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Yaan Security registers 1H 2007 net profit of RMB2.4 million and declares 1-for-3 bonus issue

- *Makes major headway in implementing its growth strategies*
- *Expects a better revenue and profitability in 2H 2007, compared to 1H 2007*

Financial Highlights	6 months ended 30 June		
	2007	2006	% Change
Revenue (RMB'm)	44.2	34.0	+ 30
Gross Profit (RMB'm)	15.9	13.8	+ 16
Profit Before Tax (RMB'm)	2.5	2.9	- 12
Net Profit (RMB'm)	2.4	2.6	- 7
EPS (RMB cents)	3.88	4.31	- 10

SINGAPORE – 10 August 2007 – SESDAQ-listed **Yaan Security Technology Limited** (“Yaan” or the “Group”) 亚安科技有限公司, a leading technology-based company which designs, develops and markets high-quality closed-circuit television (“CCTV”) security and surveillance products and accessories, today reported a net profit of RMB2.4 million for the six months ended 30 June 2007 (“1H 2007”), against a revenue of RMB44.2 million for the same period.

Commenting on the Group’s financial results, founder and Chief Executive Officer of Yaan Security Mr Ye Chen, said, “Traditionally, the Group’s sales volume is generally lower in the first half of the year, compared to the second half. With that in mind, we are satisfied with our 1H 2007 performance, as we have made commendable headway in expanding our sales network to Harbin and Kunming as well as in strengthening our research and development (R&D) capabilities.”

During the period under review, the Group's revenue grew 30% from RMB34.0 million to RMB44.2 million, due to the continued demand for 'YAAN' branded proprietary products. Against a backdrop of growing security awareness in the PRC, coupled with the Group's on-going efforts in product development and brand building, sales of the Group's new high speed dome cameras increased by about 60% from RMB5 million in 1H 2006 to RMB8 million in 1H 2007. Sales of its traditional products such as dome and pan/tilt cameras, enclosures and keyboards, also grew by about 27% year-on-year.

In the first half of 2007, Yaan focused on implementing its growth strategies, including boosting its R&D capabilities and expanding its distribution network. The Group not only expanded its sales team, but also established new sales offices in Harbin, Heilongjiang province, and Kunming, Yunnan province. To maintain its competitiveness in the CCTV security industry, it also built up its technical team.

As a result, the Group experienced higher operating expenses in 1H 2007. Distribution expenses – which included expenses incurred to expand its network, and initial investments in "Safe City" projects – grew 18% to about RMB7.3 million. However, as a percentage of revenue, distribution expenses declined from 18% to 16%. The Administrative expenses has increased 48% to about RMB5.6 million, due mainly to higher expenses incurred in building up our technical team, so as to maintain our competitiveness in the CCTV security industry.

On the higher operating expenses, Mr Ye commented, "The increase in operating expenses is in line with Yaan's overall growth plans. We are strengthening our foundation for future growth, as we see sales and marketing and R&D capabilities as necessary investments that will help the Group stay ahead. These expenses are largely anticipated, but we firmly believe that the initiatives are helping us to achieve our strategic objectives of increasing our market share and gaining visibility in a fast growing industry."

Profit before tax decreased by 12% to RMB2.5 million, from RMB2.9 million previously. After providing for lower tax expenses of RMB0.2 million, net profit after tax declined 7% to RMB2.4 million, from RMB2.6 million last year.

Based on the share capital of 61,002,000 shares, the latest half year results translate to earnings per share of 3.88 RMB cents, compared to 4.31 RMB cents a year ago. Net asset value per ordinary share was RMB0.84 as at 30 June 2007, from RMB0.82 as at 31 December 2006.

“To reward shareholders, the Directors have recommended a one-for-three bonus issue. We want to thank our shareholders for their confidence and support all this while. The bonus issue will give our shareholders a greater opportunity to enjoy the increasing shareholder value we are creating for the company, as we continue to grow our business,” said Mr Ye.

Strategic Investments

In May this year, Yaan announced its intention to make its first major acquisition in a digital network video technology company. Its wholly-owned subsidiary, Tianjin Yaan Technology Electronic Co., Ltd, has entered into a conditional Purchase Memorandum to acquire a 40% stake in Shenzhen Launch XinChuang Technology Co., Ltd 深圳市朗驰欣创科技有限公司 (“Shenzhen Launch”) for a consideration of approximately RMB17.3 million.

The consideration of the proposed acquisition will be funded through internal resources and bank borrowings. Please refer to a separate press release *“Yaan Security proposes to invest RMB17,336,000 in a digital network video technology company”* for more information.

Elaborating on the Group’s proposed partnership with Shenzhen Launch, Mr Ye says, “Security surveillance systems are gradually migrating onto digital platforms, and digital network video technology is an indispensable part of any security system. The acquisition will give an immediate boost to Yaan’s research and development capabilities, particularly in the area of digital network video technology solutions.”

“The strength of digital video technology provided by Shenzhen Launch, combined with Yaan’s core expertise in high-quality CCTV security and surveillance products and accessories, will enhance the Group’s market position and position us in good stead against competitors when we bid for the ‘Safe City’ projects in China,” added Mr Ye.

Looking Ahead

In the second half of 2007, the Group will continue to execute its growth strategies, including: (i) widening its proprietary product portfolio, (ii) promoting its “YAAN” brand in specific markets, (iii) appointing more overseas distributors, and (iv) seeking opportunities to expand its export sales and OEM business.

“Moving forward, we continue to see robust market demand for our products, and will continue to implement our strategies while bidding actively for “Safe City” projects in China. We also expect to benefit from our appointment of sole distributors in various provinces in

China, earlier this year. All in all, the Group believes that 2H 2007 performance will be better than 1H 2007," concluded Mr Ye.

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About Yaan Security Technology Limited 亚安科技有限公司

Yaan Security Technology Limited is a leading technology-based company which designs, develops and markets high-quality closed-circuit television ("CCTV") security and surveillance products and accessories.

Backed by a 13-year track record, the Group has established a strong brand name with its award-winning products deployed throughout the PRC. Its asset-light business model and extensive network, coupled with its R&D capabilities, positions it favourably to tap on the fast-growing security and surveillance market.

Based in Tianjin, PRC, Yaan Security has an extensive network comprising 6 branches, 4 sales offices and 35 distributors in the PRC, as well as 6 overseas distributors in the USA, Singapore, UK, Taiwan, Belgium and Italy.

Over the years, the "YAAN" brand has garnered numerous accolades, including "Famous Brands in China Security" in 2006 (China Public Security Publication), "Top Ten Security Brands" in 2004, 2005 & 2006 ("Automation & Security" Magazine), "Top Ten National Brands of Security Industry" in 2003, 2004, 2005 and 2006 (HC 360 Security), "Tianjin Famous Brands" in 2004 (Tianjin Industry and Commerce Administrative Bureau), and "Famous Trademark" (Administration of Industry and Commerce of Tianjin).