
13. EXECUTIVE SUMMARY OF INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in this Prospectus)

23 November 2007

The Board of Directors
WinSun Technologies Berhad
Level 15-2 Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur



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Dear Sirs

EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (“EXECUTIVE SUMMARY”) FOR WINSUN INDUSTRIES BERHAD (“WINSUN” OR “THE COMPANY”)

Dun & Bradstreet (D&B) Malaysia Sdn Bhd ("D&B Malaysia") has prepared an Independent Market Research report ("Report") dated 13 August 2007, of which the Executive Summary dated 23 November 2007 which contains extracts updated from the said Report has been prepared for inclusion in the Prospectus to be dated ~~...28 December 2007...~~ pursuant to the listing of WinSun on the MESDAQ Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview of the industrial automation market in China. The research methodology includes both primary research, involving in-depth interviews with pertinent companies, as well as secondary research such as reviewing press articles, periodicals, Government literatures, in-house databases, Internet research and online databases.

D&B Malaysia has prepared this Executive Summary in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the Executive Summary. In addition, D&B Malaysia acknowledges that if there are significant changes affecting the contents of the Executive Summary between the date hereof and the issue date of the Prospectus or after the issue of the Prospectus and before the issue of securities offered pursuant to the Prospectus, then D&B Malaysia has an on-going obligation to either cause the Executive Summary to be updated for the changes and, where applicable, cause the Company to issue a Supplementary Prospectus, or withdraw our consent to the inclusion of the Executive Summary in the Prospectus.

The Executive Summary is highlighted in the following sections.

For and on behalf

DUN & BRADSTREET (D&B) MALAYSIA SDN BHD

TAN SZE CHONG
Managing Director

Dun & Bradstreet (D&B) Malaysia Sdn Bhd

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EXECUTIVE SUMMARY

INTRODUCTION

In the scope of industrialisation, industrial automation is a step beyond mechanisation. Industrial automation products and systems have a huge impact on the efficiency or even the survival of businesses. The purpose of industrial automation is to enhance a plant's processes and products so that it can successfully carry out its business strategies and achieve its objectives. In most cases, they are measured by variables such as return on investments, return on assets, return on shareholder's funds, pre-tax profits and others.

However, industrial automation requires a significant initial capital investment to install the systems. The cost of the system is generally justified by the long term benefits as witnessed in the improvement of control, process quality, safety and system reliability. The primary purpose of industrial automation is to increase productivity and reduce costs, as well as increase quality and flexibility in the manufacturing process. Although a plant with a relatively high degree of automation means that fewer employees need to be employed, the real benefit of industrial automation is that it guarantees a high degree of process control, which improves quality. It also improves production speed and flexibility.

Refining, combining, handling and manipulating fluids to profitably produce end products can be a precise, demanding, and potentially hazardous process. Small changes in a process can have a large impact on the end result. Variations in proportions, temperature, flow, turbulence, and many other factors must be carefully and consistently controlled to produce the desired end product with a minimum of raw materials and energy. In a modern facility, continuous flow processes require constant automated adjustment, which is based on complicated algorithms that require a lot of processing capacity.

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In recent years, large process industries have been undergoing a significant transformation. They can be defined as industries that convert a particular material into a new material or product that may be finished or used by another process industry. Examples include the extraction of crude oil and natural gas from underground deposits to produce refined oil and its by-products, as well as petrochemicals. Historically, these industries have been distinguished from their smaller specialty and batch process counterparts by the large capital investments in their plants and the commodity-like nature of their products. As a result, process plant management has focused on maximising output and minimising cost at the expense of all other performance measures. In recent years, increased competition in the market place, a changing economic environment and new government regulations have combined to put pressure on process plant margins.

Today's dynamic business climate and environment puts more pressure than ever on manufacturers to increase the productivity, flexibility and portability of their operations. At the same time, business is changing rapidly and product lines are constantly being expanded, altered and improved. These business changes necessitate radical changes in the way companies need to collect, store, retrieve and present information about the processes and the products so that they can engineer, operate and maintain their manufacturing processes in a consistent way. One of the keys to help anticipate and meet this avalanche of changes is plant and process information. The easy access and use of information across the plant enables the manager to approach the production processes or operations in a holistic, comprehensive way. Hence, industrial automation systems are applicable to both process and non-process industries.

PRODUCT DEFINITION

Industrial automation is the use of control systems such as computers to control industrial machinery and processes, replacing human operators. It covers advanced control and management software, systems for the control and monitoring of continuous, batch and hybrid operations, field instrumentation, programmable controllers, communications systems for industrial control, equipment and systems, sensors, process control instrumentation and personal computer ("PC")-based control systems. Essentially, industrial automation encompasses both motion control and process control.



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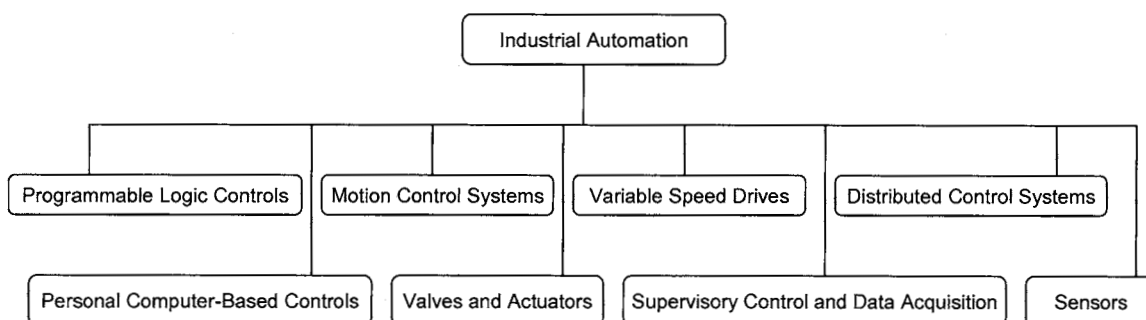
Motion control is a sub-field of industrial automation, in which the position and / or velocity of machines are controlled using some type of device such as a hydraulic pump, linear actuator or an electric motor, generally a servo. Motion control is an important part of robotics.

Process control refers to the automatic control of an output variable by sensing the amplitude of the output parameter from the process and comparing it to the desired or set level and subsequently, feeding an error signal back to control an input variable. It refers to the methods that are used to control process variables when manufacturing a product. For example, factors such as the proportion of one ingredient to another, the temperature of the materials, how well the ingredients are mixed, and the pressure under which the materials are held can significantly impact the quality of an end product. Manufacturers control the production process for reasons like to reduce variability, increase efficiency and ensure safety. Process control technology is the tool that enables manufacturers to keep their operations running within specified limits and to set more precise limits to maximise profitability, while ensuring quality and safety.

SEGMENTATION OF THE INDUSTRIAL AUTOMATION INDUSTRY

The industrial automation market can be divided into the main segments of programmable logic control (“PLC”), motion control systems, variable speed drives, distributed control system (“DCS”), PC-based controls, valves and actuators, supervisory control and data acquisition (“SCADA”) and sensors.

Figure 1: Main Segments of the Industrial Automation Industry



Source: D&B Malaysia

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WinSun Technologies Bhd provides a comprehensive, integrated range of industrial automation products and systems for the efficient automation of the entire production workflow for various industries known as Intelligent Industrial Control Management Systems (“IICMS”). The IICMS is an inter-operable / open protocol system and component-based intelligent system with an architecture that enables its modules to be implemented in a flexible manner i.e. allowing for inter-operability with any type of software and hardware components. The IICMS comprises system designing; software application and programming; engineering consultation (simulation and testing); product installation, interfacing and maintenance; and training services. The hardware components of the IICMS could include PLCs, motion controls, variable speed drives, DCS, PC-based controls, valves and actuators, and SCADA.

SUBSTITUTES

There are no direct substitutes to industrial automation systems in a modern economy. However, the boundaries for DCS, hybrid DCS, PLC, SCADA and PC-based systems are getting blurred. Both PLC and PC-based systems tend to be used in smaller manufacturing applications. Although PLC and other single loop systems are increasingly being used to control batch and discrete processes, DCS is still preferred over their ability to control continuous process plants. Small DCS are directly competing with PLCs, because they can be adapted to very small applications and prove to be more efficient. DCS are now easier to maintain, install, expand and program; they are “pre-designed” to offer the most advanced technologies in a simple system at a low price. Due to this adaptability, DCS are competing directly with PLCs. A modern DCS is capable of handling complex combinations of discrete, batch and continuous applications, designed specifically for customer needs.

Similarly, PLC suppliers bid for the projects traditionally considered being exclusive to small DCS projects. Likewise, as the degree of the degree of integration between DCS and other systems has increased, the boundaries between DCS and the alternatives have blurred. This is particularly the case with regards to SCADA systems, which interlink PLC controllers and have emerged as the main rival to DCS. The product distinction usually gets defined by the available budget and the hardware, software and applications desired by the end users. More important are the differences in the types of processes that each of these systems are typically used for.



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MARKET AND TECHNOLOGICAL TRENDS

Changes in industrial automation industry are occurring faster than ever before, driven largely by technology advances. During the last half of the 20th century, industrial automation moved from pneumatic controls to vacuum tubes and then transistors, and finally, integrated circuits.

Ethernet, which is a very common method of networking computers in a local area network, has taken industrial data communications by storm. It initially evolved as a standard means of interconnecting PCs at high data rates in business offices and has become the most popular and widely used networking topology presently. It is widely used in the office environment to connect everything from mainframe computers to PCs, printers and photocopy machines. It's long and successfully operational history has resulted in an exceptional degree of reliability, universal connectivity and availability of standardised system components and devices at a reasonable cost. The adaptation of Ethernet to industrial data communications has involved little change to the equipment and its basic mode of operation.

In the modern factory and plant environments, the islands of industrial automation in the past are slowly phasing out with the connection of virtually everything to central networks. There are three (3) levels of networking at present: device level networks at the lowest level, control levels in the middle level and enterprise networks up at the top. Automation communications network are also known as field buses. The field bus standard is expected to be replaced by the emergence of several parallel and perhaps overlapping standards, each suited to a particular industry and/or environment. The proliferation of Ethernet at all levels is anticipated to eliminate the need for alternatives, with the corresponding increase in the performance/cost ratio.

Along with changes in industrial automation, there have also been many changes in information flow. Computer integrated manufacturing ("CIM") promises to link many disparate systems down on the industrial floor and up to the front office. This has driven a new product model, beginning with Materials Resource Planning to enterprise resource planning that incorporated a company's financial information and finally, Manufacturing Execution System.

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The combination of the drive to use the technologies surrounding the PC and the Internet down on the factory floor and to push the complete CIM agenda are fuelling the latest revolution in industrial automation. Derived from the confluence of the PC and Internet technologies, a demand for open solutions and a realisation by many end-users, a common paradigm is mandated to unite the seemingly disparate worlds of control and information flow.

Plant optimisation requires integration of information from sensors, automation systems and application software. To be cost-effective, an open field bus architecture must be based on a widely accepted communications protocol. A high volume field bus reduces the cost of the system by cutting component costs and making help-desk support feasible. There also need to be a minimal number of field buses in the plant to keep support cost as low as possible. Embedded web servers can provide status to maintenance personnel, operators and management with high speed and fidelity. During the design and integration stages, original equipment manufacturers, industrial automation vendors and plant engineers can access the system remotely. The maintenance personnel can remotely check the system, run diagnostics and discover poorly-functioning components. In extreme cases, experts from the industrial automation vendors and plant technicians can remotely collaborate to solve the problem and tune the system.

In the office environment, high data rate is extremely important. On the other hand, in the industrial environment, high data rate is of lesser importance. The main criteria rest in the ease of connectivity and the ability to operate a multitude of devices on one common network. When adapting Ethernet to industrial applications, it is important to remember that there are a number of practical operating criteria imposed by the factory floor environment. They include high electro-magnetic interference and radio frequency interference as well as harsh and dusty surroundings, which affect data integrity. In addition, there is a need for mobility that leads to the use of wireless Ethernet that offers convenience and the elimination of wiring. Each of these situations presents special installation and operating considerations involving trade-offs of data throughput, range, data integrity and physical restrictions.

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The use of Ethernet for motion control applications is spreading rapidly, and is expected to continue to do so. It offers many technical and ease-of-use advantages. It acts as a bus for motion, input/output and sensors. Virtually every brand of PLC, DCS, remote terminal unit and SCADA hardware now has models with Ethernet ports. As a completely open system and a standard worldwide, the system is really attractive. Besides being low cost, highly reliable and having software interfaces for it everywhere, it is also fast enough for data transmission. Its applications are no longer limited to just information exchange, but is used routinely for real-time data retrieval as well as command and control. It is also utilised for its ease of connectivity and inherent multiplexing characteristics as well as for its high data throughput. One of its main advantage is that it is available everywhere and allows data to be gathered anywhere in a plant and made available where it is needed. As a mature technology, it is already the accepted standard of corporate enterprise systems, and is poised to become the preferred standard for factory networking as well.

GOVERNMENT LEGISLATIONS, INCENTIVES AND POLICIES

As part of China's commitment for entry into the WTO, the new Compulsory Product Certification System ("CPCS") China Compulsory Certification ("CCC") integrates the two (2) previous Chinese compulsory inspection systems, the Conformity Certification of Electrical Equipment approval, which certified product contents for import and export, and the China Commodity Inspection Bureau product safety mark. CPCS incorporates the two (2) procedures together. The CCC mark serves as evidence that catalogue-covered products can be marketed, imported or used in China. The certificate holder must abide by the Regulations for Compulsory Product Certification Mark when using the mark. With effect from August 1, 2003, imported products without CCC mark may be held at the border by Chinese Customs and subject to other penalties. Component parts of a manufacturer's finished products may in some cases require CCC certification; in these cases, the component manufacturer is generally required to apply for the CCC mark.

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The government bodies that control the CCC are the Certification and Accreditation Administration of China and the National Quality Supervision, Inspection and Quarantine Bureau. The newly established China National Regulatory Commission for Certification and Accreditation also has a role in overseeing all matters concerning certification and accreditation in China.

Under the country's new tax reforms scheduled to be implemented in 2008, tax incentives for foreign investors are expected to be abolished. Foreign investors are defined as wholly foreign-owned enterprises, Sino-foreign joint ventures, cooperative joint ventures and Taiwanese-invested enterprises. China's corporate income tax rate stands at 33%. Foreign manufacturers in China are currently exempted from income tax in the first two (2) years of making a profit. Subsequently, they only pay half of the normal 33% tax rate in the following three (3) years. However, companies located in the new economic zones like Pudong, benefit even more since tax rates stands at 15%.

The average income tax rate on foreign companies is about 15% due to tax incentives, whereas local companies are paying an average of 24%. The generous tax incentives have attracted many foreign manufacturers to China in the past decade, making it one of the biggest recipients of foreign direct investments ("FDIs"). However, preferential treatment given to foreign enterprises, such as tax waivers, would cease under the revised taxation scheme, which is expected to be effective in 2008. In line with this, the Chinese government is drafting a new national corporate income tax policy in which both local and foreign companies would be taxed at the same rate of 25%. As a result, new investments in the manufacturing industry are unlikely to get the five (5) year income tax holidays currently being enjoyed. The substantially lower tax rates in the economic zones are also expected to increase.

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China has adopted an economic growth strategy that emphasises strategic accumulation of productive capacity and access to resources. The Chinese government wields industrial policy to help improve the competitive standing of Chinese companies. China, because of its potential market size and growth rate, enjoys advantages in crafting and implementing industrial policy in areas such as industrial structure, technology transfer concessions and absorptive capacity that most other developing economies do not. An important part of this strategy is attracting foreign investment and know-how to assist China's export-led growth. China's market size has also given it an extraordinary leverage over foreign investors, who are a key ingredient of the development recipe followed elsewhere in the region. In return, the Chinese government has been able to demand and entice technology transfers on a large scale from eager investors vying for the opportunity to market and manufacture their goods in the country.

BARRIERS TO ENTRY

The barriers to entry to the industrial automation industry in China include the following:

- High technical skills;
- R&D capability;
- Wide market knowledge;
- Proven track record;
- Relatively high capital intensive industry; and
- Different cultures in different provinces.

CRITICAL SUCCESS FACTORS

The critical success factors for the industrial automation industry in China include the following:

- Leveraging on cost competitiveness manufacturing;
- Ability to customise designs and solutions;
- Ability to incorporate quality components;
- Capability to provide value added services;
- Ability to provide product differentiation;
- Ability to implement flexible specialisation; and
- Implementation of E-manufacturing.



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CHALLENGES

The challenges for industrial automation industry in China include the following:

- Long term systems compatibility;
- Systems quality;
- Integration of new systems and legacy systems;
- Time-to-market; and
- Shortage of skilled labour.

MARKET SHARE

The major and active industrial automation companies in the Chinese market that compete directly with WinSun Technologies Bhd are Tianjin Puchen Electronic Engineering Company Limited, Beijing Aritime Intelligent Control Company Limited, Tianjin Design & Research Institute of Electric Drive, Shanghai Ouda-Haiwei Automation Equipment Company Limited and Suzhou Inorder Electric Company Limited.

Based on the latest publicly available companies' financial statements filed with the Shanghai Administration of Industry and Commerce (as at 15 November 2007), the collective revenues generated by these six (6) companies amounted to RM473.3 million. WinSun Technologies Bhd is estimated to command a market share of 8.4% in 2006.

OUTLOOK

The outlook of the industrial automation market in China is primarily dependent on the developments of the various application markets in the country. They include the oil and gas industry, refining industry, petrochemicals industry, chemicals industry, semiconductor industry, pulp and paper industry, metals industry, mining industry, cement industry, shipbuilding industry, water treatment plants, and power generation plants. These industries are expanding in China and would benefit the industry automation industry.



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The major growth factors for the industrial automation market include the following:

- Demand for quality products;
- Government requirements for plant investments;
- Replacement and upgrade of new systems; and
- Trend towards open architecture.

CONCLUSION

Companies competing in a global market are constantly under pressure to reduce costs and improve quality. One of the ways to gain competitively is by increasing the productivity of manufacturing operations. This is an area to which industrial automation can bring substantial benefits by improving the quality of products, increasing yields, production rates and uptime, and decreasing cycle time. Automating the control and monitoring of batch, continuous and discrete processes in the various process and non-process industries has remarkable benefits. These include increasing output, enhancing reliability and processing flexibility, diminishing health and safety risks, predicting maintenance needs, reducing process downtime and continuous monitoring of process for better quality. There is also an attractive indirect benefit, process cost reduction. Industrial automation is also considered an efficient tool to reduce environmental damage.

The use of automated processes is the most efficient instrument to make production plants more efficient and to reduce the risks and costs associated with continuous processes. This means that the long term benefits of plant automation are greater than the costs associated with waste and maintenance. In addition, the productivity, quality, and overall efficiency of processes are enhanced with this control system. By installing industrial automation systems, the reduction of process variability through better process control is achieved. In some cases, a more uniform, higher-quality product that better conforms to customer specifications can be manufactured more efficiently, through a better process design. These goals link directly with corporate goals of gaining market share, reducing manufacturing costs and increasing shareholder value.

14. EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON THE REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS

(Prepared for inclusion in this Prospectus)

WINTELL & PARTNERS IN ASSOCIATION WITH LEE ONG & PARTNERS

上海瀛泰律师事务所

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Date:

WinSun Technologies Berhad
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs

LEGAL OPINION ON SHANGHAI WINNER ELECTRICAL CO., LTD. AND SHANGHAI WINCO ELECTRICAL CO., LTD. (THE "COMPANIES")

1. We are a firm of lawyers duly qualified and authorized to practice law in the People's Republic of China (PRC) and to issue opinions in connection with the laws and regulations thereof. We have been asked to provide this legal opinion to you with regard to the laws of PRC in respect of the Companies, being companies incorporated in PRC and wholly owned by WinSun Technologies Berhad ("Winsun") for inclusion in the prospectus of Winsun in relation to its proposed listing on the MESDAQ Market of Bursa Malaysia Securities Berhad.
2. For the purposes of this opinion:
 - 2.1 We have perused and examined copies of the following documents:
 - 2.1.1 copies of the Companies' corporate secretarial records comprising the Companies' Minute Books and Statutory Registers;
 - 2.1.2 a copy of the Memorandum and Article of Association of the Companies (the "M&A"); and
 - 2.1.3 such other documents and records as we have deemed necessary to examine in order that we may render this opinion.

14. **EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON THE REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS (Cont'd)**

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(The documents referred to in this paragraph 2.1 above are hereinafter collectively referred to as the "Records")

- 2.2 we have conducted searches against the Companies with Administration of Industry and Commerce (AIC) on October 22nd, 2007.
3. Our opinion relates solely to the laws of PRC as applied in PRC at the date of this opinion. We express no opinion on the laws of any other jurisdiction and have made no investigation on the laws of any other jurisdiction. In particular, we express no opinion on the laws of Malaysia and have made no investigation on such laws.

ASSUMPTIONS

4. In giving our advice, we have assumed:-
- 4.1 the correctness of all facts stated in the Records;
- 4.2 that no steps have been taken by the AIC to strike off or deregister the Companies;
- 4.3 that there has not since the date of our view been and change in circumstances, event, arrangement, transaction or other matter affecting or potentially affecting the accuracy and validity of the Records;
- 4.4 the genuineness of all signatures and seals on all documents or on the originals thereof;
- 4.5 that the copies of the resolutions of the Companies which we have inspected are full and accurate records of resolutions duly and properly passed and that the resolutions have not been amended or rescinded and are in full force and effect;
- 4.6 that the copies of the M&A of the Companies are the most recent and up-to-date M&A of the Companies and that no alteration has been made to the same since the inspection of the copies thereof;

14. **EXPERT'S REPORT ON THE PREVAILING REGULATIONS ON THE REPATRIATION OF PROFITS AND THE RELEVANT LAWS AND REGULATIONS (Cont'd)**

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- 4.7 that the copies of documents inspected conform to the original and that no amendments or variations have been made to them since our inspection of the same;
- 4.8 that the information disclosed by our searches against the Companies and its directors has not since the date of our searches been altered and that such searches did not omit any information which has been delivered for filing or registration but was not disclosed, or, as the case may be, did not appear on the public file at the time of our searches. In this context, it should be noted that the information contained in the aforesaid searches pertains only to PRC and not in respect of any other jurisdiction, and further that the accuracy of our search depends upon due filing of documents by the Companies or third parties obliged to file the same;
- 4.9 (save as disclosed in this report) that all filings of documents were carried out on time;
- 4.10 that all actions taken by the directors of the Companies were in the best interests of the Companies and were legal in all relevant jurisdictions. Furthermore, that no interest, of any shareholders of the Companies was prejudiced as a result of any previous proceeding of the Companies;
- 4.11 that none of the directors of the Companies have been disqualified or restrained from acting as directors of a company under the Company Law and none of them have done any act which may lead to their office being vacated under the Article of Association, where applicable;
- 4.12 that the shareholders as registered in the register of the members are the beneficial owners of such shares and have not charged or created any encumbrance on their claims; and
- 4.13 all allotments of shares which were for cash have been validly paid for and that any other consideration allotments have been validly performed or received in full by the Companies.
5. **Legal Opinion** on foreign investment policy, taxation, foreign exchange control and repatriation of profits out of PRC, ownership of title to equity interest/assets in the PRC, enforceability of agreements,

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representations and undertakings and other relevant legal matters under the law of PRC

Under the PRC law, a foreign enterprise refers to an enterprise incorporated outside PRC. When a foreign enterprise intends to make investment in China to manufacture products or provide services, they are required to set up a foreign invested enterprise in China and to seek approval from government authorities in charge of foreign investment for the establishment of such entity in China. There are three types of ventures with foreign investment in China, which will be detailed below.

5.1 OUTLINE OF FOREIGN INVESTMENT LAWS AND POLICIES

5.1.1 Equity Joint Venture Enterprises ("EJV")

The EJV is governed by the laws of the PRC on Sino-foreign Equity Joint Venture Enterprises and its Implementation Rules. The EJV is commonly used as an investment vehicle in China.

5.1.1.1 Capital

Under the Implementation Rules, registered capital is defined as the total amount of capital contributed by the parties and registered with the Chinese authorities. "Total investment" represents the sum of the registered capital and external borrowings.

5.1.1.2 Forms and timing of capital contribution

(a) Capital contribution may be cash, machinery, equipment and intangible property, such as proprietary technology, trademarks and other industrial property rights. In addition, a Chinese party may contribute the land use rights as its contribution.

(b) Regulations jointly issued by the Ministry of Foreign Trade and Economic Cooperation ("MOFTEC") (now Ministry of Commerce) ("MOFCOM") and the State Administration for Industry and Commerce ("SAIC") in January 1988 provide that the joint venture contract must set forth a schedule for contributions of registered capital. Under these regulations, registered capital may be contributed in one lump sum, in which case it must be contributed within six months following the issuance of the business license or

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in installment, in which case the first installment must be at least 15% of each party's total subscribed registered capital and must be contributed within 90 days following the date of issuance of the business license.

- (c) After each party has paid up its capital contribution, the company shall appoint an accountant registered in China to verify the contribution and an investment certificate will be issued to each party as evidence of its ownership of the share of the joint venture's registered capital.

5.1.1.3 Approval and Registration

Under the Implementation Rules, the approval authority must notify the parties within three months of the application whether the application is approved or not. However, the approving authorities usually finish the approval procedure in one month.

EJVs issued with a MOFCOM approval shall apply for registration with the **SAIC** or its local delegate within one month after receiving such approval to obtain a business license which grants the EJV with legal personality. Without obtaining the business license, no enterprise including EJV, can operate its business.

The approving procedure and registration procedure also applies to CJVs and WFOEs which will be mentioned below.

5.1.1.4 Legal status and Management

An EJV is a limited liability company with separate legal personality, and is empowered by the law, the right to own and use property, to carry out management and production independently and to be a party of any lawsuit.

For an EJV, the board of directors is the highest organ of authority. A board of directors should comprise at least three directors who are appointed by the EJV parties with reference to, but not necessarily identical to, the proportion of each party's capital contribution.

5.1.2 Co-operative Joint Venture ("CJV")

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The CJV is governed by the Laws of the PRC on Sino-foreign Co-operative Enterprises (the "CJV law") and its Implementation Rules (the "CJV Rules").

5.1.2.1 Forms of the CJV

The CJV law states that a CJV which qualifies for the status of legal person will obtain such legal status. That means a CJV can be an enterprise without legal personality.

A CJV may take one of two different forms. One form does not involve the creation of a company or other legal entity that is separate and distinct from the contracting parties. As such, this arrangement functions as a "true" CJV. The second type is a hybrid form combining the characteristics of both the "true" CJV and the EJV. In this type of CJV, a separate business entity is established and registered and the parties' liability is generally limited to their subscribed registered capital.

5.1.2.2 Parties' investment

The parties' capital contributions to a hybrid CJV may take the same forms as permitted in EJV. By contrast, the parties' contribution to a true CJV is treated as separate contribution to the CJV rather than parts of the CJV's registered capital.

The ratios of the parties' equity interests in a CJV may be agreed by the parties in the joint venture contract and can be different from the ratios of registered capital subscribed by the parties. Furthermore, the split of profits and bearing of losses may also be determined contractually by the parties that can be different from the equity ratios.

Under the CJV Rules, the foreign party may receive a higher percentage of the profits in the early stages of the joint venture in order to accelerate recovery of its investment, provided that ownership of all the fixed assets of the joint venture shall be transferred to the Chinese party at no cost upon expiration of the joint venture term

5.1.3 Wholly foreign-owned enterprises ("WFOE")

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Wholly foreign-owned enterprises are governed by the Laws of the PRC concerning Enterprises with Sole Foreign Investment and its Implementation Rules (together the "WFOE Law").

A WFOE is a limited liability company with separate legal personality under the WFOE Law. It may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. A foreign investor to a WFOE may make its capital contribution by installments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations

The WFOE Law provides that after payment of taxes, when statutory common reserve fund and discretionary employee bonus and welfare fund has been contributed, the WFOE may, according to the board of director resolution, allocate profits.

At least 10% of the after-tax profits must be allocated to the reserve funds. If the cumulative total of allocated reserve funds reaches 50% of the registered capital, the enterprise need not to make additional contribution.

Without making up losses (if any) of previous years, the enterprise is prohibited from distributing dividends.

Winner and Winco are WFOEs which shall be governed by the WFOE law.

5.1.4 Others

"Catalogue for the Guidance of Foreign Investment Industry", jointly issued by the National Development and Reform Commission and MOFCOM serves as the basis for guiding the examination and approval of foreign investment in China. Foreign investment in China is divided into four categories: encouraged, permitted, restricted and prohibited.

Winner and Winco fall under the category of "permitted" industry area for foreign investment.

5.2 PRC TAXATION LAWS AND POLICIES

(EJV, CJV and WFOE are collectively named "foreign invested enterprise" in this section)

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Enterprises liable to pay foreign enterprise income tax are foreign invested enterprises, foreign enterprises with establishments in the PRC, and foreign enterprise without establishments in the PRC but which derives income within the PRC.

A foreign invested enterprise is subject to foreign enterprise income tax on its worldwide income: that is, on all income generated by the foreign invested enterprise both inside and outside the PRC. A credit for foreign tax paid is allowed against PRC income tax if a foreign invested enterprise receives income from a foreign country and has paid foreign tax on that income. The credit is limited, however, on a country-by-country basis, to the proportion of PRC income tax attributable to the income from each foreign country concerned, or the foreign income tax paid, whichever is lower.

5.2.1 Key features of the PRC tax law:

- (1) A flat 30% national tax and a flat 3% local tax will apply to all foreign invested enterprises and foreign enterprises with establishments in the PRC, subject to any available tax incentives;
- (2) Foreign invested enterprises scheduled to operate for more than 10 years and engaged in production are generally entitled to a two-year tax exemption, followed by three-year 50% reduction as from the first profitable year.
- (3) Foreign invested enterprises can be eligible for reduced tax rates and tax holiday treatment based on business type and location.

5.2.2 Incentive Legislation

Currently, a distinct set of incentives is generally given to foreign invested enterprises to encourage investment in priority business types and locations in the PRC. The notable incentives available are tax holidays and reduced rates of income tax. Generally the rates of income tax are reduced to between 15% and 24%.

5.2.2.1 Types of Incentives and Controls

- (1) Tax Incentives available under the enterprise income tax policies

A foreign invested enterprise scheduled to operate for more than 10 years and engaged in production may be exempted from income tax in the first and

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second profit-making years and allowed a 50% reduction in the third to fifth years. Reduction or exemption of the local income tax in special circumstances is subject to the approval of the PRC government of the province in which the foreign invested enterprise is located. Foreign invested enterprises engaged in production and manufacturing activities located within the Coastal Open Economic Regions ("COER") are taxed at the reduced rate of 24%. COERs are the municipalities and counties that are approved as COERs by the PRC State Council.

(2) Tax Incentives in the Economic and Technological Development Zones("ETDZ")

A 15% preferential enterprise income tax shall be allowed for income derived from production, business operation and other sources by foreign invested enterprises of a productive or manufacturing nature, operating in Pudong Development Zone in Shanghai and within the ETDZ of the 14 coastal port cities Those with a contract life of 10 years or longer shall enjoy a two-year tax holiday commencing from the first profit making year followed by a 50% reduction in the third to fifth year. The reduction and possible exemption of local income tax for ETDZ enterprises will generally be decided by the PRC government located in the municipal where the development zone is located.

5.2.2 Repatriation of Dividends

The after tax dividends which the foreign invested enterprises are permitted to declare consists of the amount after the accumulated losses incurred in the previous years and the deductions required by law (such as employee benefit fund, reserve fund, enterprise expansion fund) have been deducted. CJVs and EJV's may determine the allocation ratios for the reserve fund, employee bonus and welfare fund and enterprise expansion fund themselves. While a wholly WFOE may determine the allocation ratios of employee bonus and welfare fund and enterprise expansion fund themselves. The allocation to the reserve fund shall be no less than 10% of the WFOE's profit after tax, unless the accumulated total of the reserve fund reaches 50% of the foreign invested enterprise's registered capital, in which case no further allocation is required but other conditions must be satisfied before profits can be distributed. Dividends not distributed in the previous year may be distributed together with those of the current year. The foreign invested enterprise's articles of association regulate the declaration of dividend. Such declaration of dividend usually requires the approval of the board of directors of the foreign invested enterprises. The foreign invested

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enterprise's article of association will also set out the quorum required for such approval.

Foreign invested enterprises whose registered capital has not been fully paid up as provided by the article of association are not allowed to remit profits abroad. Profits distributed in accordance with the proportion of paid up registered capital can be remitted abroad based on the approval document issued by the original approval authority approving the establishment of the foreign invested enterprises and the documents required by regulations of the State Administration of Foreign Exchange ("SAFE"). Repatriation of the dividends declared requires submission to, inspections and examination of relevant documents by designated banks. The examination is merely administrative provided all the requisite documents are complete and in order (e.g., written board resolution authorizing such distribution/repatriation, audited annual report, tax returns, foreign exchange registration certificate, capital verification report and other documents required by the SAFE). Dividends will be converted into foreign exchange for repatriation out of PRC by making withdrawals from their foreign exchange accounts or purchasing the necessary foreign exchange at designated foreign exchange banks.

5.2.3 Repatriation of capital

If a foreign invested enterprise wished to transfer its capital in foreign exchange outside PRC, it should apply to the SAFE for permission and state the source of foreign exchange fund and reasons for the transfer. Extensive documentary materials in support of the application will be required. On obtaining permission, capital may be drawn from their foreign exchange accounts or at designated foreign exchange banks and remitted abroad.

5.2.4 Withholding Tax

Profits of foreign invested enterprises in the nature of dividends are not subject to any withholding tax when remitted outside the PRC.

The basic withholding tax rate of 10% is applicable for interests, royalties and certain other PRC sourced income of foreign enterprises. The rates may be modified by a relevant bilateral tax treaty. The treaty withholding tax rate for interest and royalty payments to Malaysia is 10%.

5.2.5 Capital Gains on Disposals of Shares in a PRC Company

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Capital gains and losses are treated the same as other taxable income. However, when a foreign investor directly disposes of an interest in a foreign invested enterprise, any resulting capital gain is generally subject to a 10% withholding tax. The transfer of the investment interest in a foreign invested enterprise is generally exempt for the PRC Business Tax.

5.2.6 Stamp Duty

Stamp duty is levied on certain types of documents, contracts, account books and other materials executed or used in the PRC. Tax rates vary depending on the nature of the document and the rate is from 0.03% to 0.1% of contract value. The rate of stamp duty on share transactions will be 0.1% each for the vendor and the purchaser.

5.2.7 Goods and Service Taxes**Value Added Tax ("VAT")**

VAT must be paid whenever taxable goods or taxable services are sold or imported. The circumstances where services are subject to VAT will be very limited since they are generally subject to business tax instead. A flat VAT rate of 17% applies to most goods and services and some range of goods are exempt from VAT such as contraceptive drugs, product imported for the handicapped and etc. In addition, VAT is exempted on the import of capital goods to encourage foreign invested enterprises except where other prohibitions or restrictions apply. VAT is generally not applicable to exports.

Consumption Tax

This tax is levied on the manufacturers, importers and sub-contractors of the following mostly luxury items such as tobacco, liquor, cosmetics, expensive ornaments, petrol and diesel oil, motor vehicles and motorcycles. Tax rate vary from 3% to 45% depending upon the type of product. Exports are generally exempt from this tax.

Business Tax

The PRC has imposed business tax on a range of services. The tax is imposed on all individuals and entities which provide taxable labor service, assign intangible assets or sell immovable property within PRC. Services affected include entertainment, transportation, construction, finance, telecommunication service and etc. The tax rate varies from 3% to 20%

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depending on the type of service. If the turnover of a taxpayer does not reach the taxable threshold specified by the Ministry of Finance, tax will not be payable.

5.3 FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS

Major reforms have been introduced on the foreign exchange control system of the PRC since 1993.

The People's Bank of China ("PBOC"), with the authorization of the State Council, issued on 28th December, 1993 the Notice on the Further Reform of the Foreign Exchange Control System and on 26th March, 1994 the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange which came into effect on 1st April, 1994 respectively. On 29th January, 1996, the State Council promulgated the PRC Foreign Exchange Administration Regulations which took effect on 1st April 1996. On 20th June, 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange, which took effect on 1st July, 1996. On 25th October, 1998, the PBOC and SAFE issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1st December, 1998, all foreign exchange transactions for foreign invested enterprises may only be conducted through designated banks.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organizations in the PRC.

Under the new regulations, the previous dual exchange rate system of Renminbi was abolished and a unified floating exchange rate system based largely on supply and demand was introduced. The PBOC, having regard to the trading prices between Renminbi and major foreign currencies on the inter-bank foreign exchange market, publishes on each banking business day the Renminbi exchange rates against major foreign currencies.

In general, all organizations and individuals within the PRC, including foreign invested enterprises, are required to remit their exchange earning to the PRC. In relation to PRC enterprises, their recurrent foreign exchange earnings are generally required to be sold to designated banks unless specifically approved otherwise. Foreign invested enterprises (including EJV, CJV and WFOE), on the other hand, are permitted to

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retain certain percentage of their recurrent foreign exchange earnings and the sums retained may be deposited into foreign exchange bank accounts maintained with designated banks. Capital foreign exchange earnings must be deposited into foreign exchange bank account maintained with designated banks and can generally be retained in such accounts.

At present, control of the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents without the need for any prior approvals of SAFE.

In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a foreign invested enterprise to its foreign investment party, subject to the due payment of tax on such dividends, the amount required may be withdrawn from fund in foreign exchange accounts maintained with designated banks, and where the amount of the fund in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of that enterprise and other required documents.

Despite the relaxation of foreign exchange control over current account transaction, the approval of SAFE is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside the PRC or to enter into any other capital account transaction involving the purchase of foreign exchange.

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre ("CFETC") was formally established and came into operation on 1st January, 1994, CFETC has set up a computerized network with sub-centers in several major cities, thereby forming an inter bank market in which designated PRC banks can trade in foreign exchange and settle foreign currency obligations. Prior to 1st December, 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through Trading Center or through

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designated banks in China. From 1st December, 1998 onwards, exchange transactions will have to be conducted through designated banks.

Profits that may be distributed to the parties of a foreign investment enterprise comprise after tax profits less allocations to the reserve fund, employee bonus and welfare fund or enterprise expansion fund of the foreign investment enterprise. Contributions to these funds are decided by the board of directors and are usually set at a percentage of after tax profits. Profits may only be distributed after full payment of income tax and the making up of any previous year's losses, and in proportion to the capital contribution of each party or, in the case of CJV, as agreed by the parties in the joint venture contract. Foreign invested enterprises have the right to repatriate profits to foreign parties from operations through the designated banks in China. There is no timing restriction on repatriation of profits.

Foreign invested enterprises are the vehicle generally allowed by PRC laws for foreign enterprises to make equity investment in China. Other income of foreign enterprises without establishment derived from China (for example, interest, royalties and service charges) is based on the contracts entered into between the Chinese parties and the foreign enterprises. The payment of such other income of foreign enterprises out of China in foreign exchange is allowed after the deduction of payable withholding tax and/or other applicable taxes. The Chinese party generally is the one who has the responsibility to purchase the foreign exchange and/or makes the payment in foreign exchange under PRC law. Certain approval from and/or registration with the relevant Chinese regulatory authorities are required for such contracts. The SAFE approval is generally required for the payment of interest out of China to foreign enterprises, while the payment of royalties and service charges could be effected through designated banks with the required supporting documents, including the approval or registration certificates of the contracts issued by the relevant regulatory authorities and tax payment evidence.

The PBOC recently announced that with approval from the State Council, and beginning from 21st July 2005, it would no longer peg the RMB to the US dollar but would manage the exchange rate based on market supply and demand. China implements a regulated, managed floating exchange rate system in reference to a package of currencies.

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The time frame in which profits are to be repatriated to Malaysia is within 20 working days after submission of the application and relevant supporting documents to the SAFE

5.4 OWNERSHIP OF TITLE TO EQUITY INTEREST/ASSETS IN THE PRC

Basically, foreign investors can legally own title to equity interest in foreign invested enterprises and assets in PRC, over the last decade, the Chinese government has reiterated this ground and provided aspect measures, regardless of legislation or official commitment to protect the foreign investors' ownerships and consequential interest.

Article 18 of the PRC Constitution states: "China permits foreign enterprises, other foreign economic organizations and individual foreigners to invest in China and to enter into various forms of economic cooperation with Chinese enterprises and other Chinese economic organizations in accordance with the laws of the PRC. Their lawful rights and interests are protected by the law of the PRC. Similar wording also could be found in the EJV Rule, the CJV Rules and the WFOE Laws.

Apart from these domestic statutes, Chinese government also have made oral and written commitments, including a series of international investment treaties to ensure that the state will not nationalize or requisition any foreign invested enterprise, save and except for special circumstances where public interest is required to be safeguarded. In such an event, the foreign invested enterprise shall be requisitioned or nationalized by legal procedures and appropriate compensation shall be made.

In a nutshell, from partial measures adopted by Chinese government to affirm and protect foreign investors' legal ownership of title of equity interest in foreign invested enterprises, it is not hard to view the legitimacy of foreign investors' ownership of title of securities within the territory of China.

5.5 ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAWS OF PRC

The Contract law of the PRC, the General Principles of the Civil Law of the PRC and their interpretations issued by the Superior People's Court provide detailed articles to articulate the situations causing an agreement

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representation and undertaking to be null and void. Article 52 and 54 of the Contract Law of the PRC reads:

"A contract shall be null and void under any of the following circumstances:

- (1) A contract is concluded through the use of fraud or coercion by one party to damage the interests of the State;
- (2) Malicious collusion is conducted to damage the interests of the State, a collective or a third party;
- (3) An illegitimate purpose is concealed under the guise of legitimate acts;
- (4) Damaging the public interests;
- (5) Violating the compulsory provisions of laws and administrative regulations.

A party shall have the right to request the People's court or an arbitration institution to modify or revoke the following contracts:

- (1) those concluded as a result of significant misconception;
- (2) those that are obviously unfair at the time when concluding the contract.

Therefore, any agreements, representations and undertakings that are unlikely to encompass any of the above situations are considered as valid and enforceable and have binding-force against the contracting parties.

6. QUALIFICATIONS

6.1 Subject Matter of Opinion

6.1.1 This Opinion addresses exclusively the matter stated herein and is not to be read as extending to any other documents or matters. We express no view with respect to any other matter and are under no obligation to advise you on any matters that may occur after the date of this Opinion which would render the views expressed herein no longer applicable.

6.1.2 The general statements made under the section headed "Opinions" herein are not and shall not be construed as an exhaustive or comprehensive statement of the law in that regard and may be subject to, varied or qualified by other rules or regulations not mentioned therein.

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6.2 Benefit of Opinion

This opinion is addressed to you solely for your own benefit and prepared solely for the purpose of inclusion in the prospectus in connection with the listing of Winsun on the MESDAQ Market of Bursa Malaysia Securities Berhad, and is not to be transmitted or disclosed to or used or relied upon by any other person or used or relied upon by you for any other purpose, except with our prior written consent.

6.3 Documents not Examined

For the purpose of this Opinion, we have not examined or reviewed any contracts, instruments and other documents that may have been entered into or which may affect this Opinion, other than those specified above; nor have we made any other enquiries or investigations on the Company. Accordingly, our Opinion is subject to there not being anything contained in any document not reviewed by us that may require us to vary or amend this Opinion.

Yours faithfully


John Wu

WINTELL & PARTNERS



15. DIRECTORS' REPORT



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WINSUN TECHNOLOGIES BERHAD (766535-P)

Registered Office

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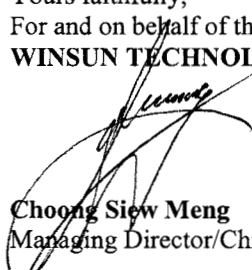
18 December 2007

To : The Shareholders of WinSun Technologies Berhad ("WinSun")

On behalf of the Board of Directors of WinSun, I wish to report after due enquiry that between the period from 30 June 2007 (being the date to which the last audited financial statements of WinSun and its subsidiaries ("Group") have been made up) to 18 December 2007 (being a date not earlier than 14 days before the issuance of this Prospectus), that:

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 11.11 of this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) there have been, since the last audited financial statements of the Group, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in respect of any borrowings; and
- (f) save as disclosed in this Prospectus, there have been, since the last audited financial statements of the Group, no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
WINSUN TECHNOLOGIES BERHAD


Choong Siew Meng
Managing Director/Chief Executive Officer