Company Presentation
2Q 2010
Safe Harbor Statement

This presentation includes certain statements that are not descriptions of historical facts, but are forward-looking statements. Such statements include, among others, those concerning our expected financial performance and strategic and operational plans, our future operating results, our expectations regarding the market for surveillance and safety products, our expectations regarding the continued growth of the surveillance and safety market, as well as all assumptions, expectations, predictions, intentions or beliefs about future events. You are cautioned that any such forward-looking statements are not guarantees of future performance and that a number of risks and uncertainties could cause our actual results to differ materially from those anticipated, expressed or implied in the forward-looking statements. These risks and uncertainties include, but not limited to, the factors mentioned in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2009, and other risks mentioned in our other reports filed with the Securities Exchange Commission, or SEC. The words "believe," "expect," "anticipate," "project," "targets," "optimistic," "intend," "aim," "will" or similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Company assumes no obligation and does not intend to update any forward-looking statements, except as required by law.
Company Overview

- Leading integrated surveillance and safety solutions provider in China
- Design, manufacture, sell, install and monitor a full range of electronic security systems
- Established in 2001
- September 2005: OTCBB via a reverse merger
- October 2007: New York Stock Exchange (NYSE: CSR)
- October 2008: NASDAQ Dubai (Nasdaq Dubai: CSR)
- Customers are primarily governmental and corporate entities
- The largest homegrown one-stop shop safety provider in China
- 3,500 employees, five manufacturing facilities and national distribution network
Investment Highlights

**Integrated Solution Provider**
- Compelling one-stop shop business model
- Important differentiator vs competition

**Extensive Sales and Distribution Network**
- National coverage
- More than 154 sales offices and distribution points

**Diversified, Stable Customer Base**
- ~50% governmental customers
- Long term projects

**Proven Ability to Acquire and Integrate Targets**
- Active acquisitions in the last three years
- Ability to enter new verticals

**Experienced Management Team**
- Extensive business and industry experience
- Long term relationship with customer base

**Skilled Workforce with a Focus on Research & Development**
- Virtually impossible to replicate
- Strong focus on in house research & development
Company Overview

Phase 1
Manufacturer
- Own brands
- Quality control
- Approvals and permits

Phase 2
System Integrator
- Install and integrate the systems for customers
- Build brand recognition and creditability in the market
- Build national distribution network
- Build customer base

Phase 3
Service Provider
- Totally managed security service solutions including manufacturing, installation and management
- Capitalize on established customer base from system integration business

Higher Margins + Recurring Revenues + Enhanced Visibility
Installation Division

- Provide surveillance and safety system installation for government & corporate entities
- Focus on large-scale government projects
- Sound banking facilities with Industrial and Commercial Bank of China, IBM Global Financing (Asia), China Construction Bank and SPD Bank
- Completed more than 50 installation projects in 2009
Company Overview

Manufacturing Division

- One of the largest surveillance and safety related equipment manufacturers in China
- Manufacture the key components in the surveillance and safety sector (DVR, camera systems, control access, intruder alarm, display systems, etc)
- Located within the Shenzhen Industrial Park
- Address the increasing domestic and global demands for surveillance and safety products
- Expand OEM export opportunities
Company Overview

Distribution Division

- Distribution of surveillance and safety related products throughout China
- Act as the distributor for CSST’s own brands as well as other international brands and Chinese brands via specialised retail outlets (similar to ADI, SECOM, etc)
- Extensive sales offices and distribution points throughout China
- Appointed by leading international brands to be distributor in China
Company Overview

Service Division

- Offer a full range of security services
  - Network alarm response services
  - Post-sale maintenance services for surveillance and safety products and solutions
  - Software upgrading services
  - Project integration services
  - Security guard services
  - Surveillance and safety consulting services
  - Surveillance and safety trustee services

- Key business focus for CSST (similar to other global counterparts ADT, Brinks, SECOM, PONE)
Company Overview

Software Division

- Surveillance and safety software platform provider
  - Safety management platform
  - Traffic management software

- Powerful and user-friendly software platform is increasingly important when the market matures with rapid deployment of cameras and systems

- Intelligent software will deliver enhanced efficiency in data management, processing and interpretation of raw data
Company Overview

**Education Division**

- First professional surveillance and safety institute in China
- Work with the government to improve standards of the surveillance and safety personnel in China (currently there are more than seven million safety guards without formal training or skills)
- Official contractor for the safety guard training for Shenzhen Public Security Bureau
- Offer courses and professional certificates and on-going training programs (programs offered will be endorsed by the government)
- Located in Shenzhen (HTZ’s previous factory)
The Industry Drivers

Government Safety Needs
- Global incidents have fuelled concerns
- Improve general public safety

Corporate Needs
- Risk management
- Asset protection

Environmental Protection Needs
- Pollution detection
- Environmental changes

General Public Needs
- Home protection
- Remote surveillance alarm and intrusion detection

Pollution detection
Environmental changes
Key Drivers in China

Regulatory
• State Ordinance 458 (Surveillance for entertainment venues)
• Safe City initiative (City-wide surveillance deployment)

Mega Events
• Olympics
• Shanghai World Expo
• 16th Asian Games (Guangzhou)

Increased Corporate Demand
• Technology has stimulated the deployment in China

• Safe City projects cover 660 cities with an estimated expenditure of US$25 billion over the next five to ten years
• Safety market in China reached RMB120 billion (US$17.6 billion) in 2008
• 2010 national budget for public security totals RMB139.07 billion (US$20 billion), up by 8% from 2009

Source:
• Report on China Security Market by China Social Economic Investigation and Research Center
• Premier’s Work Report on 11th National People’s Congress, Mar 2010
Competition

- Competition in this sector is comprised of telecom operators
- Government customers require higher quality of service
- CSST focuses on Tier 2 & 3 cities

Government

Major Corporates

- Competition is comprised of local system integrators
- Sector is less price sensitive than others
- Corporates require higher quality of service
- Brand name and creditability are important

Retail

- Competition is comprised of small retail shops
- Sector is very price sensitive
- Retail customers’ quality requirements are lower than others’
- There are many competitors in this sector

China security market is in the middle of its growth phase with
- 15,000 to 18,000 vendors, 80% have less than US$10 million annual revenues
- Name brands have been set up and selection of the fittest becomes increasingly fierce
- More centralized market
- Increasing consolidation by sizeable companies
- Domestic players becoming dominant versus foreign players
Competitive Advantages

A leading integrated security and surveillance solution provider in China

One stop shop provider to address all safety needs

Manufacturing and supplier

Installation and integration

Post Sales Services

Comprehensive product portfolio

Recognition

Qualification

Wide distribution network

Well capitalized

One stop shop

Traffic monitoring

Electronic police system

Surveillance network

Software design

Digital data management

Biological detectors

China “Safe City” Projects in 660 Cities

US$25bn
Products

- Camera Solutions
- Recording & Data Storage Solutions
- Display Solutions
- Intruder Detection & Access Control
Current Target Markets

Transportation / Public Areas
- Traffic monitoring
- Bus stations
- Airports
- Shopping centres
- Parks
- Tourist destinations

Government
- Government buildings
- Customs agencies
- Courts
- Police stations
- Prisons
- Sea ports

Commercial / Residential
- Commercial buildings
- Banks
- Hotels
- Shopping malls
- Residential estates

Others
- Railways
- Industrial applications
- Entertainment venues
- Exhibition halls
Current Safe City Projects Coverage

- Northern West China Region
- Northern China Region
- Northern East China Region
- Eastern China Region
- Central China Region
- Southern West China Region
- Southern China Region

Current Safe City Projects Coverage
Recognition

Vice-Director of China Security Association

Recommended Vendor for Safe City Construction

Degree A Certificate in Design, Installation and Maintenance of Security System in Guangdong Province

Member of China Fire Protection Association

Top 50 Companies to invest in Guangdong Province

Regional Top 200 Small and Midsize Companies

Leading Enterprise for Independent Innovation

Shenzhen Hi-tech Enterprises Award

Shenzhen Top 100 Enterprises Award
# Board Members

*Led by a number of experienced and well connected managers*

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Experience Details</th>
</tr>
</thead>
</table>
| Guoshen Tu         | Chairman & CEO               | • Founder of CSST  
• EMBA of Peking University                                                         |
| Terence Yap        | Vice Chairman & CFO          | • MBA of Chinese University of Hong Kong  
• BBus Finance & Accounting (Australia)                                             |
| Runsen Li          | Independent Director         | • Director of Science and Technology Committee of MPS  
• Over 40 years’ security experience                                               |
| Peter Mak          | Independent Director         | • Financial expert, 17 years’ experience in Big 4  
• Rich experience in Asian leading enterprises                                       |
| Robert Shiver      | Independent Director         | • 30 years’ security experience  
• Presently serves in TC Energy Holdings and The Shiver Group LLC., Aerwav Holdings Inc. |
The Road Ahead

- FOCUS ON LARGE-SCALE GOVERNMENT PROJECTS
- FOCUS ON BUILDING SERVICES BUSINESS
Large-Scale Government Projects
E-City Projects

SAFE CITIES:
- Safe City Network
- Information Security
- Intrusion Detection
- Industrial Monitoring
- Homeland Security
- Individual, Residential Community Safety
- Fire Security
- Government & Corporate Emergency Response

CONVENIENT CITIES:
- Traffic MGT
- Data MGT
- Digital Residential Intelligent Home
- Logistic MGT
- Distant Education
- Public information Mgt E-Atlas
- E-Business E-Government

HEALTHY CITIES:
- Environment, Water, Gas, Recycle Mgmt Detection
- Distant Monitoring
- Emergency
- Remote Medical Care
- Energy-Saving & Emission-Reduction

EFFICIENT CITIES:
- Digital Residential
- Digital Scenic Spot
- E-Card Applications
Services Business
Service Focus

- First professional surveillance and safety service provider
- First-level alarm response
- Recurring revenue business model

Back End (CSST's NMC)

Detection & Alarm notifications
- Monitoring system
- First level response
- Technical assistance
- Data management

Escalation to police or appropriate bureau

Front End (Client Premises)
- Intrusion detectors
- Fire & Smoke detectors
- Access controls
- Alarm systems
- Emergency response

Public Security Bureau
- Emergency response
- Police response

First level response
Second level police response
Sales Analysis

- **2010 2Q Revenues by Customers**
  - Corporate = 45.0%
  - Governmental = 55.0%

- **2010 2Q Revenues by Components**
  - Installation = 76.8%
  - Manufacturing = 13.1%
  - Distribution = 8.1%
  - Service = 2.0%
Quarterly Financial Analysis

2Q Revenues

2Q 2009: $141.92
2Q 2010: $168.35
\( \times 18.6\% \)

2Q Net Income

2Q 2009: $6.50
2Q 2010: $17.81
\( \times 174.0\% \)

Diluted EPS

2Q 2009: $0.13
2Q 2010: $0.23
Revenue Analysis

Significant and long term growth

Revenues

Organic Growth (% of Revenues)

($ in millions) 100.0% Organic Revenue Contribution in 2Q 2010

Organic Revenues as a % of Total Revenues

93.9% 79.4% 84.6% 93.6% 99.2% 100.0%
Profit Analysis

*Strong earnings growth*

**Gross Profit**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$31.01</td>
</tr>
<tr>
<td>2007</td>
<td>$69.54</td>
</tr>
<tr>
<td>2008</td>
<td>$120.54</td>
</tr>
<tr>
<td>2009</td>
<td>$142.87</td>
</tr>
<tr>
<td>1Q 2010</td>
<td>$28.98</td>
</tr>
<tr>
<td>2Q 2010</td>
<td>$43.36</td>
</tr>
</tbody>
</table>

**Net Income**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$22.93</td>
</tr>
<tr>
<td>2007</td>
<td>$35.32</td>
</tr>
<tr>
<td>2008</td>
<td>$32.60</td>
</tr>
<tr>
<td>2009</td>
<td>$56.53</td>
</tr>
<tr>
<td>1Q 2010</td>
<td>$3.28</td>
</tr>
<tr>
<td>2Q 2010</td>
<td>$17.81</td>
</tr>
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</table>

**Diluted Full-Year EPS**

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS</th>
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<tbody>
<tr>
<td>2006</td>
<td>$0.85</td>
</tr>
<tr>
<td>2007</td>
<td>$0.91</td>
</tr>
<tr>
<td>2008</td>
<td>$0.72</td>
</tr>
<tr>
<td>2009</td>
<td>$1.01</td>
</tr>
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</table>
Quarterly Financial Analysis

Strong financial momentum

Quarterly Revenue

($ in millions)

Note: Q-o-Q growth is: Quarter of Same Quarter from Last Year Growth Rate
Quarterly Financial Analysis

Strong financial momentum

Quarterly GAAP Net Income

($ in millions)

$4.50  $7.74  $9.15  $11.21  $2.00  $6.50  $21.97  $26.06  $3.28  $10  $17.81

1Q/08  2Q/08  3Q/08  4Q/08  1Q/09  2Q/09  3Q/09  4Q/09  1Q/2010  2Q/2010
**Year-on-Year Backlog Growth**

**Strong financial momentum**

<table>
<thead>
<tr>
<th>Year</th>
<th>Backlog (in millions)</th>
</tr>
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<tbody>
<tr>
<td>2Q09</td>
<td>$74.25</td>
</tr>
<tr>
<td>3Q09</td>
<td>$73.26</td>
</tr>
<tr>
<td>4Q09</td>
<td>$192.85</td>
</tr>
<tr>
<td>1Q10</td>
<td>$199.72</td>
</tr>
<tr>
<td>2Q10</td>
<td>$213.12</td>
</tr>
</tbody>
</table>

Year-on-year Backlog Growth of 187.0%

- **Strong backlog growth**: Attributable to large-scale government contracts.
- **Expect to be realized within the next few quarters**.
- **Exclude framework agreements and Letter of Intents**.
Balance Sheet and FY 2010 Guidance

2Q 2010 Balance Sheet Highlights

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$208.07</td>
</tr>
<tr>
<td>Working Capital</td>
<td>$363.08</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$968.16</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$228.12</td>
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<tr>
<td>Total Equity</td>
<td>$581.72</td>
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</tbody>
</table>

FY 2010 Guidance

<table>
<thead>
<tr>
<th>Category</th>
<th>Estimate</th>
</tr>
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<tbody>
<tr>
<td>2010 full-year revenue</td>
<td>US$830 million ~ US$850 million</td>
</tr>
<tr>
<td>2010 full-year diluted EPS</td>
<td>US$1.12 ~ US$1.16*</td>
</tr>
</tbody>
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*based on an average share count on fully diluted basis of approximately 90 million
Contact Us

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THANK YOU