
6. INFORMATION ON US

6.1 History and Business

We were incorporated in Malaysia under the Act as a private limited company on 3 September 1997 under the name of Genetax Technology Sdn Bhd. We changed our name to Genetec Technology Sdn Bhd on 9 July 1998. We subsequently converted into a public company on 13 February 2004 and assumed our present name. We commenced business in February 1998.

Our present authorised share capital is RM25,000,000 comprising 250,000,000 of our Shares. Our present total issued and paid-up share capital is RM9,000,000 comprising 90,000,000 of our Shares.

We are a machine design house that offers integrated engineering solution for automation of manufacturing processes. We are principally involved in designing and building of customised factory automation equipment and integrated vision inspection system, from conceptual design, development of prototype to mass replication of equipment. We have the engineering and technical expertise in automating manufacturing processes of various industries but have chosen to focus on high technology related industries such as HDD, semiconductor, electronics and pharmaceutical. We also have the capabilities to design and manufacture highly precision jigs, fixtures and machines parts used as spare parts in these machines.

The main challenge in the manufacturing industry, specifically the high technology sector such as the HDD and semiconductor, is to improve productivity and efficiency in an increasingly competitive business environment. Whilst the component parts are becoming increasingly smaller, complex and precise, to such extent that it is difficult to assemble manually, the manufacturers are still required to maintain the required quality standard. These factors, coupled with the constant pressure to stay ahead of its competitors to improve profitability, are paving the way for higher level of automation of manufacturing processes.

We received our first R&D order in 1998 from Quantum (which was later acquired by the Maxtor Group in 2001), which was one of the global HDD manufacturers. We were commissioned to design a prototype automation process for Quantum's HGA assembly line. This prototype resulted in an increase in machine efficiency of 50% whilst reducing labour headcount requirement from 16 to 8 operators per assembly line. With the successful prototype design, we were commissioned to automate Quantum's six (6) remaining HGA assembly lines.

With this track record, we began to market our R&D and engineering capabilities to global manufacturers in the HDD industry. We made significant inroads into the HDD industry and was successful in providing various automation solutions for three (3) major assembly lines, i.e. HGA, HSA and HDA for the Read-Rite Group (which has been acquired by the WD Group in 2003), Seagate Group and WD Group.

The implementation of these automation equipments in factories of the Read-Rite Group, Seagate Group and WD Group have led to significant increase in manufacturing output through reduction of rejection rate, improvement of cycle time and yield. We proceeded to penetrate into the semiconductor industry with our vision inspection systems for the assembly and packaging of chips. Our clientele in the semiconductor industry includes Unisem, Texas Instruments, Cypress and Ya-Hsin Group.

6. INFORMATION ON US

To date, we are the approved vendor for over seventeen (17) companies, many of them are MNCs. The corporate/head offices of these MNCs are typically based in the USA whilst majority of their manufacturing plants are in the Asian region. To qualify as an approved vendor, we have met the pre-qualifications set out by the manufacturers of HDDs as well as the approval from the corporate offices. The corporate offices are the final approving parties for capital expenditure budget for automation requirements and selection of machine design house for critical automation processes.

Manufacturers of HDDs set high and stringent pre-qualifications for vendors who are interested to work with them as a design house. We have met all the following qualifications set for a design house:

Criteria	Details
Engineering and R&D capabilities	<ul style="list-style-type: none"> • Technical qualifications and relevant industry experiences of the R&D and engineering team • Track records of the types of automation equipment produced
Engineering service Team	Adequate engineering service personnel to provide technical support to customers during the machine installation period
Manufacturing facilities	<ul style="list-style-type: none"> • Visit and audit of a design house by customers of the manufacturing facilities to ensure that the facilities are adequate to meet its requirements • The design house must have proper procedures in place to ensure highest level of confidentiality of the R&D developments
Strong financial backing	Design house has to demonstrate its financial strength to complete and deliver orders

We have designed a total of thirty six (36) machine innovations used by customers in the HDD, semiconductor, electronics and pharmaceutical industries. These innovations combine the creative use of technology with practical, proven engineering concepts and knowledge of manufacturing processes. Various technologies are employed from fields such as mechanical, software and image processing. We customise each of these innovations to meet our customers' specifications and requirements.

MITI recognised our core activity of design and manufacturing of automated and semi-automated machines for the HDD and semiconductor industries as a pioneer activity. On 1 February 1998, we were granted pioneer status for a period of five (5) years under the Promotion of Investments Act, 1986 and Income Tax Act, 1967. The pioneer status expired on 1 February 2003. We had on 11 May 2005 applied to MIDA for a further five (5) years 100% pioneer status tax exemption for our existing and new products. On 7 September 2005, we obtained the approval from MIDA for the following:

- a further five (5) years pioneer status effective from 1 January 2005 with 100% tax exemption on statutory income under the Income Tax Act, 1967, for the production of automated machines and equipment for 3.5" and 2.5" HDD and parts thereof; and
- a ten (10) years new pioneer status effective from 1 January 2005 for machines and equipment under selected industries with 100% tax exemption on statutory income under the Promotion of Investments Act, 1986, for the production of automated machines and equipment for 1" HDD and part thereof.

6. INFORMATION ON US

6.2 Share Capital and Changes in Share Capital

Our present authorised share capital is RM25,000,000 comprising 250,000,000 of our Shares while our present total issued and paid-up share capital is RM9,000,000 comprising 90,000,000 of our Shares. Subsequent to the Public Issue, our total issued and paid-up share capital will be increased to RM12,000,000 comprising 120,000,000 of our Shares.

The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of allotment	No of shares	Par value RM	Consideration	Total issued and paid-up share capital RM
03.09.1997	2	1.00	Subscribers' shares	2
05.01.1998	99,998	1.00	Issue of shares for cash at par	100,000
08.09.2000	900,000	1.00	Bonus issue of 9 for 1	1,000,000
16.09.2005	3,800,000	1.00	Bonus issue of 38 for 10	4,800,000
17.09.2005	43,200,000	0.10	Reduction in par value from RM1.00 to RM0.10	4,800,000
21.09.2005	42,000,000	0.10	Rights issue of 7 for 8	9,000,000

6.3 Restructuring and Flotation

In conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ Market of Bursa Securities, we undertook a restructuring scheme which was approved by the MITI and SC on 6 January 2004 and 9 June 2005 respectively.

6.3.1 GPT Disposal

On 31 March 2004, we entered into a sale and purchase agreement with WPI to dispose of our 51.00% equity interest in GPT, representing 51,000 ordinary shares of RM1.00 each in GPT to WPI for a nominal price of RM1.00. We undertook the disposal to ensure that we focus only on our core business. GPT is involved in the plastic injection moulding business. We completed the GPT Disposal on 20 September 2004.

6.3.2 Genevision Acquisition

On 25 June 2004, we entered into a sale and purchase agreement with Chen Khai Voon and Tan Kok Ang to acquire the entire issued and paid-up share capital of Genevision, representing three (3) ordinary shares of RM1.00 each for a cash consideration of RM1.00. We completed the Genevision Acquisition on 1 September 2004.

We set out further information on Genevision in Section 6.5.1 of this Prospectus.

6.3.3 Fastech Incorporation

On 22 October 2004, we incorporated Fastech, our 60%-owned subsidiary in Malaysia under the Act. We set out further information on Fastech in Section 6.5.2 of this Prospectus.

6. INFORMATION ON US

6.3.4 Bonus Issue

We undertook a bonus issue which involved the allotment and issuance of our 3,800,000 new ordinary shares of RM1.00 each credited as fully paid-up to our existing shareholders, on the basis of our thirty eight (38) new ordinary shares of RM1.00 each for our every ten (10) existing ordinary shares of RM1.00 each held as at 16 September 2005. Our issued and paid-up share capital pursuant to our Bonus Issue was RM4,800,000 comprising of our 4,800,000 ordinary shares of RM1.00 each.

Our new shares issued pursuant to the Bonus Issue rank pari passu in all respects with our then existing issued and fully paid-up of share capital, save and except that our new shares are not entitled to any dividend, rights, allotments and/or other distributions declared or paid to shareholders prior to the date of allotment of our new shares.

6.3.5 Par Value Reduction

We undertook a reduction in our par value where the par value of our ordinary shares of RM1.00 each was reduced to a par value of RM0.10 for each of our ordinary share by subdividing every ordinary share of RM1.00 each to ten (10) ordinary shares of RM0.10 each. Subsequently, our issued and paid-up share capital was RM4,800,000 comprising 48,000,000 of our Shares.

6.3.6 Rights Issue

We undertook a rights issue of our 42,000,000 Rights Shares at an issue price of RM0.10 per Rights Share on the basis of seven (7) Rights Shares for our every eight (8) existing Shares held. Our issued and paid-up share capital subsequent to our Rights Issue was increased to RM9,000,000 comprising 90,000,000 of our Shares.

Our new Shares issued pursuant to the Rights Issue rank pari passu in all respects with our then existing issued and fully paid-up of share capital, save and except that our new Shares are not entitled to any dividend, rights, allotments and/or other distributions declared or paid to shareholders prior to the date of allotment of our new Shares.

6.3.7 Public Issue

In conjunction with our Flotation on the MESDAQ Market of Bursa Securities, we will undertake a public issue of our 30,000,000 new Shares at the Public Issue Price payable in full on application.

The rest of this page is intentionally left blank

6. INFORMATION ON US

The Public Issue of our 30,000,000 new Shares shall be subject to the terms and conditions of the Prospectus and, upon acceptance, our Public Issue Shares will be allocated and allotted in the following manner:

(a) **Private Placement**

22,000,000 new Shares representing 18.33% of our enlarged issued and paid-up share capital will be made available under our Private Placement to identified Placees whose irrevocable undertakings to subscribe have been obtained. Our Placement Agent will allocate not more than 5.0% of our enlarged issued and paid-up share capital to each of the Placees and that the Placees shall fall under the "Public" definition under the SC's Guidelines on Issue/Offer of Securities in order to form part of the minimum 25.0% shareholding spread required under the MMLR for the MESDAQ Market.

(b) **Public Offer**

Our Public Offer of 8,000,000 new Shares representing approximately 6.67% of our enlarged issued and paid-up share capital at the Public Issue Price per Share payable in full on application, to be allocated as follows:

(i) **Pink Form Allocation Scheme**

6,000,000 new Shares representing 5.00% of our enlarged issued and paid-up share capital will be reserved for our eligible employees and persons who have contributed to our success; and

(ii) **Public Investors**

2,000,000 Shares representing approximately 1.67% of our enlarged issued and paid-up share capital will be made available for application by the public investors.

Any Public Issue Shares not subscribed for under the Pink Form Allocation Scheme (Section 6.3.7(b)(i)) above will be made available for subscription by the public investors under Section 6.3.7(b)(ii), if the application by the public investors is over-subscribed. Any Public Issue Shares not subscribed for under the Private Placement (Section 6.3.7(a)) above will be made available for subscription by the public investors under Section 6.3.7(b)(ii), if the application by the public investors is over-subscribed. Similarly, any of our Shares not subscribed for by the public investors under Section 6.3.7(b)(ii) above will be made available for subscription by the Placees under the Private Placement (Section 6.3.7(a)), if the application by the Placees is over-subscribed.

Our Underwriter has underwritten our Public Issue Shares under the Public Offer (Section 6.3.7(b)(ii)) based on the terms and conditions as specified in the Underwriting Agreement which is in compliance with the MMLR.

The basis of allocation shall be in line with the objective of distributing our Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base to meet the public spread requirement and to establish a liquid and adequate market in our Shares.

If an under-subscription occurs pursuant to our Public Offer under Section 6.3.7(b)(ii) above, our Underwriter will subscribe for all our Shares not applied for, as specified in the Underwriting Agreement.

6. INFORMATION ON US

6.3.8 Listing and Quotation

Upon completion of our Public Issue, we will seek the listing of and quotation for our entire enlarged issued and paid-up share capital of RM12,000,000 comprising 120,000,000 Shares on the MESDAQ Market of Bursa Securities.

6.4 ESOS

In addition to the restructuring scheme and Flotation, we will also undertake the ESOS.

We had on 24 August 2005 and 16 September 2005 respectively, obtained the approvals of the SC and our shareholders and the shareholders of ATIS, to establish the ESOS in order to retain and motivate our ESOS Selected Employees who have contributed to the success of our Group. We have also on 16 September 2005 obtained the approval-in-principle from Bursa Securities for the listing of and quotation of our Shares to be issued pursuant to the exercise of the ESOS Options.

According to the MMLR, we can only implement the ESOS upon receipt of the relevant approvals from Bursa Securities and our shareholders, the fulfilment of all conditions attached thereto and upon SIBB, as our Adviser on the ESOS confirming and submitting to Bursa Securities the following:

- (a) the final copy of the By-Laws of the ESOS to Bursa Securities;
- (b) the approval-in-principle for the issuance and listing of our Shares to be issued under the ESOS from Bursa Securities;
- (c) our shareholders' approval for the ESOS;
- (d) the approval of any other relevant authorities, where applicable; and
- (e) fulfilment of all the conditions attached to the above approvals, if any.

The ESOS will be for a duration of ten (10) years and the maximum number of ESOS Options that may be granted to ESOS Selected Employees under the ESOS shall not exceed ten percent (10%) of our total issued and paid-up share capital at any time during the existence of the ESOS in accordance with terms and conditions set out in the ESOS By-Laws.

According to the MMLR, the subscription price shall be not less than the initial public offer price of RM0.30 per our Share where the ESOS Option is granted before our Listing on Bursa Securities. Where it is granted after our Listing, the subscription price should be at a price which is the higher of:

- (i) the price set at a discount of not more than ten percent (10%) (if deemed appropriate by the Option Committee) from the five (5)-day weighted average market price of our Shares immediately preceding the ESOS Offer Date; or
- (ii) the par value of our Shares.

Pursuant to the ESOS By-Law, the ESOS Options shall only be exercisable by the ESOS Option Holder one (1) year after our listing on the MESDAQ Market of Bursa Securities.

6. INFORMATION ON US

Our new Shares to be allotted upon any exercise of the ESOS Options shall, upon allotment and issue, rank pari passu in all respects with our then existing issued and fully paid-up of share capital (including in respect of voting, dividend, transfer and other rights arising on our liquidation), save and except that our Shares shall not be entitled to any dividend, rights, allotments and/or other distributions declared or paid to shareholders prior to the date of allotment of our new Shares. Our Shares will be subject to all the provisions of our Articles in relation to transfer, transmission or otherwise.

The ESOS By-Laws are set out in Section 15 of this Prospectus.

6.4.1 Listing and Quotation

We will also be seeking the listing and quotation for our additional Shares to be issued pursuant to the ESOS.

6.5 Subsidiaries and Associated Company

6.5.1 Information on Genevision

(i) History and Business

Genevision was incorporated on 20 April 1999 under the Act, as a private limited company under the registration number 481528-M. The present authorised share capital of Genevision is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, out of which, 250,000 ordinary shares of RM1.00 each are issued and fully paid-up.

The principal activities of Genevision are design and development of vision inspection system. Genevision has not commenced business operation since the date of incorporation.

Genevision has obtained approval from MIDA for pioneer status activity in development and production of vision inspection system. Its pioneer status will commence for a period of ten (10) years from its application for a pioneer certificate. Genevision is required to apply for its pioneer certificate within six (6) months from 19 August 2005. Genevision will endeavour to apply for the pioneer certificate within the stipulated period.

(ii) Share Capital

The changes in the issued and paid-up share capital of Genevision since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Total issued and paid-up share capital RM
20 April 1999	3	1.00	Subscribers' shares	3
16 February 2005	249,997	1.00	Issue of shares for cash at par	250,000

(iii) Subsidiary / Associated Company

As at the date of this Prospectus, Genevision does not have any subsidiary or associated company.

6. INFORMATION ON US

(iv) Substantial shareholders

Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
GT	250,000	100	-	-
ATIS	-	-	250,000 ¹	100
EISB	-	-	250,000 ²	100
KW Chin	-	-	250,000 ³	100
Chen Khai Voon	-	-	250,000 ⁴	100

Notes:

- 1 Deemed interested by virtue of its substantial shareholding in us pursuant to Section 6A of the Act.
- 2 Deemed interested by virtue of its substantial shareholding in ATIS pursuant to Section 6A of the Act.
- 3 Deemed interested by virtue of his substantial shareholding in us pursuant to Section 6A of the Act.
- 4 Deemed interested by virtue of his substantial shareholdings in ATIS and EISB pursuant to Section 6A of the Act.

6.5.2 Information on Fastech

(i) History and Business

Fastech was incorporated on 22 October 2004 under the Act, as a private limited company under the registration number 670298-U. Its present authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, out of which, ten (10) ordinary shares of RM1.00 each are issued and fully paid-up.

The principal activities of Fastech are design and development of automated industrial equipments. Fastech commenced its business operation in October 2004.

(ii) Share Capital

The changes in the issued and paid-up share capital of Fastech since its incorporation are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Total issued and paid-up share capital RM
22 October 2004	10	1.00	Subscribers' shares	10

(iii) Subsidiary / Associated Company

As at the date of this Prospectus, Fastech does not have any subsidiary or associated company.

6. INFORMATION ON US

(iv) Substantial shareholders

Shareholder	Direct		Indirect	
	No. of shares	%	No. of shares	%
GT	6	60	-	-
Teh Tiong Lay	4	40	-	-
EISB	-	-	6 ¹	60
ATIS	-	-	6 ²	60
KW Chin	-	-	6 ³	60
Chen Khai Voon	-	-	6 ⁴	60

Notes:

- 1 Deemed interested by virtue of its substantial shareholding in ATIS pursuant to Section 6A of the Act.
- 2 Deemed interested by virtue of its substantial shareholding in us pursuant to Section 6A of the Act.
- 3 Deemed interested by virtue of his substantial shareholding in us pursuant to Section 6A of the Act.
- 4 Deemed interested by virtue of his substantial shareholdings in ATIS and EISB pursuant to Section 6A of the Act.

6.5.3 Information on TGT

(i) History and Business

TGT was incorporated on 4 September 2002 under the Civil Commercial Code, Thailand as a private limited company under the registration number 10454501602. Its present authorised share capital is 1,000,000 Baht comprising 10,000 TGT Shares, all of which are issued and fully paid-up.

The principal activities of TGT are provision of engineering and technical services including designing of machine, machinery equipment and accessories of industrial products.

(ii) Share Capital

The changes in the issued and paid-up share capital of TGT since its incorporation are as follows:

Date of allotment	No. of TGT Shares	Par value Baht	Consideration	Total issued and paid-up share capital Baht
29 August 2002*	10,000	100	Issue of shares for cash at par	1,000,000

Note:

- * Section 1104 of the Civil and Commercial Code of Thailand states that all shares of the company must be subscribed or sold before the registration of the company.

(iii) Subsidiary / Associated Company

As at the date of this Prospectus, TGT does not have any subsidiary or associated company.

6. INFORMATION ON US

(iv) Substantial shareholders

Shareholder	Direct		Indirect	
	No. of TGT Shares	%	No. of TGT Shares	%
Wallop Taechapaiboon	5,096	50.96	-	-
GT	4,898	48.98	-	-
Chen Khai Voon	1 ¹	*	4,898 ²	48.98
KW Chin	1 ¹	*	4,898 ³	48.98

Notes:

- * Negligible
- 1. Shares held in trust for us.
- 2. Deemed interested by virtue of his substantial shareholdings in ATIS and EISB pursuant to Section 6A of the Act.
- 3. Deemed interested by virtue of his substantial shareholding in us pursuant to Section 6A of the Act.

6.6 Business Overview

The players in the automation industry are segregated into three (3) categories:

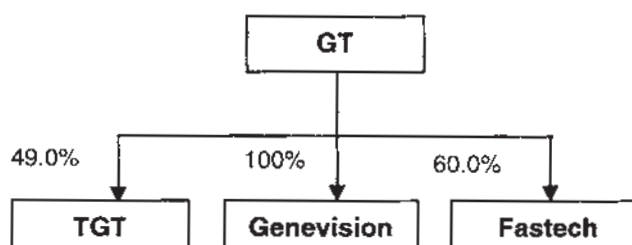
- Design house with replication capabilities;
- Design houses; and
- Machine replicators.

A typical design house focuses only on design and has no or limited manufacturing facilities. As such, these design houses have strategic partnerships with contract manufacturers to build the machines designed by them. On the other hand, machine replicators only manufacture machines based on the design and specifications provided by the customers.

We fall into the category of design house with replication capabilities as we offer design services and are fully equipped with machine building capabilities. Our track record as a machine design house has gained strong recognition from MNCs in high technology related industries such as HDD, semiconductor, electronics and pharmaceutical, such that we have been enjoying recurring machine design and replication orders from these companies.

6.6.1 Group Structure

Our group structure is set out below:



6. INFORMATION ON US

6.6.2 Major Historical Milestones

Since our commencement of business in 1998, we have formulated and successfully implemented the following major strategies and plans:

Period	Event
September 1997	Our incorporation
1997 to 1998	<p>We built a strong base in the HDD industry</p> <ul style="list-style-type: none"> • Focused on developing a strong presence in the global HDD industry through networking and aggressive marketing of our design and engineering expertise. • Secured R&D orders from two (2) of the global HDD manufacturers, Quantum (which was taken over by Maxtor Group in April 2001) and Read-Rite Group, the largest global independent head manufacturer then (which was acquired by the WD Group in 2003).
1999	<p>We diversified into semiconductor industry</p> <ul style="list-style-type: none"> • Designed and developed vision inspection systems for Unisem. • Designed and developed soak oven testers for Texas Instruments.
2000 to 2001	<p>We expanded customer base aggressively</p> <ul style="list-style-type: none"> • Secured our first R&D orders from Seagate Group, WD Group, Cypress, Nidec Group, Infineon Group and Ya-Hsin Group. • Entered into a strategic tie-up with a USA design house, AKI, for contract manufacturing of AKI's design.
2002 to 2003	<ul style="list-style-type: none"> • We made a breakthrough into the pharmaceutical industry by securing R&D project from Essilor. • Set up a technical support and R&D centre in Bangkok, Thailand to service three of our major customers, i.e., the Seagate Group, WDB and the Nidec Group, which have manufacturing plants in Thailand.
2004	<p>in 2004, we competed against several USA competitors and successfully secured a major R&D project called ASDS. This is a complicated state of the art machine that is capable of stacking multiple 1" medias.</p>
2005	<p>On 25 April 2005, we obtained the certification on ISO 9001:2000 from Global Certification Limited for the provision of design, fabrication, replication and contract manufacturing of automation machines.</p>

6. INFORMATION ON US

6.6.3 Principal Products

We specialise in the automation/semi-automation of manufacturing processes in the HDD industry, specifically, in the following processes:

- HGA Automation Line
- HSA Automation Line
- HDA Production Line

The machines that were designed and developed by us have proven to increase the UPH by three (3) to five (5) times. These solutions have also led to significant increase in manufacturing yield and reduction in manpower and operating cost.

The above three (3) assembly processes are found in the factories of manufacturers of HDDs. Our expertise in these areas is well proven with our extensive involvement with certain customers. However, our expertise is mainly focused in one area for each of these major customers. This means that there are still ample opportunities for us to be involved in the other assembly processes of our existing clients.

Besides the untapped opportunities in other assembly lines, we have opportunities to reinvent and upgrade the existing machines and to build additional machines required in other manufacturing plants belonging to these customers.

GT-designed machines and systems have been commissioned in the worldwide factories of our customers from the HDD, semiconductor and electronics industries. The diversity of our customer base demonstrates our strong engineering capability and our ability in the application of our technical skills and knowledge in different manufacturing environment.

We offer top-down engineering solution that incorporates complex integration of mechanical, electrical and software functions. The underlying success of each solution rests on a sound mechanical design and the interfacing of the software program with these mechanical parts.

Over the last seven (7) years, we designed thirty six (36) machine innovations which are capable of performing a combination or all of the following three (3) generic functions:

- Automatic robotic arm handler and process system;
- Vision inspection system; and
- Measurement system.

The functions of these machines are controlled by software program encoded by our engineers using PLC or PC-based control platform. These machine innovations are designed with the sole objective of increasing manufacturing output through shorter cycle time, higher yield and lower rejection rate.

The rest of this page is intentionally left blank

6. INFORMATION ON US

The functions of the above three (3) generic automation are as follows:

Generic functions	Applications, Functionalities and Benefits	Customers
Automatic robotic arm handler and process system	<p>Automatically picks single or multiple parts from one destination to be placed to another destination.</p> <p>Performs certain required processes, such as trimming, forming, ultra sonic-bonding or testing.</p> <p>Depending on the respective customer's requirements, this system may function semi-automatically through the use of PLC or automatically via the control of a software program (PC-based) developed by us.</p> <p>This system is designed to eliminate human handling of parts during the manufacturing processes. This reduces damage to products handled and increases UPH and consistency in the quality of products produced.</p>	<p>WDM, factory located in Malaysia</p> <p>WDB, factory located in Thailand</p> <p>Seagate, factory located in Thailand</p> <p>Essilor, factory located in Thailand</p>
Vision Inspection System	<p>Lighting and software are the keys to success of any vision inspection system. Hence, this system is equipped with Charged Couple Device camera and lens, a set of proper lighting, input-output module, frame-grabber and software program. The software program is designed and developed by us.</p> <p>Item to be inspected is placed under the camera-view by machine handling. A trigger is sent to the vision system informing it of the existence of item to be inspected. Upon receiving the sent trigger, the camera will snap an image and is stored in the memory. The vision system analyses the image to determine whether the current inspected item is defective or not. The vision system's decision is sent to the handler which will sort out the good and defective parts accordingly.</p> <p>This system has the ability to identify parts, verify position and measure the visual characteristics of a given part. It also enables companies to achieve high yield and quality, almost zero defect rates based on the 6-Sigma industry standard and eliminates human-dependent quality inspection processes.</p>	<p>WDM, factory located in Malaysia</p> <p>Unisem, factory located in Malaysia</p>
Measurement System	<p>This system is controlled by PC-based software developed by us.</p> <p>Measures objects and makes adjustments if the measurement is not as per specifications.</p> <p>This system reduces human handling of parts to be measured and ensures accuracy of measurement with the use of computer software. With the use of this system, any error is detected during the manufacturing process and is rectified immediately. This will result in a very low defect rate as parts which do not meet specifications are adjusted immediately.</p>	<p>AKI, a USA design house</p> <p>WDB, factory located in Thailand</p> <p>Seagate, factory located in Thailand</p>

6. INFORMATION ON US

6.6.4 Technology Used or to be Used

The technology used by us to provide integrated solution from the design and development of customised machinery and the replication of machines is essential in providing effective solutions in automating manual manufacturing processes of our customers, improve their manufacturing cycles, outputs and yields.

We use four (4) key technological areas in the development of prototypes:

Mechanical

We design the mechanical framework that details intricate mechanisation parts and movements of a machine. The mechanical design will integrate with other important functionalities such as electronic circuitry, sensor, vision, pneumatic, robotic and software.

Software

We develop the software program that allows intelligent control over mechanical and other functionalities of a machine. The software program also allows human interface control and capturing of manufacturing data using specialised ICT such as, bar coding, RFID and remote camera imaging. The manufacturing output data is stored and transferred via networking. The data provides useful information and analysis on UPH, defect rate, cycle time and etc.

The software is encoded using languages such as Visual C++, Labview or PLC depending on the customer's requirement.

Vision System

We develop vision design for various applications such as calibration, OCR, measurement, motion guidance and part identification and inspection. The development process includes integration of image processing technology with our own-design software.

Manufacturing Process

Our core engineers have vast industrial experience of manufacturing processes in the HDD and semiconductor industries. This pool of expertise and knowledge enables us to provide effective automation solution to our customers.

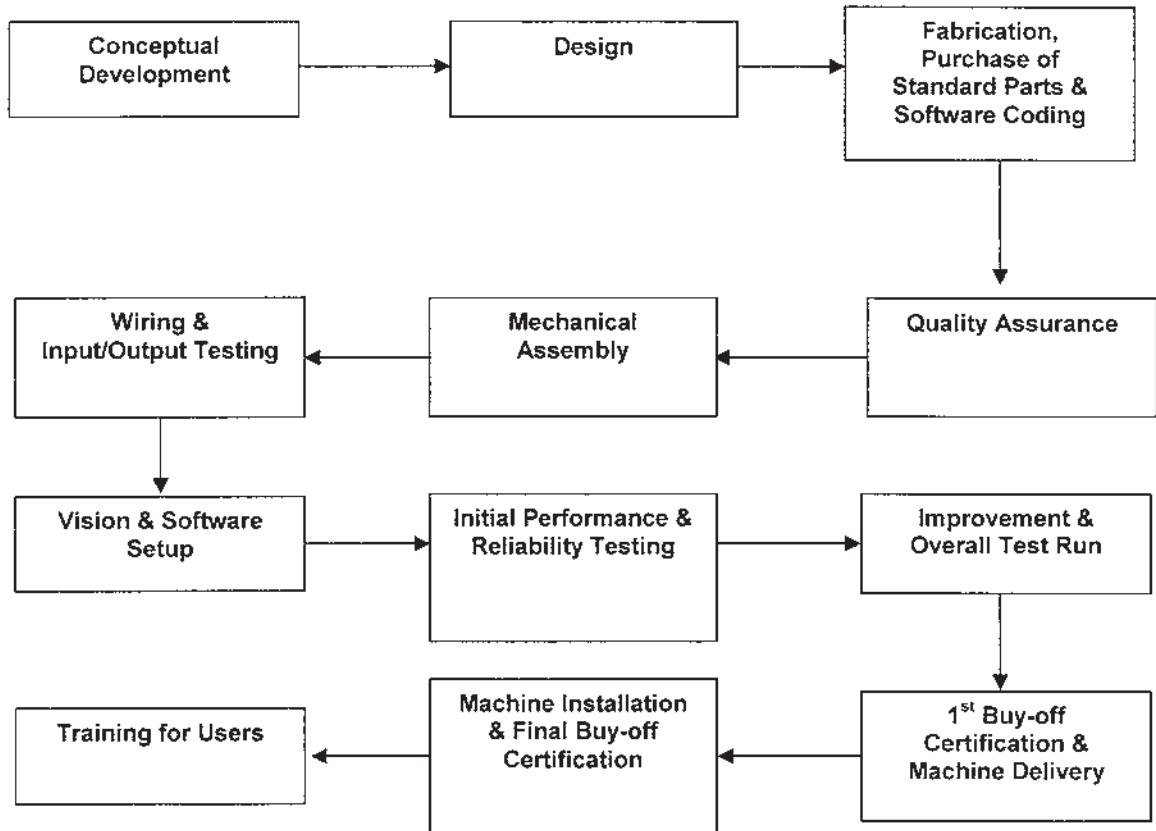
6.6.5 Production Process

We provide integrated engineering solution to our customers. The ultimate aim of the solution is to improve manufacturing yield through shorter cycle time, lower rejection rate and head counts.

At the onset of each project, we will execute a non-disclosure agreement (NDA) with our customer to ensure complete confidentiality of information provided by both parties. We will then immediately allocate a project manager to initiate the following detailed step-by-step process methodology.

The development time frame for a prototype from the signing of the NDA to the final buy off date ranges from three (3) to six (6) months. This time frame is dependent on the nature and complexity of the design. After the prototype has been successfully commissioned in the customer's factory, the customer will issue mass replication orders to us. The replication time frame for each machine will be significantly shorter than the development time and typically ranges from two (2) weeks to eight (8) weeks. This again is dependent on the nature and complexity of the design.

6. INFORMATION ON US



Stage I Conceptual Development

Each potential project begins with the conceptual development stage whereby a feasibility study is conducted to determine the best and most effective approach to automate the customer's production processes. A project manager and a team of engineers will meet with the customer's engineering team to discuss the customer's specific requirements and needs.

Based on the specifications provided, our team will submit a proposal containing details of the proposed solution, conceptual design, viability of solution, costing and project scheduling to the customer for approval.

Stage II Design

Upon receiving the approval from customer, our team will proceed with the detailed engineering design which includes mechanical, electrical, software and control designs. These designs are the blueprint for the machine and are complete with schematic diagrams and contain details such as technical specifications, bill of materials, software application and costing. This set of detailed engineering design is submitted to the customer for approval. Once the approval is obtained from the customer, the development of the prototype set will commence.

6. INFORMATION ON US

Stage III Fabrication, Purchase of Standard Parts and Software Coding

At this stage, the project manager will work closely with three (3) key divisions, namely, engineering, production and purchasing. The approved mechanical drawings will be downloaded to the production section for fabrication whilst the purchasing department will commence the purchasing of the required standard component parts based on the detailed bill of materials. Meanwhile, a software engineer will begin on the software coding process. Throughout this process, the project manager plays the pivotal role of coordinating and monitoring the timelines of each of the three (3) divisions.

Stage IV Quality Assurance

All fabrication parts is subject to stringent quality assurance tests and checks to ensure the parts produced follows the mechanical drawings and requirements. The Quality Assurance process is important as it acts as an important check point to ensure that there is no flow of sub-standard parts to the assembly section.

Stage V Mechanical Assembly

At this stage, skilled technicians will assemble the fabrication parts and components based on the detailed assembly diagrams. The assembly work is carried out on modular basis to complete the machine and equipment casing.

Stage VI Wiring and Input/Output Testing

When the machine assembly is completed, the technicians will conduct machine control wiring and input/output program testing. The testing includes checking the functionality of the wired devices.

Stage VII Vision and Software Setup

At this stage, a software engineer will commence the task of interfacing the software program with the assembled machine. The set-up of vision system (if required) will also be conducted.

Stage VIII Initial Performance and Reliability Testing

An engineer will commence machine sequence testing whereby test on the programming logic and synchronisation of the entire machine parts movements will be conducted. Other tests on mechanical parts, software and vision will also be carried out to ensure that the performance of the machine complies with the customer's specifications. During this stage, data will be collected by the engineer to measure the performance of the machine against the customer's requirements.

Stage IX Improvement and Overall Test Run

A sequence of "live" tests will enable the engineer to identify potential problems that may arise in an actual production environment and improvements are made to the machine. The engineer will perform continuous overall test runs, debugging and seasoning until the machine meets or exceeds the required specifications.

6. INFORMATION ON US

Stage X **1st Buyoff Certification and Machine Delivery**

The customer will send an engineer to our factory to validate the performance of the machine. The customer's engineer will go through a performance checklist during the continuous test run, which includes key performance factors such as cycle time, machine capabilities and down time. Once the engineer is satisfied with its reliability and performance, the machine will be certified for shipment.

Stage XI **Machine Installation and Final Buy-off Certification**

We will send an engineer to the customer's factory to assist in the machine installation process. The machine will be installed in the production assembly line and the validation checklist will be conducted during another continuous test run in the actual production environment. After qualifying, the customer will issue a final buy-off certification.

Stage XII **Training for Users**

Our engineer will conduct training for the users of the machine and certify their performance accordingly. In addition, a comprehensive operating manual which includes detailed procedures for the set-up, operation and maintenance of the machine will also be handed over to the customer.

6.6.6 Production Facilities

We are equipped with in-house manufacturing facilities that cater to our design and development activities besides providing precision tooling, quality control and machine assembly capabilities.

The manufacturing facilities are segregated into the following main sections:

The **Engineering and Assembly Section** provides workstations for eighteen (18) R&D engineers. These engineers employ various software applications to develop the initial design concept and the detailed engineering design.

The assembly section is segregated into several assembly rooms, each room is dedicated to specific customers to maintain strict confidentiality. The entire assembly process from the initial assembly of components and machine parts till the 1st buy-off certification is conducted in the assembly section.

The **Fabrication Section** has a total of twenty-three (23) machines with various functions such as milling, grinding, lathe to Electric Discharge Machine, wire cut and Computer Numerical Control (CNC) milling, CNC lathe and superdrill. These machines are handled by a team of ten (10) skilled machinists. This in-house production division caters mainly for R&D projects whilst machine parts for replication units are sub-contracted out.

The **Quality Control Section** is equipped with a range of inspection equipment and measurement gauges such as Co-ordinate Measuring Machine, profile projector, video camera scope and stereo scope. This section has a team of four (4) personnel who each has experience and exposure in the area of quality control and quality assurance. This department controls the quality of each process and component produced by the Fabrication Section.

6. INFORMATION ON US

6.6.7 Manufacturing Licence

We are operating under a manufacturing licence issued by the MITI as follows:

Date issued	Licence No./ Serial No.	Type of business approved	Pertinent condition	Status of compliance
30 April 2002	A 013442/ A 020465	Automated and semi-automated machines and equipments for semiconductor/disk drive industry and parts thereof	The manufacturing site, Lot 1, Jalan P10/12, Kawasan Perushaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, is subject to approval being obtained from the state authority and the Department of Environment.	Complied.

6.6.8 Design and R&D capabilities

Our technology edge lies with our strong design and engineering base. The engineering department is headed by Ooi Eng Sun, an experienced R&D engineer who is our pioneer staff. Ooi Eng Sun together with Sow Ewe Lee (Head of R&D) and Goh Yik Yong (Head of Software Development) forms the core engineering team.

The engineering department is segregated into three (3) main divisions, namely mechanical, electrical and software. Each new R&D project requires the collective expertise from these three (3) engineering divisions and every engineer is given an opportunity to be involved in R&D projects. This arrangement provides each engineer with hands-on experience and exposure. The team is provided with necessary infrastructures and facilities such as autocad design software, latest measuring tools and equipment, mechanical system and components and other related R&D materials.

The progress of each engineer is closely monitored by the core engineering team and new talents are singled out and groomed. Each engineer is also given the opportunity to be trained in all aspects, from design, development of prototype, project management, testing, installation, servicing and training.

We have a total of eighteen (18) R&D engineers and fourteen (14) technicians. In addition, through our associated company, TGT has two (2) engineers and five (5) technicians to provide technical support and R&D services to our customers in Thailand.

Strong design and engineering capabilities

The pool of engineers is trained in various engineering disciplines such as mechanical, electrical, electronic systems, robotics and software engineering. The team has experience and exposure to both the HDD and semiconductor industries and possesses knowledge and technical know-how of the manufacturing processes of these industries. Our strong clientele in the HDD industry showcased our ability in designing machines which require high level of precision and accuracy. The expertise in this area spearheaded us into other industries such as electronics. In September 2003, we made a breakthrough into the pharmaceutical industry when we were given a prototype order to design and develop a robotic pick and place system. This recent breakthrough endorses the flexibilities and capabilities of our engineering team.

6. INFORMATION ON US

R&D projects from 1998 to 2005

Over the last seven (7) years, we have been conducting continuous R&D activities and have successfully designed and developed thirty six (36) prototypes. These innovations are the result of our ability in applying process knowledge, engineering capabilities and techniques to derive the best automation solution. The number of R&D projects has increased substantially over the last four (4) FYE 31 December 2001 to 2002, the 15-month period ended 31 March 2004 and FYE 31 March 2005.

Amount spent on R&D as a percentage over our revenue for the last four (4) financial years/period ended 31 March 2005

The amount spent on R&D as a percentage over our revenue for the last four (4) financial years/period ended 31 March 2005, is set out as follows:

	FYE 31 December 2001 RM'000	FYE 31 December 2002 RM'000	15-month period ended 31 March 2004 RM'000	FYE 31 March 2005 RM'000
R&D expenses	1,821	1,408	1,016	1,326
% of revenue	12%	6%	4%	5%

Policies on R&D

The requirement for improved manufacturing process is normally initiated by our customer. Our customer would then request us to design and build the initial prototype for testing.

The cost of designing and building the initial prototype that are initiated by customers will be borne by the customers. The customers will pay for the entire cost of development including the non-recurring engineering cost. Non-recurring engineering cost is the design and development cost for the first prototype.

The accounting policy for R&D of such nature is to expense the entire development cost to Profit & Loss accounts against the selling price of the prototype.

Our R&D team also initiates our own R&D work based on our own research of the needs and trends of the industry. For example:

- In 2003, we have designed and developed six (6) different types of vision inspection systems for the Mid-End and Back-End assembly and packaging lines of ICs; and
- In 2004, we have designed and developed the ASDS machine for use in the HDA for loading the 1" media precisely.

Ability to invent and re-invent

The R&D activity is an on-going process and is driven by changes in the products manufactured by customers as well as the need to improve productivity and profitability. The HDD and semiconductor industries are industries that are faced with rapid technology changes and evolutions. These changes are communicated by our customers to us as improvement in manufacturing processes is crucial in supporting new technologies and products.

6. INFORMATION ON US

Our ability to respond to changes and requirements was evidenced in our development of three (3) generations of the ACB machine which required technological improvements from the earlier generation to the next generation, as follows:

Generation	Features
1	Table top semi-automated machine with PLC function. This version has the capability to produce 230 UPH
2	This version is known as the Vision Guided Robotic ACB and is equipped with vision system that can be used for any products without having to change hardware requirements. This unit was specifically built for customer to conduct their R&D work
3	Has higher UPH of 1,000 as compared to only 230 for the first version. This version has additional features such as tray stacker loading and touch screen feature

As a machine design house for our customers, we get information on new developments and technologies and how these trends will affect the manufacturing requirements of our customers in terms on products and equipments. Our customers often share their future roadmaps, requirements and on-going manufacturing issues with us. With this information, we commence R&D on new solution and technology to meet our customers' future automation requirements.

The engineering team also obtains constant feedbacks from the business development team on changes in market trends and new market developments. This leads to initiation of our own development on new automation solution and techniques. Frequent brainstorming sessions between the engineering and business development departments often lead to new ideas and solution to manufacturing problems.

Strategic tie-up with other design houses

Apart from our own R&D initiatives, we realise that generating our own innovations alone without external collaboration will not be sufficient. Strategic partnership with other design houses allows us to be exposed to new technologies and methodologies. We have such tie-up with a USA R&D design house in 2001 for the manufacture of the static pitch/roll measurement and adjustment machine (SARA). The said USA R&D design house's decision to work with us demonstrates their confidence in our professional integrity and our team.

There are many design houses in USA which do not have the manufacturing facilities and are looking for reliable partners in Asia to work with them. We have the credentials and reputation that these design houses are looking for. This will provide us with ample opportunities to select suitable design houses to work with in these highly competitive industries.

6.6.9 Business Development and Marketing

We have a dynamic team of six (6) personnel in the Business Development Department, out of which two (2) are our Directors. This team is headed by Tan Kok Ang and focuses on sales, business and market development for our services. Since we are involved in high technology industries, each of our business development personnel must have technical training and be familiar with the requirements of the relevant industries. These attributes are important as the business development team would need to communicate well with the potential customers who would be mainly engineers or technically trained, to identify ways to mechanise the machines.

6. INFORMATION ON US

The team is also trained in the area of presentation and communication skills as they typically need to make presentations to the customers' top management.

The team needs to be in touch with the changes in industries as well as how these changes will affect the players in the industry. Hence, they spend a significant amount of time with the customers to understand their existing and future automation requirements. Once a potential customer is identified, this team will immediately communicate with the engineering team. Both teams will then present the conceptual automation ideas to the customer.

We are also working with consultants with wide networking capabilities in high technology industries to accelerate our future growth plans. These consultants with their vast relevant industry experiences and networking capabilities will enable us to rapidly expand our customer base. Some developments in this area are as follows:

- On 7 October 2003, we appointed Allen Lik-Hook Ting who is based in USA as our independent service consultant. This consultant has the necessary business network, experience and expertise in promoting and selling our products and services.
- We also intend to appoint another one (1) to two (2) of such consultants who are based in the USA and/or Europe. This option is preferred over our option of setting up our own representative office as the latter option will be more expensive (due to set up costs for the office and secondment and/or recruitment cost of personnel) and less effective (due to unfamiliarity with local industry and lack of network).

The rest of this page is intentionally left blank

6. INFORMATION ON US

6.7 Major Customers

Our customers are mainly MNCs involved in HDD and semiconductor industries. As these customers are located in the Free Trade Zones, sales to these customers, representing 90.95% and 92.96% of the total sales for the FYE 31 March 2005 and three (3) months period ended 30 June 2005 respectively, are considered as export sales.

Our major customers which contributed to our revenue are as follows:

Name of customer	Length of relationship (years)	% of sales for the FYE 31 March 2005	% of sales of the segment for the 3-month period ended 30 June 2005
WD Group	4	79.06	92.34
Essilor	4	4.84	-
Xyratex	2	2.92	0.27
Total Electric & Control (M) Sdn Bhd	6	2.22	-
Vishay Semiconductor Malaysia Sdn Bhd	4	2.10	5.30
AKI	5	2.10	-
ETD Makmur (M) Sdn Bhd	1	2.07	-
Vantage Technology Sdn Bhd	3	1.78	1.72
3M Singapore Pte Ltd	2	0.81	-
Seagate Technology (Thailand) Ltd	5	0.66	-
Total		98.56	99.63

To mitigate the reliance on key customers for our sales, we adopt an on-going strategy to maintain and improve our quality of service. Our continuous R&D efforts, especially in designing SAE machines, are expected to increase our customer base to cover a wide spectrum of manufacturers. This would reduce dependency on HDD and semiconductor industries. Nevertheless, our Management is confident that based on the good business relationships with our key customers, such reliance will not adversely affect us.

6. INFORMATION ON US

6.8 Major Suppliers

Our major suppliers as a percentage of our purchases for the FYE 31 March 2005 and three (3) months period ended 30 June 2005 are as follows:

Name of Supplier	Length of relationship (years)	Items supplied	% over total purchases for the FYE 31 March 2005	% over total purchases for the 3-month period ended 30 June 2005
Prism Precision Engineering Sdn Bhd	5	Fabrication of machine parts and tools	8.38	9.11
SMC Pneumatics (S.E.A.) Sdn Bhd	5	Pneumatics parts	6.57	6.54
Sprint Robotics System Sdn Bhd	2	Robotics	4.91	-
Urepol Chemical Enterprise	2	Plastic materials	4.56	-
Festo Sdn Bhd	7	Pneumatics and electronics engineering equipments	4.32	11.30
Advance Ultravision Sdn Bhd	1	Vision system	3.42	-
Itochu Systech Singapore Pte Ltd	6	Robotics	3.37	3.46
Win Horng Engineering Works	6	Fabrication of machine parts and tools	2.96	5.49
Aims Motion Technology Sdn Bhd	4	Electrical parts	2.81	-
FA Control Sdn Bhd	6	Robotics	2.75	17.28
Total			44.05	53.18

We do not depend on any one of the above suppliers as we are able to source for alternative suppliers either locally or overseas.

The rest of this page is intentionally left blank

6. INFORMATION ON US

6.9 Employees

As a design house, we have high composition of 70% of knowledge workers such as, engineers, technicians and skilled machinists. As at the Latest Practicable Date, the total breakdown of our employees, inclusive of our Directors, is as follows:

Category	Number of employees	%	Average length of service with us (Years)
Directors	7	6.67	7.92 ¹
Management – General Manager	1	0.95	7.75
Engineering			
• Engineer/Planner	22	20.95	2.75
• Technician	20	19.05	1.35
Production			
• Machinist	12	11.43	3.68
• Production Planning & Control	6	5.71	5.38
• Technician & Operators	3	2.85	2.35
Quality Control	6	5.71	1.37
Purchasing & logistics	7	6.67	2.46
Business Development	4 ²	3.81	2.93
Finance, Human Resource and Administration	17	16.20	2.97
Total	105	100	

Notes:

- 1 This represents the average length of service of Chen Khai Voon and KW Chin with us. For our remaining five (5) Directors, four (4) Directors (namely, Men Jen (Rtd) Dato' Haji Fauzi Bin Hussain, Tunku Ahmad Burhanuddin Bin Tunku Datuk Seri Adnan, Lim Yong Jin and Ong Phoe Be) have less than one (1) year of service with us while the other Director, namely Tan Kok Ang has an average of 2.93 years length of service with us.
- 2 There is a total of six (6) personnel in this department, out of which two (2) are our Directors. These Directors are classified under the category of 'Directors'.

With our emerging needs and in line with our future plans, we aim to achieve our human resources objective of retaining suitable qualified personnel by:

- Providing adequate on-the-job training to improve existing skills and knowledge;
- Providing additional training, in order for technical staff to keep abreast of industry trends and solutions; and
- Instituting a competitive remuneration and benefits package including the establishment of employees' share option scheme to instil a greater sense of ownership through direct equity participation in us.

Our employees do not belong to any union and the employees' relationship with the Management is amicable. As at the the Latest Practicable Date, there have been no labour or industrial disputes in the past between our employees and Management.

6.10 Interruptions to Operations

We did not have any interruptions that had a significant effect on our business and operations during the past twelve (12) months.

6. INFORMATION ON US

6.11 Location of Operations

Our operations are located at Lot 1, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

6.12 Competitive Advantage

(a) Strong Engineering Team

We possess an experienced team of eighteen (18) R&D engineers from a diverse range of engineering fields from mechanical, electrical, electronics, robotics and software engineering. They are highly creative and possess vast experience and technical know-how in manufacturing processes, specifically, the HDD and semiconductor industries. The availability of this wide range of expertise forms a strong foundation that enables us to provide a total engineering solution to our customers, from the design to the development of prototypes and mass replication of machines. In addition, we give opportunity to each of our engineers to be involved and be trained in all aspects of project management, from R&D, project management and implementation to servicing.

(b) Total Engineering Solution Provider

We are a total solution provider for industrial automation equipments as we are able to provide a top-down solution which involves the analysis and definition of problem, design, prototype development, mass machine replications and post project services such as fabrication and assembly, seasoning and training for customers. With the support of an in-house precision tooling set-up, we are able to control the quality of the machine parts and tools produced.

(c) Marketing Advantages with Foreign MNCs

Over the years, we have demonstrated our ability to be innovative with designs of automated and semi-automated equipments that have resulted in an increase in the manufacturing yields of our customers. This track record has enabled us to gain recognition and approval from these MNCs, which are leading manufacturers in the HDD industry. This has given us an advantage to market ourselves in the HDD and semiconductor industries in Malaysia, Thailand and China as these industries are predominantly foreign MNCs.

Moreover, our key management staff has extensive experience and technical know-how in the automation requirements in the HDD and semiconductor industries. Frequent communications among our engineers and the clients have helped us to establish a strong rapport with these foreign MNCs.

As at 31 March 2005, approximately 91% of our products and services are produced for foreign MNCs. Being a Malaysian company, we have an added advantage in terms of cost competitiveness against other foreign competitors.

(d) Continuous R&D Activities

Our team of R&D engineers undertakes continuous R&D and this is the key to our present success. The engineering department is headed by Ooi Eng Sun, who is an experienced R&D engineer. The engineering department is segregated into three (3) main divisions, namely mechanical, electrical and software.

6. INFORMATION ON US

We have gained the confidence of global leading names in the HDD industry as a automation solutions provider. We provide an open-line of communications with our customers and this has allowed us to understand, define and analyse the problems via continuous discussions with the customers. Through these discussions, we are able to offer innovative and timely solutions to improve the manufacturing output. Our capabilities, as reflected by the confidence of global leading names in the HDD industry in our products, has contributed to our impressive track record with the successful design of thirty six (36) designing solutions which have improved the manufacturing yields of our customers.

(e) Comprehensive Design and Build Facilities

We have comprehensive design and build facilities located at Lot 1, Jalan P10/12, Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan. The engineering department has the necessary facilities to conduct R&D, such as autocad design software, the latest measuring tools and equipments, mechanical system and components and other related R&D materials.

We are also equipped with a range of quality control equipments and tools such as video camera scope, stereoscope, profile projector and various gauge equipments. Our customer base, which comprises mainly leading world manufacturers in the HDD industry, is a testimony to the high quality standard of products designed and produced.

(f) Strong Customer Support

Apart from designing and manufacturing customised equipments, we also provide training to designated users of the equipments. This will enable the users to familiarise themselves and understand the new technology being employed.

As part of our plans to provide prompt service to these MNCs, which have manufacturing plants located in Thailand, we have set up TGT as the customer support centre mainly to service our clients in Thailand.

Our ability to continuously offer effective automation designs and solutions seals our position with our customers as our R&D and engineering partner.

(g) Geographical Advantage

We are able to address our customers' problems promptly as the majority of the MNCs' plants are located in Malaysia, Thailand, Philippines and China. In terms of communication and language, we have an advantage over our competitors in USA and Japan as our employees are able to communicate effectively with the customers in English or their respective local language. We have a design and technical service centre in Thailand and have local engineers and technicians under our employment.

(h) Cost Effectiveness

We have a price edge over our competitors in Japan and the USA. Cost of skilled labour and cost of operating a factory in Malaysia is lower than these countries.

7. SUMMARY OF OUR FIVE-YEAR BUSINESS PLAN

We have formulated plans and strategies to grow each of our major industry segment over the next five (5) years.

7.1 Growth Plans in Each Industry Segment

7.1.1 HDD Industry

We intend to further develop our potential in the HDD industry. We believe that the prospects of the HDD industry is promising with the introduction of 1" HDD into the market. The increasing use of storage devices in consumer electronics such as gaming gadgets and personal video recorders. This would underpin the growth in the HDD industry, as well as increase the demand by the HDD manufacturers for increased automation for their manufacturing processes.

We plan to increase our market share by implementing steps to secure job orders from our existing customers. In view of the increasing need to improve manufacturing yields across industries, we will remain as a design house with emphasis on using high technology solutions to automate manufacturing lines. We will be in continuous discussions with the management of our major customers to get a direction on the future plans of these companies vis-à-vis their automation needs. Based on the discussions, we have obtained a clear idea of our customers' "road-map" for future expansion.

We also anticipate further new R&D projects with our existing customers as they face constant pressure to increase their manufacturing output. Automation of manual processes and improvement of existing automation capabilities will be the main thrust towards achieving this objective.

Our customers are also looking into expanding their manufacturing facilities to cater for the anticipated surge in demand for the 1" HDDs. This will increase the demand of our automation equipments.

7.1.2 Semiconductor Industry

Similar to the HDD industry, manufacturers in the semiconductor industry are facing increasing pressures to improve yields and productivity. These pressures will lead to higher level of automation of manufacturing processes. This represents opportunities for us to expand our business. With the much anticipated upturn in the semiconductor industry and our knowledge in semiconductor industry, we have plans to provide automation solutions for the Optoelectronics segment. Light-emitting diodes (LED) are dominating an increasing number of applications. The advantages that LEDs offer are invaluable, particularly in areas where miniaturisation, long service life and coloured light are in demand, such as in automotive lighting and certain fields of general lighting.

In 2003, we designed and developed six (6) Mid-End In-Process Vision Inspection Systems for the Assembly & Packaging and Testing & Packing Assembly lines. These are standard inspection systems required by all semiconductor manufacturers. Presently, the visual inspection for the Mid-End processes is still highly manual.

We are also focusing certain of our engineering resources on developing Front-End and Back-End assembly process automated equipment for certain identified customers. These involve automation systems such as Test Handlers, Vision Inspection Systems, Laser Marking and Tape and Reel. Firm plans are underway to market our systems to potential customers in the semiconductor industry.

7. SUMMARY OF OUR FIVE-YEAR BUSINESS PLAN

7.1.3 Pharmaceutical Industry

We recently made a successful breakthrough into this industry by securing a R&D order from a French pharmaceutical company which has a manufacturing plant in Thailand. The first R&D order involves the design and development of a robotic handler to pick production parts (lens) from their injection machine and place them onto the conveyor. Besides this customer, we are also targeting two (2) to three (3) additional customers in this industry. However, revenue contribution from this industry is expected to be small in the immediate future.

7.1.4 Other Segments

In addition to all the above, we are also exploring opportunities in bio-technology and automotive industries. These industries require high capital expenditure as the manufacturing facilities have to meet stringent requirements. The development period for these industries is expected to be longer than the other industries.

(i) Bio-technology

To enable us to venture into this industry, we have to ensure that our manufacturing facilities are capable of meeting the standards of this industry. Hence, we are in the midst of studying these requirements in order to cater for these requirements in the new manufacturing facilities.

(ii) Automotive

We are currently conducting feasible studies of this industry segment. We have targeted one potential customer to work with and have initiated several discussions. As penetration into this industry is expected to be tough, we are giving ourselves a development time frame of about two (2) years to make a breakthrough.

7.1.5 Establishing Our Own Range of Standard Automation Equipment

For the past five (5) years, we have focused on designing and developing customised automation solution. Having built a strong base in the area of design and build, we will venture into design and development of SAE, laser and vision technologies. Amongst some of the functions of these SAEs are cutting, testing, marking and inspection.

SAEs are standard machines/systems which are required by majority of manufacturers, and which require little customisation from client to client. These standard modules can be easily tailored to meet manufacturer's specific requirements. This will significantly reduce the R&D period and increase the productivity of the R&D team.

We are planning to build three (3) to four (4) R&D equipments/systems as demonstration sets. These are important tools for marketing and demonstration of our actual capabilities to potential customers. The development cost of these R&D equipment is expected to be in the region of RM2 million.

7.2 Strategies to Implement Plans

7.2.1 Strengthening of the Design and R&D Team

Design and R&D capabilities are our key factors in ensuring the continuous progress. More engineers from various engineering disciplines such as mechanical, electronics, mechatronics and software engineering will be recruited over the next one (1) to two (2) years to further strengthen the existing team.

7. SUMMARY OF OUR FIVE-YEAR BUSINESS PLAN

We have plans to venture into other market segments, which require automation of manufacturing processes such as bio-technology and automotive within the next two (2) to three (3) years. To achieve this plan, we need to recruit specialists and professionals who have the relevant qualifications as well as exposure to these industries.

Other than the internal R&D, we also seek to engage external consultants who have experience in certain technology-related manufacturing companies and entering into strategic business arrangements with established machine-design houses. We expect to implement this over the next two (2) to three (3) years.

7.2.2 Strategic Business Tie-ups with Other Design Houses

Presently, there are a number of USA design houses which are seeking to work with suitable engineering Asian partners which have the manufacturing facilities and the technical know how. There are a number of technology companies with specific technologies such as laser which are seeking to joint venture with automation outfits for the design and build of machines/systems which integrate the use of these technologies. These companies are extremely selective on the choice of partners as these ventures involved the use of intellectual properties.

We have a highly credible track record of developing R&D projects for the Seagate Group and WD Group. In addition, we are also a contract manufacturer for a USA design house. We manufacture the designs provided by the USA design house.

With this foundation, we intend to enter into more replication tie-ups with other design houses. In addition, we will also provide technical service and support to their customers. These tie-ups are expected to bring benefits to us, such as enhancing our technology edge and R&D capabilities as well as providing us with a steady stream of income with long term contracts. In addition, we are able to tap into the Joint Venture (JV) partner's customer base by offering their customers automation solution that is not provided by the JV partner.

7.2.3 Business Development

We also explore the avenue of working with consultants with wide networking capabilities in high technology industries to accelerate our future growth plans. These consultants with their vast relevant industry experiences and networking capabilities will enable us to rapidly expand our customer base. Some developments in this area are as follows:

- On 7 October 2003, we appointed Allen Lik-Hook Ting who is based in USA as our independent service consultant. This consultant has necessary business network, experience and expertise in promoting and selling our products and services.
- We will also be appointing another one (1) to two (2) of such consultants who is based in the USA and/or Europe. This option is preferred over our option of setting up our own representative office as the latter option will be more expensive (due to set up costs for the office and secondment and/or recruitment cost of personnel) and less effective (due to unfamiliarity with local industry and lack of network).

7. SUMMARY OF OUR FIVE-YEAR BUSINESS PLAN

7.2.4 Management and Human Resource Support

To support the needs of our five (5)-year business plan, we will be conducting active research activities of manufacturing processes in new market segments that we plan to diversify into, such as pharmaceutical and bio-technology. Although these industries are different in nature, the automation concepts and applications are similar to that of other industries. We only need to acquire knowledge and know-how specific to these new industry segments. The acquisition of these specific skills will be done through recruitment of process engineers who have technical know-how and hands-on experience in the manufacturing processes of these industries.

Hence, to strengthen our existing R&D team, we will also expand our engineering team over the next five (5) years by recruiting more mechanical, electrical and software engineers as well as process engineers required to service the pharmaceutical and bio-technology industries.

We will also undertake staff retention policy such as:

- Entering into two (2) years service agreements with some of our key management and key technical staff. Further information on these service agreements is set out in Section 8.8 of this Prospectus; and
- Undertaking shared commission arrangement between the important business units, i.e. Engineering and Business Development to encourage co-operation between the two (2) departments.

The rest of this page is intentionally left blank