



*Investor Presentation*  
*March 2009*



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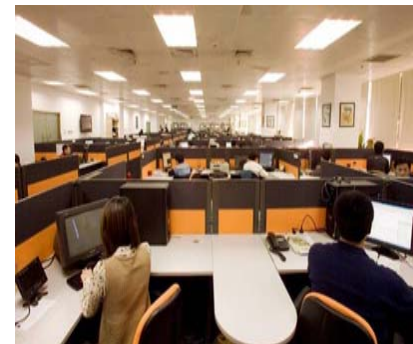
- **Xiao Gang: Founder & CEO**

- BA in Robotics Instruments
- Member of the China Security and Protection Industry Association
- Over 16 years experience in the marketing, sales and manufacture of security/surveillance solutions
- Founded Beijing BlueStar Software Technology Development Corporation Limited in 2000 and its subsidiary companies in Guangzhou and Shanghai

- **Jeff Teo: Non-Executive Director**

- BA in Electrical Engineering from Arizona State University, MA in Engineering Economics System from Stanford University
- Chartered Financial Analyst (CFA) since 2000
- Over 14 years of strategic planning and venture capital experience in the USA, China and Singapore
- Non-executive Director of Singapore and AIM listed companies including [insert non-exec directorships here]
- Strong relationships with Chinese entrepreneurs, international and domestic venture capital firms, professional service firms and government agencies

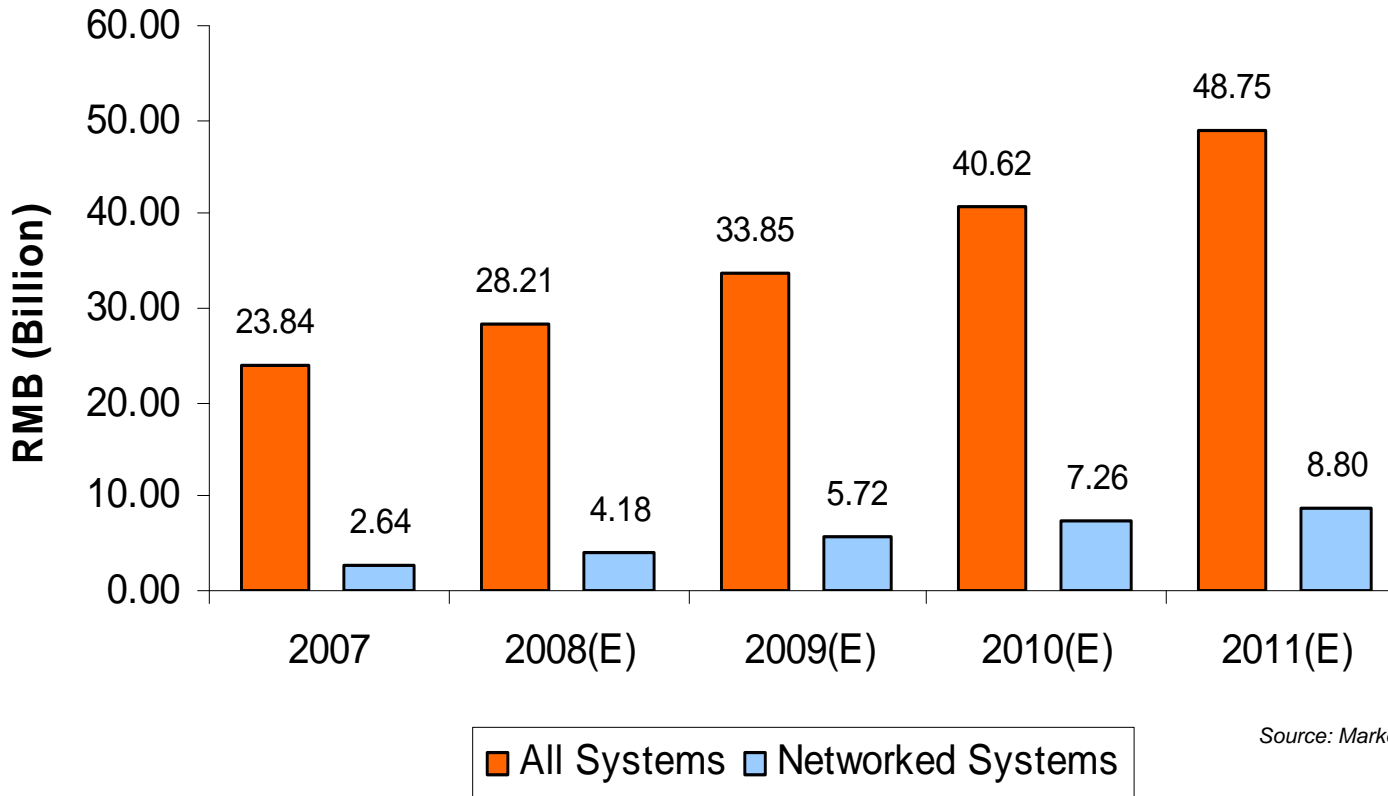
- BlueStar SecuTech: A Snapshot
- Video Surveillance in China
  - A fast growing market, in transition, with strong domestic drivers
- BlueStar's Business: Surveillance Network Solutions
- BlueStar's Business: Growth, Strength & Innovation
- BlueStar's Clients: China's Largest Banks
- BlueStar's Strategy For Growth: Happening Now
- Outlook and Summary
- Appendix



- BlueStar SecuTech Inc. is a leading provider of “next generation” surveillance network solutions in China, using hardware and software across a network/platform to capture, process, analyse and store digital video
- Incorporated 7 June 2006, listed on AIM since June 2007 (AIM: BSST)
- Headquarters in Beijing
- Customers predominantly in the banking/financial sector and include HSBC, Standard Chartered, Shanghai Stock Exchange, Bank of China, China Construction Bank, People’s Bank of China, Bank of Communications
- Strong regulatory drivers and domestic demand driven by replacement cycle and increasing security concerns and requirements
- Award winning, extensively copyrighted software and hardware
- Moving towards providing comprehensive “cameras-to-callout” offering through co-operation agreements

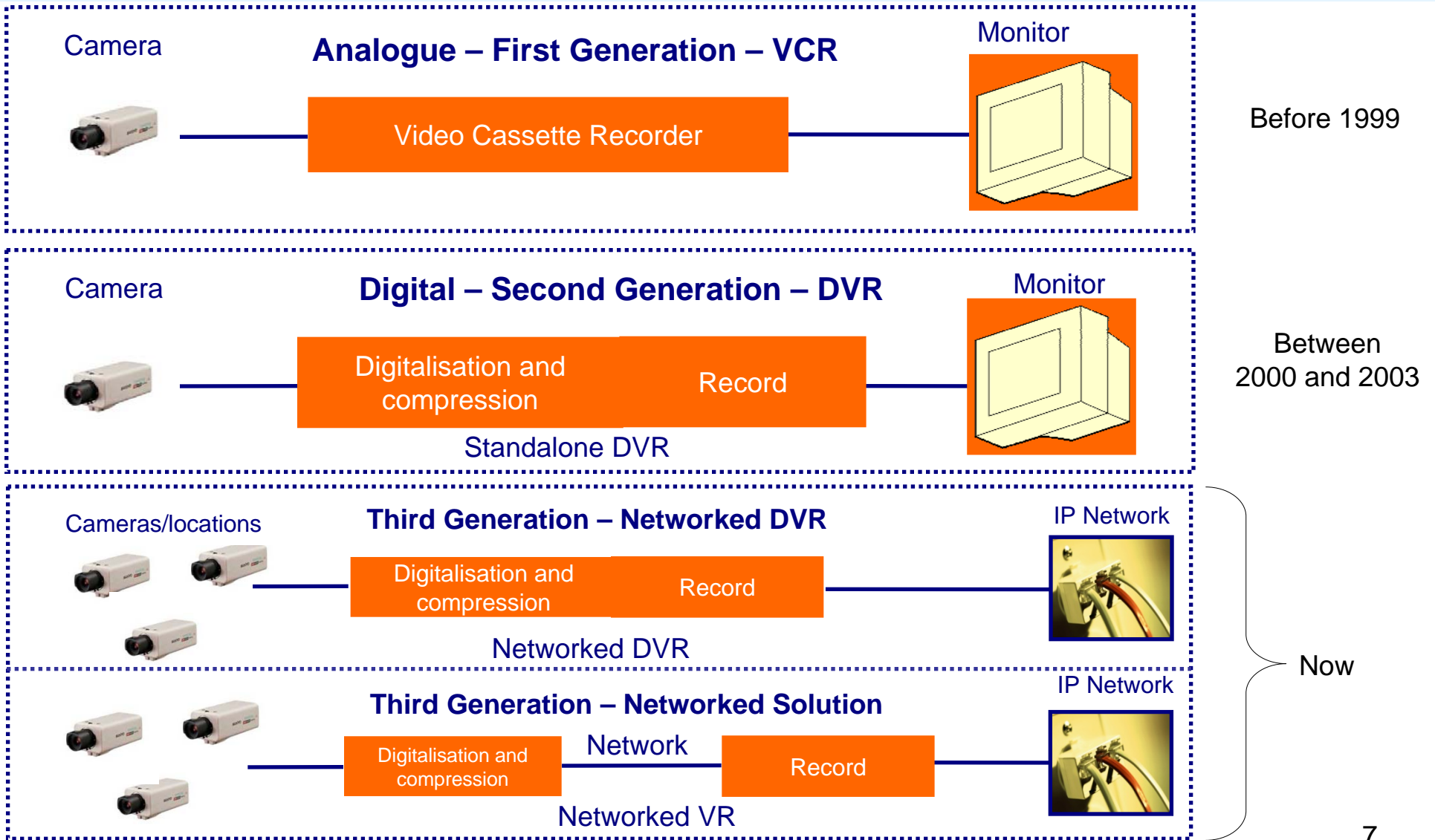
- The global Video Surveillance Market is expected to grow by more than 10% in 2009
- The Chinese market is expected to grow by more than 20%

## Chinese Surveillance Market



Source: Market Avenue, January 2009





## Chinese Banking Regulations

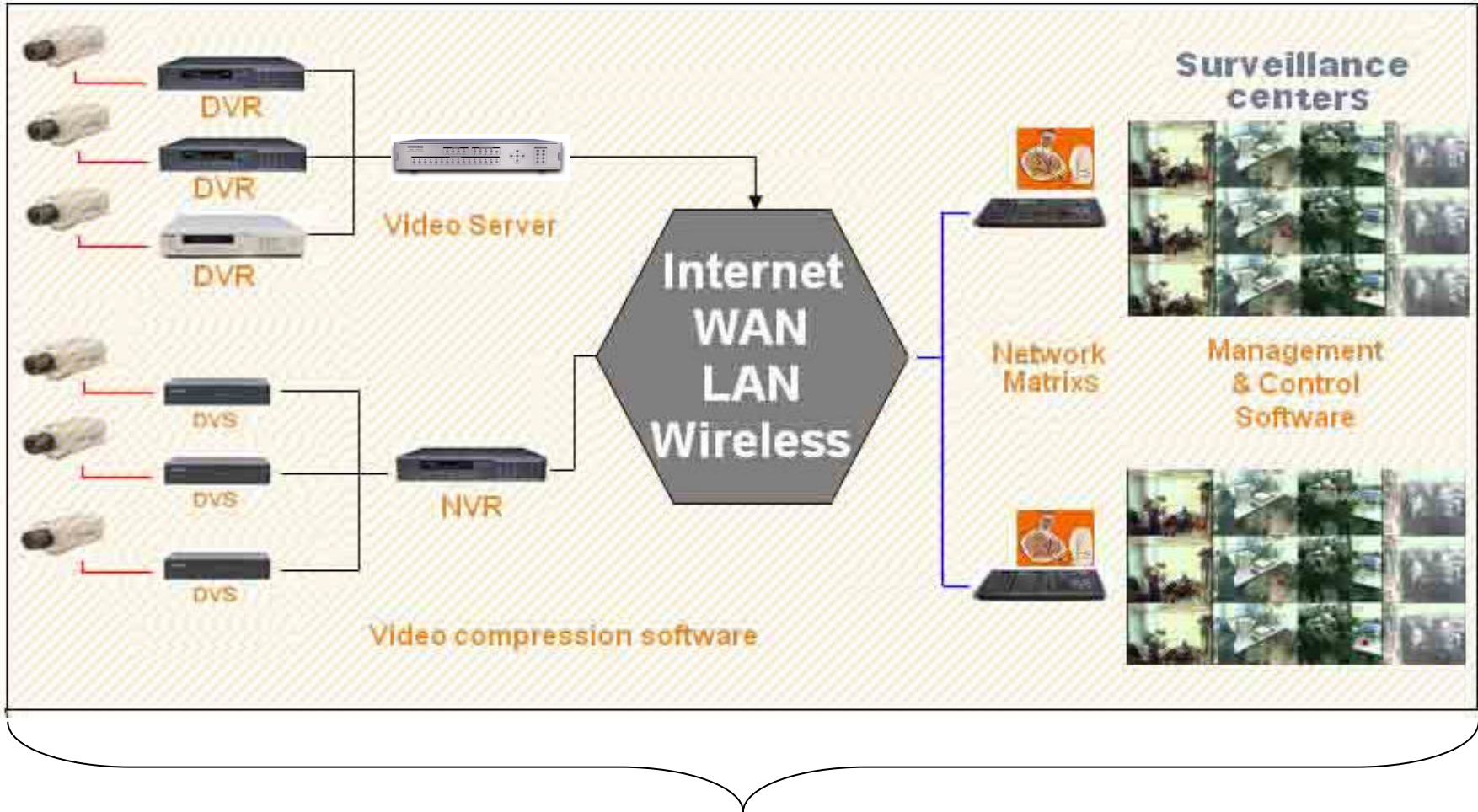
- All new banking systems must be DVR
- All recorders must be replaced at least every five years
- 1:1 policy - every cash counter & ATM must have one exclusive camera which must be connected to one dedicated DVR unit
  - There are over **270,000** bank branches & ATMs across **30** provinces in PRC
- Recording must be 24/7 and images stored for over 30 days
- Real-time systems must be a minimum of 25 frames per second

## Domestic Demand

- Rising demand in public areas to address terrorist concerns and safety issues
- Cash-centric culture with 97% of transactions in cash
- A rapidly developing economy
- Tier 1 city “best practice” expected to be adopted by Tier 2 and Tier 3 cities
  - **31** Tier 2 cities
  - Over **2,200** Tier 3 cities
- Government investment in “Safe City” schemes
  - More than **660** cities earmarked for investment
- Major international events in the next two years including the World Expo in Shanghai and the Asian Games in Guangzhou



## Surveillance Locations



## BlueStar's Surveillance Network Solutions

- **Strong top line and bottom line growth**
  - Revenue up 64% to RMB 80.6m / £7.9m (2007: RMB 49.2m / £4.8m) for six months to 30 Sept. 2008
  - Gross profit up 46% to RMB40.6m / £4.0m (2007: RMB 27.9m / £2.7m) for six months to 30 Sept. 2008
  - Net profit of RMB 12.6m / £1.2m (2007: RMB 11.4m / £1.1m) for six months to 30 Sept. 2008
  
- **Financial strength**
  - Cash of RMB 67.0m / £6.6m (31 March 2008: RMB 115.4 m/ £11.3m ) at 30 Sept. 2008
  - Net assets of RMB 231.3m / £22.6m (2007: RMB 185.6m / £18.1m) at 30 Sept. 2008
  - Paid maiden dividend of 0.96 pence per ordinary share in July 2008
  
- **Successful Research & Development**
  - First revenue from high-definition CCTV camera joint-developed with JVC
  - Initial patent approval to improve image processing and storage ability of DVR chips
  - New software platform to halve development time of new DVR products
  - Intelligent Video Analytics has been applied to the new products
  
- **Well positioned to overcome current slowdown in banking sector**
  - Order-book remains strong – legislative drivers remain
  - Continuing to diversify into new sectors – first contract won in industrial sector
  - Continuing to innovate and develop market leading products and solutions
  - Signed first co-operation agreement to expand service offering
  - Signed first contract to supply Indonesian market

# BlueStar's Business: Pan-China Sales Network



- 30 Sales and Service offices covering 90% of China's provinces
- 65% of revenue currently from Beijing, Shanghai and Guangzhou
- 19% of revenue generated from sales centres established in last two years

★ HQ in Beijing

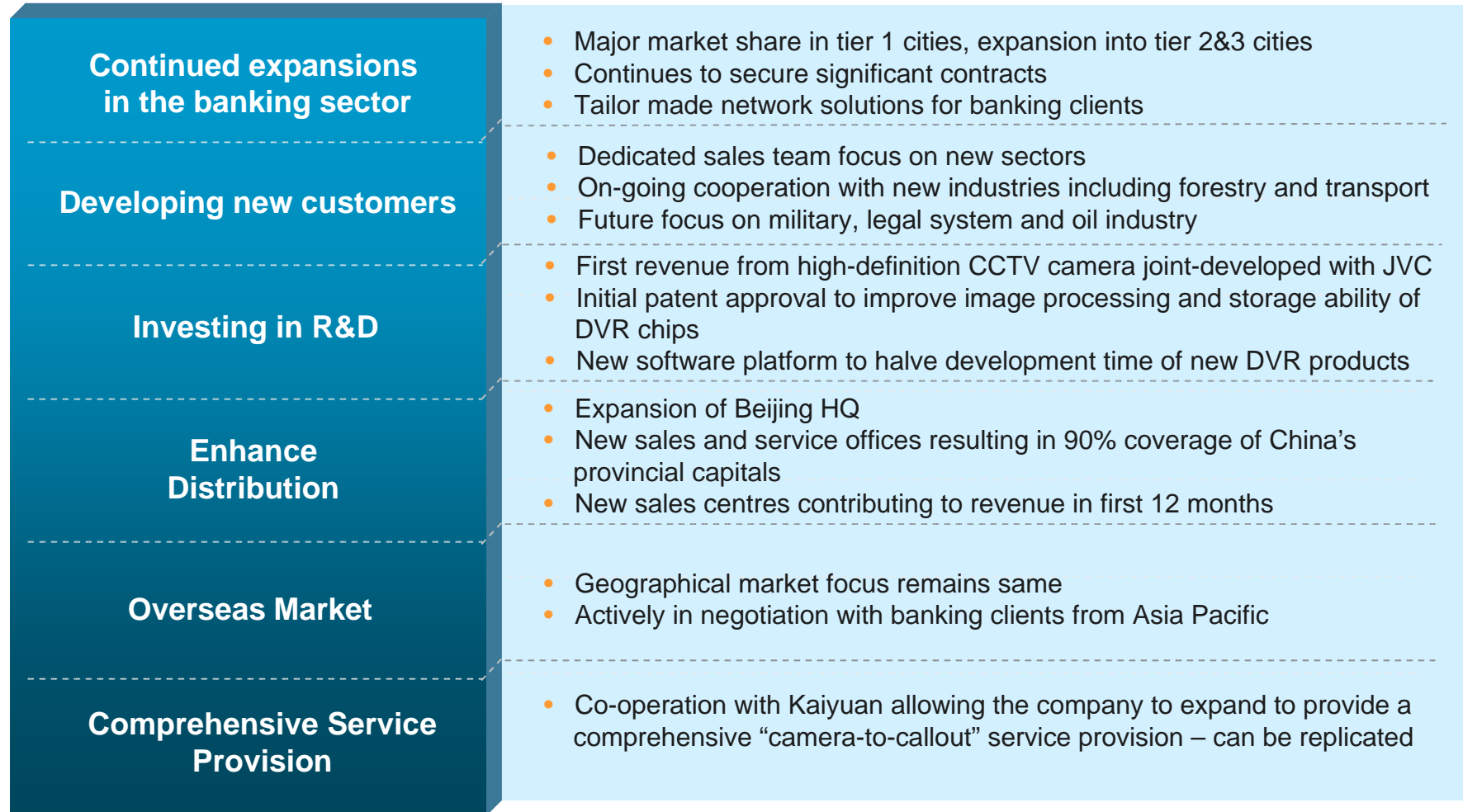
- Seven sales and service centres in key locations across China
- 23 new sales offices opened since the second half of 2007
- 462 employees

- China has 110 domestic banks and there are over 50 foreign bank branches/ offices. BlueStar works with over half of them including:





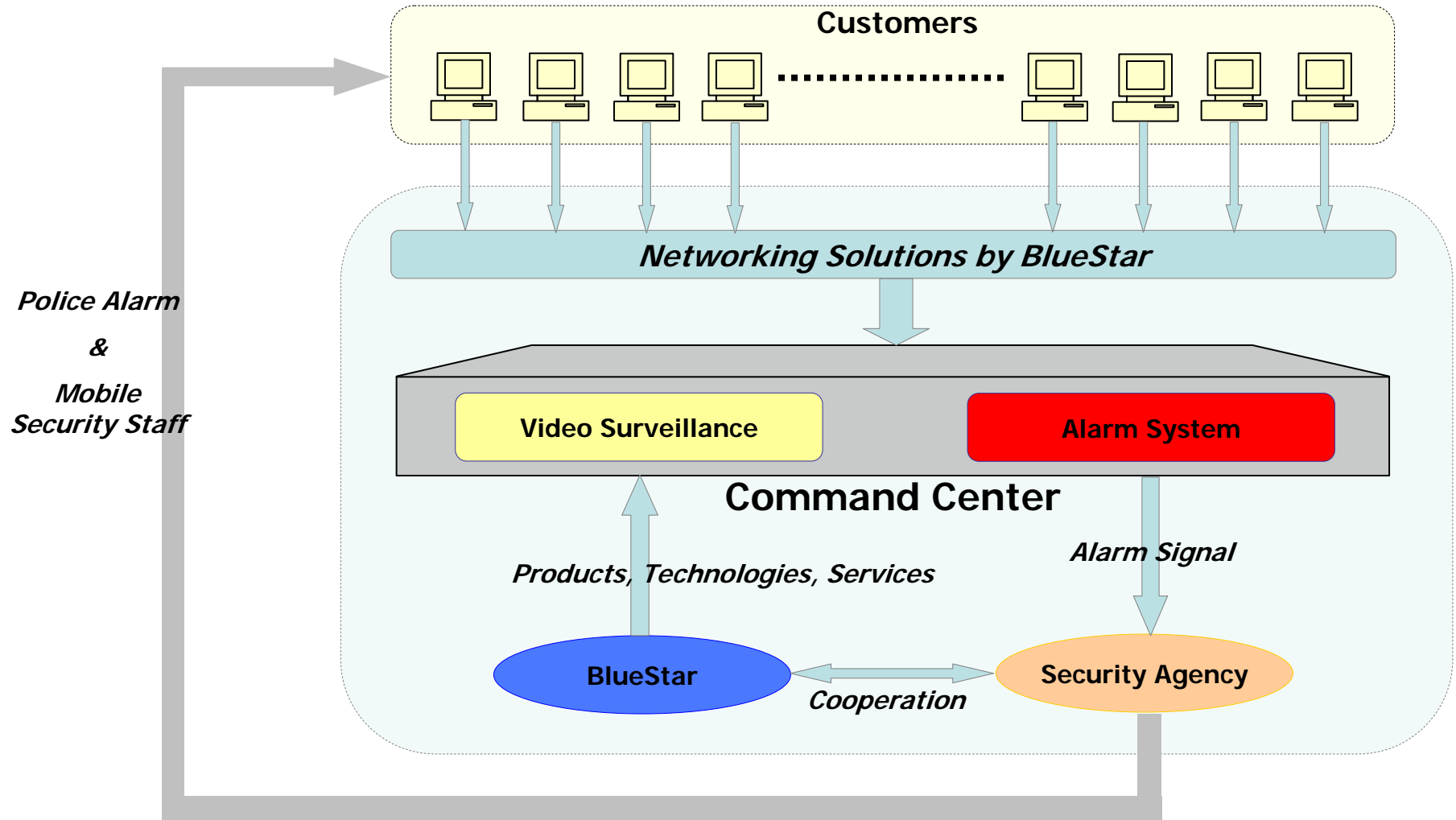
- **Trading Update on 31 December 2008**
  - Strong order book but delays in conversion to sales especially in banking sector
  - Revenue expected to be 32% lower than previously forecast
  - Net profit expected to be substantially lower than previously anticipated
  - Cash position remained strong with approximately RMB 80 million / £8 million
  - Success of expansion and diversification into new sectors reflected by contract wins
  - Short term economic uncertainly but confident of long term prospects
  - Well positioned and funded to capitalise when economic recovery begins
  
- **New contracts during Q3 2008 (1 October ~ 31 December 2008)**
  - Exclusive supplier of DVR products for China Agricultural Bank Shanghai Branch
  - RMB 4.3 million contract with Bank of China Gansu Branch
  - RMB 5.0 million contract with Tanggang Co.,Ltd. (a large steel manufacturing company)
  - RMB 7.8 million contract with Bank of China to provide specialized DVR systems
  - RMB 2.5 million contract with China Agricultural Bank Inner Mongolia Branch
  - Co-operation agreement with Kaiyuan Company
  
- **Significant Contracts during H1 2008 (1 April ~ 30 September 2008)**
  - RMB 13.7 million contract with Bank of China to provide specialized DVR systems across the country
  - RMB 13.0 million software contract with An Heng Testing
  - Appointed as exclusive supplier by Beijing Branch of China Construction Bank for DVR products



## Move toward a Comprehensive Service Provision

- Co-operation Model
  - BlueStar will partner security agencies tasked with responding to and investigating security breaches. These agencies are often appointed by the City's Police force
- Initial agreement with Kaiyuan Company (January 2009)
  - The Kaiyuan Company was appointed by the Beijing Municipal Public Security Bureau as its **sole** security service provider for the financial sector in Beijing. It is responsible for the security of around 2,000 self-service banks, more than 3,000 bank branches and outlets and over 6,000 ATMs across Beijing
  - Kaiyuan will establish a new surveillance command centre using BlueStar's technology to provide networked solutions and products to customers. These will be linked to a command centre where Kaiyuan's mobile security staff will be able to respond to incidents and alarms
- Significance
  - BlueStar will receive a recurring monthly service fee for each outlet utilising the command centre's services and estimates annualised revenues in the region of RMB 15 million to be achievable by BlueStar by the end of 2010
  - This model can be replicated within Beijing and other parts of China with Kaiyuan and other similar organisations
  - These agreements transform BlueStar from a provider of surveillance networking solutions to a surveillance operations provider





- Well established, robust and financially secure
- Strong market drivers: general domestic demand and regulation led
- Effective, proven R&D strategy
- Comprehensive strategies for growth being implemented now
- Well positioned to benefit from the macroeconomic recovery

# Appendix



## Financial:

- Revenue of RMB 80.6m / £7.9m up 64%
- Gross profit of RMB 40.6m / £4.0m up 46%
- Net profit of RMB 12.6m / £1.2m up 9%
- Cash & cash equivalents of RMB 67.0m / £6.5m
- Net assets of RMB 231.3m / £22.6m (2007: RMB 185.6m / £18.1m)
- Maiden dividend of RMB13.46cents (0.96 pence) paid in July 2008

## Investment:

- R&D investment of RMB 7.5m / £0.7m
- Expansion of sales network

*for six months to 30 September 2008*

# Financials: Summary Income Statement

	6 months ended 30 September 2008	6 months ended 30 September 2007	9 months ended 30 September 2007
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
Revenue	80,556	49,248	58,171
Cost of sales	(39,910)	(21,345)	(26,919)
<b>Gross profit</b>	<b>40,646</b>	<b>27,903</b>	<b>31,252</b>
Other income	1,231	668	1,524
Selling and distribution expenses	(16,557)	(9,610)	(12,797)
Administrative expenses	(12,497)	(8,054)	(10,994)
Other operating expenses	(759)	(117)	(435)
Finance cost	(42)	(16)	(10)
Finance income	785	586	605
<b>Profit from operations</b>	<b>12,807</b>	<b>11,360</b>	<b>9,145</b>
Taxation	(161)	-	-
<b>Profit for the period/year</b>	<b>12,646</b>	<b>11,360</b>	<b>9,145</b>

	<b>30 September 2008</b>	<b>30 September 2007</b>	<b>31 March 2008</b>
	Unaudited RMB'000	Unaudited RMB'000	Unaudited RMB'000
<b>Non-current assets</b>	<b>30,631</b>	<b>13,446</b>	<b>28,653</b>
<b>Inventories</b>	<b>27,181</b>	<b>15,464</b>	<b>19,992</b>
<b>Trade and other receivables</b>	<b>138,086</b>	<b>74,062</b>	<b>88,967</b>
<b>Cash and cash equivalents</b>	<b>66,957</b>	<b>129,031</b>	<b>115,362</b>
<b>Total assets</b>	<b>262,855</b>	<b>232,003</b>	<b>252,974</b>
<b>Total liabilities</b>	<b>31,543</b>	<b>46,374</b>	<b>24,759</b>
<b>Net assets</b>	<b>231,312</b>	<b>185,629</b>	<b>228,215</b>

	<b>6 months ended 30 September 2008</b>	<b>6 months ended 30 September 2007</b>
	Unaudited RMB'000	Unaudited RMB'000
<b>Cash and cash equivalents at beginning of the period</b>	<b>115,362</b>	<b>8,622</b>
<b>Add: Operating cash flows before movement in working capital</b>	15,653	12,977
<b>Less: Increase in inventories</b>	(7,189)	(5,903)
<b>Less: Increase in trade and other receivables</b>	(49,119)	(7,096)
<b>Add: Decrease in trade and other payables</b>	6,625	6,192
<b>Less: Net cash used in investing activities</b>	(4,826)	(1,371)
<b>Less: Dividends paid</b>	(9,549)	-
<b>Add: Net cash generated from financing activities</b>	-	115,610
<b>Cash and cash equivalents at the end of the period</b>	<b>66,957</b>	<b>129,031</b>



	<b>6 months ended 30 September 2008</b>	<b>6 months ended 30 September 2007</b>	<b>9 months ended 30 September 2007</b>
	Unaudited (cents)	Unaudited (cents)	Unaudited (cents)
<b>Earnings per ordinary share</b>			
<b>Basic</b>	<b>17.37</b>	<b>18.00</b>	<b>15.56</b>
<b>Diluted</b>	<b>17.02</b>	<b>17.76</b>	<b>15.41</b>

- EPS slightly down, reflecting full year effect of IPO shares
- Strongly H2 weighted results traditionally

## Receivables:

- Trade debtors at 30 September 2008 increased from RMB 72m to RMB 121m
  - Trade debtor days up slightly at 276 days vs. 266 days last year
  - Reflecting revenue growth and increase in longer term networking projects
- RMB 7m prepayment to supplier to secure discontinued serial-port hard disks

## Inventories:

- Inventories increased from RMB 15m to RMB 27m
  - In line with increase in revenue
  - Allowing shorter client lead times and improved satisfaction

<b>Name</b>	<b>Number of Shares</b>	<b>%</b>
Seculine Technologies Inc.	17,150,000	23.56
Sunshine Holdings (private) Limited	13,720,000	18.84
Mackenzie Cundill Investment Management	10,340,000	14.20
CIM Investment Management	6,368,537	8.75
Balance Partners Limited	5,390,000	7.40
Video Source Communication Limited	5,390,000	7.40
Newtech Capital Management	4,410,000	6.06
Kaiqi Holdings (private) Limited	2,940,000	4.04
Wessex Asset Management	2,300,000	3.16
<b>DIRECTORS' INTERESTS</b>		
Xiao Gang (1)	30,870,000	42.40
He Caiguang (2)	2,940,000	4.04
Wang Chong (3)	2,450,000	3.37
Teo Kean Eek (4)	600,000	0.82

(1) This represents the interests of Mr Xiao and his wife through their shareholdings respectively in SecuLine Technologies, Inc and Sunshine Holdings (Private) Limited

(2) Held through Video Sources Communication Limited

(3) Held through Balance Partners Limited

(4) Held through Agile Partners Limited