6. INDUSTRY OVERVIEW

6.1 Overview of the Economy of China

China recorded a strong economic performance in the first year of its 11th Five-Year Program. Its gross domestic product ("GDP") expanded by 11.1% in 2006 compared to the previous year, registering a ten (10)-year high. The industrial sector, including manufacturing and construction, contributed 7.0 percentage points, or 65% of total GDP growth, while the services sector contributed another 3.2 percentage points, or 30%. Agriculture made a minor contribution. On the demand side, the economy continued to be driven by strong investment, which contributed 4.4 percentage points or 41% of total GDP growth.

The relationship between investment and industry is the key to understanding the China's growth acceleration. Certainly, growth was helped by economic reforms that made labour and capital more productive and by a favourable global environment. However, the reinvestment of large profits into new industrial activity was perhaps the most important driver. Higher investment allows more capital deepening, which in turn increases labour productivity and potential GDP.

China will be industrialising rapidly for some time to come, so that investment will continue to support high levels of growth. The trend toward urbanisation also will continue, which requires rapid development of urban infrastructure and housing. Moreover, large numbers of unemployed and underemployed mean pressure will be maintained on the authorities for many years to generate jobs, which requires high rates of economic growth. Finally, rising imports of technology, improved domestic productivity and flows of foreign direct investments ("FDIs") and other capital, support these imperatives for rapid economic expansion. Economic growth is projected to further expand in 2007 and 2008.

Table 1.2: Chinese Real GDP Growth, 2001-2008[f]

Growth (%)	2001	2002	2003	2004	2005	2006	2007[e]	2008[f]
China	8.3	9.1	10.0	10.1	10.4	11.1	11.5	10.0

Notes:
e = estimate
f = forecast

(Source: IMR prepared by D&B Malaysia)

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6.2 Manufacturing Sector in China

In recent years, China has become a manufacturing powerhouse, with the manufacturing sector becoming a magnet for foreign investment. This was in tandem with the entry of China into the World Trade Organisation ("WTO") in 2001. Many foreign companies are opening plants in the country so as to be close to customers, and in some cases, for raw materials. China's manufacturing sector now ranks the 4th in the world after the US, Japan and Germany. Presently, China manufactures over 25% of the global production of washing machines, 30% of air-conditioners and 16% of refrigerators. Experts attribute the fast growth of the industry to China's huge market potential, low labour costs and sound investment environment. However, low efficiency is still a problem for Chinese enterprises. Experts call for more investments in key industries with high technology, so that more breakthroughs can be achieved. They also stress that efficiency is as important as size, and that technology is vital for the overall development of the manufacturing sector.

Local and (particularly) foreign owned manufacturers are installing world best practice equipment and technologies in China to produce goods at both the mass-market and up-market levels for domestic consumption and exports. The economies of scale in China are unlike anything the world has ever seen. By moving up the technological ladder, China has also become the world's largest maker of consumer electronics, such as televisions, digital versatile players and cellular phones. More recently, China began moving into biotechnology and high-tech computer manufacturing.

(Source: IMR prepared by D&B Malaysia)

6.3 Overview of Industrial Automation

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

As each customer's needs are different due to factors like legacy equipment, plant area and experience, companies in the industrial automation industry must be able to customise their designs and solutions to meet the requirements of the former. Problems of integration and the risks of long, tedious development cycles need to be addressed. There must be the ability to seamlessly integrate all the hardware and software components from the various suppliers in the supply chain. The overall characteristics of each system 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. Other value-added services include maintenance services for automation systems, calibration services, software upgrade services and asset management services.

The majority of industrial automation manufacturers have increased the flexibility, openness and accessibility of the systems, so that these can be configured with the hardware and control devices manufactured by different vendors. In other words, modern industrial automation systems with an open architecture and standard programming languages enable end-users to combine component parts from different systems and facilitate movement between products. In contrast, proprietary programming languages made it difficult for end-users to mix and match systems, or move from one system to another.

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

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

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

(Source: IMR prepared by D&B Malaysia)

6.3.1 Market and Technological Trends

Changes in industrial automation industry are occurring faster than ever before, driven largely by technology advances. Ethernet, which is a very common method of networking computers in a local area network, has taken industrial data communications by storm. It initially evolved as a standard means of interconnecting personal computers ("PCs") at high data rates in business offices and has become the most popular and widely used networking topology presently.

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. INDUSTRY OVERVIEW *(Cont'd)*

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

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

Plant optimisation requires integration of information from sensors, automation systems and application software. To be cost-effective, an open field bus architecture must be based on a widely accepted communications protocol. A high volume field bus reduces the cost of the system by cutting component costs and making help-desk support feasible. There also need to be a minimal number of field buses in the plant to keep support cost as low as possible. Embedded web servers can provide status to maintenance personnel, operators and management with high speed and fidelity.

When adapting Ethernet to industrial applications, it is important to remember that there are a number of practical operating criteria imposed by the factory floor environment. They include high electro-magnetic interference and radio frequency interference as well as harsh and dusty surroundings, which affect data integrity.

In addition, there is a need for mobility that leads to the use of wireless Ethernet that offers convenience and the elimination of wiring. Each of these situations presents special installation and operating considerations involving trade-offs of data throughput, range, data integrity and physical restrictions.

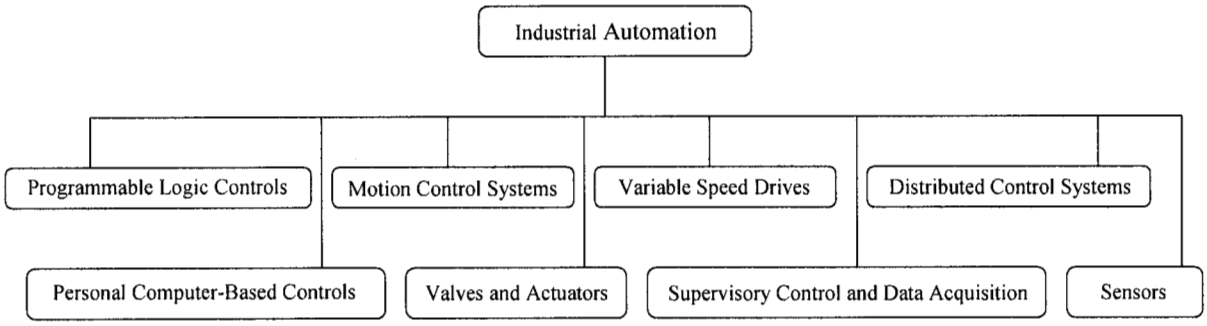
The use of Ethernet for motion control applications is spreading rapidly, and is expected to continue to do so. It offers many technical and ease-of-use advantages. It acts as a bus for motion, input/output and sensors. Virtually every brand of PLC, distributed control system ("DCS"), Remote Terminal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

(Source: IMR prepared by D&B Malaysia)

6.3.2 Segmentation of the Industrial Automation Market

The industrial automation market can be divided into the main segments of PLC, motion control systems, variable speed drives, DCS, PC-based controls, valves and actuators, SCADA and sensors.

Segmentation of the Industrial Automation Industry by Product Type



(Source: IMR prepared by D&B Malaysia)

(a) Programmable Logic Controls

A PLC is defined as a digital electronic system that uses a programmable memory for internal storage of user-oriented instructions for implementing specific functions such as logic, sequencing, timing, counting and arithmetic, to control through digital or analogue inputs and outputs, for various types of machines or processes. PLCs are computer-based solid-state devices that control industrial equipment and processes. They are often utilised as the primary components in smaller control system configurations used to provide regulatory control of discrete processes. The proportional, integral and/or differential gains of the PLC continuous control feature may be tuned to provide the desired tolerance as well as the rate of self-correction during process upsets.

(b) Distributed Control Systems

DCS solutions grew out of the requirements of the heavy process industries and still dominate the large-scale applications prevalent in continuous process applications. DCS is integrated as a control architecture containing a supervisory level of control overseeing multiple, integrated sub-systems that are responsible for controlling the details of a localised process. DCS can automate a diverse set of activities such as process monitoring, adjusting, planning, inventory control, maintenance, quality control and scheduling. Thus, investing in an efficient automated system can assist the plant to optimise cost reduction and production efficiency. The fully-distributed control architectures were developed due to the increasing need for loosely-coupled, highly autonomous entities retaining minimal critical information. This reduction is necessary to minimise complexity and irrelevant information processing as well as improve fault tolerance.

(c) Personal Computer-Based Controls

PCs first found use in industrial automation for communication, data acquisition and operator interface applications. The use of PCs for direct real-time process and machine controls has been limited by the non-deterministic modes in which the software operates, as well as by a perceived lack of reliability. Plant engineers have insisted on strong proof of crash-free operation of PCs before they will trust their plant's operations, safety and security to PC-based controls.

(d) Supervisory Control and Data Acquisition

SCADA has been used for more than 20 years to refer to various computer-based monitoring and control systems. A SCADA system generally consists of both computer hardware and software. It is a large scale, distributed measurement and control system. On the plant floor, a computer is connected to sensors that automatically measure oven temperatures, mixtures levels, pH and so on. This is the data acquisition portion for a SCADA system. Software in the computer receives values from the sensors, presents the data on graphical display screens and enables operators to make control decisions. The software that runs on the SCADA system is generally called the human-machine interface ("HMI"). An HMI may also be linked to a database, to provide trending, diagnostic data and management information such as scheduled maintenance procedures, logistic information, detailed schematics for a particular sensor or machine, and expert-system troubleshooting guides.

(e) Motion Control Systems

Most motion control systems consist of a controller, an amplifier, a motor and a feedback device. Sitting alongside might be a PC to conduct the programming and to act as an I/O. However, there has been a gradual technology shift. More and more, both the controller and amplifier are being merged and the PC taking over the control functions. Also, with PC-based controls starting to dominate, there is a continuing trend towards niche motion controllers and less general-purpose controllers.

(f) Variable Speed Drives

Variable speed drives, also known as adjustable speed drives, is one of the most general terms applied to equipment used to control the speed of machinery. Industrial machinery is often driven by electric motors that have provisions for speed adjustment. Such motors are simply larger, more powerful versions of those driving familiar appliances such as food blenders or electric drills. These motors normally operate at a fixed speed. However, if speed control is required, that controller is called a variable speed drive. Variable speed drives are used in a wide variety of industrial applications. They are often used with fans to provide adjustable airflow in large heating and air conditioning systems. The flow of water and chemicals in industrial processes is often controlled by adjusting the speed of pumps.

(g) Valves and Actuators

Valves generally function by allowing flow while in their open position, and restricting flow when closed. Valves are available in a broad spectrum of sizes and materials. They are developed to meet the numerous and increasing problems which are encountered in the modern, sophisticated process of fluid handling. Each design has its own advantages and the selection of the proper valve for a particular application is critical. A wide range of materials is used in valve construction and they include cast iron, bronze, nickel alloys, copper alloys, steel, stainless steel, aluminium and titanium.

(h) Sensors

A sensor is a type of transducer. In return, a transducer is a device, usually electrical, electronic, or electro-mechanical, that converts one type of energy to another for various purposes including measurement or information. The nature of the signal can be electrical, mechanical or optical. Sensors are devices that can detect physical variables, such as temperature, light intensity, or motion, and have the ability to give a measurable output that varies in relation to the amplitude of the physical variable.

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

(Source: IMR prepared by D&B Malaysia)

6.4 Market Growth Factors

6.4.1 Demand for Quality Products

Many Chinese companies are starting to automate their production processes. This is mainly due to the fact that the overseas customers are demanding quality for the products that they are purchasing. In addition, MNCs that are establishing manufacturing facilities in China are usually fairly well-automated already, and they also want their facilities to match those elsewhere in the world. As the supply chains in China are not as well-developed as in the more developed countries, this has forced many foreign manufacturing companies to make some component parts from scratch that they would normally buy from the local suppliers in the more developed countries. In return, these market forces have also spurred the competing indigenous Chinese companies in the same tier of competition to upgrade their industrial automation systems as well, so as to supply to these foreign companies.

6.4.2 Government Requirements for Plant Investments

Many times, the local or provincial governments set minimum capital requirements for plant investment. If the government mandates that a foreign manufacturing company spends a certain amount on the facility, then most likely a huge portion of the spending will be channelled towards industrial automation systems, which are capital-intensive equipment. In addition, concerns about both the environment and worker safety have compelled the authorities to create stringent environmental and occupational safety legislation. To comply with these regulations, the facilities are required to install control instrumentation that can record and monitor any deviations from the regulatory standards. Lastly, the Chinese central government is also encouraging a higher degree of automation in its manufacturing sector so as to be competitive in the global markets.

6.4.3 Replacement and Upgrade of New Systems

The original equipment manufacturing market refers to the components installed during the assembling or manufacturing of the equipment, when a project was implemented. On the other hand, the replacement equipment market refers to the components used in the maintenance, repair and operations aftermarket business. Both plant and equipment inevitably gets older and risk increases due to ongoing damage such as corrosion and fatigue. The wide installed base of such industrial automation equipment among the various application markets also ensures a potential market.

Many companies are replacing or upgrading their small DCS systems which are obsolete and inefficient, owing to their incompatibility with advanced technology, such as intelligent field devices and faster network communications capabilities. Intelligent field devices have proven to be very beneficial for process efficiency and to reduce maintenance costs. New systems have capabilities that make the system expandable. This allows users to control continuous, batch, and discrete processes, and monitor devices, with an integrated system in a safe and reliable manner. These benefits represent an important incentive for a large number of facilities that have to add capacity to their process control systems constantly.

In addition, many end-users either replace or upgrade their industrial automation systems due to the outstanding savings and utility that new systems can provide them. Some end-users are replacing their industrial automation systems with new generation systems sooner than the norm in order to improve productivity and to remain competitive. They are prepared to invest in designs that offer greater performance and reliability, as well as higher efficiency. New systems represent an attractive investment that is justified because of immediate reduction in process downtime, waste and increase in process output efficiency.

6.4.4 Trend Towards Open Architecture

The trend is towards flexible and open architecture industrial automation systems in the industry. This refers to the situation whereby control software can be "ported" between controllers from different suppliers (or with different operating systems) with few modifications, and data can be easily and reliably transferred between system components while maintaining a "friendly" and consistent user interface. Factors in determining the "openness" of a control system include the ability of two (2) or more components to exchange information and use the information that has been exchanged (interoperability); the ease with which a module can be made to interface with a controller based on another platform (portability); the ease with which an existing system performance can be increased or decreased with changes in demand (scalability); and the ability of users and third parties to add functions incrementally to a module without replacing it.

The majority of industrial automation manufacturers have increased the flexibility, openness and accessibility of the systems, so that these can be configured with the hardware and control devices manufactured by different vendors. In other words, modern industrial automation systems with an open architecture and standard programming languages enable end-users to combine component parts from different systems and facilitate movement between products. In contrast, proprietary programming languages made it difficult for end-users to mix and match systems, or move from one system to another. This has encouraged many end-users to upgrade their industrial automation systems as incompatibility issues between legacy and new systems are addressed partially, if not fully.

(Source: IMR prepared by D&B Malaysia)

6.5 Barriers to Entry

In general, the barriers to entry into the industrial automation market in China are relatively high. This is mainly due to high level of technical expertise and resources required. The barriers to entry are as follows:

(i) High Technical Skills

Industrial automation involves the design of control networks and communications between control devices, controllers, transmitters, subsystems and enterprise networks. As such, industrial automation systems are highly complicated as there are numerous variables to be considered in a process, as each variable can have an impact on the entire system. This is exacerbated by the hostile environments the industrial automation systems are operating in. Hence, players in the industrial automation industry must be able to offer systems that are modular, scalable, versatile, robust and reliable.

Multidisciplinary teams in the fields of process control science and engineering, computer science and software engineering, signal processing engineering, measurement science and process engineering are needed to produce an efficient industrial automation system. The capabilities required to develop and implement new process control technologies vary significantly, depending on the specific process science involved and on the maturity of the technology.

As such, new entrants into the industrial automation market require high levels of skills and expertise.

(ii) R&D Capability

An aspiring entrant in the industrial automation industry needs to have strong research and development ("R&D") capability in the fields of process developments, process improvements and product developments, in order to compete successfully in the market. As systems become more compact and sophisticated, the industrial designs have to develop in tandem with them. Innovative architectures must have appealing features including lower development cost, reduced complexity, high modularity, connectivity, compatibility, scalability, and high fault-tolerance compared with older architectures and smaller control systems. In general, it can be concluded that the custom architecture of each installed system determines its quality, efficiency, and the level of manipulation that engineering has at different levels in a process facility.

Software engineering tools are required for the design and development of intelligent process control software that are both adaptable and reliable. The process control software includes real time, embedded software that can compensate for the variability in machine performance, processing conditions and materials properties. Both user friendly software and HMI are increasingly a source of competitive advantage. Software is gaining substantial importance in the industrial automation industry. Most vendors offer software packages that are configurable for multiple control applications. The existence of these programs is beneficial for the end-users as they allow faster start-up.

(iii) Wide Market Knowledge

Market information is crucial to the success of industrial automation players. This is due to the fact that industrial automation systems are used in a wide variety of industries like semiconductor, textiles and apparel, machinery and equipment, metals, transport equipment, shipbuilding, petrochemicals, chemicals, food processing, oil and gas, cement, pulp and paper, mining, water treatment and power plants. The domain knowledge required on each industry differs from one another as the latter have distinct needs. Before entering a market, it is important that all the information about the particular market is carefully studied. Although obtaining the market information is difficult, costly and time-consuming, identifying the right source of information is the first step towards maximising business opportunities.

(iv) Proven Track Record

End-users, especially the MNCs, are more inclined to use products and services from industrial automation vendors which have already established a proven track record and have the necessary credentials. In this context, well-established and reputable industrial automation vendors in the market will most likely be the preferred choice. They are often viewed as strategic partners by the end-users. In return, the success of these industrial automation projects can be used as a reference when the vendors bid for the next project with similar characteristics and requirements. Hence, establishing a track record to penetrate into the market can prove to be a daunting experience to a new entrant in the industrial automation industry.

(v) Relatively High Capital Intensive Industry

An initial investment of approximately USD3 million is required to establish a factory for the engineering and production of industrial automation systems in China. This includes plant and machinery. Capital may be necessary not only for the production facilities but also for business activities like customer credit and inventories. There is also the need for capital to recruit a team of experienced and qualified professionals. A bigger factory with a wide and sophisticated range of facilities would be able to operate on a mass production scale. In addition, pursuing both learning cost declines and economies of scale may require substantial up-front capital for equipment and processes. Even if capital is available in the capital markets, the entry into the industrial automation industry would be represents a risky use of that capital. Thus, new entrants would inevitably face difficulties in competing with the financially competent and established players.

(vi) Different Cultures in Different Provinces

China is not homogenous as it is a vast country. It is an ethnically and culturally diverse country. Each province has different levels of buying power, different tastes and different customs. Regional languages and subcultures are also quite distinct. Throughout history, Chinese business people from different regions have exhibited distinct characteristics. More recently, these distinctions have re-emerged or evolved into features that have differentiated one region's business people from another. Most Chinese people attach great importance to cultivating, maintaining and developing networking. The business relationship is also a complex web of relationship that runs throughout the organisation. The different staff of the industrial automation vendor must get to know their counterparts in the different levels of the organisation of the potential customer. Hence, a new entrant into the industrial automation industry has to be aware of all these complexities.

(Source: IMR prepared by D&B Malaysia)

6.6 Industry Players, Competition and Market Share

There are five (5) major and active Chinese industrial automation companies in the market that compete directly with WinSun. These companies fall under the same market tier within which WinSun is operating in. In other words, they participate in the tendering for contracts of similar nature and value with WinSun. Such competitors would be those which have the following similar characteristics:

- Level of technical skills and expertise and the ability to offer systems that are comparable;
- Companies with the financial capability to tender for contracts of similar value; and
- Proven track record, i.e., similar to WinSun, these companies would have established the reputation and relationships with their respective customers.

The five (5) major and active companies are as follows:

- Tianjin Puchen Electronic Engineering Company Limited
- Beijing Aritime Intelligent Control Company, Limited
- Tianjin Design & Research Institute of Electric Drive
- Shanghai Ouda-Haiwei Automation Equipment Company Limited
- Suzhou Inorder Electric Company, Limited

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

(Source: IMR prepared by D&B Malaysia)

6.7 Chinese Government Legislations, Policies and Incentives

6.7.1 Legislation

As part of China's commitment for entry into the WTO, the new Compulsory Product Certification System ("CPCS") China Compulsory Certification ("CCC") integrates the two (2) previous Chinese compulsory inspection systems, the Conformity Certification of Electrical Equipment approval, which certified product contents for import and export, and the China Commodity Inspection Bureau product safety mark. CPCS incorporates the two (2) procedures together. The CCC mark serves as evidence that catalogue-covered products can be marketed, imported or used in China. The certificate holder must abide by the Regulations for Compulsory Product Certification Mark when using the mark.

With effect from August 1, 2003, imported products without CCC mark may be held at the border by Chinese Customs and subject to other penalties. Component parts of a manufacturer's finished products may in some cases require CCC certification; in these cases, the component manufacturer is generally required to apply for the CCC mark.

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

(Source: IMR prepared by D&B Malaysia)

6.7.2 Incentives

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

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

(Source: IMR prepared by D&B Malaysia)

6.7.3 Policies

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

Most industrial developments in China have taken place in the country's eastern coastal regions, particularly around the Yangtze River Delta (Shanghai, Jiangsu and Zhejiang), Bohai Circle (encompassing Beijing and Tianjin) and the Pearl River Delta adjacent to the Hong Kong Special Administrative Region. However, wages, office rents, industrial land and utility costs in these centres are rising sharply. To alleviate this, the government has been actively encouraging companies to move inland where costs are much lower than on the congested and heavily developed coastlines. This is also to ensure that the benefits of developments are spread to the less developed interior and to narrow the gap between the rich coastal cities and the rest of the country. In this context, billions of dollars have been spent on bridges, expressways and power plants to boost the economies of inland China. Domestic Chinese companies have led the charge into the hinterland, followed by a small, but growing number of foreign companies.

(Source: IMR prepared by D&B Malaysia)

6.8 Demand/Supply Conditions

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

On the supply side, the ability to customise software provides an opportunity for industrial automation vendors to add value and differentiate their products from the competitors in the market. The industrial automation vendors are compelled to add both depth and quality to their engineering services, so as to retain the customer base. Since many vendors offer systems with similar capabilities, product differentiation depends on the quality of engineering services (both pre and after sales) and overall system reliability offered. This includes software development, systems migration, maintenance and integration.

On the demand side, as China is rapidly industrialising, the WinSun Group is in a position to benefit from the demand for industrial automation systems in the Chinese market. FDI inflows into China had rapidly increased from US$44.2 billion in 1997 to US$69.5 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)

6.9 Substitutes

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

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

(Source: IMR prepared by D&B Malaysia)

6.10 Prospects and Outlook of the Industrial Automation Market

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

(Source: IMR prepared by D&B Malaysia)

6. INDUSTRY OVERVIEW *(Cont'd)*

6.11 Industry's Reliance and Vulnerability to Imports

Components parts of industrial automation systems like switch gears (connectors and circuit breakers), metal cabinets, power system modules, I/O panels, marshalling racks, monitoring consoles and wiring systems are manufactured locally in China. Hence, companies involved in the engineering and production of industrial automation systems have extensive backward linkages to the industries manufacturing these component parts. They include the precision metal stamping, machinery, iron and steel, electronics and electrical industries. Some of the industrial automation factories are established as joint ventures between local and foreign companies in China, while some are indigenous Chinese companies. Critical and sophisticated component parts can be sourced from the MNCs or from local suppliers in China. Following this, the WinSun Group is not vulnerable to imports of these component parts as they are generic products.

(Source: IMR prepared by D&B Malaysia)

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

7.1 Promoters, Directors and Substantial Shareholders

7.1.1 Promoters, Directors and Substantial Shareholders' Shareholdings

Our Promoters, Directors and Substantial Shareholders and their respective shareholdings in our issued and paid-up share capital before and after the Public Issue and after the Bonus Issue are as follows:

Name	Nationality	Designation	Before the Public Issue				After the Public Issue				After the Bonus Issue			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters, Directors and Substantial Shareholders														
Choong Siew Meng[(1)]	Malaysian	Managing Director/ CEO	30,000,000	42.86	-	-	30,333,000^	30.33	-	-	90,999,000^	30.33	-	-
Choong Lai Chun[(1)]	Malaysian	Executive Director/ Director of International Marketing	21,000,000	30.00	-	-	21,333,000^	21.33	-	-	63,999,000^	21.33	-	-
Director and Substantial Shareholder														
Wang Heng*	Chinese	Executive Director/ Chief Operating Officer	3,500,000	5.00	-	-	3,833,000^	3.83	-	-	11,499,000^	3.83	-	-
Directors														
Chu Ye Ping*	Chinese	Executive Director/ Chief Technical Officer	2,500,000	3.57	-	-	2,666,500^	2.67	-	-	7,999,500^	2.67	-	-
Zhou Jiu Ying*	Chinese	Executive Director/ Financial Controller	1,500,000	2.14	-	-	1,666,500^	1.67	-	-	4,999,500^	1.67	-	-

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Name	Nationality	Designation	Before the Public Issue				After the Public Issue				After the Bonus Issue			
			Direct		Indirect		Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors *(Cont'd)*														
Ng Ngoon Weng	Malaysian	Executive Director/ Chief Financial Officer	1,000,000	1.43	-	-	1,333,000^	1.33	-	-	3,999,000^	1.33	-	-
Wee Hoe Soon @ Gooi Hoe Soon	Malaysian	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-
P'ng Lai Heng	Malaysian	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-
Shamsudin @ Samad bin Kassim	Malaysian	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholders														
Lew Nyuk Kiat[2]	Malaysian	Substantial Shareholder	4,000,000	5.71	-	-	4,000,000	4.00	-	-	12,000,000	4.00	-	-
Ooi Geok Lian[2]	Malaysian	Substantial Shareholder	3,500,000	5.00	-	-	3,500,000	3.50	-	-	10,500,000	3.50	-	-

Notes:

^ *Assuming full subscription of their respective pink form share allocation pursuant to the Public Issue.*

* *Being foreign equity ownership in WinSun.*

(1) *Notwithstanding that both Choong Siew Meng and Choong Lai Chun are siblings, both have declared that they are not in control of each other's shareholdings.*

(2) *Lew Nyuk Kiat and Ooi Geok Lian are sisters-in-law where Lew Nyuk Kiat is the spouse of Ooi Geok Lian's brother. Both Ooi Geok Lian and Lew Nyuk Kiat have declared that they are not in control of each others' shareholdings.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

7.1.2 Profile of our Promoters

(i) Choong Siew Meng

Please refer to Section 7.1.3(i)

(ii) Choong Lai Chun

Please refer to Section 7.1.3(ii)

7.1.3 Profile of our Directors

(i) Choong Siew Meng

Choong Siew Meng, Malaysian, aged 39, was appointed as Managing Director of WinSun on 6 June 2007 and as CEO of WinSun on 12 November 2007. He is the founder of the WinSun Group. Prior to setting up our Group, he was an R&D Engineer with Genesis Technology Pte Ltd, Singapore from 1992 to 1993. He has more than 13 years of experience in electrical drive and automation control system industries in China. He is well versed in the drive and industrial automation industries market in China. He is one of the founding members and is currently the President of Malaysia Chamber of Commerce and Industry ("MAYCHAM") Shanghai. MAYCHAM's objective is to bridge businesses in Malaysia and China, to represent the Malaysian business community in Eastern China as well as to provide assistance to potential Malaysian investors in China. He holds an Advanced Diploma in Electrical and Electronic Engineering from French Singapore Institute in Singapore.

He is a member of the Remuneration Committee of the Company.

(ii) Choong Lai Chun

Choong Lai Chun, Malaysian, aged 35, was appointed as the Executive Director of our Company on 21 March 2007 and Director of International Marketing of WinSun on 12 November 2007. She has more than 8 years of experience in electrical engineering and management. She is also experienced in strategic planning, strategic restructuring, succession planning, project management and supply chain management. She is currently responsible for business development, contract negotiation and staffing for project management. Prior to joining our Group, she was working in the semiconductor industry in quality assurance, process engineering, R&D, marketing and business development. She holds a National Diploma in Electrical Engineering from Business and Technology Education Council, Penang Skills Development Centre, Malaysia.

(iii) Ng Ngoon Weng

Ng Ngoon Weng, Malaysian, aged 49, was appointed as the Executive Director and Chief Financial Officer of WinSun on 12 November 2007. He started his career with Malayan Banking Berhad ("Maybank") in 1984 as a Credit Officer and had held managerial positions in different branches of Maybank. He left Maybank and joined Hong Leong Bank Berhad in 2005 as a Business Manager. Subsequently, he left Hong Leong Bank Berhad to join WinSun in 2007 as the Financial Controller. Ng has a Diploma in Selling Financial Services from International Management Centre, London. He also holds a degree in Social Science (Management Studies) from Universiti Sains Malaysia.

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

(iv) Wang Heng

Wang Heng, Chinese, aged 52, was appointed as the Executive Director and Chief Operating Officer of WinSun on 12 November 2007. He has more than 28 years of experience in market development, sales coordination and industrial management. Prior to joining our Group in 2001, he was with Maanshan Iron & Steel Company Ltd for 21 years and left as a Project Planning Manager. He holds a Bachelor Degree in Information Technology from An Hui Industrial University, China. He sits on the Electrical Automation Professional Committee of the China Automation Association.

He has attended the Industrial Know-how Automation and Control Lecture Course organised by the USA Westing House for six (6) months and a six (6) months System Motion Analysis Study organised by Tsing Hua University, China.

(v) Chu Ye Ping

Chu Ye Ping, Chinese, aged 45, was appointed as the Executive Director and Chief Technical Officer of WinSun on 12 November 2007. He has 23 years of technical skills in electrical drives and automation control system. Prior to joining our Group, he was with Fengkuang Electrical Co. Ltd, China for 11 years and left as Technology Manager. Subsequently, he joined Shengzheng Huating Automation Co. Ltd in 1994 as Engineering and Production Manager. In 2002, he joined Winner's Design and Development Department. He holds an Advanced Diploma from Tonglin Metallurgy Industrial University, China.

(vi) Zhou Jiu Ying

Zhou Jiu Ying, Chinese, aged 62, was appointed as the Executive Director and Financial Controller of WinSun on 12 November 2007. She previously worked as a Logistic and Planning Manager and Account and Costing Manager before she joined our Group. She has over 35 years of experience in financial, tax, costing and account management in state venture and joint venture enterprises. She is responsible for the financial and accounting aspects of our Group in China. Zhou has a Diploma in Consumer and Commodity Auditing from Shanghai Financial University.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

(vii) Wee Hoe Soon @ Gooi Hoe Soon

Wee Hoe Soon @ Gooi Hoe Soon, Malaysian, aged 47, was appointed as the Independent Non-Executive Director of WinSun on 12 November 2007. He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has more than 20 years of experience in the field of accounting and corporate finance and was a Finance Director of several private and public listed companies on Bursa Securities. He has been instrumental in the successful implementation of several significant corporate exercises involving mergers and acquisitions, corporate debt restructuring and reverse take-over by and of public listed companies. He was appointed to the board of directors of Avenue Capital Resources Berhad ("ACRB") as a Non-Executive Director in 1999. He subsequently became ACRB Group Managing Director in 2001 and held the position of ARCB Group Deputy Chairman from April, 2004 until June, 2006. He was also the Executive Director-Dealing of a stock broking company on Bursa Securities from 2001 to 2005.

His directorships in other public companies are Hup Seng Industries Berhad, Pos Malaysia Services & Holdings Berhad and Paos Holdings Berhad. He also sits on the Board of several other private limited companies. Presently, he is the Advisor-Investment Banking of EON Bank Berhad.

He is the Chairman of the Audit Committee and Nomination Committee of the Company.

(viii) P'ng Lai Heng

P'ng Lai Heng, Malaysian, aged 45, was appointed as the Independent Non-Executive Director of WinSun on 12 November 2007. He has his secondary education in SMJK Chung Ling, Penang. P'ng is one of the founders of Hai Hong Group of companies. He started Hai Hong Marine Products & Trading Sdn Bhd in 1987, dealing mainly with trading of dried salted jellyfish and seafood. He is the driving force behind the growth of the company's marine products division.

In 1989, he ventured into property development via Masmeyer Sdn Bhd. P'ng was actively involved in feasibility study and project funding when Hai Hong Group of companies diversified into the property development market in 1994.

He is a member of the Remuneration Committee, Audit Committee and Nomination Committee of the Company.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

(ix) Shamsudin @ Samad bin Kassim

Shamsudin @ Samad bin Kassim, Malaysian, aged 61, was appointed as the Independent Non-Executive Director of WinSun on 12 November 2007. He holds a Bachelor of Economics from University of Malaya and a Master in Public and International Affairs ("MPIA") from the University of Pittsburgh. He started his career in the Malaysian government service as an Assistant Secretary in the Ministry of Works in 1970. He was subsequently posted to various ministries and agencies in the civil service. In 1985, he was appointed as Senior Assistant Secretary of Industry Division in Ministry of International Trade and Industry ("MITI"). He was Malaysia's Trade Commissioner to Vienna, Austria from 1989 to 1996. From 1996 to 1999, he was the Director of Industries Division in MITI. In early 2000, he was appointed as the Chief Executive Officer of Small and Medium Industries Development Corporation (SMIDEC), and served until his retirement from the public service.

His directorships in other public companies are Century Logistics Holdings Berhad, Supermax Corporation Berhad, Kinsteel Berhad, Ingress Corporation Berhad, Boon Koon Group Berhad (Chairman), Impressive Edge Group Berhad (Chairman), H-Displays (MSC) Berhad and BHS Industries Berhad. He also sits on the Board of several other private limited companies.

He is the Chairman of the Remuneration Committees and a member of the Audit Committee and Nomination Committee of the Company.

7.1.4 Profile of Substantial Shareholders

(i) Choong Siew Meng

Please refer to Section 7.1.3(i)

(ii) Choong Lai Chun

Please refer to Section 7.1.3(ii)

(iii) Wang Heng

Please refer to Section 7.1.3(iv)

Wang Heng is no longer a substantial shareholder after the Public Issue and Bonus Issue.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

(iv) Lew Nyuk Kiat

Lew Nyuk Kiat, Malaysian, aged 53, is the sister-in-law of Ooi Geok Lian and a substantial shareholder of WinSun. She completed her education from Convent of the Holy Infant Jesus, Seremban, Negeri Sembilan in 1971 and obtained a Malaysian Certificate of Education ("MCE"). She has also attained LCC-Private Secretarial Certificate from Bine Institute, Kuala Lumpur in 1997.

Her career began in 1977 when she joined Malaysian Sheet Glass Berhad, a Japanese-Malaysian joint venture sheet and safety glass manufacturing company as Confidential Secretary to the General Manager for Finance in Controller Department. She was responsible to handle various job functions such as Company Secretarial duties for the company, subsidiaries and investment companies and also scholarship and education foundation matters. She retired from the company in 2001.

Lew Nyuk Kiat is no longer a substantial shareholder after the Public Issue and Bonus Issue.

(v) Ooi Geok Lian

Ooi Geok Lian, Malaysian, aged 56, is the sister-in-law of Lew Nyuk Kiat, a substantial shareholder of WinSun. She obtained her MCE in 1969 and passed her intermediate book-keeping in 1970.

She worked as an accounts clerk and accounts executive in several companies such as Kee San Biscuits, Wilayah Credit Sdn Bhd, Jaya Ringgit Credit Sdn Bhd and Fountain Industries Sdn Bhd. Currently, she is the Assistant Manager in the Finance Department of Rohas-Euco Industries Bhd.

Ooi Geok Lian is no longer a substantial shareholder after the Public Issue and Bonus Issue.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.1.5 Promoters, Directors and Substantial Shareholders' Directorships and Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

Save as disclosed below, none of our Promoters, Directors and substantial shareholders have any directorships or substantial shareholdings in other public corporations for the past two (2) years up to 23 November 2007, being the latest practicable date prior to the printing of this Prospectus.

Name	Public Corporation	Principal Activities	Directorship		Substantial Shareholdings/ Shareholdings			
					Direct		Indirect	
			Date appointed	Date resigned	No. of Shares	%	No. of Shares	%
Wee Hoe Soon @ Gooi Hoe Soon^	Pos Malaysia Berhad	Investment holding, provision of postal and related services, printing and insertion, sale of digital certificates and also property investment.	March 2007	-	-	-	-	-
	Paos Holdings Bhd	Investment holding, manufactures soap and related products. Also manufactures and trades in specialty fats and animal feed made from palm oil.	January 2004	April 2007	-	-	-	-
	Hup Seng Industries Bhd	Investment holding, manufactures, sells and distributes biscuits, confectioneries and other foodstuffs.	January 2005	-	-	-	-	-
Shamsudin @ Samad bin Kassim#	Century Logistics Holdings Berhad	Freight forwarding, warehousing, container haulage, transportation and open yard storage services.	November 2001	-	-	-	-	-
	Supermax Corporation Berhad	Sell and export various types of latex gloves.	July 2002	-	101,000	*	-	-
	Kinsteel Berhad	Manufactures and trades steel bars and related products.	August 2002	-	95,000	*	-	-
	Ingress Corporation Berhad	Manufactures roll-formed plastic mouldings and weather strips, automatic tank cleaning services and engineering services for power, utility, oil, gas and computer aided designs and industries.	November 2001	-	-	-	-	-

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Name	Public Corporation	Principal Activities	Directorship		Substantial Shareholdings/ Shareholdings			
					Direct		Indirect	
			Date appointed	Date resigned	No. of Shares	%	No. of Shares	%
Shamsudin @ Samad bin Kassim[#] *(Cont'd)*	Boon Koon Group Berhad	Manufactures rebuilt and reconditioned commercial vehicles and bodyworks, trades commercial vehicle accessories, parts and components, resells new chassis cab and equipment, provides financing and insurance services, and distributes rebuilt and reconditioned commercial vehicles.	January 2004	-	2,023,500	*	-	-
	Impressive Edge Group Berhad	Provides precision engineering and provides machining for mold, die, I.C. cavity, trim, and form die set tungsten carbide fabrication.	September 2004	-	300,000	*	-	-
	Maxbiz Corporation Berhad	Provides knitting of fabrics, commercial dyeing and finishing of knitted fabrics.	February 2005	June 2007	-	-	-	-
	H-Displays (MSC) Berhad	Manufacturer and marketing of LCD products, LCD modules and LCD panels.	November 2006	-	100,000	*	-	-
	BHS Industries Berhad	Investment holding, provision of management services and engaged in commercial printing and publishing of educational books.	August 2007	-	200,000	0.25	-	-

Notes:

* *Negligible*

^ *Wee Hoe Soon @ Gooi Hoe Soon was the Managing Director and Deputy Chairman of Avenue Capital Resources Berhad ("ACRB") prior to the merger between ACRB and ECM Libra Berhad on 16 June 2006.*

\# *Shamsudin @ Samad bin Kassim was a Director of Seal Polymer Industries Berhad which was delisted on 16 August 2007.*

7.1.6 Changes in our Promoters and Substantial Shareholders' Shareholdings

The changes in the Promoters and substantial shareholders' shareholdings in our Company since incorporation are as follows:

	As at date of incorporation 21 March 2007				22 March 2007 to 23 November 2007			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters and Substantial Shareholders								
Choong Siew Meng[(1)]	1	50.00	-	-	30,000,000	42.86	-	-
Choong Lai Chun[(1)]	1	50.00	-	-	21,000,000	30.00	-	-
Substantial Shareholders								
Wang Heng	-	-	-	-	3,500,000	5.00	-	-
Lew Nyuk Kiat [(2)]	-	-	-	-	4,000,000	5.71	-	-
Ooi Geok Lian [(2)]	-	-	-	-	3,500,000	5.00	-	-

Notes:

(1) *Notwithstanding that both Choong Siew Meng and Choong Lai Chun are siblings, both have declared that they are not in control of each other's shareholdings.*

(2) *Lew Nyuk Kiat and Ooi Geok Lian are sisters-in-law where Lew Nyuk Kiat is the spouse of Ooi Geok Lian's brother. Both Ooi Geok Lian and Lew Nyuk Kiat have declared that they are not in control of each others' shareholdings.*

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

7.1.7 Directors' Remuneration and Benefits

The remuneration and material benefits-in-kind paid and proposed to be paid to all our Directors for services rendered to us in all capacities to our Group was approximately RM0.4 million for the FYE 31 December 2006 and estimated at RM0.7 million for the FYE 31 December 2007.

The remuneration and material benefits-in-kind paid or proposed to be paid to our Directors is as follows:

Directors[1]	Remuneration band of our Directors for the FYE 31 December	
	2006	2007
Choong Siew Meng	RM150,000 to RM200,000	RM200,000 to RM250,000
Choong Lai Chun	RM50,000 to RM100,000	RM50,000 to RM100,000
Ng Ngoon Weng	-	RM50,000 to RM100,000
Wang Heng	RM50,000 to RM100,000	RM150,000 to RM200,000
Chu Ye Ping	RM50,000 to RM100,000	RM50,000 to RM100,000
Zhou Jiu Ying	Up to RM50,000	RM50,000 to RM100,000
Wee Hoe Soon @ Gooi Hoe Soon	-	Up to RM50,000
P'ng Lai Heng	-	Up to RM50,000
Shamsudin @ Samad bin Kassim	-	Up to RM50,000

Note:

(1) Our Directors were appointed on 12 November 2007.

Other than amounts set aside or accrued in respect of the relevant laws, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for any of our Directors.

7.1.8 Term of Office

According to our Articles of Association, one third (or the number nearest to one third) of our Directors are required to retire from office at each annual general meeting. However, a retiring Director is eligible for re-election at the meeting at which he retires. An election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Our Directors, Choong Siew Meng, Choong Lai Chun, Ng Ngoon Weng, Wang Heng, Chu Ye Ping, Zhou Jiu Ying, Wee Hoe Soon @ Gooi Hoe Soon, P'ng Lai Heng and Shamsudin @ Samad bin Kassim shall hold office until the next annual general meeting and shall then be eligible for re-election.

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

7.2 Audit, Remuneration and Nomination Committee

7.2.1 Audit Committee

The composition of our Audit Committee is as follows:

Name	Designation	Directorship
Wee Hoe Soon @ Gooi Hoe Soon	Chairman	Independent Non-Executive Director
P'ng Lai Heng	Member	Independent Non-Executive Director
Shamsudin @ Samad bin Kassim	Member	Independent Non-Executive Director

The summary of the terms of reference of the Audit Committee is as follows:

(i) recommends to our Board regarding the selection of the external auditors;

(ii) reviews the results and scope of the audit and other services provided by our Group's external auditors;

(iii) reviews and evaluates our Group's internal audit and control functions; and

(iv) assess the financial risk and matters relating to related party transactions and conflict of interests.

The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

7.2.2 Remuneration Committee

The composition of our Remuneration Committee is as follows:

Name	Designation	Directorship
Shamsudin @ Samad bin Kassim	Chairman	Independent Non-Executive Director
Choong Siew Meng	Member	Managing Director/CEO
P'ng Lai Meng	Member	Independent Non-Executive Director

The summary of the terms of reference of the Remuneration Committee is as follows:

(i) recommend to our Board the remuneration of the Directors;

(ii) assist our Board in assessing the responsibility and commitment undertaken by our Board membership; and

(iii) assist our Board in ensuring the remuneration of our Directors reflects the responsibility and commitment of the Director concerned.

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

7.2.3 Nomination Committee

The composition of our Nomination Committee is as follows:

Name	Designation	Directorship
Wee Hoe Soon @ Gooi Hoe Soon	Chairman	Independent Non-Executive Director
P'ng Lai Heng	Member	Independent Non-Executive Director
Shamsudin @ Samad bin Kassim	Member	Independent Non-Executive Director

The summary of the terms of reference of the Nomination Committee are as follows:

(i) review our Board structure, size and composition;

(ii) nominate candidates to the Board to fill Board vacancies when they arise;

(iii) recommend Directors who are retiring by rotation to be put forward for re-election; and

(iv) ensure that all Board appointees undergo an appropriate introduction and training programme.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

7.3 Key Management and Key Technical Personnel

7.3.1 Key Management and Key Technical Personnel's Shareholdings

The direct and indirect interests of our key management and key technical personnel in our issued and paid-up share capital before and after the Public Issue and after the Bonus Issue are as follows:

Name	Designation	Before the Public Issue				After the Public Issue^				After the Bonus Issue^			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
H'ng Beng Choon	Group Financial Controller	-	-	-	-	-	-	-	-	-	-	-	-
Zhang Jia Wei*	Engineering & Production Manager	-	-	-	-	67,000	3.35	-	-	201,000	0.07	-	-
Wang Qi*	Finance Manager	-	-	-	-	67,000	3.35	-	-	201,000	0.07	-	-
Li Ge*	Human Resource & Administrative Manager	-	-	-	-	67,000	3.35	-	-	201,000	0.07	-	-
Ye Jin*	Commercial Manager	-	-	-	-	67,000	3.35	-	-	201,000	0.07	-	-
Tang Wei*	Quality Assurance Manager	-	-	-	-	67,000	3.35	-	-	201,000	0.07	-	-

Note:

^ *Assuming full subscription of their respective pink form share allocation pursuant to the Public Issue.*

* *Being foreign equity ownership in WinSun.*

7.3.2 Profile of our Key Management and Key Technical Personnel

(i) H'ng Beng Choon

H'ng Beng Choon, Malaysian, aged 49, is our Group Financial Controller. He is a qualified accountant and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He has over 25 years of working experiences, serving in various capacities from Finance and Administrative Manager, General Manager, to Finance and Operation Director, in private and public listed companies on Bursa Securities. He was with Man Yau Holdings Berhad from 1983 to 1989 and Palmco Holdings Berhad from 1989 to 1991 and subsequently he was with various other groups of companies. His industry experience ranges from plastic industry, palm oil refinery and downstream products, property development and construction, hotel, finance and leasing, electronic, retail and health-care industry. His area of responsibilities includes overseeing the financial and accounting aspects as well as general administration of our Group.

(ii) Zhang Jia Wei

Zhang Jia Wei, Chinese, aged 44, is the Engineering and Production Manager of our Group. He holds a diploma from Royal Melbourne Institute of Technology University, Australia. He has more than 20 years of experience in electrical drive and automation control system. He previously worked with Shanghai Engineering Institute in Light Industry under the Technology Development Department from 1981 to 1995. He left Shanghai Engineering Institute and joined Ford Auto Manufacturing ("Ford") in Melbourne, Australia as a Technology Development Officer. Subsequently, he left Ford and joined our Group's Engineering and Production Department in 1997. His area of responsibilities includes overseeing the operation and production aspects of our Group.

(iii) Wang Qi

Wang Qi, Chinese, aged 40, is the Finance Manager of our Group in China. He holds a degree in Statistics from HangZhou Business University, China. He started his career in 1989 as a lecturer with Jiang Xi Commissariat Institute, China and left in 1997 to join Shanghai Jiang-Hu United Accounting Office as an Accountant. Subsequently, he joined Xiang Huo Qu Automobile Investment Joint-Stock Co. Ltd in 2000 as a Financial Analysis Manager. In 2003, he joined East Zhong Qi Asset Management Co. Ltd as a Financial Analysis Manager before joining Winco in 2005 as the Finance Manager. His responsibilities include the financial and accounting aspects of our Group in China.

(iv) Li Ge

Li Ge, Chinese, aged 47, is the Human Resource & Administrative Manager of our Group. He holds a Masters in Business Administration degree from Maastricht University, Netherlands. He previously worked with Steel Tube Joint-Stock Co., Ltd as a Business Development Manager. He then joined Shanghai Supra Ltd as a Deputy General Manager from 1998 to 2002. He is well-versed in China's Human Resource Market and Labour Law and is responsible for our Group's human resource and office administration.

(v) Ye Jin

Ye Jin, Chinese, aged 29, is the Commercial Manager of our Group. She holds a degree in Business Management from Shanghai University of Engineering Science, China. She previously worked as a Project Manager in AC Nielsen, China from 2000 to 2001. She currently oversees contracts, procurement and logistic and supply chain of our Group.

(vi) Tang Wei

Tang Wei, Chinese, aged 63, is the Quality Assurance Manager of our Group. He holds a degree in Signal Communication and Electronics from Shanghai Science Technology University, China. He previously worked with Shanghai Fifth Instrument Automation Plant as a Chief Engineer from 1967 to 1994 as Chief Engineer. His area of responsibilities includes quality assurance of our Group's systems and products.

7.4 Declaration from our Promoters, Directors, Key Management and Key Technical Personnel

None of our Promoters, Directors, key management and key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

(i) a petition under any bankruptcy or insolvency laws that was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel;

(ii) disqualified from acting as a Director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) charged and/or convicted in a criminal proceeding or is named subject of a pending criminal proceeding;

(iv) any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

7.5 Relationships

Saved as disclosed below, as at 23 November 2007, none of our promoters, Directors, substantial shareholders, key management or key technical personnel are related to each other:

(i) Choong Siew Meng is the brother of Choong Lai Chun.
(ii) Lew Nyuk Kiat is the sister-in-law of Ooi Geok Lian.

7.6 Service Agreements

There are no existing or proposed service agreements between our Group and Directors or key management, excluding contracts expiring or determinable by our Company without payments or compensation (other than statutory compensation), which are not terminable by notice without payment or compensation (other than statutory compensation).

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

7.7 Involvement of Executive Directors and Key Management in other Business/Corporation

None of our executive Directors and key management is involved in other businesses/ corporations.

7.8 Employees

As at 23 November 2007, our Group has staff strength of 76 employees and are classified into the following categories:

Employee Category	< 1 year	1 to 5 years	Total	Average years of service
Managerial	1	7	8	6
Administration	1	3	4	6
QA	-	2	2	7
Finance	2	5	7	5
Commercial	2	6	8	4
R&D	4	7	11	3
Sales and Marketing	5	10	15	4
Engineering and Production	6	14	20	2
IT	-	1	1	1
Total	**21**	**55**	**76**	

As at 23 November 2007, 4 out of the total 76 employees are Malaysians while the remainder 72 employees are from China.

In addition, our Group conducts internal trainings regularly to keep its employees updated about the recent developments in the company and new technology developments. Among the internal trainings that the Group conducts include:

- Employee Disciplines;
- Company Policies;
- PLC Controller Flow;
- Sales & Marketing Strategies;
- Business Process Flow;
- Financial Knowledge Management;
- Technical Trainings on products such as Siemens PLC, electrical installation requirements, Siemens transistors, process control system, sensors and measuring/testing devices, etc.;
- Industrial Application development training camp in Huang Shan;
- Work co-ordination development training camp in Zhe Jiang Ji Long Shan; and
- Workforce development training camp in Zhu Shan Lake WuXi for staff.

Our Group believes strongly in staff and human resource development programmes, as the growth of our Group is partially dependent on the growth of our employees' knowledge and capabilities. As such, our Group provides continuous staff training and development programmes to keep abreast with the latest progress in R&D, implementation and customer support.

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

The list of training and development programmes are illustrated below:

Date	*Training Programmes*	*Consultant*
09/03/2000	Business and Technology Training at Germany	Siemens Germany
15/03/2001	Business and Technology Training at Germany	Siemens Germany
15/03/2002	Business and Technology Training at Germany	Siemens Germany
17/08/2002	Customer Relationship Business Training	Siemens (China)
03/06/2003	High Voltage Convert Products	ASI Robicon Corporation (US)
07/08/2003	Customer Relationship Business Training	Siemens (China)
02/12/2003	ISO9001:2000 Training	Shanghai Sincere Authentication Training Centre
14/07/2004	Industrial Application Development Training Camp in Huang Shan	In-house Training
12/03/2004	Business and Technology Training at Germany	Siemens Germany
23-24/03/2004	Sales Distribution Management	Siemens (China)
15-16/06/2004	FMC Electromagnetism Compatibility Training	Siemens (China)
22/07/2004	Team Work Training for All Staff	In-house Training
24/07/2004	Special Equipment Operation Training	Shanghai Quality Technology Supervising Office
27-28/08/2004	FMC Electromagnetism Compatibility Training	Siemens (China)
12/08/2005	Work Co-ordination Development Training Camp in Zhe Jiang Ji Long Chan	Libo Sports Centre and Winner
10/03/2005	Sales Distribution Training at Germany	Siemens Germany
10/04/2005 to 08/05/2005	LCI Load Exchange	Siemens Germany
20/08/2005	Team Work Training for All Staff	In-house Training
26/11/2005	3C Certificates Training for all staffs	Consultant: Gu Jian Gang
24/01/2006 to 26/01/2006	G150 Series Technology Training	Siemens (China)
24/01/2006 to 26/01/2006	LD1101 Siemens Driver Course	Siemens (China)
03/03/2006	Contract Law	Counsellor: Guo Jing

7. INFORMATION ON PROMOTERS, DIRECTORS, SUBSTANTIAL SHAREHOLDERS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Date	*Training Programmes*	*Consultant*
06/03/2006	LD Technology and Marketing Strategy	Siemens (China)
11/04/2006 to 14/04/2006	ISO9001:2000 Training	Shanghai Sincere Authentication Training Centre
08/12/2006	Workforce Development Training Camp in Zhu Shan Lake WuXi	In-house Training
16/08/2006 to 30/08/2006	China Enterprise Accounting System and Guide Lines	Shanghai Zhabei Accounting Training Centre

Our employees are not members of any labour union and enjoy a cordial relationship with our management. Furthermore, there have never been any industrial disputes involving our Group in the past.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK