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Yaan Security forges ahead with new proprietary products; secures new contracts






- *Launched the first-of-its-kind Intelligent Dual Camera Speed Dome and auto-patrolling Security Surveillance Robot*
- *Secured new contracts worth RMB 6 million to supply products to Wugang (Henan Province), Guiyang (Guizhou Province), Qingzhou (Guangxi Province) and Qujing (Yunnan Province)*

SINGAPORE – 15 November 2006 – Riding on the strong growth in the security and surveillance market, **Yaan Security Technology Limited** (“**Yaan Security**” or the “**Group**”), a leading technology-based company which designs, develops and markets high-quality closed-circuit television (“CCTV”) security and surveillance products and accessories, today announced the launch of a new range of proprietary products as well as the securing of new contracts worth RMB 6 million.

Amongst the new products Yaan Security launched is 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. Another key product launched is the auto-patrolling ***Security Surveillance Robot***, also a first-of-its-kind in China with enhanced wireless control features which works on web-based platform. Unveiled at the recent 2006 China International Exhibition on Public Safety and Security, the products have so far been well-received by both current and potential customers.

“The response to our new range of proprietary products has been very encouraging. This year, we forged ahead with our R&D plans and released new ranges of products which we believe will contribute positively to the Group in FY2007. To stay ahead of competition, we will continue to develop new products and target to register 30 more patents next year,” said Mr Ye Chen, founder and Chief Executive Officer of Yaan Security.

Below is an overview of Yaan Security’s latest range of proprietary products:

<u>New Products - Prototypes</u>				
				
Intelligent Dual Camera Speed Dome	Auto-Patrolling Security Surveillance Robot	Under-Carriage Surveillance Device	All-direction Heavy-duty Surveillance Pan/Tilt Module	All-direction Multi-speed Surveillance Pan/Tilt Module

<u>New Products – Commercially Available</u>				
				
Solar-enabled Surveillance Camera System	Intelligent IP-based (H.264) Speed Dome Camera	Multi-function Speed Dome Camera	All-direction Multi-speed Pan/Tilt Dome Module	Intelligent Surveillance Control Keyboard

Growth in the PRC Security and Surveillance Market

The implementation of the “Safe City” concept in China has begun to reap benefits for Yaan Security. Major cities have started to invite bids from suppliers and contractors to set up the cities’ surveillance and security network – and Yaan Security is an active participant in most of these tenders.

Most recently, Yaan Security won contracts to supply more than RMB 6 million worth of security and surveillance products to Wugang (Henan Province), Guiyang (Guizhou Province), Qingzhou (Guangxi Province) and Qujing (Yunnan Province).

Commenting on the significance of the contract wins, Mr Ye said, “These contract wins endorse the calibre of our proprietary products, and demonstrates the high level of confidence the government has in the quality of our products. Our track record, R&D capabilities and high service quality are key factors that helped us to secure these deals.”

“Influenced by worldwide efforts to reduce vandalism, crime and terrorism, China is becoming more conscious about security. The increased focus on safety and security augurs well for Yaan Security. Reports have forecasted that the security and surveillance industry in China would grow at more than 20% each year and exceed US\$1 billion by 2008. Additionally, significant events such as the 2008 Olympic Games in Beijing and the 2010 World's Fair in Shanghai represent major opportunities for our company,” added Mr Ye.

Installation of security and tracking systems across China gained traction this year, following the implementation of new rules which demand that surveillance systems be installed at numerous business and public sector venues. For instance, public entertainment venues such as internet cafes, cinemas, dance clubs and music halls must install video-monitoring systems covering entrances, exits and main corridors in the next few years.

Other new rules include the requirement for security surveillance systems to be installed at all coal mines; all justice departments and courts; as well as 660 cities throughout China for street surveillance as part of the “Safe City” project.

Looking Ahead

Moving forward, Yaan Security will continue to focus on executing its multi-pronged growth plan, including:-

- Enhancing its R & D capabilities to widen its proprietary product portfolio
- Exploring strategic acquisitions and investments which would complement its business and capabilities
- Increasing its production capacity by expanding its assembly lines from 8 to 10, as well as outsourcing lower value-added activities when appropriate

- Expanding its sales and marketing network by opening 3 to 5 more offices in the PRC and adding 2 to 3 more overseas distributors by FY2007; as well as increasing focus on the overseas OEM business
- Further promoting its “YAAN” brand by registering its trademark globally, and participating in local and overseas exhibitions

Stressing the Group’s focus on growing its range of proprietary products, Mr Ye said, “Research and product development will remain a key growth engine for the Group. We want to leverage on our strong product capabilities, as well as partnerships with institutions, to develop new affordable market-leading products and penetrate new local and international markets.”

“Strong security concerns worldwide provide significant growth opportunities for us. Some of our products which have gained CE Mark and RoHS approvals have made noteworthy sales breakthroughs in the PRC and overseas. With the encouraging growth in the domestic security industry, we believe that our multi-pronged growth strategy would enhance the future performance of the Group,” concluded Mr Ye.

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About Yaan Security Technology Limited

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.

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).