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Yaan Security strengthens its presence in Shandong Province

- *New sole distributorship agreement with Qingdao Zeruishida has a sales target of RMB 13 million in FY2007*

SINGAPORE – 29 January 2007 – SESDAQ-listed **Yaan Security Technology Limited** (“**Yaan Security**” or the “**Group**”) 亚安科技有限公司, a leading technology-based company which designs, develops and markets high-quality closed-circuit television (“CCTV”) security and surveillance products and accessories, has kicked off FY2007 with the appointment of **Qingdao Zeruishida Technology Co., Ltd** (“**Qingdao Zeruishida**”) 青岛泽瑞视达电子科技有限公司 as the Group’s sole distributor in **Shandong Province** in north-eastern PRC.

The distribution agreement, which is subject to renewal at the end of 2007, aims to increase the presence of Yaan Security’s proprietary products in Shandong Province. Yaan Security will provide a one-year warranty for the products supplied to Qingdao Zeruishida, together with requisite marketing materials, pre- and after-sales technical support, and staff training.

Yaan Security currently has 35 distributors in the PRC, who extend the reach of their products into most of the provinces in the PRC. These distributors are on top of the Group’s network of 6 branches and 4 sales offices in the PRC, as well as 6 overseas distributors in the USA, Singapore, UK, Taiwan, Belgium and Italy.

Established in 1999, Qingdao Zeruishida is a leading distributor of CCTV security and surveillance products in the PRC, carrying a wide range of cameras from prominent manufacturers such as Samsung, Sony, Panasonic and AB.

“We have been working with Qingdao Zeruishida since 2004, and this appointment formalises the Group’s existing business relationship with them. Qingdao Zeruishida has demonstrated a good understanding of Yaan Security and our products. Not only is their extensive experience and good market reputation an excellent fit with our business needs, we can also leverage each other’s expertise to strengthen our respective market position in the industry. In 2007, Qingdao Zeruishida targets to contribute RMB 13 million worth of sales to the Group,” said Mr Ye Chen, founder and Chief Executive Officer of Yaan Security.

Elaborating on Yaan Security’s growth plans in the PRC, Mr Ye said, “We are excited to further entrench our market presence in China. With the implementation of the “Safe City” concept, coupled with the State Ordinance 458 and the Public Security’s 3111 projects, the demand of security surveillance systems in China continues to see robust growth. The Group is actively capitalizing on these market opportunities by expanding our sales and marketing network, widening our proprietary product portfolio, and exploring strategic investments which would complement our capabilities.”

Indeed, industry reports have forecasted that the security and surveillance industry in China is set to grow by more than 20% each year and exceed US\$1 billion by 2008. Upcoming significant events like the 2008 Olympic Games in Beijing and the 2010 World’s Fair in Shanghai have also heightened awareness of the need to improve security and surveillance in the country.

In this coming year, Yaan Security plans to open 3 to 5 more offices in the PRC, in addition to appointing 2 to 3 more overseas distributors. On top of that, the Group is looking into expanding its assembly lines from 8 to 10, and outsourcing lower value-added activities, so as to meet the increased product demand.

Research and product development will also continue to be a key focus for the Group. In November last year, the Group launched a new series of proprietary products, including the **Intelligent Dual Camera Speed Dome**, the first-of-its-kind in China which combines both speed dome camera and 180-degree monitoring features, with 3D (pan / tilt / zoom three-dimension) auto-preset capability; and the auto-patrolling **Security Surveillance Robot**,

which is also a first-of-its-kind in China with enhanced wireless control features which works on web-based platform. To date, the new products have been well-received by both current and potential customers.

“R&D is a critical success factor that would allow Yaan Security to stay ahead in the market. Hence, we will continue to enhance our internal product capabilities, as well as partner established institutions, to develop more firsts-in-the-market that would meet the needs of local and international customers. This year, we are targeting to register 30 more product patents, some of which are for the new products that we launched end of last year,” concluded Mr Ye.

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About Yaan Security Technology Limited 亚安科技有限公司

Yaan Security Technology Limited is a leading technology-based company which designs, develops and markets high-quality closed-circuit television (“CCTV”) security and surveillance products and accessories.

Backed by a 13-year track record, the Group has established a strong brand name with its award-winning products deployed throughout the PRC. Its asset-light business model and extensive network, coupled with its R&D capabilities, positions it favourably to tap on the fast-growing security and surveillance market.

Based in Tianjin, PRC, Yaan Security has an extensive network comprising 6 branches, 4 sales offices and 35 distributors in the PRC, as well as 6 overseas distributors in the USA, Singapore, UK, Taiwan, Belgium and Italy.

Over the years, the “YAAN” brand has garnered numerous accolades, including “Famous Brands in China Security” in 2006 (China Public Security Publication), “Top Ten Security Brands” in 2004, 2005 & 2006 (“Automation & Security” Magazine), “Top Ten National Brands of Security Industry” in 2003, 2004, 2005 and 2006 (HC 360 Security), “Tianjin Famous Brands” in 2004 (Tianjin Industry and Commerce Administrative Bureau), and “Famous Trademark” (Administration of Industry and Commerce of Tianjin).

About Qingdao Zeruishida Technology Co., Ltd 青岛泽瑞视达电子科技有限公司

Established in 1999, Qingdao Zeruishida is the leading distributor of closed-circuit television (“CCTV”) security and surveillance products in Qingdao, PRC. It carries a wide range of products from prominent manufacturers such as Samsung, Sony, Panasonic and AB. Headquartered in Qingdao, the company has branches in Beijing, Shanghai, Jinan and Taiyuan. For more information, please visit <http://www.zrcctv.com>.