

## 5. INFORMATION ON OUR GROUP

### 5.1 History

Our Company was incorporated as a private limited company in Malaysia under the Act on 21 March 2007 under the name of Winsun Technologies Sdn Bhd. We were granted the MSC status by MDeC on 15 August 2007. On 5 October 2007, we converted into a public limited company and assumed our present name on even date. Our Company commenced business on 25 October 2007.

The principal activities of our Company are investment holding and R&D. Our subsidiaries are principally involved in the provision and design of industrial automation systems.

The history of our Group started during the onset of China's economic boom in the 1990s, with the incorporation of Winner on 8 August 1994 in China as a joint-venture ("JV") company between Singapore EP Technology Pte Ltd, Shanghai Hua Neng Electrical Complete Equipment Co, Ltd and Shanghai Zhabei Foreign Economic Service Centre. Winner is principally engaged as a solution provider and system designer for automation systems. Under the leadership of our Managing Director/CEO, Choong Siew Meng, Winner has successfully expanded from a small engineering outfit to become an established company in the industrial automation industry in Eastern China.

In line with Winner's business plan to undertake various projects, Winco was incorporated on 26 December 2003 in China as a solution provider and system designer of sophisticated and high-end automation systems. Over the years, our Group has been proven to be one of the leading automation and drive solutions provider for a wide range of process and non-process industries such as metals, machinery, chemical, power, semiconductor, automobile, construction, mining, agriculture, water treatment, home appliances and others.

Our Group specialises in the R&D of IICMS which includes the design of automated and drive control systems. In addition, our Group is also involved in intelligent field instrumentation, industrial engineering design, customised software programming, engineering and production, installation and commissioning as well as comprehensive maintenance, support and training.

The following table summarises the key milestones that our Group has achieved since our inception:

| Year | Key Milestones  |
|------|---|
| 1994 | Winner was incorporated as a solutions provider of automation systems. It had an original team of 12 employees.<br><br>Winner started collaboration with Siemens Asia Pacific based in Singapore, as a distributor for automation and drives, and electrical control products.  |
| 1997 | Winner established a Beijing branch office to service customers in Beijing and northern regions of China. Winner successfully penetrated the oil and gas, iron and steel and sugar refinery sectors.  |
| 1998 | Share transfer between Shanghai Hua Neng Electrical Complete Equipment Co. Ltd and Singapore EP Technology Pte Ltd to Choong Siew Meng, Loo Yuen Tuan and Lu Yu Hong Chu.<br><br>Winner relocated its corporate office to 700 North Xi Cang Road, Shanghai, and spent approximately RMB2 million to establish its production facilities and engineering department at its current head office/headquarters at No. 2507 Pudong Avenue, Shanghai. |

**5. INFORMATION ON OUR GROUP (Cont'd)**

| <b>Year</b> | <b>Key Milestones</b>   |
|-------------|---|
| 1999        | Our Group commenced the fabrication of our in-house designed single unit electrical control system for application in the metals, plastics, rubber and cable industries.  |
| 2000        | Winner obtained the ISO 9001:94 Certification.  |
| 2001        | Winner established a Wuhan representative office to facilitate strategic planning and market intelligence in Central China especially in Hu Bei Province.<br>Winner was awarded "1999/2000 Excellency Award" by Siemens Automation & Drives Group, Siemens (China).   |
| 2002        | Our Group commenced the fabrication of multi unit electrical control system for Shanghai Baosight Co., Ltd.<br>Winner was awarded "2000/2001 Best Performing Partner Award" by Siemens Automation and Drives Group, Siemens (China).<br>Winner shifted its corporate office to its current head office/headquarters at No. 2507 Pudong Avenue, Shanghai and occupied a built-up space of approximately 1,700 sq. m. |
| 2003        | Winco was incorporated as a solutions provider and system designer of sophisticated and high-end automation systems.<br>Winner signed its Purchasing Frame Agreement with SIAS.<br>Winner was awarded "2002/2003 Best Partner Award" from Siemens Automation and Drives Group, Siemens (China).   |
| 2004        | Winco was awarded "2003/2004 Best Large Drive/Motion Control Business Unit Sales Volume Award" from Siemens Automation and Drives Group, Siemens (China).   |
| 2005        | Our Group established offices in Ningbo (ZheJiang Province), Wuxi (JiangSu Province) and Wuhu (AnHui Province).<br>Winco was awarded "2004/2005 Best Performing Partner" by Siemens Automation and Drives Group, Siemens (China).<br>Winner obtained the CE certification for its PLC cabinets.<br>Winco obtained the ISO 9001:2000 certification.  |
| 2006        | Winco obtained the CCC certification.<br>Winco's trademark registration application was filed to the Trade Mark Office in China.  |
| 2007        | Winco has commenced its patent application process in China and Malaysia for its MUPS.  |

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.2 Share Capital

Presently, our authorised share capital is RM100,000,000 comprising 1,000,000,000 Shares. The issued and paid-up share capital is RM30,000,000 comprising 300,000,000 Shares.

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

| Date of allotment | No. of Shares allotted | Par value RM | Consideration   | Cumulative issued and paid-up share capital RM |
|-------------------|------------------------|--------------|---|--|
| 21 March 2007     | 2                      | 1.00         | Cash (Subscribers' shares)                                  | 2  |
| 25 October 2007   | 6,999,998              | 1.00         | Otherwise than cash (as consideration for the Acquisitions) | 7,000,000                                      |

After the completion of the Acquisitions, we undertook a share split to subdivide the existing par value of ordinary shares of WinSun from RM1.00 per share to RM0.10 per share.

Upon completion of the Share Split, our Company's issued and paid-up share capital changed from RM7,000,000 comprising 7,000,000 ordinary shares of RM1.00 each in WinSun to RM7,000,000 comprising 70,000,000 ordinary shares of RM0.10 each in WinSun. The Share Split was completed on 26 October 2007.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.3 Flotation Exercise

In conjunction with, and as an integral part of the listing and quotation for our entire issued and paid-up share capital on the MESDAQ Market, we undertook the following exercises :

#### 5.3.1 Acquisitions

##### 5.3.1.1 Acquisition of Winco

WinSun entered into a conditional share sale agreement ("SSA") dated 25 June 2007, with Choong Siew Meng and Choong Lai Chun, being the vendors of Winco for the acquisition of the entire registered and paid-up capital of Winco of USD1,000,000 for a purchase consideration of RM6,999,997 and was satisfied in full by the issuance of 6,999,997 new ordinary shares of RM1.00 each in WinSun at par ("Consideration Shares").

The purchase consideration for the Acquisition of Winco was arrived at on a "willing-buyer willing-seller" basis after taking into account the adjusted NA of Winco of RM8,501,773 which was derived at as follows:

|  |           |
|--|-----------|
|  | <b>RM</b> |
| Audited NA as at 31 December 2006                      | 5,546,694 |
| Estimated PAT for the six (6) months FPE 30 June 2007* | 2,955,079 |
| Adjusted NA  | 8,501,773 |

*Note:*

\* A special audit was carried out on Winco for the six (6) months FPE 30 June 2007 and the profit after tax was RM2,829,205.

The purchase consideration for the Acquisition of Winco of RM6,999,997 represents a discount of RM1,375,902 of the adjusted NA of Winco (after incorporating the audited PAT for the six (6) months FPE 30 June 2007).

The vendors of Winco, the amount of registered and paid up capital that was acquired by WinSun and the number of new ordinary shares of RM1.00 each in WinSun that were issued to the vendors of Winco pursuant to the Acquisition of Winco are as follows:

|                       | Registered<br>and paid-<br>up capital<br>USD | % of<br>registered<br>and paid-<br>up capital | Purchase<br>Consideration<br>RM | No. Of<br>ordinary<br>shares in<br>WinSun of<br>RM1.00<br>each issued |
|-----------------------|--|---|---------------------------------|---|
| Choong Siew Meng      | 500,000                                      | 50  | 3,499,999                       | 2,999,998   |
| Choong Lai Chun       | 500,000                                      | 50  | 3,499,998                       | 2,099,999   |
| Others <sup>(1)</sup> | -  | -   | -                               | 1,900,000   |
| <b>Total</b>          | <b>1,000,000</b>                             | <b>100</b>                                    | <b>6,999,997</b>                | <b>6,999,997</b>  |

*Note:*

<sup>(1)</sup> Pursuant to a letter of nomination dated 25 June 2007, Choong Siew Meng and Choong Lai Chun have nominated certain Directors and persons who may have contributed to our Group's success to accept the allotment of part of the Consideration Shares.

The Acquisition of Winco was completed on 25 October 2007.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.3.1.2 Acquisition of Winner

WinSun entered into a conditional SSA dated 25 June 2007 with Choong Siew Meng, being the vendor of Winner for the acquisition of the entire registered and paid-up capital of Winner of USD600,000 for a purchase consideration of RM1.00 and was satisfied in full by the issuance of one (1) new ordinary share of RM1.00 each in Winsun at par.

The purchase consideration for the Acquisition of Winner was arrived at on a "willing-buyer willing-seller" basis after taking into account the adjusted net liabilities of Winner of RM1,501,775 which was derived at as follows:

|  | RM                 |
|--|--------------------|
| Audited net liabilities as at 31 December 2006         | (1,533,275)        |
| Estimated PAT for the six (6) months FPE 30 June 2007* | 31,500             |
| Adjusted net liabilities                               | <u>(1,501,775)</u> |

**Note:**

\* A special audit was carried out on Winner for the six (6) months FPE 30 June 2007 and the profit after tax was RM200,472.

The purchase consideration for the Acquisition of Winner of RM1.00 represents a premium of RM1,332,804 of the adjusted net liabilities of Winner (after incorporating the audited PAT for the six (6) months FPE 30 June 2007). The Acquisition of Winner is to complement the activities by Winco particularly when Winner was the company that was first established by the Promoters. Further, it would eliminate any potential conflict of interest that may arise resulting from the common shareholding between Winner and Winco in the future.

The vendor of Winner, the amount of registered and paid up capital that was acquired by WinSun and the number of new ordinary shares of RM1.00 each in WinSun that were issued to the vendor of Winner pursuant to the Acquisition of Winner are as follows:

|                  | Registered<br>and paid-<br>up capital<br>USD | % of<br>registered<br>and paid-<br>up capital | Purchase<br>Consideration<br>RM | No. Of<br>ordinary<br>shares in<br>WinSun of<br>RM1.00<br>each issued |
|------------------|--|---|---------------------------------|---|
| Choong Siew Meng | 600,000                                      | 100   | 1                               | 1   |

The Acquisition of Winner was completed on 25 October 2007.

PIVB, as the Adviser for the Flotation Exercise, is of the opinion that the total purchase consideration of RM6,999,998 for the Acquisitions, which is based on the aggregated adjusted net assets and net liabilities of Winco and Winner, respectively of RM6,999,998, as disclosed in Sections 5.3.1.1 and 5.3.1.2 above, is fair and reasonable.

Upon completion of the Acquisitions, our issued and paid-up share capital has increased from RM2.00 comprising two (2) ordinary shares of RM1.00 each in WinSun to RM7,000,000 comprising 7,000,000 ordinary shares of RM1.00 each in WinSun.



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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The new ordinary shares of RM1.00 each in WinSun issued pursuant to the Acquisitions ranked equally in all respects with the existing ordinary shares of RM1.00 each in WinSun including voting rights and rights to all dividends and distributions that may be declared, subsequent to the date of allotment of the ordinary shares of RM1.00 each in WinSun issued pursuant to the Acquisitions.

**5.3.2 Share Split**

After the completion of the Acquisitions, we undertook a share split to subdivide the existing par value of ordinary shares of WinSun from RM1.00 per share to RM0.10 per share.

Upon completion of the Share Split, our Company's issued and paid-up share capital changed from RM7,000,000 comprising 7,000,000 ordinary shares of RM1.00 each in WinSun to RM7,000,000 comprising 70,000,000 ordinary shares of RM0.10 each in WinSun. The Share Split was completed on 26 October 2007.

**5.3.3 Public Issue**

The 30,000,000 new WinSun Shares to be issued at the Public Issue Price pursuant to the Public Issue will be allocated and allotted in the following manner:

**(i) Malaysian Public**

3,000,000 Public Issue Shares will be made available for application by the Malaysian Public.

**(ii) Eligible Directors and Employees of our Group**

2,000,000 Public Issue Shares will be made available for application by the eligible Directors and employees of our Group.

**(iii) Private Placement**

25,000,000 Public Issue Shares will be made available for application by way of private placement to identified investors.

Upon completion of the Public Issue, our issued and paid-up share capital will increase from RM7,000,000 comprising 70,000,000 WinSun Shares to RM10,000,000 comprising 100,000,000 WinSun Shares credited as fully issued and paid-up.

**5.3.4 Bonus Issue**

As part of the Listing and as an incentive to our shareholders subsequent to the Public Issue, we will implement a bonus issue of 200,000,000 new WinSun Shares to all shareholders of WinSun prior to the Listing on the basis of two (2) new WinSun Shares for every one (1) existing WinSun Share held after the Public Issue and will be completed prior to the Listing. The Bonus Issue will be capitalised from the share premium account arising from the Public Issue. As a result of the Bonus Issue, the theoretical ex-bonus price will be approximately RM0.28 per Share.

Upon completion of the Bonus Issue, the issued and paid-up share capital of our Company will increase from RM10,000,000 comprising 100,000,000 WinSun Shares to RM30,000,000 comprising 300,000,000 WinSun Shares.

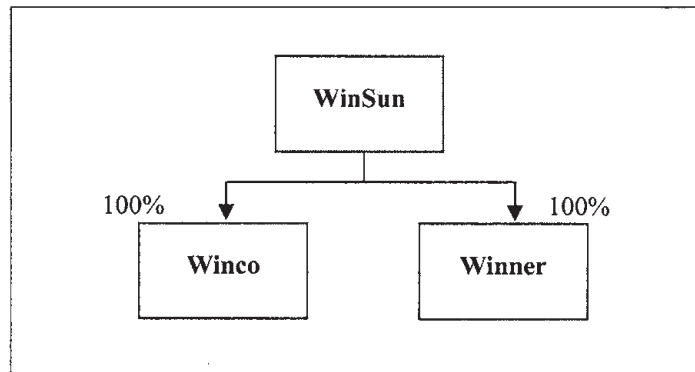
The new WinSun Shares to be issued pursuant to the Bonus Issue shall rank equally in all respects with the existing WinSun Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared prior to the date of allotment of the new WinSun Shares issued pursuant to the Bonus Issue.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.3.5 Listing

Upon completion of the Public Issue and Bonus Issue, we will seek a listing of and quotation for our entire issued and paid-up share capital of RM30,000,000 comprising 300,000,000 Shares on the MESDAQ Market.

### 5.4 Group Structure and Principal Activities



The principal activities of our Company are investment holding and R&D.

The principal activities of our subsidiaries are as follows:

| Name of company | Date/<br>Country of<br>Incorporation | Registered and<br>paid-up capital as at<br>23 November 2007<br>USD | Equity<br>interest<br>held<br>% | Principal activities   |
|-----------------|--------------------------------------|--|---------------------------------|--|
| Winco           | 26.12.2003 /<br>China                | 1,000,000  | 100%                            | Solution provider and system designer of sophisticated and high-end automation systems |
| Winner          | 08.08.1994 /<br>China                | 600,000  | 100%                            | Solution provider and system designer for automation systems                           |

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.5 Information on our Subsidiary Companies

Our Group has no associated company as at 23 November 2007, being the latest practicable date prior to the printing of this Prospectus. Further details on our subsidiary companies are as follows:

#### 5.5.1 Winco

##### (i) History and Business

Winco was incorporated as a private limited liability company in China under the *Law of the People's Republic of China on Foreign-Capital Enterprises* and *Company Law of the People's Republic of China* on 26 December 2003 and commenced its business operations on even date.

Winco is principally engaged in the business of solution provider and system designer of sophisticated and high-end automation systems.

##### (ii) Capital

The present total approved investment and registered and paid-up capital of Winco is as follows:

| Type                           | Capital<br>USD |
|--------------------------------|----------------|
| Total approved investment      | 1,400,000      |
| Registered and paid-up capital | 1,000,000      |

Details of the changes in the approved registered capital of Winco since the date of incorporation are as follows:

| Date of increase in approved registered capital | Cumulative approved registered capital<br>USD |
|---|---|
| 26.12.2003<br>(date of incorporation)           | 200,000                                       |
| 02.02.2006                                      | 430,000                                       |
| 23.05.2007                                      | 1,000,000                                     |

Details of the changes in the paid-up capital of Winco are as follows:

| Cumulative approved registered capital | Date of increase of paid-up capital | Capital allotted<br>USD | Consideration | Cumulative paid-up capital<br>USD |
|--|-------------------------------------|-------------------------|---------------|-----------------------------------|
| 200,000                                | 20.01.2004                          | 200,000                 | Cash          | 200,000                           |
| 430,000                                | 20.06.2006                          | 230,000                 | Cash          | 430,000                           |
| 1,000,000                              | 13.06.2007                          | 570,000                 | Cash          | 1,000,000                         |



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**(iii) Substantial Shareholders**

As at the date of this Prospectus, Winco is a wholly-owned subsidiary of WinSun.

**(iv) Subsidiary and Associated Companies**

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

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.5.2 Winner

#### (i) History and Business

Winner was incorporated as a private limited liability company in China under the *Law of the People's Republic of China on Chinese-Foreign Contractual Joint Venture*, *Law of the People's Republic of China on Foreign-Capital Enterprises* and *Company Law of the People's Republic of China* on 8 August 1994 and commenced its business operations on even date.

Winner is principally engaged in the business of solution provider and system designer for automation systems.

#### (ii) Capital

The present total approved investment and registered and paid-up capital of Winner is as follows:

| Type                           | Capital<br>USD |
|--------------------------------|----------------|
| Total approved investment      | 800,000        |
| Registered and paid-up capital | 600,000        |

There were no changes in the approved registered capital of Winner of USD600,000 since incorporation.

Details of the changes in the paid-up capital of Winner since the date of incorporation are as follows:

| Date of increase of paid-up capital   | Capital allotted<br>USD | Consideration | Cumulative paid-up capital<br>USD |
|---------------------------------------|-------------------------|---------------|-----------------------------------|
| 08.08.1994<br>(date of incorporation) | 180,000                 | Cash          | 180,000                           |
| 15.08.1996                            | 420,000                 | Cash          | 600,000                           |

#### (iii) Substantial shareholders

As at the date of this Prospectus, Winner is a wholly-owned subsidiary of WinSun.

#### (iv) Subsidiary and associated companies

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

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6 Business Overview of Our Group

#### 5.6.1 Products and Services

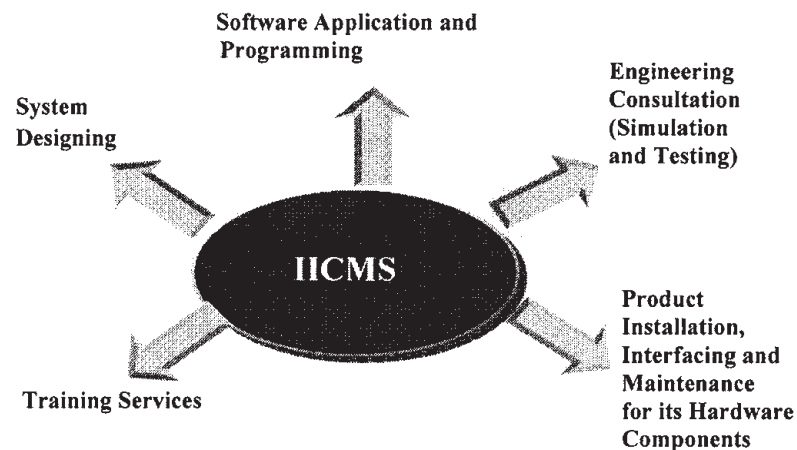
We provide a comprehensive, integrated range of industrial automation products and systems for efficient automation of the entire production workflow for various industries known as Intelligent Industrial Control Management Systems or IICMS.

#### Our IICMS

Our IICMS is a *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. All of our Group's products are developed based on *IICMS technology which is an inter-operable/ open protocol component-based system*. Thus, this provides our Group and/ or our customers the flexibility to choose from multiple brands from various vendors and components for the system, upgrading or replacing existing equipment. With an open protocol system/ inter-operable, this enables our Group to price our IICMS systems in accordance with our customers' pricing needs and requirements.

Our IICMS comprise the following key components:

#### Key Components of Our IICMS



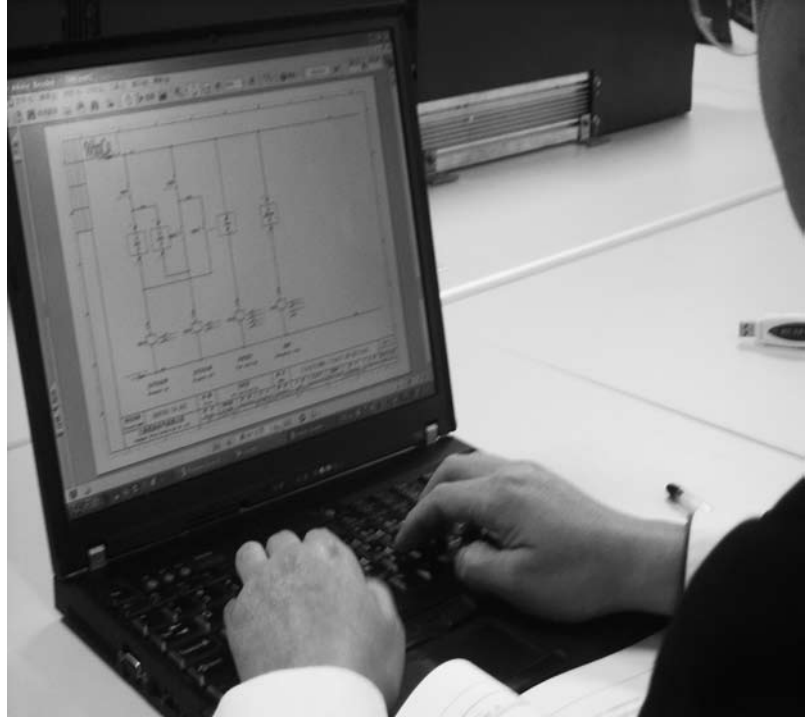
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**5. INFORMATION ON OUR GROUP (Cont'd)**

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- System Designing
  - the conceptual design of our Group's IICMS taking into consideration our industrial know-how, the engineering and product specifications and the integration of our system.



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## 5. INFORMATION ON OUR GROUP *(Cont'd)*

- Software Application and Programming
  - the programming and configuration (internally developed software programmes) to enable the various components of our system to communicate with each other, including any customisation or software upgrades.



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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- Engineering Consultation (Simulation and Testing)
  - involves the simulation and testing of the system by our Group, including the checking and confirmation that our system is operating as per the design.



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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- Training Services
  - services provided by our Group upon delivery including commissioning and training, provision of any technological updates, fault diagnosis and maintenance of our system.

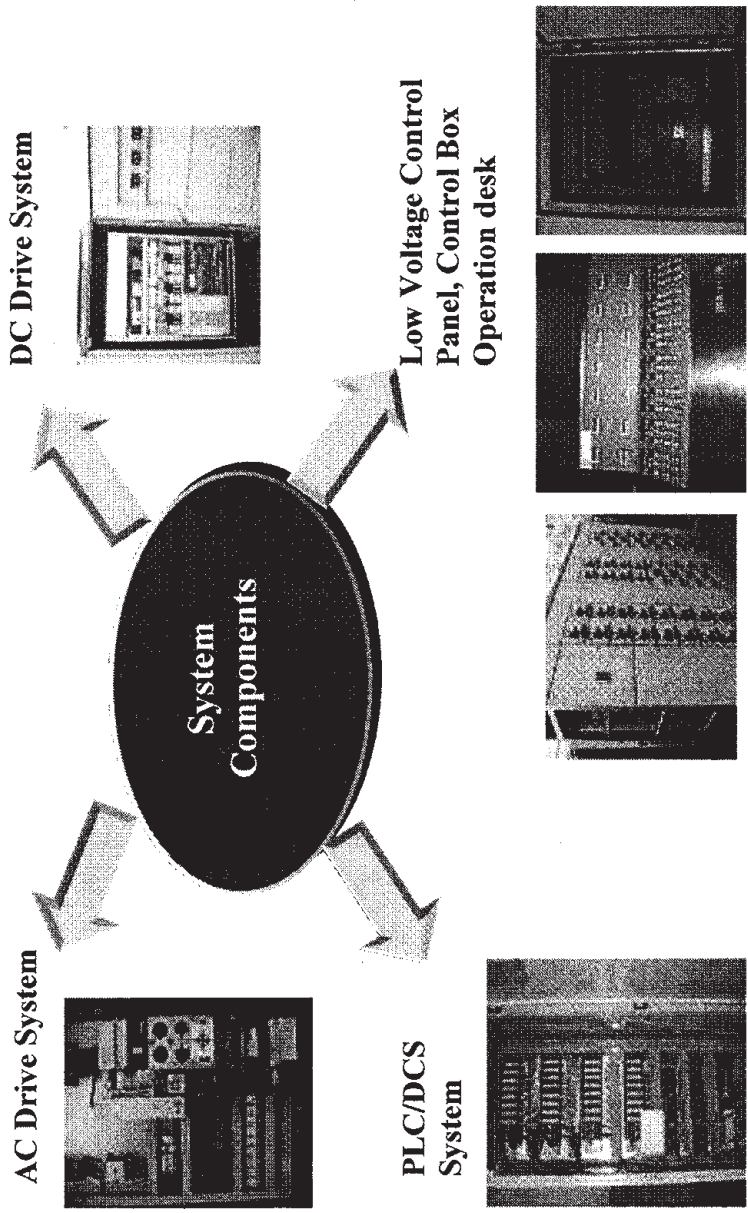


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5. INFORMATION ON OUR GROUP (Cont'd)

- Product Installation, Interfacing and Maintenance of Hardware Components such as AC Drive System, DC Drive System, PLC System, Low-Voltage Control Panel, Control Box and Operation Desk and etc.

Hardware Components of Our IICMS



Note:

The above illustrations are examples and are not representative of all the Hardware Components of our IICMS.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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Our Group's strength and value-added capabilities are in its ability to provide technological and industrial expertise to facilitate efficient and effective processes in industrial automation.

The IICMS systems require seamless and effective integration of both software and hardware components like design technology and design knowledge with engineering machines, equipment and tools. Design technology and design knowledge would involve utilising software tools like computer-aided design / computer-aided manufacturing (CAD / CAM) in a way that capitalises on our Group's in-depth knowledge of industrial automation designs and processes.

Amongst the advantages of using an integrated automation solution are lower engineering costs in the development of automation solutions, lower lifecycle costs in the plant operations and a significant reduction of the time-to-market.

Our integrated automation solutions are also expected to contribute to higher productivity levels and improved cost savings, hence benefiting our customers in every stage of their engineering and operational processes.

**IICMS for Different Industries**

In addition, notwithstanding our Group's wide customer base covering 12 different industries, our Group has the ability to customise its designs and systems to meet the requirements of different customer needs. Furthermore, each customer's needs would differ depending on factors such as legacy equipment, plant area and environment. The breakdown of our revenue contribution and customer segmentation by industry are disclosed in Section 5.6.3 of this Prospectus.

We provide industry-specific automation systems/ solutions to cater to our customers' specific requirements. The following system support services are provided to our customers:

- (i) industrial know-how system design;
- (ii) system integration;
- (iii) system engineering and production;
- (iv) system programming;
- (v) system testing and commissioning;
- (vi) on-site installation and start-up;
- (vii) system maintenance and training, and
- (viii) warranty handling and repair services.

**IICMS for Different Processes within the Industries**

Our IICMS will provide integrated automation systems that are critical in every stage of the engineering, production and operation processes in the industries that our Group serves. This would involve creating systems that meet our customers' specifications, in addition to having smoother, better and more efficient production processes (i.e., in terms of cost saving, lower life cycle costs, system management (via pulse width modulation, variable voltage variable frequency drive) and accurate fault diagnostic capability.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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*For example*, our Group has the capability to develop and implement our IICMS to cater for *various processes within the metal industry*. In year 2003, our Group completed the 60 Ton Spinning Furnace IICMS for a steel plant. In year 2006, our Group completed a Material Handling Control IICMS for a separate steel plant.

**(i) The 60 Ton Spinning Furnace IICMS**

This process involves *cooking* iron liquid in the furnace into steel liquid in extremely high and burning temperature. As such, this involves operating at extremely harsh furnace environment and electrical interference coupled with twisted pair cables is a serious concern. Furthermore, with the aging installation the drive control system had been having many interruptions.

However, with our Group's technological and industrial expertise in the field of industrial automation, our Group devised a system that met the customer's specifications and effectively addressed the above.

Our Group's IICMS also resulted in wider data bandwidth and much higher transmission rate. Our IICMS has been working well without any further disruptions. Other benefits to the customer include the following:

- Greater programming control and flexibility;
- Eliminated interference and human errors;
- Higher worker safety;
- Ensured process quality through accurate flow measurement; and
- Increased process efficiency by reducing downtime, equipment and maintenance cost.

**(ii) Material Handling Control IICMS**

This process involves material control, mixer control, boiling flash and heat control and the measurement of chemical substance for metal liquid. Our Group was able to devise a system that reduced energy losses and resulted in higher energy efficiency. The benefits include the following:

- Ability to control the percentage of loading material;
- Material supply and converter speed under monitoring and synchronous control;
- Different material content handling under program monitoring of control system;
- Energy recovery and energy saving;
- Lower equipment and maintenance cost;
- Improved stability and performance;
- Increased operational flexibility; and
- Centralised control.

Based on the above, it is apparent that the design and development of the software and integration with the hardware components are very different. However, despite the variables involved, our Group has the capability to cater for them.



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**Factors to be Considered in the Development of an IICMS**

Amongst the factors that need to be taken into consideration for the above are the overall characteristics of each system.

*The overall characteristics of each system would depend on the separation of the modules, redundancy, level of interaction, reliability of communication between the modules at different levels of the multi-process facility systems and the characteristics of the network, such as communication speed, compatibility, cabling needs, bandwidth requirements, processing capacity, memory and the number of communication links in the system.*

*(Source: IMR prepared by D&B Malaysia)*

In addition, the stability of the power supply from the main (due to the constraint in power supply in various locations in China) and the critical degree of the varied power consumption requirement of each system, and lastly, the environment factors (the varied degree of the operating environment, such as heat & noise reduction, EMC (Electro-magnetic compatibility) requirement and also the possible needs to be environmental friendly).

It should also be noted that many other industrial automation systems are installed in harsh operating environments such as high processing temperature (with respect to sensor and control capabilities), steep thermal gradients, corrosivity, high particle content, combustion, or high processing speeds. All these affect the performance of the installed industrial automation systems. In this context, our Group is able to offer systems that are modular, scalable, versatile, robust and reliable to withstand these environments.

However, despite the effectiveness of our existing IICMS systems, our Group continuously develops and implements new technological advancements, in line with industry trends to add value to its systems. This would include upgrades to its existing systems to provide faster industrial data communications between the various parts of the industrial automation systems thus leading to more efficient systems. In return, the quality of its customers' products will improve, increasing yields, production rates and uptime, and decreasing cycle time. Details of our future plans, strategies and prospects are disclosed in Section 5.9 of this Prospectus.

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5. INFORMATION ON OUR GROUP *(Cont'd)*

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**Illustrations of the Hardware Components of our ICMS**



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5. INFORMATION ON OUR GROUP (Cont'd)



*Note:*

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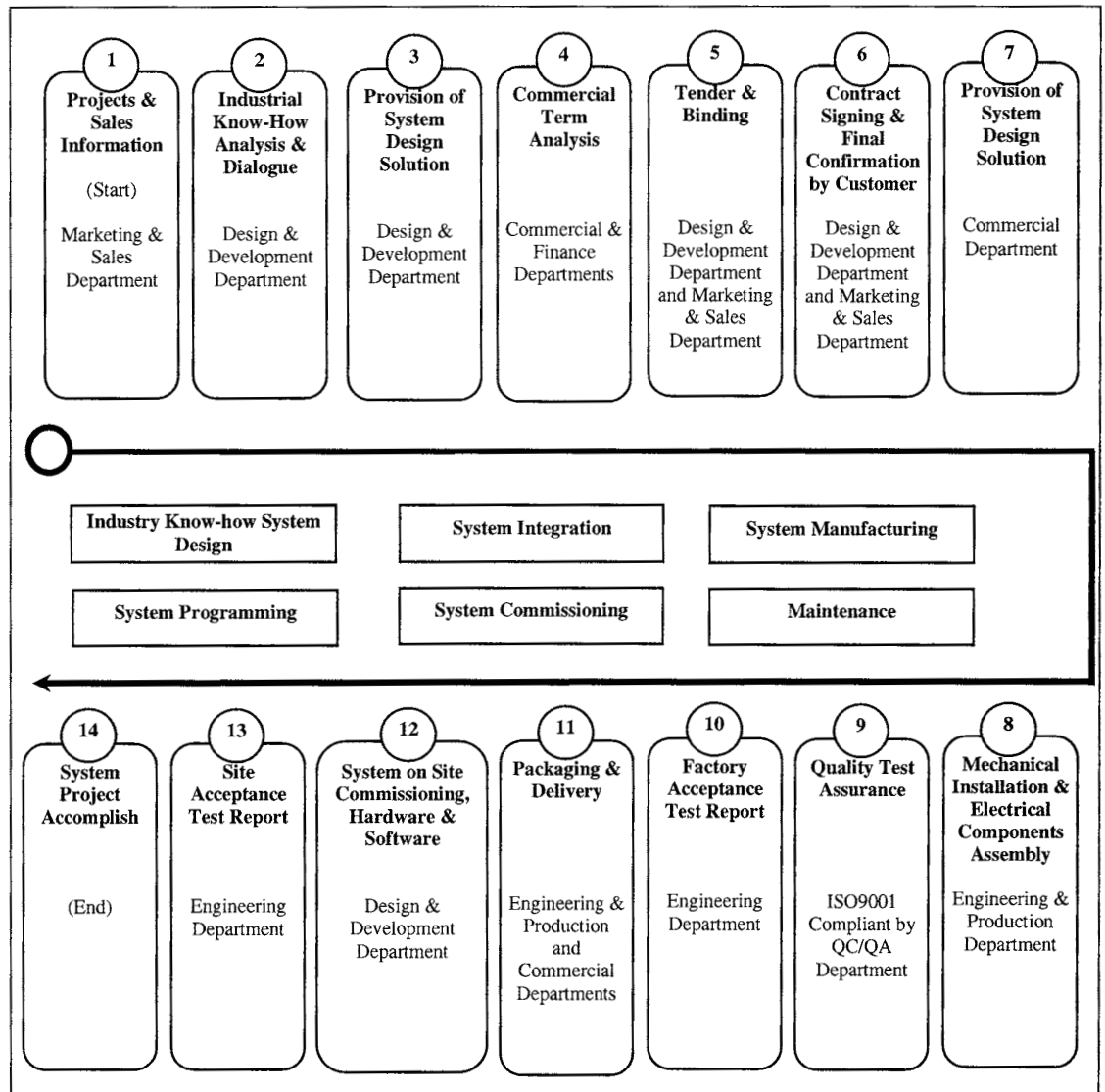
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5. INFORMATION ON OUR GROUP (Cont'd)

5.6.2 Business Process

5.6.2.1 Operation Flow

Our operation flow is as follows:



Our business process based on the operation flow above ranges between six (6) weeks to two (2) years. Such duration is necessary as time is required for project feasibility studies and evaluation, approvals from the various local governmental bodies and authorities prior to commencement and project funding requirements. However, the average length of the contract period (from contract signing to completion/ delivery) ranges between one (1) week to 36 weeks, with a majority of the contracts ranging between eight (8) weeks to 16 weeks.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

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### Description of our operation flow:

1. Marketing & Sales Department obtains information such as customer's requirement from customers.
2. Design & Development Department conducts industrial know-how analysis and dialogue, to obtain more information about the industry that customer is operating in, the reason for development, and carries out production planning.
3. Design & Development Department will provide system design solution according to customer's needs.
4. Commercial and Finance Departments conduct commercial term analysis to prepare quotation.
5. Design & Development and Marketing & Sales Department participate in tender and bidding for the project.

There are 2 types of tenders in our Group's business process, i.e., open tenders and close tenders.

Open tenders are projects whereby our Group receives invitations to tender or projects identified by our Group via our Marketing & Sales Department to submit our tender. Close tenders are for those projects whereby tenders are made by invitations for customers designated suppliers only.

Our Group requires approximately two (2) weeks to prepare the tender documents for submission (comprising two (2) types i.e., the technical document and commercial document). The technical document comprises the proposed system design, specifications and configurations, software applications and hardware components. The commercial document comprises the payment terms, pricing and financing requirements for the project.

Upon submission of the tender documents, the awarder would invite the participants who have been short listed to discuss and deliberate on their tenders. This would usually take a period of two (2) weeks.

The awarder would then deliberate internally and the results of the tender would be made known within the next two (2) weeks.

6. When our Group successfully obtains the project, the Design & Development and Marketing & Sales Department will sign a service agreement with customer.
7. Upon confirmation of the project, the Commercial Department will carry out procurement for the necessary equipment and system and deal with the logistic issues.
8. A copy of the production-planning schedule will be passed over to the Engineering and Production Department for actual production to be carried out, which include mechanical installation and electrical components assembly.

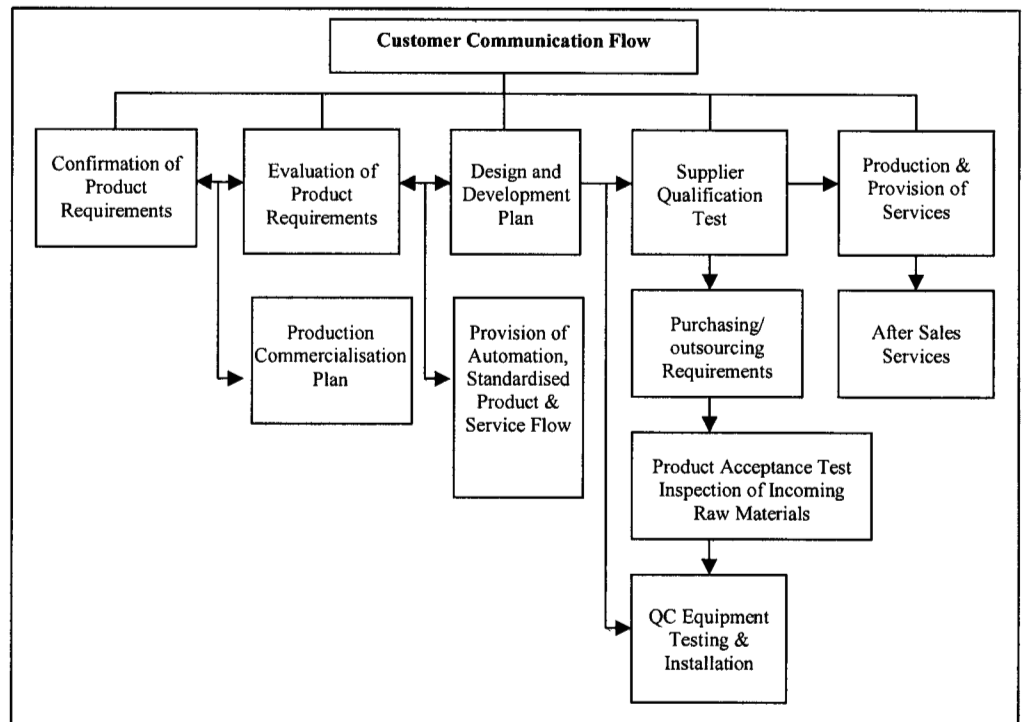


**5. INFORMATION ON OUR GROUP (Cont'd)**

9. QC Department will conduct quality assurance test to every single unit of the product assembled.
10. Once the product has gone through QA test, the Engineering & Production Department and factory will issue a Factory Acceptance Report to ensure the quality of the product provided to customer.
11. After that, the product will be delivered to customer.
12. Design & Development Department will conduct on-site system testing and commissioning, including installation of hardware and software.
13. Once customer is satisfied with the product provided, Engineering & Production Department will issue a Site Acceptance Test Report to the customer.
14. Customer will sign the Site Acceptance Test Report, which marks the end of a project.

**5.6.2.2 Product Process Flow**

Our product process flow is as follows:



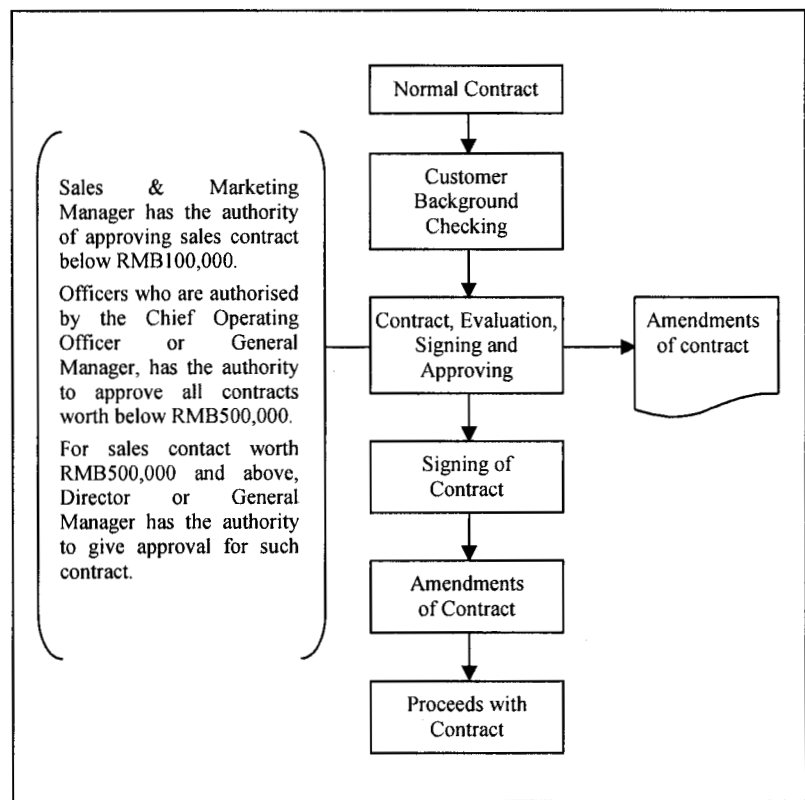
## 5. INFORMATION ON OUR GROUP (Cont'd)

### (i) Confirmation of Product Requirements/Evaluation of Product Requirements

Before the signing of a contract, the Marketing & Sales and Commercial Departments are responsible for collecting the requirements and specifications of the products from the customers, which is required to be outlined clearly in the proposal, including design specifications, design plans, legislation, industrial standards and requirements involved and ensure that the information is stated clearly in the proposal.

### (ii) Evaluation of Product Requirements

The procedure in evaluating customer's product requirements are as follows:



### (iii) Production Commercialisation Plan

#### (a) Normal Contracts

The design and development team will work together with staff from Marketing & Sales and Commercial Departments to prepare for a tender. The Commercial Department and Marketing & Sales Department are responsible to obtain detailed information about customer's requirements and to prepare a proposal for the customer.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**(b) Special Contracts**

The Commercial Department will plan the pre-development works according to technical requirements and reason for design and development, including customer's requirements, supplier's requirement, purchasing requirement, installation and testing procedures, QC test, availability of resources, logistics, testing and commissioning and after sales services.

A normal contract is a simple contract which is normally managed by the Design & Development Department. A special contract is a complex contract with difficult technical requirements. Our Group's Directors and key management will be responsible for the special contracts.

**(iv) Design and Development Plan**

Our design and development planning involves the following:

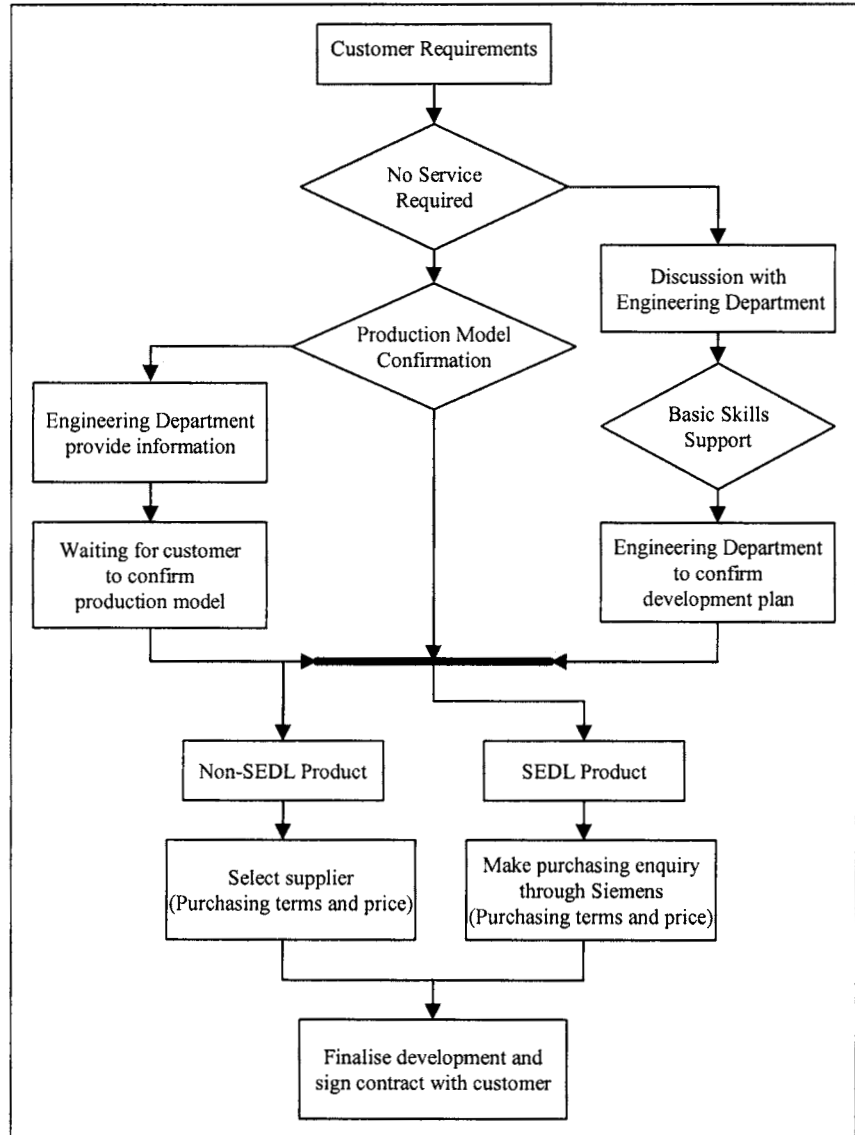
1. Determine the objective and area of development.
2. List out the responsibilities of each person in the development team.
3. Prepare design and development documents, to describe the concept of development, development facts (according to market requirement), content and requirement of development and members of the development team.
4. To prepare development plan, describe the evaluation and testing plan at each stage of development.
5. Design Input - To include customer's specifications and requirements, industrial standard and relevant legislations in the design and development plan.
6. Design Output - To include technical specification and technical feasibilities, product acceptance test plan.
7. The Design & Development Department will evaluate the design and development documentation.
8. Design Confirmation Test – conduct product confirmation test at various stages of development, according to specification and requirements written in the development plan.
9. Design Acceptance Test - Customers and development team accepts products or services that have gone through design confirmation test.
10. Design Alteration – All the confirmed designs can only be altered or amended by the designer. Any alterations have to be documented and approved by the engineer.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### (v) Provision of Automation, Standardised Product and Service Flow

The following chart illustrates the provision of automation, standardised product and service flow:

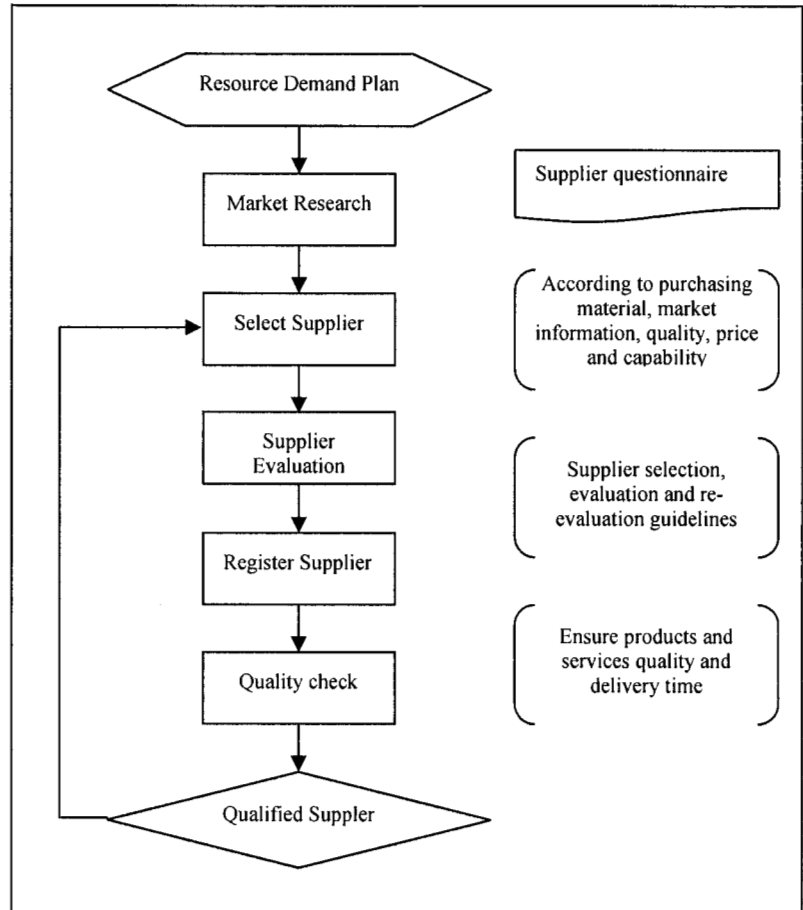


After the design and development plan is finalised based on our customer's requirements, our Group will prepare a list of raw material to be acquired for our engineering and production processes. Our Group has the option to select either Siemens Electrical Drive Ltd ("SEDL") or non-SEDL products based on its suitability for its engineering and production processes. Thereafter, we will purchase the SEDL's product from Siemens (China) and non-SEDL product from other qualified suppliers. Apart from selecting the suitable/appropriate raw materials, our Engineering Department will assist our customers to select the remaining component for its production. Upon completing these procedures and when our customers confirm and sign the proposal/contract set by our Group's Engineering Department, we will purchase all the required materials from the relevant suppliers to commence production.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (vi) Supplier Qualification Test

Our Group adheres to the following procedures in selecting our suppliers:

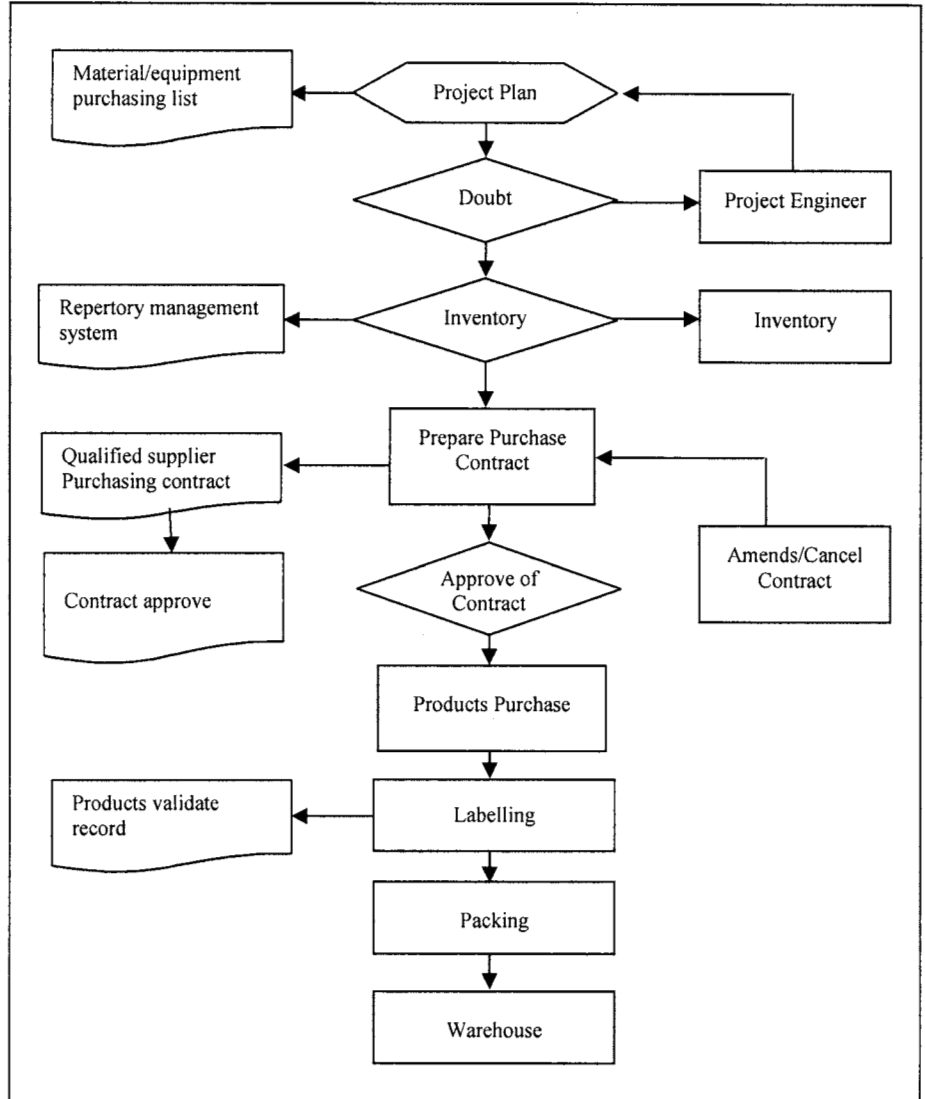


1. Market Research – Prior to selecting a supplier, the Commercial Department will conduct a research using questionnaires to identify a suitable supplier.
2. Select Supplier – The pre-approved supplier will be short-listed.
3. Supplier Evaluation – Our Group will conduct an evaluation on the supplier based on our supplier evaluation guidelines.
4. Registered Supplier – Our Group will register the suppliers who pass the test.
5. QC – The registered suppliers will need to undergo another round of QC to ensure the products purchased are of high quality and there is no delay in delivery.
6. Qualified Supplier – If the registered supplier passes the QC test, then it will become our Group's qualified supplier.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (vii) Purchasing/Outsourcing Requirements

Our purchasing/outsourcing requirements involve the following procedures:



Prior to commence production, our Engineering & Production Department will submit a material/equipment purchasing list to the Commercial Department. The Commercial Department will follow the list and prepare the raw materials required. If there is a problem arising in obtaining the raw materials stated in the list, the Commercial Department will report to the project engineer for rectification. The Commercial Department will also check the inventory warehouse to ensure there is sufficient stock available. If the inventory level is low, the Commercial Department will prepare a purchase contract to purchase the relevant raw materials from the qualified supplier. The purchase contract will be reviewed by both parties. If both parties agree with the terms and conditions of the contract, then they will both sign it.

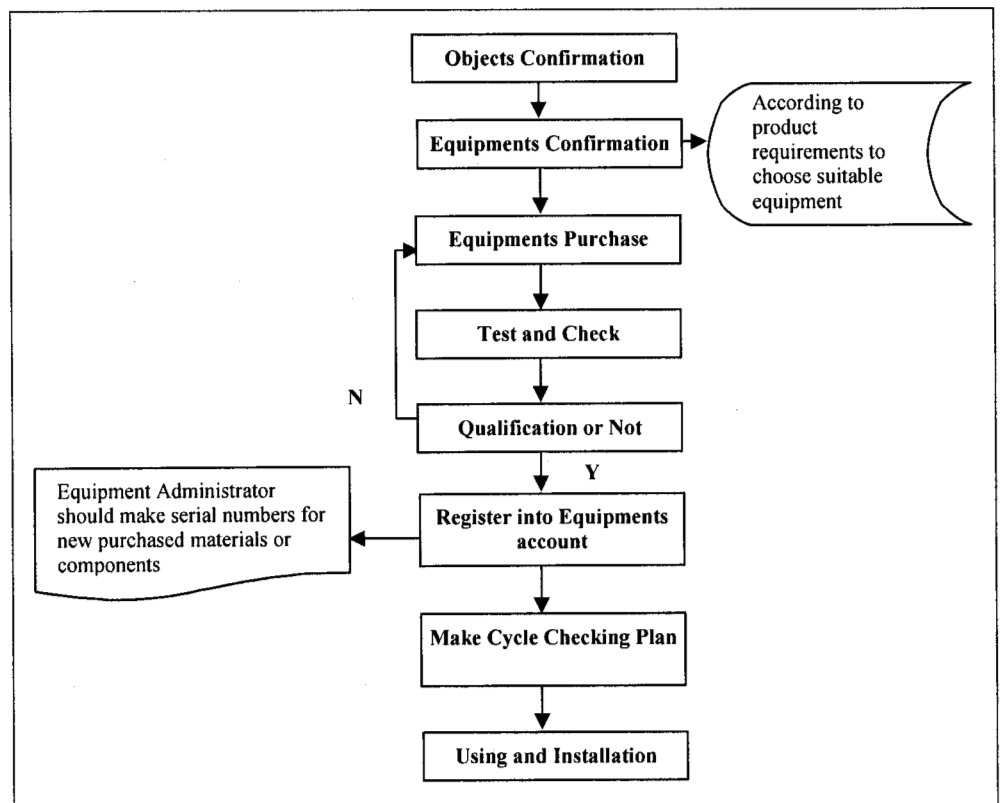
## 5. INFORMATION ON OUR GROUP (Cont'd)

Once the contract is signed, the qualified supplier will deliver the raw materials to our Group according to the contract. Upon receipt of the raw materials, verification will be conducted to ensure that the raw materials received are according to the specifications. Then the raw materials will be packed and labelled for safe storage.

### (viii) Product Acceptance Test

To ensure the quality of the incoming raw materials meets our Group's requirements, our Group will conduct a QC inspection on all the incoming raw materials. Our Group's warehouse will only accept raw materials that passed the QC test and with a "QC approved" label on it. Once it is accepted, it will be safely stored in the warehouse waiting for production. All defective raw materials will be rejected and sent back to the supplier for replacement or refund. All rejected raw materials will be labelled with a "QC failed" sticker.

### (ix) QC Equipment Testing and Installation

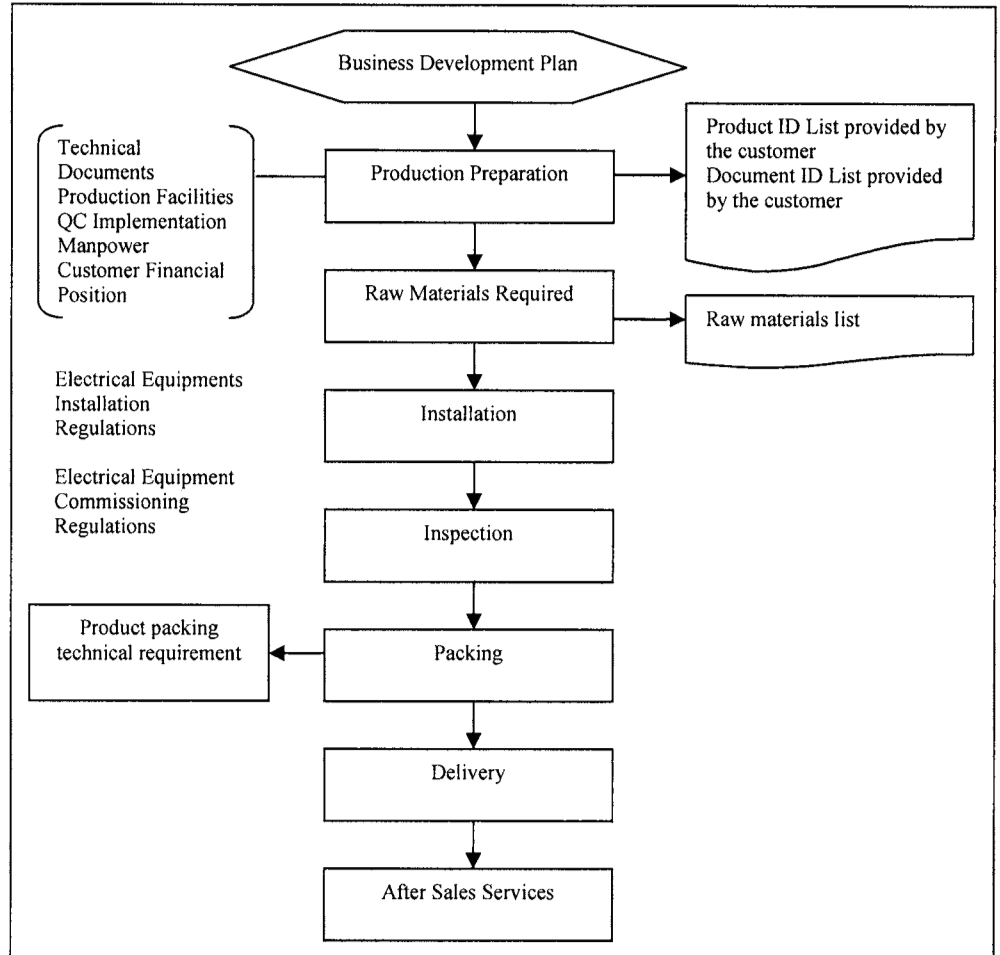


The QC equipment used by our Group to test and examine the product engineered and produced is updated from time to time with the latest technology. Our Group conducts regular inspection on our QC equipment to ensure that it is operational and well maintained. If there is any defect with the QC equipment, we will send it for maintenance. If it is beyond repair, then we will immediately replace the old equipment.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (x) Production and Provision of Services

Our production and provision of services procedures are as illustrated below:



1. Production Preparation - The Engineering & Production Department will prepare the technical document and assign the relevant manpower, production facilities and other requirements for the project.
2. Raw Material Required - The Engineering & Production Department will prepare a raw material list for the Commercial Department. The Commercial Department will purchase the required raw material from our approved supplier list.
3. Installation – The engineering and production will commence the production.
4. QC Inspection - After completing the production, the QC/QA Department will carry out a QA inspection on the product.
5. Packaging - After QC approval, it is sent for packaging.

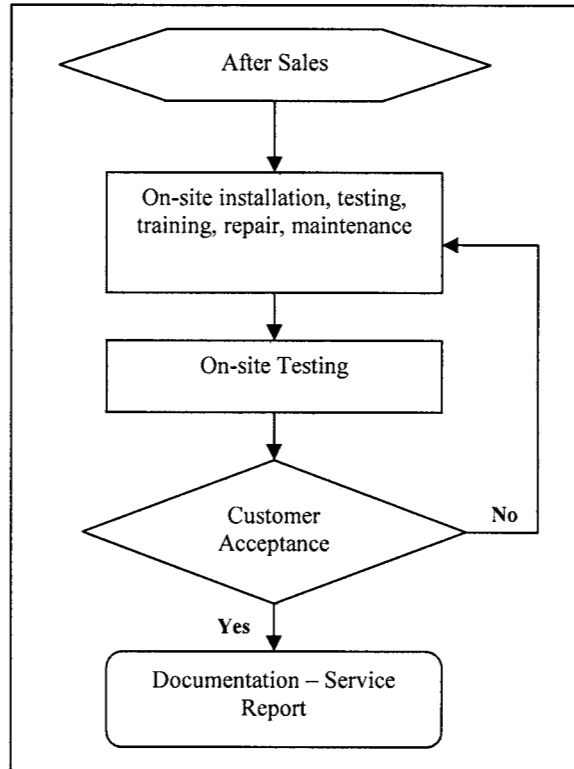


**5. INFORMATION ON OUR GROUP (Cont'd)**

6. Delivery - After packaging, the Commercial Department will deliver the product to the customer.
7. After Sales Services - To better serve our customers, our Group also provides after sales services to our customers.

**(xi) After Sales Services**

Our after sales service flow is as follows:



Our Group recognises the importance of after sales services. Thus, our Group has set up a team of staff working in the Design & Development and Engineering & Production Departments to provide on-site installation, product testing, staff training, repair works and maintenance services to our customers.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.2.3 Quality Assurance

Our Group's commitment in product quality and adherence to stringent quality standards were further reinforced when our Group was awarded the ISO 9001:2000. Our Group adopts a stringent internal quality management assurance policy to ensure that products and services provided are of high quality and meet the specifications and requirements of our customers. Our Board considers the consistently high standard of services and quality of equipment as essential attributes in retaining existing customers and attracting new ones as well as maintaining our status as one of the leading automation and drive providers in China.

Our Group conducts control checks at various stages of the projects to facilitate corrective actions in order to eradicate any cause of deviation at the sources. The quality control checks that are carried out include functionality test and integration test.

For project management, our Group conducts control checks at various stages of the tender process. Subsequently, and prior to releasing the final product, our Group conducts UAT to evaluate the navigation, validity of content displayed and accuracy of internal and external system interfaces. We will also review the test plans which consist of components and processes to be tested, processes to validate test data and method of documenting identified errors and proposed solutions with our customers.

The key activities during the testing process are to test the manual and automated functions as well as external interfaces. All the test results will be documented in the Quality Assurance Test Report.

The table below shows the major testing equipments.

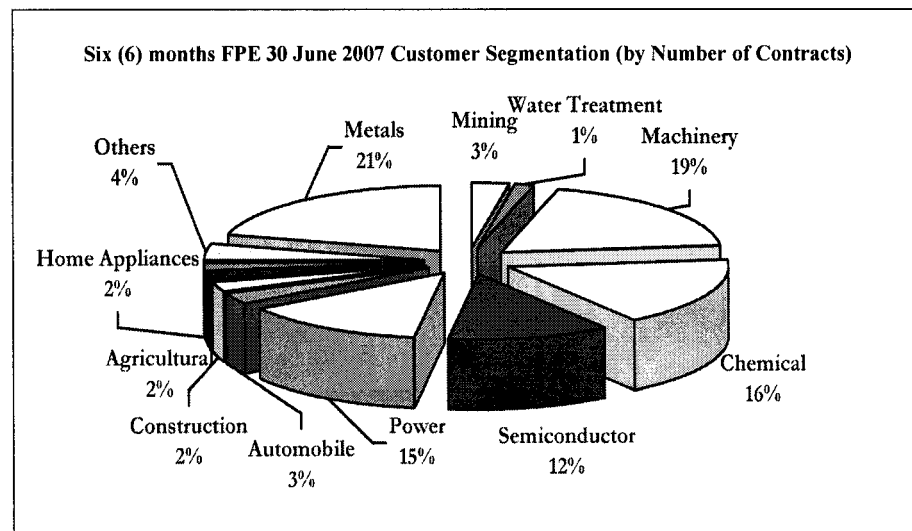
| <i>Name of Equipment</i> | <i>Description</i>                                    | <i>No. of Units</i> |
|--------------------------|---|---------------------|
| Oscillograph             | Testing the operation status of electrical equipments | 3                   |
| Multimeter               | Testing the operation status of electrical equipments | 1                   |
| Press Endure Tester      | Testing safety press status of electrical equipment   | 1                   |
| Digital Rev Meter        | Testing equipment's rotation speed                    | 1                   |
| Digital Multimeter       | Testing the operation status of electrical equipments | 2                   |
| Low Resistance Tester    | Testing the resistance of the equipment               | 1                   |
| Integration Test Bed     | A station for integration testing                     | 1                   |
| OHM Meter                | Testing OHM value                                     | 1                   |
| Vernier Caliper          | A measuring equipment                                 | 2                   |

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.3 Principal Markets

Our Group's principal market is China, whereby all our revenue up to the six (6) months FPE 30 June 2007 were solely derived from China.

Our Group's products and services are catered to different types of industries, which can be broadly classified into process industries and non-process industries. The process industries include the metals, machinery, chemicals, cement, rubber/plastics and semiconductor industry. Non-process industries include the water treatment, mining, shipbuilding and power plant industry. The market segments by customer (by number of contracts) based on our Group's revenue of RM27.16 million for the six (6) months FPE 30 June 2007, are as follows:



Based on the above, our Group's revenue is mainly derived from the metal (21%), machinery (19%), chemical (16%) and semi-conductor (12%) segments. This is mainly due to recurring orders from existing key customers and our Group does not focus on a/or specific industry(ies).

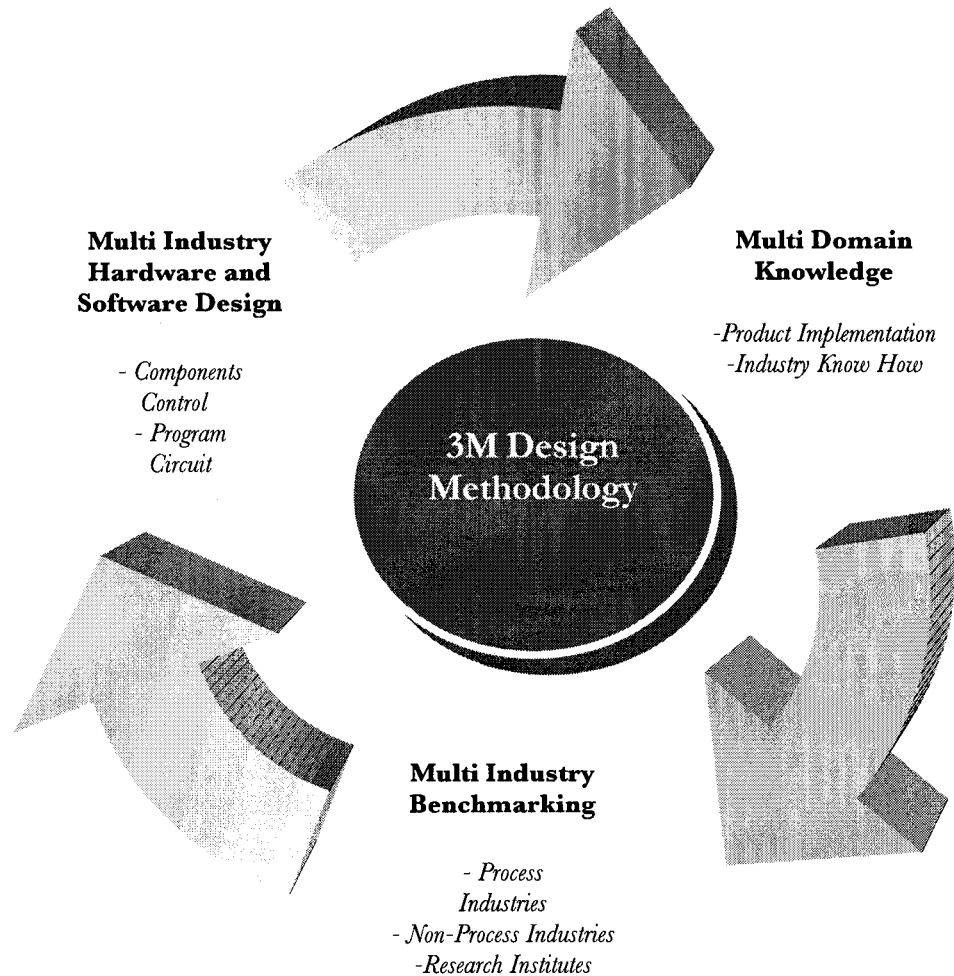
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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.4 Technology

The core technology that is utilised by our Group is known as the IICMS, which is an inter-operable/open protocol component-based system with an architecture that enables its modules to be implemented in a flexible manner. Each component is designed to satisfy relevant aspects of our customers' requirements using software design technology, design knowledge and engineering machines, equipment and tools.

The current technology overview of our Group is diagrammatically illustrated below:



### 3M Design Methodology

Our Group's main technology expertise lies in the customisation and redevelopment of processes within the organisation as well as the benchmarking of projects, into its own IICMS solution. The IICMS utilises the 3M Design Methodology, which comprises the following modules:

- Multi-Domain Knowledge;
- Multi-Industry Benchmarking; and
- Multi-Industry Hardware and Software Design.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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The 3M Design Methodology provides customers the option to choose from multiple vendors and products for upgrading or replacing existing equipment. With an open protocol system/inter-operable installed, it is possible to enjoy competitive pricing, whilst maintaining customers' specifications.

**(i) Multi-Domain Knowledge**

Domain knowledge is interconnected, as it is based on a unified and automated design method for synthesising designs. A multi-domain dynamic system includes a combination of components drawn from electrical, mechanical, hydraulic, pneumatic, and/or thermal systems, making it difficult to design a system to meet specified performance goals with a single design tool. The multi-domain design approach is not only efficient for mixed-domain problems, but is also useful for addressing separate single-domain design problems with a single tool.

In short, it comprises the following components:

- (i) product R&D;
- (ii) industry know-how; and
- (iii) product implementation.

With different skill-sets, our Group's engineering team is able to adapt to different environments within the project value chain, ranging from project bidding and project management to turnkey OEM processes. This improves the design methodology in terms of accuracy as well as cost control.

**(ii) Multi-Industry Benchmarking**

This acts as a knowledge centre for tracking and monitoring of projects details for purposes of "*benchmarking*". It focuses on process improvements by studying and benchmarking the process, design and implementation of IICMS projects. This method of benchmarking has also proven to be successful in improving project management and operational efficiency of its projects as this allows corrective actions to be put in place before the actual implementation of projects. The benchmarking process has also been instrumental in our Group's R&D development activities as it involves the compilation and knowledge of past projects which are captured in a database and used as a knowledge exchange centre for future deployment of projects. The industry benchmarking process involves the various process and non-process industries as well as collaboration with research institutes.

**(iii) Multi-Industry Hardware and Software Design**

Different projects require different model accuracy levels and algorithms. As such, a multi-level design methodology, including top-level supervisory algorithms and active controls, was developed by our Group's R&D team and implemented to manage the various control system tasks. This also facilitates the exchange of design information between different design groups.

Typically, many system manufacturers use proprietary communications protocols which can only be used in components from licensed manufacturers, to assure compatibility of components but limits product selection. On the other hand, our Group's products and services (hardware and software) are designed based on open protocols system which can be tailored specifically to projects or for specific applications. Thus, our Group's inter-operable solutions which are modular and flexible manage to overcome the limitations of proprietary communications protocols.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.5 R&D

#### (a) R&D Policies

Our Group will continue to further develop cutting edge integrated solutions. We intend to focus on pursuing technology infrastructure development and upgrading, as well as developing new innovative products and enhancing our current products. Our R&D policies are as follows:

| Type of Policy                      | Descriptions of Policy   |
|-------------------------------------|--|
| Management Policy                   | Our R&D team shall report to our Management on all current and future R&D activities. Our Group's R&D centre is currently in China and we intend to transfer part of our R&D activities to Malaysia in 2008.   |
| Intellectual Property Rights Policy | Our Group's products and services are bound by Intellectual Property Rights. Our staff are required to sign a non-disclosure agreement which prohibits relevant employees, during or after their appointment with the company, from disclosing any trade secrets or information of a confidential nature relating to our Group or any of our associated companies or their businesses or in respect of our Group's obligation to maintain confidentiality owing to any third parties.  |
| Product Development Policy          | The main areas of the product development policy are: <ul style="list-style-type: none"> <li>• Continuous product innovation, idea generation, prototyping and development;</li> <li>• Devise a one-stop solution by developing an integrated framework encompassing the key solutions applicable for different application markets;</li> </ul>  |
| Knowledge Acquisition Policy        | In order to promote R&D activities as well as to acquire domain knowledge through proper channels, the following policy guidelines to be enforced are: <ul style="list-style-type: none"> <li>• Establish and refine an appropriate training framework for the purpose of acquiring knowledge; and</li> <li>• Revise the R&amp;D framework and define R&amp;D activities from time to time. For example, if new technology, trends, or developments are observed, the R&amp;D personnel would need to update and acquire this knowledge to upgrade their skills and know-how.</li> </ul> |

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### (b) R&D Facilities and Team

Our R&D facilities are currently located in China. We intend to transfer part of our R&D activities to Malaysia in 2008. As at 23 November 2007, our team comprises 13 personnel involved in R&D activities and specialising in the development and implementation of the IICMS. Our R&D team is led by our Chief Technical Officer, Chu Ye Ping.

### (c) Present R&D and Achievements

Our Group has allocated funds for the continuous R&D activities. As at 23 November 2007, our Group is currently finalising the development of the MUPS which is able to power up a motor drive via a direct conversion of AC to DC from the power supply.

Our past R&D achievements include, amongst others, the following:

| Year | R&D Project  | Industry               |
|------|--|------------------------|
| 2000 | Experimentation Control System   | Education              |
| 2001 | Pump Testing Converter System  | Marine                 |
| 2002 | Continuous Casting Control System  | Metals                 |
| 2003 | Upgrading of drive system for a 60 tonnes spinning furnace                 | Metals                 |
|      | Upgrading of drive system for a Fiber Line Left Hand Machine               | Chemicals              |
|      | Upgrading of drive system for a Vacuum Membrane Plating DC Control Cabinet | Chemicals              |
| 2004 | Blast Furnace Control System   | Metals                 |
|      | Fan Blower System  | Power                  |
|      | Rubber Plant Bend Binding Control System                                   | Rubber                 |
|      | Power Feed System  | Machinery              |
|      | Twist Cable Machine DC Drive System  | Machinery              |
| 2005 | Cement Blower Control System   | Cement                 |
|      | Coal Elevator Control System   | Mining                 |
|      | Broad Plate Milling System   | Metals                 |
|      | PLC Programming System   | Glass                  |
|      | Milling Machine Numerical Control System                                   | Machinery              |
| 2006 | Power Plant Air Cooling Control System                                     | Power                  |
|      | Water Pump Control and Management System                                   | Metals                 |
|      | Material Handling Control System   | Metals                 |
|      | PLC Utilisation Control System Production                                  | Chemicals              |
|      | Crane Control System   | Crane and shipbuilding |

## 5. INFORMATION ON OUR GROUP (Cont'd)

### (d) Future R&D

Our Group intends to leverage on its existing software design and technical capabilities to expand into the following areas within the next three (3) years:

| Year | Product development plan   |
|------|--|
| 2007 | Product testing for MUPS system.   |
| 2008 | Development of Utility Energy Saving Components in collaboration with a design institute in China. |
| 2009 | Development of Waste Water Treatment Control System.   |

### (e) R&D Expenditure

For the last three FYE 31 December 2004 to 2006 and the six (6) months FPE 30 June 2007, our Group has incurred R&D cost as follows:

|  | FYE 31 December |                |                | Six (6) months FPE        |
|--|-----------------|----------------|----------------|---------------------------|
|  | 2004<br>RM'000  | 2005<br>RM'000 | 2006<br>RM'000 | 30 June<br>2007<br>RM'000 |
| R&D staff salaries                               | 120             | 185            | 190            | 130                       |
| R&D expenditure                                  | 492             | 532            | 813            | 542                       |
| <b>Total R&amp;D Investment</b>                  | <b>612</b>      | <b>717</b>     | <b>1,003</b>   | <b>672</b>                |
| % of the total R&D investment over total revenue | 2.5%            | 2.5%           | 2.5%           | 2.5%                      |
| % of the Total R&D Investment over Net Profit*   | n.a.#           | 36.1%          | 34.0%          | 22.2%                     |

**Notes:**

# Not applicable as the Group registered a net loss after taxation expense.

\* Using Profit After Taxation based on the proforma consolidated financial results of WinSun Group for the past three (3) FYE 31 December 2004 to 2006 and the six (6) months FPE 30 June 2007.

## 5.6.6 Intellectual Property

### 5.6.6.1 Trademarks

We regard our brand name as critical to our continued success and have taken steps to protect our rights by registering "Winco" as our trademark.

Our subsidiary, Winco, had submitted a trademark registration application to the Trade Mark Office in China on 21 September 2006 as shown below:

| Country | Description of Trademark | Application No. | Application Date  | Class |
|---------|--------------------------|-----------------|-------------------|-------|
| China   | WinCo                    | 5366038         | 21 September 2006 | 9     |



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## 5. INFORMATION ON OUR GROUP (Cont'd)

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### 5.6.6.2 Patent

Winco has commenced its patent application in China and Malaysia for its MUPS on 18 June 2007 and the application is currently in progress. Winco has appointed Advanz Fidelis Sdn Bhd, an intellectual property specialist corporation to assist in the preparation of its patent application.

### 5.6.7 Modes of Marketing

Our Group utilises the following marketing strategies to promote our products and services:

#### (i) Direct Marketing and Establishing Close Relationship with Customers

Our Group proactively markets to direct customers by conducting activities such as pre-sale presentations and product demonstrations. Our Group's marketing strategy and focus is to provide prompt and efficient services to our potential and existing customers, to expand our customer base and to gather feedback for product improvement.

In 2005 and 2006, our Group participated in the Shanghai Industrial Exhibition and South West China 7<sup>th</sup> International Automation & Instrument Exhibition respectively. Our Group has taken these opportunities to promote and market our products to potential customers during the exhibitions.

#### (ii) Leveraging on the Market Intelligence of Business Partners

Our Group also leverages on our business partners' market intelligence in their respective markets with whom they have collaboration. These business partners (especially those located overseas) are more familiar with the markets/industries in which they operate and could facilitate our Group's penetration into such markets/industries. Our Group expects to continue deploying future marketing activities which include road shows and direct marketing approaches over the next five years. Additional marketing resources will also be allocated to build brand awareness and customer loyalty while plans to secure more distributors in our marketing efforts will also be undertaken to accelerate the process of brand building and market expansion.

### 5.6.8 Seasonality

There is no seasonal demand trend for our Group's projects. Our Board believes that projects kick off throughout the year depending on the time of project implementation, availability of funds and our Group's selection of tenders.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.9 Production/Operating Capacities and Output

The following table shows our Group's production capacity and actual production levels:

| FYE 31 December/<br>Six (6) Months<br>FPE 30 June | Maximum<br>Production<br>Capacity<br>per Annum<br>(Units)^ | Actual<br>Production<br>Output<br>per Annum<br>(Units) | Average No.<br>of Shifts<br>per Day |
|---|--|--|-------------------------------------|
| 2004  | 900  | 600  | 2                                   |
| 2005  | 1,000  | 960  | 2                                   |
| 2006  | 1,200  | 1,152  | 2                                   |
| 2007  | 1,500  | *800   | 2                                   |

**Notes:**

^ The IICMS delivered to our customers are in the form of "units", wherein the components of our systems are housed for the effective operation of our IICMS. Unit refers to a unit or combination of units that form an IICMS, as illustrated in Illustrations of the Hardware Components of our IICMS below.

\* For the six (6) months FPE 30 June 2007.

As our Group is involved in the provision of industrial automation systems, our operating capacity is determined by the number and experiences of the skilled engineers, tools and equipment and our production space. As such, we constantly monitor the requirements of our engineers in respect of their competency and skills to ensure that the contracts secured could be delivered to customers as scheduled. To-date, we have not encountered any constraints in operating capacity. We also have not encountered any difficulty in increasing our manpower to meet the delivery of the increase in contracts. There is no fixed output to our units/systems as the total number of units/systems completed vary in size, value, specification, customisation, features, functionality and other factors.

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5. INFORMATION ON OUR GROUP *(Cont'd)*

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**Illustrations of the Hardware Components of our ICMS**



***Note:***

*The above illustrations are examples and are not representative of all the Hardware Components of our ICMS.*

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.10 Approvals, Major Licences and Permits Obtained

Details of the approvals obtained by our Group for the Flotation Exercise from the SC together with the conditions imposed by these authorities and status of compliance are set out in Section 8 of this Prospectus.

The major licences and permits obtained by our Group are as follows:

| Name of subsidiary | Authority   | Description   | Date of Approval | Expiry Date | Equity Conditions/Major Conditions Imposed | Status of Compliance |
|--------------------|---|---|------------------|-------------|--|----------------------|
| Winco              | Shanghai Administration Bureau of Industry and Commerce | Business license  | 26.12.2003       | 25.12.2018  | Nil  | N/A                  |
| Winner             | Shanghai Municipal People's Government                  | Certificate of Approval for establishment of enterprises with foreign investment in China | 23.12.2003       | 22.12.2018  | Nil  | N/A                  |
|                    | Shanghai Administration Bureau of Industry and Commerce | Business license  | 08.08.1994       | 07.08.2009  | Nil  | N/A                  |
|                    | Shanghai Municipal People's Government                  | Certificate of Approval for establishment of enterprises with foreign investment in China | 30.07.1994       | 29.07.2009  | Nil  | N/A                  |

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.11 Awards and Achievements

Our Group has obtained several awards and recognition for our brand name and innovative products from various organisations as follows:

| Year | Subsidiary | Accreditation/Award  | Awarded by  | Accreditation No.   |
|------|------------|--|---|---------------------|
| 2000 | Winner     | GB/T19001:94 ISO 9001:1994 Certification<br>(Manufacturing of AC and DC electrical apparatus industry system)  | CQM   | 1901A0978           |
| 2001 | Winner     | 1999/2000 Excellency Award   | Siemens Automation & Drive Group, Siemens (China) | NA                  |
| 2002 | Winner     | 2000/2001 Best Performing Partner Award  | Siemens Automation & Drive Group, Siemens (China) | NA                  |
| 2003 | Winner     | 2002/2003 Best Partner Award   | Siemens Automation & Drive Group, Siemens (China) | NA                  |
| 2004 | Winco      | 2003/2004 Best Large Drive/Motion Control Business Unit Sales Volume Award   | Siemens Automation & Drive Group, Siemens (China) | NA                  |
| 2005 | Winco      | 2004/2005 Best Performing Partner Award  | Siemens Automation & Drive Group, Siemens (China) | NA                  |
|      | Winco      | GB/T19001-2000 idt ISO 9001:2000 Certification<br>(Design, manufacture and service of AC & DC electrical apparatus industry system; supplying and service of Siemens drive and standardisation products) | CQM and IQNet                                     | CN-0204Q11002R1 S-1 |
|      | Winner     | CE Marking for PLC Cabinet<br>EN 55011: 1998+A2: 2002<br>EN 61000-6-1: 2001  | China Ceprei (Sichuan) Compliance Laboratory      | EU 01 031242 01     |
|      | Winner     | CE Marking for PLC Cabinet<br>EN 60294-1:1997  | China Ceprei (Sichuan) Compliance Laboratory      | EU 02 031242 02     |
| 2006 | Winco      | Quality Assurance for Low Voltage Power Distribution Products (GCD Main Generator: In=1600-630A, Icw=30kA; Ue=380V; Ui=660V; 50Hz; IP30)   | China Quality Certification Centre                | 2005010301170 011   |
|      | Winco      | Quality Assurance for Low Voltage Power Distribution Products (MNS: In=2500-1000A, Icw=50kA; Power Distribution Generator: In=1000A, Icw=50kA; Ue=380V; Ui=660V; 50Hz; IP40)                             | China Quality Certification Centre                | 2005010301170 010   |
|      | Winco      | Quality Assurance for Low Voltage Power Distribution Products (SXGL Main Generator: In=630A-160A, Icw=10kA; Ue=380V; Ui=660V; 50Hz; IP30)  | China Quality Certification Centre                | 2005010301170 007   |

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6.12 Location of Operations

As at 23 November 2007, apart from its head office/headquarters in Shanghai, the Group has two (2) branches (Beijing and Nanjing), four (4) representative offices (NingBo, Wuxi, Wu Hu and Wu Han) which are located at major cities in China and one (1) office in Malaysia. Having close proximity to its customers provides a competitive advantage for the Group in promoting its products and services to existing and potential customers.

| Location   | Address  |
|--|--|
| <b>Head office/Headquarters</b><br>Shanghai                    | No. 2507 Pudong Avenue,<br>Shanghai,<br>200136 China   |
| <b>Production Plant</b><br>Zhangjiagang                        | South Industrial Suburb Gang Kou Zhen,<br>Zhangjiagang, Jiangsu Province,<br>215612 China                        |
| <b>China Branches</b><br>Nanjing                               | Room 16C, Sunny Building,<br>No. 98, Shigu Road,<br>Nanjing City, Jiangsu Province,<br>210004 China              |
| Beijing  | Room 505A, Hongyang Building,<br>No. 25 Binhe South Road,<br>Beijing,<br>100055 China                            |
| <b>Office</b><br>Malaysia                                      | 15-2-26, Bayan Point<br>Medan Kampung Relau<br>Bayan Lepas<br>11900 Penang<br>Malaysia                           |
| <b>Representative Offices</b><br>Ningbo<br>(ZheJiang Province) | Room B-714, City Plaza,<br>No. 41, Liuzhuang Street,<br>Haishu District, Ningbo,<br>315010 China                 |
| Wuxi<br>(JiangSu Province)                                     | Room 2403, Huatong Building,<br>No.1, Yongding Street, Wuxi,<br>214001 China                                     |
| Wuhu<br>(AnHui Province)                                       | Room 1902, Building H Century Garden,<br>No. 259 Beijing East Road,<br>Wuhu,<br>241000 China                     |
| Wuhan  | Room 4-302, China Merchant Bank Building,<br>No. 118, Shouyi Street, Wuchong District,<br>Wuhan,<br>430060 China |

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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Our Group is considering to transfer part of our R&D activities to the Suntech building located in the MSC-designated zone in Bayan Baru, Penang in 2008. We are in the midst of evaluating an offer from Emerald Capital Development Sdn Bhd for the purchase of an office located in OS-12-02 and OS-12-03, Suntech, Lintang Mayang Pasir 3, 11950, Bayan Baru, Pulau Pinang, Malaysia. Currently, the Suntech building is under construction and is expected to be completed and available for occupancy in early 2008.

**5.6.13 Differentiation Factors and Competitive Advantages**

As part of our vision to become an internationally recognised engineering and technology solutions provider, our Group promotes an open protocol system by supporting numerous technology standards and adopting inter-operability in our engineering designs. The differentiation factors and competitive advantages of our Group are as follows:

**(i) Ability to Penetrate Niche Industrial Automation Systems Market and Offer End-To-End (Turnkey) Projects**

Our ability to penetrate the niche industrial automation systems market and offer end-to-end (turnkey) projects was attributed mainly by the technological focus of our Group which promotes an open protocol system by supporting numerous technology standards. Our Group has the ability to provide integrated industrial automation systems that are critical in every stage of the engineering, production and operation processes in the industries that we serve.

Our Group's IICMS are developed based on IICMS technology which is an inter-operable/open protocol component-based system. This provides our Group and/or its customers the flexibility to choose from multiple vendors and components for the systems, upgrading or replacing existing equipment. As such, this also facilitates the ease of integrating the systems that are in different stages.

**(ii) Capable Technical and Engineering Team**

Our Group's capable technical and engineering team are equipped with core expertise such as research, design, engineering, production, testing and services of IICMS. Our Group has acquired domain knowledge through our extensive working experience in various process and non-process industries.

Our Group is involved in the entire design and development of the IICMS for its customers. The key components of the IICMS are as follows:

- System Designing;
- Software Application and Programming;
- Engineering Consultation (Simulation and Testing);
- Training Services; and
- Product Installation, Interfacing and Maintenance of Hardware Components.

Our Group's ability in providing a total solution is proven and our Group has garnered good support of established MNC suppliers of industrial automation products such as Siemens (China), General Electric Corp., Schneider Electric, AB and ABB.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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Our Group has built domain knowledge of industrial automation designs and processes enabling us to establish benchmarks for our designs and processes for our wide customer base which covers 12 different industries.

**(iii) Domestic and International Quality Certifications**

As a testament to our Group's capability in terms of comprehensive management systems and testing procedures, our Group was certified with the prestigious ISO 9001, CE and CCC approvals.

Notwithstanding the above, our Group's impressive clientele is also testament to our capability. Amongst our Group's customers such as SIAS and the Maanshan Group, we were awarded numerous contracts by these customers and they have remained our major and regular customers. In addition to the quality and reliability of our Group's IICMS, the Group's other differentiation factors and competitive advantages also include its speed of response, fast turnaround time, quick decision making and lean management structure which facilitates prompt decision making.

**5.6.14 Interruptions in Business**

Our Group did not experience any material disruption in our business activities which had a significant effect on our operations during the past twelve (12) months ended 23 November 2007.

**5.6.15 Material Agreement**

Save as disclosed below, our Group currently does not depend on any other contracts or arrangements including patents, licences, industrial, commercial or financial contracts or new manufacturing processes, which are material to our business or profitability:

- (i) Distribution Agreement dated 1 October 2005 entered into by Winco. The salient terms are as follows:
- Siemens (China) authorises Winco to solicit sales of Master Drive, DC master, VC, SINAMICS G150, MV, SEDL Motor and others import products of LD ("Contractual Products") in People's Republic of China excluding Hong Kong, Macao and Taiwan ("the Territory") on non exclusive basis and grants to Winco the non-exclusive right to sell Contractual Products in the Territory.
  - Winco deemed to be an independent contractor.
  - Winco shall promote and sells Contractual Products in the sales volume and for the specified period of time as provided in Siemens (China)'s standard commercial terms and conditions attached to the Agreement. Each order shall not be below RMB20,000 and Winco's selling price shall not be lower than its purchase price.
  - Siemens (China) will furnish Winco with product lists and other sales literature in English and Chinese (if available) and will assist Winco in producing special sales promotion materials.
  - Winco is permitted to use the trademark Siemens (China) and other trademarks related to the Contractual Products for advertising and promotional purposes with the prior consent of Siemens (China).



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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The Agreement is effective upon its signing i.e. 1 October 2005 and not to be terminated before 30 September 2006. After 30 September 2006, either party can terminate the Agreement by giving 6 months prior written notice without cause. However, either party shall be entitled to terminate the Agreement immediately upon occurrence of any breach to the terms of the Agreement.

The risk factors and mitigating steps associated with the business relationships with the external manufacturers are set out in Section 4.8 of this Prospectus.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7 Major Customers

Our major customers who individually contributed 10% or more of our Group's total revenue for each of the last three (3) FYE 31 December 2004 to 2006 and the six (6) months FPE 30 June 2007 are as follows:

| Customer's Name  | Country | Products/Services Rendered | Length of Relationship | % of Total Revenue |                 |                 |                                 |
|--|---------|----------------------------|------------------------|--------------------|-----------------|-----------------|---------------------------------|
|  |         |                            |                        | FYE 31 Dec 2004    | FYE 31 Dec 2005 | FYE 31 Dec 2006 | Six (6) months FPE 30 June 2007 |
| Maanshan Iron & Steel Company Ltd – Automation Engineering | China   | IICMS Solutions            | 5 years                | 40%                | *               | 39%             | 20%                             |
| Maanshan Iron & Steel Group                                | China   | IICMS Solutions            | 4 years                | 5%                 | 10%             | 5%              | 28%                             |
| SIAS   | China   | IICMS Solutions            | 5 years                | 4%                 | 10%             | 18%             | 6%                              |
| Wu Han Engineering Technologies Group                      | China   | IICMS Solutions            | 1 year                 | -                  | -               | -               | 20%                             |

**Note:**

\* Less than 1%. There were no major installations/commissioning of systems in the FYE 31 December 2005 for Maanshan Iron & Steel Company Ltd – Automation Engineering. Nevertheless, Maanshan Iron & Steel Company Ltd – Automation Engineering continue to be one of our Group's major customers as evidenced by its contribution to our Group's revenue for the FYE 31 December 2006 and FPE 30 June 2007.

Our Group has built a wide customer base and a proven track record through fostering steady and healthy business relationships with our customers. For the FYE 31 December 2006, we have delivered more than 400 contracts covering over 150 customers, spread across twelve different industries. Our Group's top customer for the FYE 31 December 2006, Maanshan Iron & Steel Company Ltd - Automation Engineering accounted for 39% of our Group's total revenue. Our next top customer for the FYE 31 December 2006, SIAS contributed to 18% of our Group's total revenue. The customers annual contribution would depend on the type and amount of contracts secured and performed during the year. The contracts are secured based on tenders and agreed contractual terms. Maanshan Iron & Steel Company Ltd - Automation Engineering, Maanshan Iron & Steel Group and Wu Han Engineering Technologies Group are our Group's top customers for the six (6) months FPE 30 June 2007.

Our Group has enjoyed long-term business relationships of 5 years with both Maanshan Iron & Steel Company Ltd - Automation Engineering and SIAS. These long-term business relationships are an indicator of the recognition by our customers for the quality and reliability of our products and services.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.8 Major Suppliers

Our major supplier who individually contributed 10% or more of our Group's total purchases for each of the last three (3) FYE 31 December 2004 to 2006 and for the six (6) months FPE 30 June 2007 is as follows:

| Supplier's Name | Country | Product Purchased     | Length of Relationship | % of Total Purchases |                 |                 | Six (6) months FPE 30 June 2007 |
|-----------------|---------|-----------------------|------------------------|----------------------|-----------------|-----------------|---------------------------------|
|                 |         |                       |                        | FYE 31 Dec 2004      | FYE 31 Dec 2005 | FYE 31 Dec 2006 |                                 |
| Siemens (China) | China   | Electrical components | 12 years               | 66%                  | 57%             | 62%             | 72%                             |

In the last three (3) FYE 31 December 2004 to 2006 and six (6) months FPE 30 June 2007, our Group's top supplier which contributed more than 10% of its total purchases is Siemens (China). Siemens (China) accounted for 72% of our total purchases in six (6) months FPE 30 June 2007, 62% in FYE 31 December 2006, 57% in FYE 31 December 2005 and 66% in FYE 31 December 2004. As such, our Group is relatively dependent on Siemens (China).

From a business perspective, we have a unique business relationship with the Siemens group of companies, which besides being a major supplier is also a major customer. Our technical capability in the provision of the IICMS has also earned our Group multiple awards from the Siemens group of companies. Our Group was selected based on our Siemens product and applications expertise and our ability to provide optimal coverage in a specific market or area. Over the last twelve (12) years, and due to the strong business relationship with the Siemens group of companies, our Group has enjoyed favourable pricing, longer credit terms and excellent support of design components.

Hardware components are the main raw materials used by our Group. The hardware components to be used would depend on the type and complexity of the IICMS. Any price volatility is mitigated in view of the long term relationship and the Distribution Agreement disclosed in Section 5.6.15. As such, the prices are fairly competitive and favourable.

Nevertheless, in order to mitigate the risk of dependency, we are also gradually sourcing our design components from other suppliers such as ABB and Schneider Electrics. In addition, our products and services are based on an inter-operable open protocol system which has a publicly available blueprint that specifies how data is transmitted and processed within a system. Since the protocol is open rather than proprietary, our Group has many choices when it comes to purchasing design components. As such, our Group can source for parts/components from any qualified supplier.

Other raw materials which are used by us in small quantities include accessories (i.e. screws, nuts and labels), steel plates and copper are mainly sourced locally (from China). The prices of such raw materials are not volatile as they are readily available and easily sourced from various suppliers.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.9 Future Plans, Strategies and Prospects****Future Plans and Strategies**

Our Group's future plans and strategies are as follows:

**2006-2008**

In certain industrial plants, such as concrete batch lines and chemical fibre plants, the loss of motor functions during a main power failure can lead to disastrous results and a difficult, long and costly period of restoration of operations.

To maintain motor function, a UPS is required. Depending on the type of motor drives used, for example, those with separated converter and inverter stages, it may not be feasible to use commercially available UPS with AC output. To support such customers, our Group needs to develop a UPS with DC output to connect directly to the inverter stage of these motor drives (during power failures).

Our Group have started R&D work on MUPS since 2006. Based on our Group's product development plan, we expect to complete our development of the MUPS and commercialise the product in the market in China by 2008. Our Group has initiated a patent application for MUPS on 18 June 2007 and the application is currently in progress.

A UPS is a power supply with backup batteries and an automatic controller that ensures continuous supply even when the main power feed is interrupted. In a continuous UPS, which is normally used in an industrial setting where mission-critical applications are the norm, the factory equipment is continuously running off the battery power while the battery is continuously being recharged. If the power from the main power feed fails, the battery will provide power to the UPS. A UPS requires a conversion of AC from the power supply to DC and a re-conversion of the DC to AC in order to power up a motor. In addition, in order to control the speed of a motor, the AC has to reconvert to DC.

Depending on the type of motor drives used, for example those with separate converter and inverter stages, it may not be feasible to use commercially available UPS with an AC output. Most AC motor drives are usually supplied with the converter and inverter sections mounted into one single assembly. In these situations, the link between converter and inverter sections are not easily accessible as it is internal to the unit and third party modifying of the unit to access this link would void the warranty of the unit. A commercial UPS with an AC output feeding into the converter section of the motor drive would then be the choice to maintain motor functions in case of a power failure. However, this is inefficient due to the two (2) double conversion losses, once at the converter and inverter stages of the UPS and again at the converter and inverter stages of the motor drive.

However there are motor drives where the converter and the inverter sections of the AC drive are separated into two distinct assemblies. The link between the converter stage and the inverter stage is now readily accessible without needing any modifications and the loss of warranty. An MUPS with DC output connected directly to this link supplies battery power to the inverter stage of the motor drive during power failure. In this MUPS arrangement, there is only one double conversion loss in the converter and inverter stages of the motor drive during normal operation and in the converter stage of the MUPS and inverter stage of the motor drive during power failure. In either situation, there is only one double conversion loss as compared to two double conversion loss if a commercial UPS was to be used in the first place. This provides energy savings.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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A MUPS is able to power up a motor drive more efficiently via a direct conversion of AC to DC from the power supply. The system can be used in most industries. It ensures a continuous supply of power when the main power feed is interrupted. The MUPS uses software to monitor both the voltage and current of power supply to the converters at the input to the motors. It is activated by an automatic transition switch when there is a power failure or the power supply drops to a certain level (the level can be set according to requirements). This will maintain the power supply to the converter until the power is restored. Due to the usage of the MUPS system, energy savings of approximately 20% was achieved during the testing stage. The advantages of an MUPS include the followings:

- maintaining / monitoring / restoring power supply to the converter;
- cost saving of restoration of production line;
- no material wastage if power failure;
- customised power rating to suit customer production line requirement;
- cost effective compared to a conventional UPS; and
- suitable for various industries.

The MUPS is developed within our Group's IICMS and is not easily imitated.

**2007-2009**

China is amongst the world's major energy consumers. Due to the expansion and development in the cities of China, our Group foresees a dramatic increase in China's consumption of energy in the utility sector. Our Group is planning to develop a utility energy saving component/system which can assist in energy saving. The utility energy saving system can be implemented in many different infrastructures and facilities.

The energy saving component/system is a combination of electrical and power saving technologies. The typical system can be installed in power distribution stations to monitor and control the load distribution and adjust the electrical power usage for any public utilities such as street lights and lightings at public buildings, amongst others. The electricity consumption at the site will be monitored and adjusted according to the needs of the end user in different periods (especially during off peak period) so as to provide adequate optimal energy usage. The system is expected to be able to save as high as 40% of the energy consumed.

The system basically involve voltage control component, power surge protector and electric regulator, all of which are currently still at the infancy stage of development. The main principle behind the technology is to utilise the advantage of optimal power supply together with dynamic intelligence analysis, systematic demand projections and micro-computer-assisted monitoring to achieve the power saving objective.

The following is a brief explanatory note on the operation methodology which involved voltage control component, power surge protector and electric regulator.

For sensible gas discharge light equipment, it needs a high voltage to activate the gas in the light bulb when it is switched on. After activating the gas, the excessive power supply will be maintained and as such will result in wastage in power consumption. If the input voltage of power supply system can be regulated according to the actual requirement of the subject, the electrical consumption of the subject (light equipment/bulb) will be more efficient. The higher efficiency not only enables the equipment/gadget to consume an optimum power, but also maintain an ideal brightness for the comfort of the end user.

The key feature of the technology is the capability of the system to regulate the usage of voltage (reduce dizzy light caused by excess voltage) thus cutting down wear and tear and as such, reducing power overloading.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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In order to regulate the voltage intelligently, the system is programmed to lower voltage automatically, to “soft” start the initial power supply according to the voltage from electrical grid, so that the starting current can be reduced by 40% and to regulate the voltage automatically thereafter, especially for the off peak period when the need for high performance gadget/equipment is low, thus reducing the stress on the electrical grid. The design of the system also adopt a “compensating electromagnetism” concept to improve the efficiency of the power supply, and at the same time control power surges and regulates electricity consumption.

To achieve the efficient power consumption, the design of the system also uses micro-computer control as the main control system. Its main loop is from the parallel connection of two switch loops, one of which is a micro-computer controlled process loop, and the remaining is an AC contactor bypass loop. The main loop and bypass loop can be used interchangeably when the demand of the power increases or decreases. When the system is operated with a high precision time control instrument, the main loop can operate with an optimal output in a power saving mode and later switch back to the normal operation mode via the bypass loop when the demand for the power increases in response to external needs.

**2008-2010**

Water pollution has always been a major problem in China. The lack of suitable water used for drinking, agriculture and farming, amongst others, has declined through the years. With a shortage of clean water in China, proper methods of treating and recycling water are the key goals in sustaining the limited water resource supply. The water pollution in China has affected the environment, society and agriculture and has brought up the need for efficient water treatment methods to help alleviate the problem.

Although there are various advanced water treatment methods being used, particularly in the big cities, there is an urgent need for a better water treatment process in remote areas such as towns, counties and villages that is much more cost effective and yet comply with the required quality standard. The objective of the project is to develop a software system that can fully operate the water treatment process with minimum human intervention.

As a result, our Group is planning to set up an R&D team specialising in developing a water treatment control system which can benefit the environment. We plan to set up a team of between five (5) and ten (10) R&D staff specialising in research and designing waste water treatment system that can be used in small areas such as towns, counties and villages.

The waste water treatment control system is a computer software that works within our Group’s IICMS framework. This system will allow full interfacing of various water treatment processes with computer software and hardware to complete the treatment process in a cost effective manner.

The entire water treatment process, whether the process involves physiochemical treatment, disinfection of waste water or reverse osmosis, will have to follow a basic fundamental end-of-the-pipe treatment, i.e. after sourcing, the raw water will be directed to a water treatment plant, thus producing the end product, the treated water and the by product, the effluent. Usually the effluent will be further treated or processed by an effluent treatment plant before it is being discharged.

In view of the complicated treatment process which demands that the various hardware such as pumps, waste treatment ponds and all types of filtration equipment to work compatibly, the control process is both highly complicated and tedious.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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The proposed software system which uses our Group's core IICMS will allow logical interfacing and inter-operability of the equipment via intelligent system designing for dynamic analysis, Ethernet, computer server, software and PLC for real time monitoring. The operation process control involves every aspect of the treatment process which include the uploading and downloading of real time data to a control centre via a control hub and on site Closed Circuit TV ("CCTV") surveillance. The process will also require micro-computer-assisted monitoring to ensure the success of the operations with minimum human intervention.

Our Group will work closely with the local governments and authorities to market the water treatment control system. Our Group has built a reputable image and good relationship with the local authorities which should benefit the development of the waste water treatment control system.

**Prospects**

*Companies competing in global markets 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 in 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.*

*As China is rapidly industrialising, our Group is in a position to benefit from the demand for industrial automation systems in China. FDI inflows to China have rapidly increased from USD44.2 billion in 1997 to USD69.5 billion in 2006. Most of the investments are centred on capital expenditure and are geared toward the establishment of the primary infrastructure needed for manufacturing activities. As new industries enter into the mature production phase, an increase in operational expenditure is a natural outcome. In addition, increasing competitive pressures have forced many existing manufacturers to review both manufacturing efficiencies and scale. In this context, many plants require technology upgrades to achieve international optimum levels of energy consumption. This situation implies the need to invest selectively on industrial automation and system upgrades on their part. Lastly, as China increases its technological capabilities in the various industries, a natural progression would be the increasing utilisation of more industrial automation systems.*

*(Source: IMR prepared by D&B Malaysia)*

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