and the general public in China. Driven by strong market demand, the Group's businesses posted robust growth. We leveraged on our extensive distribution network and highly acclaimed brand name to strengthen our market position. GST remained as the market leader in the fire alarm system industry with a dominant share of 23%."

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During the year under review, sales of fire alarm systems recorded a year-on-year growth of 21.2% to approximately RMB 429.0 million. It is the Group's major revenue stream accounting for 76.4% of the total turnover. The impressive sales increase is mainly attributable to the rising number of industrial clients who want to enhance fire protection measures. The flourishing real estate market in the PRC, coupled with rapid infrastructure development, resulted in an enormous number of property projects newly developed or under construction, fuelling the demand for fire alarm systems. To capture the potential, the Group has established a designated team for the industrial, public utilities and export sectors, to provide sales services to large-scale industrial project clients and to extend the coverage of its products. These initiatives added momentum to the Group's business growth. During the year under review, sales from industrial and public utilities users increased considerably by 36.1%.

In 2005, the gross margin of fire alarm systems increased by 3 percentage points to 56.8%. This is attributable to the dropping out of more than 30 fire alarm system manufacturers, leading to a supply-demand balance and stabilizing the pace of average selling price decline. The Group increased the production efficacy and reduced costs through R&D and technology enhancement. Moreover, benefiting from economies of scale, the Group's raw material procurement volume increased, empowering it with higher bargaining power with the suppliers and enabling it to lower raw material costs.

In addition to developing the China market aggressively, the Group also heads towards to the international market. For the year ended 31 December 2005, product exports increased by 92.1% in value to approximately RMB 19.1 million and accounted for 4.5% of the turnover of fire alarm system. Despite the relatively low percentage it took up in the sales, the Group expects that with its advantages in R&D, production know-how, low cost structure as well as competitive pricing, the export market will be one of the Group's growth engines in future.

With years of experience in the provision of installation service, the Group has obtained the highest quality and first-class certificates for buildings installation. As the second largest revenue source accounting for 11.5% of the Group's total turnover, the installation service recorded encouraging growth during the year under review. Revenue from this business rose by 102.9% to approximately RMB 64.4 million. During the year under review, the Group completed various projects, including Jizhong Oil Field, Beijing University of Science and Technology, Bazhou Electricity Supply Deployment Building and Dalian Heping Modern Town, etc.

On top of selling the 119 network system, the Group also provides comprehensive value-added network maintenance services in order to strengthen its ties with clients. During the year under review, sales of 119 network system reached approximately RMB12.4 million, representing a growth of 42.1% as compared to the previous year. As at 31st December 2005, 63 cities in China have installed the 119 network system, of which 53 cities are clients of the Group. Some of the newly added cities included Zhengzhou, Xiamen, Yinchuan and Huhehaote etc. The Group is in a leading position with 84.1% market share by the number of cities. As the competition of this business was relatively mild, the average selling price was stable. The gross margin of 119 network system increased from 73.7% in 2004 to 79.5% this year. Along with the expansion of this business, positive impact will be brought to the Group's overall gross margin.

Going forward, the Group will further strengthen its service offering on its solid foundation, transforming its business model from a product based manufacturer to an integrated system solution provider engaging in product sales, installation services, ancillary equipment as well as maintenance services to cope with the market trend. With respect to the export market, on top of its existing sales network, the Group will further tap opportunities in the Middle East, Europe and Southeast Asia, and explore the potential of new markets in North America and other European markets. Furthermore, the Group intends to establish a foothold in the provision of one-stop solution by fostering cooperation with control centres in cities that adopted the Group's 119 network systems. Through such cooperation, the Group intends to engage in the operation of the 119 control centres.

To capitalize on market opportunities, the Group will further expand its distribution network, enhance its R&D capability, and expand its production capacity. Over 30 offices are to be added in 2006, bringing the total number of offices to 120 by the end of 2006. On the R&D front, the Group will continue to budget 5% of its sales revenue to maintain the competitiveness of its products. The completion of the expansion work at Qianhuangdao is scheduled in July 2006. The Group is also actively planning for the construction of a new factory to increase its capacity to meet its development needs.

"The penetration rate of fire alarm systems in the PRC is very low when compared with developed countries. We believe that this market offers immense potential. The Group is committed to becoming the leading fire alarm system products and solution provider, offering a comprehensive range of high quality products from fire alarm networks to ancillary devices. Our development plans are driven towards solidifying our leading position in the market, and bringing fruitful returns to shareholders. GST is well positioned to capitalize on market growth," Mr. Song concluded.

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**About GST**

GST Holdings Limited is one of the leading fire alarm system and solution providers in China and is primarily engaged in the manufacturing and distribution of fire alarm systems, 119 fire network systems and other products such as video entry system, electronic power meter and building automation systems. According to industry research, GST has the largest market share by revenue in the fire alarm systems in China. With its diversified product range, extensive nationwide sales and distribution network, GST endeavors to provide one-stop, timely and comprehensive fire alarm solutions to its customers. GST was ranked top 17<sup>th</sup> most competitive PRC enterprise by Forbes in 2005.