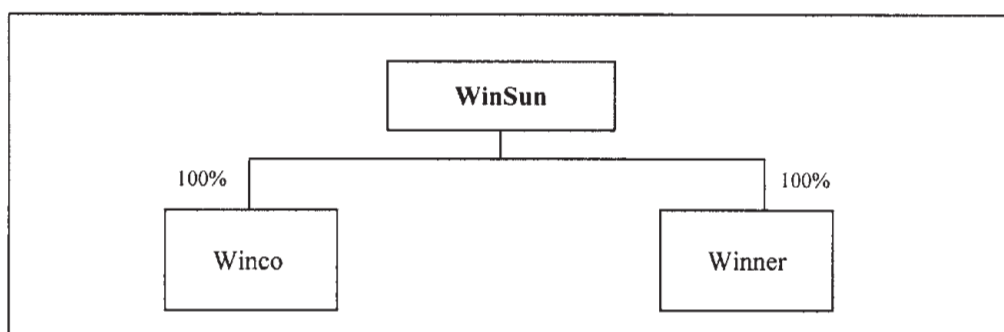


2. INFORMATION SUMMARY

THIS IS A SUMMARY OF THE SALIENT INFORMATION IN THE PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS CAREFULLY BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 History and Business

Our company was incorporated in Malaysia under the Act on 21 March 2007 as a private limited company 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's principal activities are investment holding and R&D whilst our subsidiaries are principally involved in the provision and design of industrial automation systems. Our Group's corporate structure is as follows:



Our Group's history can be traced back to 1994 when our founder, Choong Siew Meng, incorporated 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 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. As part of Winner's expansion plan and to complement its existing business activities, 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 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 include the design of automated 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.

Through years of experience, our Group has built a comprehensive technical and engineering team equipped with domain knowledge of many niche process and non-process industries. From feasibility and front-end studies to design and detailed engineering specifications, the Group ensures that its solutions meet clients' needs and adhere to relevant design codes.

Our Group intends to transfer part of its R&D team and activities from China to Malaysia in year 2008. One of the reasons for the partial shift to Malaysia is to protect our intellectual property rights as the environment to cultivate intellectual property rights has yet to be fully mature in China. Our Group plans to venture into Vietnam in the following year.

For further information on the history, principal activities and business of our Group please refer to Section 5 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.2 Financial Highlights

2.2.1 Proforma Consolidated Income Statements

The following table is a summary of our proforma consolidated income statements for the past three (3) FYE 31 December 2004 to 2006 and six (6) months FPE 30 June 2006 and 2007 which have been prepared for illustrative purposes only based on the assumption that the Acquisitions and Share Split had been effected throughout the period under review.

	FYE 31 December			Six (6) Months FPE 30 June	
	2004 RM'000	2005 RM'000	2006 RM'000	2006^ RM'000	2007 RM'000
Revenue	24,235	28,397	39,691	18,905	27,161
Gross profit	2,043	3,380	4,587	2,011	5,037
Profit before amortisation, depreciation, interest and taxation	70	2,279	3,229	1,496	3,514
Amortisation	-	-	-	(46)	(57)
Depreciation	(144)	(190)	(196)	(21)	(139)
Interest expense	(11)	(74)	(39)	(24)	(16)
(LBT)/PBT but after amortisation, depreciation and interest	(85)	2,015	2,994	1,405	3,302
Taxation	(53)	(29)	(42)	-	(276)
(LAT)/PAT	(138)	1,986	2,952	1,405	3,026
Gross profit margin (%)	8.43	11.90	11.56	10.64	18.54
(LBT)/PBT margin (%)	(0.35)	7.10	7.54	7.43	12.16
(LAT)/PAT margin (%)	(0.57)	6.99	7.44	7.43	11.14
Number of Shares assumed to be issued # ('000)	70,000	70,000	70,000	70,000	70,000
Gross (LPS)/EPS (sen)	(0.12)	2.88	4.28	4.01*	9.43*
Net (LPS)/EPS (sen)	(0.20)	2.84	4.22	4.01*	8.65*

Notes:

- The Proforma Consolidated Income Statements have been prepared based on the audited financial statements of WinSun, Winner and Winco for the past three (3) FYE 31 December 2004 to 2006 and the six (6) months FPE 30 June 2007.
 - There were no extraordinary or exceptional items in all the financial years/period under review.
 - WinSun Group's results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the existing group structure.
- # As WinSun was only incorporated on 21 March 2007, the number of ordinary shares of RM0.10 each assumed to be issued was computed using the issued and fully paid-up ordinary share capital of WinSun assuming the acquisitions of Winner and Winco and the Share Split have been completed on 1 January 2004.
- * Annualised

2. INFORMATION SUMMARY (Cont'd)

^ *The proforma consolidated income statement for the six (6) months FPE 30 June 2006 has not been audited and are provided for illustrative purposes only as a comparison to the six (6) months FPE 30 June 2007.*

Detailed information on our financial highlights is set out in Section 11 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.2.2 Proforma Consolidated Balance Sheets

Our proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the effects on our audited balance sheets as at 30 June 2007 had the Flotation Exercise been completed on that date.

	As at 30.06.07 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
SHARE CAPITAL	*	7,000	7,000	10,000	30,000
RESERVES	(3)	12	12	20,012	12
Total shareholders' equity	(3)	7,012	7,012	30,012	30,012
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	-	1,015	1,015	3,315	3,315
Development costs	-	384	384	7,284	7,284
Total non-current assets	-	1,399	1,399	10,599	10,599
CURRENT ASSETS					
Inventories	-	909	909	909	909
Trade receivables	-	4,208	4,208	4,208	4,208
Other receivables	22	2,564	2,564	2,564	2,564
Amount due from customers on contracts	-	7,997	7,997	7,997	7,997
Cash and bank balances	15	630	630	13,579	13,579
Total current assets	37	16,308	16,308	29,257	29,257
CURRENT LIABILITIES					
Trade payables	-	1,861	1,861	1,861	1,861
Other payables	-	7,671	7,671	7,671	7,671
Amount due to a director	40	40	40	40	40
Tax payable	-	272	272	272	272
Bank borrowings	-	851	851	-	-
Total current liabilities	40	10,695	10,695	9,844	9,844
NET CURRENT (LIABILITIES)/ASSETS	(3)	5,613	5,613	19,413	19,413
	(3)	7,012	7,012	30,012	30,012
Number of shares in issue	2	7,000,000	70,000,000	100,000,000	300,000,000
Net tangible (liabilities)/assets per ordinary share of					
- RM1.00 each (sen)	(173,900)	94.69	-	-	-
- RM0.10 each (sen)	-	-	9.47	22.73	7.58
Net (liabilities)/assets per ordinary share of					
- RM1.00 each (sen)	(173,900)	100.17	-	-	-
- RM0.10 each (sen)	-	-	10.02	30.01	10.00

Notes:

- * : Represents RM2 comprising 2 Shares.
- Proforma I : After the Acquisitions
- Proforma II : After Proforma I and Share Split
- Proforma III : After Proforma II and Public Issue and utilisation of listing proceeds
- Proforma IV : After Proforma III and Bonus Issue

Detailed information on our proforma consolidated balance sheets is set out in Section 11.6 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.2.3 Proforma Consolidated Cash Flow Statements

The following is our proforma consolidated cash flow statements for the six (6) months FPE 30 June 2006 and 2007 which have been prepared for illustrative purposes only on the assumption that the Acquisitions and Share Split had been effected throughout the period under review.

	Six (6) months FPE 30 June	
	2006 [^]	2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,405	3,302
Adjustments for:		
Allowance for doubtful debts	-	591
Allowance for slow moving inventories	45	366
Amortisation	-	57
Depreciation	92	139
Interest expenses	24	16
Allowance for obsolete inventories no longer required	-	(94)
Allowance for doubtful debts no longer required	(10)	-
Interest income	(2)	(3)
Operating profit before working capital changes	1,554	4,374
Changes in working capital:		
Development cost	(170)	(99)
Inventories	143	(682)
Director	(79)	38
Receivables	(952)	675
Payables	(775)	(452)
Customers on contracts	(227)	(5,354)
Cash used in operations	(506)	(1,500)
Interest received	2	3
Interest paid	(24)	(30)
Tax paid	-	(4)
Net cash used in operating activities	(528)	(1,531)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(175)	(43)
Net cash used in investing activity	(175)	(43)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(180)	(272)
Drawdown of term loan	-	851
Proceeds from issuance of share capital	-	*
Net cash from financing activities	(180)	579
CASH AND CASH EQUIVALENTS		
Net changes	(883)	(995)
Effect of exchange rate changes	-	10
Brought forward	1,184	1,614
Carried forward	301	629

Notes:

[^] Our proforma consolidated cash flow statement for the six (6) months FPE 30 June 2006 has not been audited and are provided for illustrative purposes only as a comparison to the six (6) months FPE 30 June 2007.

* RM2

2. INFORMATION SUMMARY (Cont'd)

The Proforma Consolidated Cash Flow Statement has been prepared based on the audited financial statements of WinSun, Winner and Winco as at 30 June 2007.

The Proforma Consolidated Cash Flow Statement has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of WinSun Group.

Detailed information on our proforma consolidated cash flow statements is set out in Section 11.5 of this Prospectus.

2.3 Principal Statistics Relating to the Public Issue

2.3.1 Our Share Capital

	No. of Shares	Share Capital RM
Authorised share capital	<u>1,000,000,000</u>	<u>100,000,000</u>
Issued and fully paid-up share capital		
As at the date of this Prospectus	70,000,000	7,000,000
To be issued and credited pursuant to the Public Issue	30,000,000	3,000,000
To be issued and credited pursuant to the Bonus Issue	<u>200,000,000</u>	<u>20,000,000</u>
Enlarged issued and fully paid-up share capital upon Listing	<u>300,000,000</u>	<u>30,000,000</u>

2.3.2 Public Issue Price for each Public Issue Share RM0.85
(theoretical ex-bonus price after the Bonus Issue will be approximately RM0.28 per WinSun Share)

2.3.3 Market Capitalisation

Market capitalisation based on the Public Issue Price RM85,000,000

2.3.4 Proforma Consolidated NTA and NA as at 30 June 2007

Our Group Proforma NTA RM22,728,098
(After the Flotation Exercise and deducting estimated listing expenses of RM2,500,000)

Our Group Proforma NA RM30,011,993
(After the Flotation Exercise and deducting estimated listing expenses of RM2,500,000)

Our Group Proforma NTA per Share (sen) 7.58
(based on our enlarged share capital of 300,000,000 Shares)

Our Group Proforma NA per Share (sen) 10.00
(based on our enlarged share capital of 300,000,000 Shares)

2. INFORMATION SUMMARY (Cont'd)

2.3.5 Classes and ranking

We only have one (1) class of shares, being ordinary shares of RM0.10 each, all of which rank equally with one another. The Public Issue Shares will rank equally in all respects with our other existing Shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of allotment thereof.

Please refer to Section 3 of this Prospectus for further details on the Public Issue.

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2. INFORMATION SUMMARY (Cont'd)

2.4 Consolidated Profit Estimate and Forecast

The following is the summary of our consolidated profit estimate and forecast for the FYE 31 December 2007 and 2008 and should be read in conjunction with the accompanying notes included in the consolidated profit estimate and forecast set out in Section 11 of this Prospectus.

	Estimate 2007	Forecast 2008
	RM'000	RM'000
Revenue	59,100	81,069
Consolidated PBT	6,273	10,492
Taxation	(498)	(832)
Consolidated PAT	5,775	9,660
Less: Pre-acquisition profit*	(4,813)	-
	962	9,660
Weighted average number of ordinary shares in issue ('000)	213,041	297,616
Enlarged issued and paid-up share capital ('000)	300,000	300,000
Based on the weighted average number of ordinary shares in issue: ⁽¹⁾		
Gross EPS (sen) ⁽²⁾	2.94	3.53
Net EPS (sen) ⁽³⁾	2.71	3.25
Gross PE Multiple (times) ^{(2) and (4)}	9.64	8.03
Net PE Multiple (times) ^{(3) and (4)}	10.46	8.72
Based on the enlarged number of ordinary shares upon Listing:		
Gross EPS (sen) ⁽²⁾	2.09	3.50
Net EPS (sen) ⁽³⁾	1.93	3.22
Gross PE Multiple (times) ^{(2) and (4)}	13.55	8.10
Net PE Multiple (times) ^{(3) and (4)}	14.68	8.80

Notes:

⁽¹⁾ On the assumption that the Public Issue and Bonus Issue will complete by end of January 2008.

⁽²⁾ Based on the consolidated PBT of the Group before deducting the pre-acquisition profit.

⁽³⁾ Based on the consolidated PAT of the Group before deducting the pre-acquisition profit.

⁽⁴⁾ Based on the theoretical ex-bonus price of approximately RM0.28 per share.

* WinSun was incorporated on 21 March 2007 and the Acquisitions were completed on 25 October 2007. Therefore, the pre-acquisition profit relates to period from 1 January 2007 to 25 October 2007.

2. INFORMATION SUMMARY (Cont'd)

2.5 Dividend Forecast

Our Board does not intend to recommend any dividend for the FYE 31 December 2007 and 2008. Further details on our dividend forecast and policy is set out in Section 11.15 of this Prospectus.

2.6 Qualifications of Audited Accounts

The auditors' reports for all the companies within our Group for the financial years/period under review were reported without any qualification.

2.7 Risk Factors

There are a number of risk factors (which may not be exhaustive), both specific to our Group and relating to the general business environment, which may impact the operating performance and financial position of our Group, and affect the achievability of our estimate and forecast. To appreciate the risk factors associated with an investment in us, you should read this entire Prospectus carefully, taking into consideration the following summary of key risk factors:

Risks Relating to our Group or the Industry

- (i) Lack of Long Term Contracts;
- (ii) Availability of Skilled Technical Expertise;
- (iii) Control by Substantial Shareholders;
- (iv) Economics, Political and Regulatory Risks;
- (v) Protection of Intellectual Property Rights;
- (vi) Dependence on Key Management and Key Technical Personnel;
- (vii) Competition;
- (viii) Dependence on Certain Suppliers;
- (ix) Dependence on Major Customers;
- (x) Dependence on Principal Products, Services and Markets;
- (xi) Financial Risks;
- (xii) Legal Uncertainties Concerning Contractual Agreements;
- (xiii) Emergency Risks and System Failure;
- (xiv) Adequacy of Insurance Coverage;
- (xv) Future Capital Injections; and
- (xvi) Change in MSC status.

Risks Relating to Investment in our Shares

- (i) No Prior Market for our Shares;
- (ii) Failure or Delay in the Listing; and
- (iii) Termination of the Underwriting Agreement.

Risks Relating to Future Information

- (i) Profit Estimate and Forecast and Forward Looking Statements; and
- (ii) Uncertainty in the Implementation of the 3-Year Business Development Plan.

The details of the aforementioned risks are provided in the "Risk Factors" in Section 4 of this Prospectus. If you are unsure about any of the information contained in the section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

2. INFORMATION SUMMARY *(Cont'd)*

2.8 Utilisation of Proceeds

We expect the proceeds from the Public Issue of approximately RM25.5 million to be fully utilised by our Group as follows:

	Estimated timeframe for utilisation from the date of Listing	Proceeds RM'000
R&D	Within 36 months	6,900
Capital expenditure	Within 36 months	2,300
Repayment of borrowings	Within 12 months	2,300
Business development	Within 36 months	2,300
Working capital	Within 24 months	9,200
Listing expenses	Within 12 months	2,500
Total		25,500

Further details on the utilisation of the gross proceeds are set out in Section 3.7 of this Prospectus.

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3. PARTICULARS OF THE PUBLIC ISSUE

3.1 Introduction

This Prospectus is dated 28 December 2007

A copy of this Prospectus has been registered with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC who takes no responsibility for its contents.

We have received the approval from the SC for the Flotation Exercise on 9 October 2007. Approval-in-principle has been obtained from Bursa Securities on 3 December 2007 for admission to the Official List of the MESDAQ Market and for permission to deal in and the listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ Market.

Our Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from Bursa Depository that all the CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act 1991, Bursa Securities has prescribed our Shares as a prescribed security. In consequence thereof, the Shares offered through this Prospectus will be deposited with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Acceptance of the applications will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged and issued paid-up ordinary shares on the MESDAQ Market. Accordingly, all monies paid in respect of any application accepted from the applicants will be returned in full without interest if the said permission for the listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of Section 243(2) of the CMSA shall apply accordingly.

Pursuant to the MMLR, our Company needs to have at least 25% of the total number of shares for which listing is sought in the hands of a minimum number of 1,000 public shareholders holdings not less than 100 shares at the time of our admission to the MESDAQ Market. We are expected to achieve this at the point of our admission to the MESDAQ Market. If we do not meet the above requirement, we may not be allowed to proceed with our listing plan. In such an event, we will return in full without interest, monies paid in respect of all applications.

You must have a CDS account when applying for the Public Issue Shares. In the case of an application by way of Application Form, you should state your CDS account in the space provided in the Application Form. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our Public Issue Shares. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

No person is authorised to give any information or make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue Shares in any jurisdiction and in any circumstances in which such an invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus is subject to Malaysian laws and we take no responsibility for the distribution of this Prospectus outside Malaysia.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of our Company and our subsidiaries or our Shares.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in us. In considering the investment, if you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

3.2 Indicative Timetable

The indicative timetable of events leading up to the Listing is as follows:

Event	Tentative Dates
Opening date of application	28 December 2007
Closing date of application	7 January 2008
Tentative date for balloting of applications	9 January 2008
Tentative date for despatch of notices of allotment to successful applicants	21 January 2008
Tentative Listing date	22 January 2008

This timetable is tentative and subject to changes which may be necessary to facilitate the implementation procedures. The application period will open at 10.00 a.m. on Friday, 28 December 2007 and will remain open until 5.00 p.m. on Monday, 7 January 2008 or such further period or periods as our directors and underwriter may mutually decide, at their absolute discretions, to extend the closing date and time for applications to any later date(s).

If the closing date of the application is extended, the dates for the balloting, allotment and listing will be extended accordingly and we will notify the public via an advertisement in a widely circulated daily English and Bahasa Malaysia newspapers within Malaysia.

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

3.3 Purpose of the Public Issue

The purposes of the Public Issue are as follows:

- (i) provide our Group with access to the capital market to raise funds for future expansion and growth;
- (ii) provide an opportunity for our Directors and employees as well as Malaysian investors and institutions and the public to participate in the equity and continuing growth of our Group;
- (iii) enhance the stature of our Group in the marketing of our industrial automation products, systems and services;
- (iv) maintain our existing employees and attract new skilled personnel; and
- (v) enhance the business, profile and future prospects of our Group.

3.4 Share Capital

	No. of Shares	RM
Authorised share capital	1,000,000,000	100,000,000
Issued and fully paid-up share capital		
As at the date of this Prospectus	70,000,000	7,000,000
To be issued and credited pursuant to the Public Issue	30,000,000	3,000,000
To be issued and credited pursuant to the Bonus Issue	200,000,000	20,000,000
Enlarged issued and fully paid-up share capital upon Listing	300,000,000	30,000,000

We have only one (1) class of share, being ordinary shares of RM0.10 each, all of which rank equally with one another. The Public Issue Shares will rank equally in all respects with our other existing Shares including voting rights and will be entitled to all rights and dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares which we may issue in the future, the holders of ordinary shares in our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out of our Company as dividends and other distributions and in respect of any surplus in the event of the liquidation of our Company in accordance with our Articles of Association.

At any of our general meeting, each ordinary shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may but need not be a member of our Company.

3. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

3.5 Details of the Public Issue

The Public Issue of 30,000,000 WinSun Shares, at an issue price of RM0.85 per Share is payable in full upon application, subject to the terms and conditions of this Prospectus and will be allotted in the following manner:

(i) Malaysian Public

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

(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.

The allocation criteria for the Public Issue Shares to eligible Directors and employees of our Group, as approved by our Board, have taken into consideration, amongst others, the seniority level, category of employees, years of employment with our Group and other factors.

The Public Issue Shares have been allocated to six (6) eligible Directors and five (5) employees of our Group. The allocations for the Directors are as follows:

Director	Number of Public Issue Shares allocated
Choong Siew Meng	333,000
Choong Lai Chun	333,000
Ng Ngoon Weng	333,000
Wang Heng	333,000
Chu Ye Ping	166,500
Zhou Jiu Ying	166,500
Total	1,665,000

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3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(iii) Private Placement

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

In summary, the Public Issue Shares will be allocated and allotted in the following manner:

	Public Issue Shares	% of Enlarged Share Capital (before Bonus Issue comprising 100,000,000 Shares)	% of Enlarged Share Capital (after incorporating Bonus Issue comprising 300,000,000 Shares)
Malaysian Public	3,000,000	3.00	3.00
Eligible Directors and employees of the Group	2,000,000	2.00	2.00
Placees	25,000,000	25.00	25.00
Total	30,000,000	30.00	30.00

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares available for application by the Malaysian Public have been fully underwritten by the Underwriter. The 1,665,000 Public Issue Shares available for application by our Directors and 335,000 Public Issue Share available for application by the five (5) employees totalling 2,000,000 Public Issue Shares as listed in (ii) above are not underwritten as irrevocable undertakings to subscribe for the Public Issue Shares have been obtained from them.

The Public Issue Shares available for private placement to identified investors are not underwritten. Irrevocable undertakings have been obtained from the placees to subscribe for the Public Issue Shares under placement.

Any Public Issue Shares not subscribed for in respect of paragraph (i) will be made available for subscription by the placees referred to in paragraph (iii) above. Any further Public Issue Shares not subscribed for will be made available for subscription by the Underwriter as specified in the Underwriting Agreement dated 21 November 2007.

The basis of allocation to be determined shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of our Company to meet the public shareholding spread requirement and to establish a liquid and adequate market for our Shares.

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3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.6 Basis of Arriving at the Public Issue Price

There has been no prior trading market for our Shares. The price of RM0.85 per Public Issue Share was determined and agreed upon by our Directors and PIVB as the Adviser, Sponsor, Underwriter and Placement Agent after taking into consideration the following factors:

- (i) the operating and financial history and position of our Group as outlined in Sections 5 and 11 of this Prospectus;
- (ii) our Group's net EPS and net PE Multiples for the FYE 31 December 2007 and 2008 are as follows:

Financial year ending	Net EPS [^] (sen)	Net PE Multiple [#]
Based on PAT estimate for FYE 31 December 2007*	1.93	14.68
Based on PAT forecast for FYE 31 December 2008 [@]	3.22	8.80

Notes:

* Computed based on PAT of RM5.78 million before deducting the pre-acquisition profit.

@ Computed based on PAT of RM9.66 million.

[^] Based on the enlarged issued and paid-up share capital of 300,000,000 Shares.

[#] Based on Note [^] above and the theoretical ex-bonus price of approximately RM0.28 per share.

- (iii) the differentiation factors and competitive advantages of our Group as set out in Section 5.6.13 of this Prospectus;
- (iv) future plans, strategies and prospects of our Group as outlined in Section 5.9 of this Prospectus; and
- (v) outlook of the economy and industrial automation market in China as set out in Section 6 of this Prospectus.

Investors are to take note that the Bonus Issue will be implemented after the Public Issue but prior to the official quotation of the entire enlarged issued and paid-up share capital of WinSun on the MESDAQ Market. Based on the issue price of RM0.85 per Public Issue Share, the theoretical ex-bonus price will be approximately RM0.28 per WinSun Share.

However, you should note that the market price of our Shares upon and subsequent to the listing on the MESDAQ Market is subject to the vagaries of the market forces and other uncertainties, which may affect the price of Shares being traded. You should also bear in mind the risk factors set out in Section 4 of this Prospectus before deciding on whether or not to invest in our Shares.

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3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.7 Utilisation of Proceeds

The total gross proceeds of approximately RM25.5 million from the Public Issue will be utilised by our Group in the following manner:

	Note	Estimated timeframe for utilisation from the date of Listing	Proceeds RM'000
R&D	(1)	Within 36 months	6,900
Capital expenditure	(2)	Within 36 months	2,300
Repayment of borrowings	(3)	Within 12 months	2,300
Business development	(4)	Within 36 months	2,300
Working capital	(5)	Within 24 months	9,200
Listing expenses	(6)	Within 12 months	2,500
Total			25,500

Notes:

Further details on the proposed utilisation of proceeds from the Public Issue are set out below.

(1) R&D

WinSun is committed to carrying out R&D in order to create and sustain competitive advantages through the following:

- (i) Continuously developing the capability to utilise new technologies and system components that can be applied to new and existing industrial automation products and systems;
- (ii) Continuously developing new industrial automation products and systems to create areas of new growth and opportunity;
- (iii) Continuously driving product innovation and quality improvements to ensure customer satisfaction; and
- (iv) Continuously enhancing the effectiveness, efficiency and productivity of its IICMS to minimise costs.

In order to cater for the expenses to be incurred in undertaking the above R&D activities over the next 36 months, WinSun has earmarked a total of RM6,900,000 to finance the following:

Recruitment of knowledge workers

Number of employees

FYE 31 December	2008	2009	2010
Total R&D Staff	24	28	33
comprising:			
- R&D Manager	2	3	3
- Senior R&D Engineer	6	7	9
- R&D Engineer	9	11	12
- Assistant R&D Engineer	7	7	9

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Cost of Employees

FYE 31 December	2008	2009	2010	Total
	RM'000	RM'000	RM'000	RM'000
<i>R&D Staff Salaries</i>	568	815	1,092	2,475
<i>comprising:</i>				
- <i>R&D Manager</i>	114	163	251	528
- <i>Senior R&D Engineer</i>	227	342	448	1,017
- <i>R&D Engineer</i>	142	212	251	605
- <i>Assistant R&D Engineer</i>	85	98	142	325

Training and staff development cost

FYE 31 December	Training and staff development cost for 36 months
	RM'000
2008	240
2009	340
2010	420
Total	1,000

Our Group believes strongly in staff and human resource development programmes, as the growth of our Group is partially dependent on the growth of its 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, project implementation and customer support.

Other R&D expenditure

Description	Total costs for 36 months
	RM'000
<i>Application software for design and development</i>	900
<i>Hardware components</i>	967
<i>Laboratory/ testing expenditure</i>	600
<i>Professional consultancy*</i>	400
<i>Promotional expenditure</i>	400
<i>Others</i>	158
Total	3,425

Note:

* These are consultancy fees to the design/industrial know-how specialists/experts from Universities and Institutes. Our Group also works in collaboration with them (usually for high-end and sophisticated projects) to ensure continuous innovation and improvement of its systems.

(2) Capital expenditure

As part of our Group's plans to improve the current business processes, a total of RM2,300,000 is allocated for the next 36 months for the purposes of capital expenditure, details of which are as follows:

Description of hardware/software	Total costs for 36 months
	RM'000
<i>Machineries/engineering equipment</i>	1,118
<i>Application software</i>	165
<i>QC/ testing equipment</i>	741
<i>Workstation/office equipment</i>	200
<i>Safety equipment</i>	76
Total	2,300

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(3) Repayment of borrowings

Our Directors propose to repay the expected bank borrowings as follows:

<i>Bank / Financial institutions</i>	<i>Type of loan / facilities</i>	<i>Interest rate charge per annum (%)</i>	<i>Amount RM'000</i>
Malayan Banking Berhad	Short term loan	8	1,300
United Overseas Bank	Short term loan	8	1,000
Total			2,300

This is in view that our Group expects to drawdown borrowings amounting to RM3.60 million by the end of FYE 31 December 2007. As at 23 November 2007, our Group has obtained the following:

- (i) Letter of offer dated 6 March 2007 from Malayan Banking Berhad for a short term loan of RMB3,000,000 (equivalent to approximately RM1,350,000);
- (ii) Letter of offer dated 9 August 2007 from United Overseas Bank for a short term loan of RMB2,000,000 (equivalent to approximately RM900,000); and
- (iii) Letter of offer dated 28 August 2007 from Public Bank (Hong Kong) Ltd., Shenzhen Branch for a short term loan of RMB4,300,000 (equivalent to approximately RM1,935,000).

The above banking facilities are to be utilised for working capital purposes. Our Group intends to utilise the proceeds from the Flotation Exercise to repay the expected borrowings amounting to RM2,300,000 upon maturity. This is expected to result in interest savings of RM184,000 per annum.

Nevertheless, in the event the actual borrowings are below the expected borrowings, the shortfall will be utilised for working capital purposes.

(4) Business development and expansion

A total of RM2,300,000 has been allocated for the purpose of business development and expansion. In order to remain competitive, our Group recognises the need to expand our operations and also achieve better economies of scale. The business development and expansion expenses are costs involved in setting up a business unit and representative offices such as rental, staff cost, promotional expenditure and other operating expenses.

Thus in order to cater for the above, the breakdown of the utilisation of proceeds for business development and expansion over the next 36 months is as follows:

<i>Operating expenses</i>	<i>Total other business development and expansion-related expenses for 36 months RM '000</i>
Business unit in Malaysia	700
Representative office in China	1,000
Representative office in Vietnam	600
Total	2,300

(5) Working capital

The working capital of RM9,200,000 from the total gross proceeds raised will be allocated and utilised over the next 24 months to fund the liquidity, operating and administrative requirements of our Group.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(6) Listing expenses

Details of the proceeds to be utilised to defray the Listing expenses within the next 12 months from the date of listing are as follows:

<i>Items</i>	<i>RM'000</i>
<i>Professional fees</i>	<i>1,600</i>
<i>Underwriting commissions</i>	<i>51</i>
<i>Issuing House and fees to authorities</i>	<i>200</i>
<i>Printing and advertising fees</i>	<i>400</i>
<i>Miscellaneous and contingencies</i>	<i>249</i>
Total	*2,500

Note:

* Any differences arising from the proposed utilisation as set out above will be adjusted accordingly to our working capital requirements.

We will bear all expenses and fees incidental to the listing and quotation for our entire issued and paid-up share capital on the MESDAQ Market, which include underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees the aggregate of which is estimated to be RM2,500,000.

3.8 Brokerage, Placement Fees and Underwriting Commission

3.8.1 Brokerage

Brokerage fees is payable by us in respect of the Public Issue Shares at the rate of 1.0% on the Public Issue Price of RM0.85 per Share in respect of successful applications which bear the stamps of PIVB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

3.8.2 Placement Fees

The placement fees in respect of the Public Issue is payable by our Company to the Placement Agent at a rate of up to 2.0% of the Public Issue Price in respect of the number of shares successfully placed out.

3.8.3 Underwriting Commission

Further to Section 3.5, we had entered into a conditional Underwriting Agreement with PIVB on 21 November 2007 to underwrite 3,000,000 Public Issue Shares available for application by the Malaysian Public ("the Underwritten Shares").

The underwriting commission is payable by our Company at a rate of 2.0% of the Issue Price of RM0.85 for the 3,000,000 Public Issue Share underwritten.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.9 Salient Terms of the Underwriting Agreement

The salient terms of the Underwriting Agreement dated 21 November 2007 made between WinSun and PIVB ("the Underwriter") are as follows:-

(The capitalised terms used in this section shall have the respective meanings as ascribed thereto in the Underwriting Agreement)

1. The Underwriter has agreed to underwrite up to a total of 3,000,000 Public Issue Shares which are available for application by the Malaysian Public ("the Underwritten Shares") subject to the terms and conditions contained in the Underwriting Agreement.
2. The commission payable by WinSun to the Underwriter is RM51,000.00 which is calculated at the rate of 2.0% of the Issue Price of RM0.85 for the Underwritten Shares.
3. The Underwriter's commitment to underwrite the Underwritten Shares is subject to WinSun procuring:-
 - (i) the written irrevocable undertakings from the eligible directors and employers of WinSun and its Subsidiaries to subscribe for the 2,000,000 Pink Form Shares that are not underwritten; and
 - (ii) the written irrevocable undertakings from the identified investors to subscribe for the 25,000,000 Shares which are available for application by way of private placement.
4. WinSun has given several representations and warranties to the Underwriter, including the following:-
 - (i) that the Prospectus which is to be issued by WinSun in relation to the Public Issue shall be acceptable to and approved by the SC, the ROC and other relevant authorities and will contain all material information which is true, complete and accurate;
 - (ii) that WinSun will take all relevant action to apply and obtain the approval-in-principle of Bursa Securities for the listing of and quotation for the entire enlarged issued and paid-up share capital of WinSun;
 - (iii) that WinSun has or will have on or prior to the date of the Prospectus, obtained all relevant consents required under the laws of Malaysia in connection with the Public Issue and the execution of the Underwriting Agreement; and that as at the closing date (being the last date and time specified in the Prospectus for the acceptance and payment for the Issue Shares / receipt of applications for the Public Issue not exceeding three (3) calendar months from the date of the Underwriting Agreement or such later date WinSun and the Underwriter may agree upon) ("the Closing Date"), all such consents shall remain in force;
 - (iv) the Public Issue, the issue of the Prospectus and Winsun's compliance with the Underwriting Agreement do not and will not conflict with, or breach any law, regulation or listing requirements applying to or affecting WinSun or any order, license, permit, agreement or other instrument or obligation applicable to WinSun; and
 - (v) the execution/issuance by WinSun of the Underwriting Agreement, the Prospectus, the Underwritten Shares and the performance of WinSun's obligations will constitute valid and legally binding obligations on WinSun.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- 5(1). The obligations of the Underwriter under the Underwriting Agreement are subject to several conditions, including the following:-
- (i) Bursa Securities having agreed in principle on or prior to the date of the Prospectus to the listing of and quotation of the entire enlarged issued and paid-up share capital of WinSun;
 - (ii) the registration and lodgement with the SC and the ROC of the Prospectus and other relevant documents on or before their distribution;
 - (iii) there not having been, on or prior to the Closing Date any material adverse change in the condition (financial or otherwise) of WinSun or any of its Subsidiaries from that as set out in the Prospectus; and
 - (iv) no material variation in the Prospectus shall be made without the consent of the Underwriter.
- 5(2). If any of the conditions stated in the Agreement is not satisfied, the Underwriter is entitled to terminate the Underwriting Agreement.
6. The Underwriter may at any time before the Closing Date terminate its obligations under the Underwriting Agreement if:-
- (a) in the reasonable opinion of the Underwriter there shall have been such a change in national or international monetary, financial, economic or political conditions and/or foreign exchange controls;
 - (b) there is any change in law or regulation or any event beyond reasonable control of the Underwriter (including without limitation, national disorder, outbreak of war, acts of God, acts of terrorism, strikes, civil commotion or the declaration of a state of national emergency);
 - (c) there is any change in currency exchange rates or in the stock exchange which in the reasonable opinion of the Underwriter may materially and adversely affect the success of the issue of the Unsubscribed Underwritten Shares.
 - (d) there is any material breach by WinSun of any of its undertakings or warranties, and/or if WinSun withholds information of a material nature from the Underwriter, which may be expected to have a material adverse effect on the business or operations of WinSun and its Subsidiaries or the success of the Public Issue;
 - (e) if the approval-in-principle of Bursa Securities for the admission of WinSun in the Official List of Bursa Securities, SC or FIC (if required) for the listing of and quotation for the entire issued and paid-up share capital of WinSun on the MESDAQ Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriter; or
 - (f) if in the reasonable opinion of the Underwriter that the success of the public issue of WinSun Shares is seriously and/or materially jeopardised by the Composite Index of Bursa Securities falling below 1000 points.
7. Upon the notice of termination being given, the Underwriter shall be released and discharged of its obligations but WinSun shall remain liable to pay the costs and expenses already incurred up to the date on which such notice was given.

4. RISK FACTORS

Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks set out below. The risks set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

Risks Relating to our Group or the Industry

4.1 Lack of Long Term Contracts

Our Group has historically not entered and presently does not enter into any long term contract with our customers on the provision of our products and services. The lack of long term contracts with our customers is in line with the dynamics of the industrial automation industry which is subject to technological changes and thus frequent product specification changes. Hence, the financial performance of our Group would be dependent on the ability of our Group to secure new contracts on a consistent basis. Consequently, the failure of our Group in securing new contracts in the future may have a material adverse financial impact on our Group.

However, the risk of lack of long term contracts with our customers is mitigated by the established business relationship between our Group and our customers over the past ten (10) years, as evidenced by the length of customer relationship which averages five (5) years and continuous repeat orders secured by our Group. In addition, our management recognises the need for revenue diversification and has embarked on this effort since 2005 through expansion into other geographical markets within Eastern China to widen our clientele base and continuous expansion and innovation on our products and services. While our management will make efforts to diversify our revenue base, there can be no assurance that the aforesaid efforts will be able to mitigate the risk arising from lack of long term contracts with our customers.

4.2 Availability of Skilled Technical Expertise

The industrial automation industry requires a combination of cross disciplines at highest standards from electrical engineering, mechanical engineering and system programming. Our Group's qualified design engineers would have a combination of these disciplines. As at 23 November 2007, our Group has thirty one (31) technical staff, consisting of R&D staff, engineers and technicians, with an average of three (3) years experience in the various disciplines of automation systems ranging from programming, electrical and mechanical engineering to electronic engineering and industrial design. Personnel with expertise in the combination of these fields are currently in short supply. Our Group's technological development may be adversely affected by this shortage. Without the necessary skilled labour, our Group may fail to deliver necessary solutions on schedule resulting in loss of customers' confidence.

Our management recognises the importance of human training and staying ahead of technological advancement. We endeavour to increase the design engineering workforce through early scouting at local universities/institutions. Our Group emphasises on training and development of our workforce. Our Group's technicians and engineers are subject to new orientation programmes, on-the-job training and cross training in the various development processes. Our Group also provide external training from time to time to enhance our staff's technological knowledge and motivation.

4. RISK FACTORS (Cont'd)

4.3 Control by Substantial Shareholders

Following the Public Issue and Bonus Issue, our Promoters/substantial shareholders will collectively hold, directly and indirectly, approximately 51.66% of our issued and paid-up share capital at the point of Listing. As a result, it is likely that these shareholders will be able to effectively control the outcome of certain matters requiring the vote of our shareholders, amongst others, the constitution of our Board and thus the direction and future operations of our Group, decisions regarding acquisitions and other business opportunities, the declaration of dividends and the issuance of additional shares and other securities, unless they are required to abstain from voting by law and/or relevant authorities.

This risk will be mitigated by the appointment of 3 independent Directors to our Board and the setting up of an audit committee to oversee the overall operations and corporate governance of our Group. This is to ensure that all decisions made by our Board are to the best interest of our shareholders.

4.4 Economics, Political and Regulatory Risks

Adverse developments in political, economic and regulatory conditions in China, Malaysia and other countries in which our Group presently operate and/or plan to operate, could materially and adversely affect the financial prospects of our Group. Political and economic uncertainties that could unfavourably affect our Group include, amongst others, changes in political leadership, risk of war, nullification of existing orders, global economic downturn, changes in interest rates, methods of taxation and currency exchange rules and contracts. Our Group could also be affected by new laws, regulations and guidelines that are introduced to govern the industrial automation industry including but not limited to China's new tax reforms.

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)

WinSun's wholly-owned subsidiaries Winner and Winco are wholly foreign owned enterprises in China. Nevertheless, Winner and Winco are not affected by China's new tax reforms as Winner's tax incentives have expired whilst Winco will continue to enjoy its tax incentives until FYE 31 December 2009.

Although our Group strives to continue adopting a prudent approach on our financial as well as efficient operating procedures, there is no assurance that adverse political, economic and regulatory development will not have a material impact on our Group.

4. RISK FACTORS (Cont'd)

4.5 Protection of Intellectual Property Rights

Our Group's success also depends on our ability to protect our technology know-how, engineering design and concept developed. There can be no assurance that our Group is able to protect our IPR against unauthorised third party copying, use or exploitation, any of which could have material adverse effects on our Group's business, operating results and financial conditions as well as our competitive advantage. However, our Directors believe that the risk of unauthorised copying is relatively low due to the complexity involved in the IICMS technology which includes expertise in multiple engineering disciplines and the industrial applications of the various development processes and machinery and equipment functions. In view of the high customisation work, design and specification processes our Group has been involved, our Directors believe that our industrial automation system i.e. IICMS and IICMS technology are not easily replicated.

Previously, during the initial stages of developing our IICMS, our Group's IPR was protected with the continuous innovation of our systems. This was in view that we were establishing ourselves as a leader in the provision of a comprehensive range of industrial automation products and systems as well as in the process of building our customer base. Our Group's wide and diversified customer base comprising 12 different industries reinforces our ability to protect our IPR. Nevertheless, we take cognizance of the importance of protecting our IPR and had obtained confidentiality declarations from relevant employees.

In line with our future development plans for our IICMS and business expansion plan, our subsidiary, Winco had filed a trademark registration application with the Trade Mark Office in China on 21 September 2006. Additionally, 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 in Malaysia.

4.6 Dependence on Key Management and Key Technical Personnel

Our Group believes that our continued success will depend, to a significant extent, on the abilities and continued efforts of our Directors as well as our Group's key management and key technical personnel. The loss of any of our Directors, key management or key technical personnel may adversely affect our Group's continued ability to compete and grow in the industry. Further, our Group's future success will also depend on our ability to attract, retain and motivate skilled and qualified personnel.

To ensure smooth succession planning, our Managing Director/CEO is actively providing on-the-job training to the key management team to manage all aspects of the business effectively. Effort is also made by our Group to groom younger members of our management team to assume more responsibilities. In addition, our Directors also recognise the importance for our Group to attract and retain skilled and capable personnel. As such, our Group has in place our human resource strategy which includes providing competitive and performance based remuneration and reward schemes and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities.

Nevertheless, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring smooth succession should changes occur.

4. RISK FACTORS *(Cont'd)*

4.7 Competition

The industrial automation market is moderate in competition as it requires high initial capital investment and technically skilled workers. We are one of the few niche players in the industry that provides automation and drive systems to various application markets.

Our competition arises mainly from other established industrial automation companies in China. Our Group may also face competitive market conditions in the Chinese market due to its potential increase in market size and growth rate which is capable of attracting various industrial automation vendors from other parts of the world.

To mitigate these risks, we will continue to differentiate our products and services in order to remain competitive in the industrial automation market in China. This would be via continuous product innovation to increase the system's operational efficiency, reduction in project turnaround time by providing additional/value-added customer service and internally-developed customised software to cater for the industrial automation needs of various industries. Furthermore, our Group undertakes continuous in-house R&D as well as work in collaboration with research institutes in China to develop cutting edge integrated solutions which will be geared towards specific customer and market requirements, engineer new solutions and to increase the value proposition to potential customers. Our R&D efforts enable our Group to keep abreast with the latest developments in the industry, to value-add and to further gather technological know-how hence allowing us to develop sustainable competitive advantage.

In addition, our Group believes that with our proven track record and established market presence in the industries we operate in, as well as the close relationships with our customers will enable us to at least sustain our market share in the Eastern China market.

Nevertheless, there is no assurance that our Group will be able to sustain or increase our market share or compete successfully in the future against existing and potential competitors or that our business and prospects will not be adversely affected by the competitive market in China.

4.8 Dependence on Certain Suppliers

Our Group is relatively dependent on our top supplier, Siemens (China) which accounts for 72% of our total purchases for the six (6) months FPE 30 June 2007. However, had the purchases based on customers' contract specifications designated in the bill of materials been excluded, our Group's purchases from Siemens (China) would amount to 46% of its total purchases for the six (6) months FPE 30 June 2007. From a business perspective, our Group has 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 12 years, and due to the strong business relationship with the Siemens group of companies, our Group enjoyed favourable pricing, longer credit terms and excellent support of design components.

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4. RISK FACTORS (Cont'd)

The switching process of moving from major suppliers such as Siemens (China) to other suppliers like ABB and Schneider Electric is long and tedious. It should also be noted that our Group's efforts are also constrained as the purchases are made based on contract specifications. However, in order to lower the risk of dependency, our Group has taken the necessary steps in addressing this issue by gradually increasing our purchases of design components from other suppliers, such as ABB and Schneider Electric, in order to test the suitability of components from other suppliers. In addition, our Group's products and services are based on an interoperable 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.

Moving forward, our Group is committed to reduce our purchases from Siemens Ltd, China to less than 50% to reduce our dependency on Siemens (China). Nevertheless, there can be no assurance that the measures taken by our Group will be successful and that the disruption of supply for the parts/components will not have a material adverse impact on our Group's business operations.

4.9 Dependence on Major Customers

In the last three (3) FYE 31 December 2004 to 2006, our Group was dependent on certain customers, namely Maanshan Iron & Steel Company Ltd - Automation Engineering and SIAS for our business. In FYE 31 December 2006, our Group's major customers (which individually contributed more than 10% of our Group's revenues) accounted for 62% of our Group's total revenues. In FPE 30 June 2007, our Group's major customers contributed 74% of our Group's total revenue.

This is the norm for companies which are operating in the industrial automation industry as they are typically dependent on a few key customers to generate a large portion of their sales.

Strategically, our Group intends to minimise this dependency by expanding our current markets as well as penetrating into new markets. Our Group is also noted to have good business relationships with our customers. Our Group has long-term business relationships averaging five (5) years with our major customers. These long-term business relationships are an indicator of the recognition by our customers for the quality and reliability of our Group's products and services.

Although our Group seeks to limit the dependency on key customers, no assurance can be given that the existing customers will continue to use our Group's products and services or will maintain their relationships with our Group.

4.10 Dependence on Principal Products, Services and Markets

Our Group's revenue is generated from our comprehensive range of industrial automation products and systems known as IICMS for a wide range of industries. There is no seasonal demand trend for our Group's projects. Our Group's management believes that projects kick off throughout the year depending on the time of project implementation and availability of tenders. The industrial automation industry is expanding in China and Malaysia. By using an integrated industrial automation solution, this will lower engineering costs in the development of industrial automation solutions, lower lifecycle costs in the plant operations and reduction of the time-to-market, among the end-users.

4. RISK FACTORS (Cont'd)

Our Group has taken steps to mitigate any risk on our products and services through diversification of our product range and services in the industrial automation industry. Our Group's IICMS has the capability to interface with other technologies, such as Closed-Loop Water Recovery System, Variable Electronically Operated Control System, Regenerative Feedback System and Master-Slave Load Sharing Control System.

Until the six (6) months FPE 30 June 2007, our Group's products and services were sold solely in China. In order to limit the risk of our Group's dependence on a particular market, our Group will expand into Malaysia and Vietnam. While our Group continues to promote or expand into foreign markets, there can be no assurance that our Group will continue to be successful in penetrating into new markets nor can there be any assurances that our Group would be able to sustain and continue to grow in the existing markets.

4.11 Financial Risks**Borrowings/Credit Facilities**

Save as disclosed in Section 11.8, our Group has no other borrowings in the form of term loans, trust receipts, letters of credit, bankers' acceptance or hire purchase financing. We may, from time to time, obtain other credit facilities from banks and financiers to finance our Group's operations and business activities. Interest may be charged on these credit facilities by the banks and financiers. Fluctuations of these interest rates and any adverse changes to the terms and conditions of the credit facilities may have a material effect on our Group's profitability. There can be no assurance that our Group's performance would remain favourable in the event of adverse changes in the interest rates or loaned amounts. Nevertheless, our Group believes that our prudent cash flow management will be able to generate sufficient funds for the repayment of bank borrowings and credit facilities.

Our Group is also exposed to credit risk from trade receivables. These receivables are continually monitored to ensure the issue arising from non-collectibility are minimised. To mitigate the risk of bad and doubtful debts, our Group performs credit checks on customers' financial status before granting them any credit term and other credit review process are carried out by our management to review the credit standing and credit limit of our customers.

Material Commitments and Indebtedness

Save as disclosed in Section 11.11, there are no material commitments or indebtedness incurred or known to be incurred by our Group which may have a substantial impact on the financial position of our Group.

However, there can be no assurance that our Group will not have any further material commitments or indebtedness in the future.

4.12 Legal Uncertainties Concerning Contractual Agreements

Our Group has entered into various agreements and arrangements in relation to our business and operations. These include, inter-alia, agreements for the supply of design/system components, tenancy agreements and other agreements related to the business of our Group. The documentation evidencing such agreements and arrangements were either prepared in-house, by the other contracting party or by external lawyers. Although our Directors believe that these contractual agreements have been in compliance with the applicable laws and regulations, there is no assurance that these contractual agreements or arrangements may not subsequently be found to be subject to legal uncertainties or litigation proceedings, as there are risks which are inherent in doing business, particularly overseas business.

We seek to mitigate this risk by actively seeking legal advice as and when necessary on any new agreements or arrangements that are not common to our operations or are not in the ordinary course of our business or if there should be any material changes in the status of existing agreements or arrangements or the laws affecting the same.

4. RISK FACTORS (Cont'd)

4.13 Emergency Risks and System Failure

As with any business, our Group is susceptible to the normal emergency and security risks in the form of breakout of fire, electricity disruptions, theft, and computer viruses and other adverse events. Such incidences may affect the operational and financial performance of our Group. However, the financial impact is not expected to be significant as our business operations which comprise our head office/headquarters, production plant and representative offices are currently located at different geographical areas in Malaysia and China.

To further mitigate these risks, our Group has in place the following risk management practices and pre-emptive measures:

- (i) Our Group carries out regular service and maintenance of our equipment and safety systems to ensure that they are in good condition and to minimise the frequency of breakdowns;
- (ii) All data in the main computer server are backed-up automatically on a daily basis;
- (iii) The head office/headquarters, production plant and representative offices are installed with fire fighting systems such as hose reel, sprinklers and fire extinguishers; and
- (iv) The head office/headquarters and production plant are guarded twenty four (24) hours daily.

In addition to the above, our Group has taken reasonable measures to ensure that our assets are adequately covered by insurance in order to mitigate the losses which may arise as a result of insured contingencies. However, there can be no assurance that these mitigating factors will be able to entirely mitigate emergency and system failures.

4.14 Adequacy of Insurance Coverage

Our Group is aware of the adverse consequences arising from inadequate insurance coverage. We endeavour to carry out periodic review to ensure that our assets are adequately insured. At present, our Group has insurance coverage for its assets to insure against unforeseen events such as fire, burglary and public liability. However, there can be no assurance that the insurance coverage would be adequate for the replacement costs of the assets or any consequential loss arising therefrom.

4.15 Future Capital Injections

Our Directors believe that the net proceeds from the Public Issue, together with cash flows generated from our Group's operations and other existing sources of funds, will be sufficient to meet our Group's projected working capital and other cash requirements.

There is no assurance that future events may not cause our Group to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or if available, that it will be on terms satisfactory or favourable to our Group. The issue of additional equity by us may result in the dilution of interests of our shareholders.

4. RISK FACTORS (Cont'd)

4.16 Change in MSC Status

WinSun was granted MSC status on 15 August 2007. With the MSC status, WinSun is expected to enjoy financial and non-financial incentives.

MDeC is the body responsible for monitoring all MSC status companies. The Malaysian Government has the right to revoke or withdraw any company's MSC status if the company, among others, breaches any of the conditions of approval of its MSC status. As such, we can give no assurance that we will continue to retain our MSC status or that we will continue to enjoy the MSC incentives. Any changes in our MSC status could materially and adversely affect our Group's business, operating results and financial condition.

Risks Relating to Investment in our Shares**4.17 No Prior Market for our Shares**

Prior to the Public Issue, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop upon our listing on the MESDAQ Market or, if developed, that such market will be sustained. There can also be no assurance that the Public Issue Price will correspond to the price at which our Shares will be traded on the MESDAQ Market upon or subsequent to its listing or that an active market for our Shares will develop and continue upon or subsequent to its listing.

The Public Issue Price was determined after taking into consideration a number of factors, including but not limited to, our Group's financial and operating history and position, our future plans and the prospects for the industry in which our Group operates. As such, the price at which our Shares will trade on the MESDAQ Market would be dependent upon market forces beyond our control.

4.18 Failure or Delay in the Listing

The occurrence of any one or more of the following events (which may not be exhaustive) may cause a delay in or non-implementation of the Listing:

- (i) the Underwriter exercise its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder; or
- (ii) we are unable to meet the public spread requirement, that is, at least 25% of the total number of shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares at the point of our admission to the MESDAQ Market.

Although our Directors will endeavour to ensure our compliance of the various Listing Requirements, including, inter-alia, the public spread requirement imposed by Bursa Securities for the successful Listing, no assurance can be given that the abovementioned factors will not cause a delay in or non-implementation of the Listing.

4.19 Termination of the Underwriting Agreement

The Underwriting Agreement is terminable by the Underwriter if the Underwriter is of reasonable opinion that the success of the Public Issue is likely to be materially and adversely affected by certain events, details of which are set out in Section 3.9 of this Prospectus.

No assurance can be given that the Underwriter will not terminate the Underwriting Agreement if it is of reasonable opinion that the events detailed in Section 3.9 have occurred. In the event the Public Issue could not be completed, all monies paid in respect of all applications will be returned in full without interest.

4. **RISK FACTORS (Cont'd)**

Risks Relating to Future Information

4.20 Profit Estimate and Forecast and Forward Looking Statements

This Prospectus contains the consolidated profit estimate and forecast for the FYE 31 December 2007 and 2008 of our Group which is based on assumptions that are subject to uncertainties and contingencies. Our Directors have considered the assumptions used in the preparation of the consolidated profit estimate and forecast to be reasonable. However, due to the inherent uncertainties of the profit estimate and forecast and given that events and circumstances may not occur as expected, there can be no assurance that the profit estimate and forecast contained herein will be realised and actual results may be materially different from those shown or expected. You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the profit estimate and forecast contained herein.

In addition, certain statements in this Prospectus are based on historical data, which may not be reflective of future results, and others are forward-looking in nature, i.e. those other than statements of historical facts, which are subject to uncertainties and contingencies. Although our Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove correct in the future. In the light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

4.21 Uncertainty in the Implementation of the 3-Year Business Development Plan

The success of our Group's business development will depend upon continued market acceptance and marketability of our Group's products and services, the development of new products, as well as the enhancement of our existing products and systems.

In addition to the above, our Group's proposed future plans and prospects will be dependent upon, among other things, the ability to expand and develop new strategic relations with technology partners, the continued hiring of technically-skilled staff, the ability in obtaining adequate financing as and when the need arises, and the continued progress of R&D activities. We can give no assurance that our Group would be able to successfully implement our future business development plans or that unanticipated expenses or problems would not occur, thereby leading to the actual results differing from those contained in the proposed business plan.

Nevertheless, our Directors will conduct periodic review to ensure that our Group remains on track to achieve these plans, and should there be a gap in between the present benchmark and actual achievements, we will take necessary steps to steer the business back on track.

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