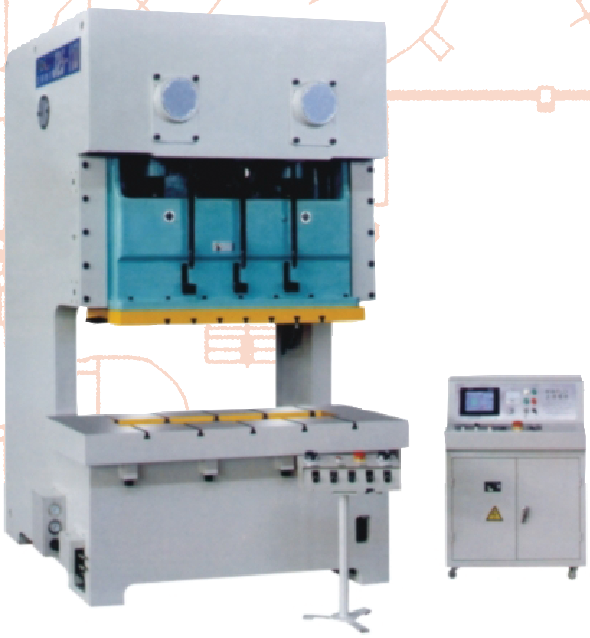
BRIGHT WORLD PRECISION MACHINERY LIMITED



BRIGHT WORLD PRECISION MACHINERY LIMITED

(Company Registration No. 200409453N)

(Incorporated in the Republic of Singapore on 28 July 2004)

Invitation in respect of 105,000,000 Invitation Shares comprising 100,000,000 New Shares and 5,000,000 Vendor Shares as follows:–

(1) 5,000,000 Offer Shares at $0.36 for each Offer Share by way of public offer; and

(2) 100,000,000 Placement Shares at $0.36 for each Placement Share by way of placement,

payable in full on application.

Manager, Underwriter and Placement Agent

OCBC Bank

Applications should be received by 12.00 noon on 25 April 2006 or such other time and date as our Company and the Vendor may, in consultation with the Manager, decide, subject to any limitation under all applicable laws.

PROSPECTUS DATED 19 APRIL 2006
(Registered by the Monetary Authority of Singapore on 19 April 2006)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISER.

We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and for quotation of all the ordinary shares ("Shares") in the capital of our company, Bright World Precision Machinery Limited ("our Company") already issued (including the Vendor Shares (as defined herein)) and the new Shares ("New Shares") which are the subject of this Invitation (as defined herein) (collectively the "Invitation Shares"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST.

Acceptance of applications for the Invitation Shares will be conditional upon, amongst others, the SGX-ST granting permission to deal in and for quotation of all our existing issued Shares (including the Vendor Shares) and the New Shares. If such permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim against us, the Manager, Underwriter and Placement Agent, the Vendor, or the directors of the Vendor. **Quotation of and dealing in our Shares will be in Singapore dollars.**

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our Subsidiary, our Shares already issued (including the Vendor Shares) or the New Shares.

A copy of this Prospectus, together with a copy of the Application Forms, has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Cap. 289) of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in anyway, considered the merits of our Shares (including the Vendor Shares) or the New Shares, as the case may be, being offered for investment.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS PROSPECTUS.

Business Overview

At **Bright World Precision Machinery Limited**, we specialise in the manufacture of stamping machines and its related components (including machinery parts and accessories as well as resin-casted components). We offer both standard and customised machines to suit the different needs of our customers.

We are strategically located in Danyang City, Jiangsu Province, PRC with an approximate production floor area of 130,000 square metres. With over 1,400 production employees, we operate a vertically integrated manufacturing plant capable of manufacturing 90% of the components required for the manufacture of our stamping machines in-house.

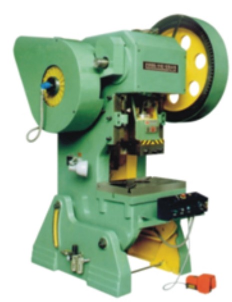
Our Products

We market our stamping machines under the AOTU Trademark and the World Trademark. With more than 104 different models of stamping machines, we offer a wide spectrum of product features for various applications.

Our standard machines are classified into **8 product series**:

J23
C-frame Inclinable Stamping Machine

JD21
C-frame Fixed Stamping Machine



JH23
High Performance C-frame Inclinable Stamping Machine

JH21
High Performance C-frame Fixed Stamping Machine

J21G
High Speed C-frame Fixed Stamping Machine

JH25
C-frame Dual-pistons Fixed Stamping Machine

J31
Straight-sided Single-piston Fixed Stamping Machine

SH300
CNC Hydraulic Revolving Stamping Machine

RELATED COMPONENTS

We also manufacture related components of our stamping machines which include machinery parts and accessories. Most of the components required for our stamping machines are manufactured in-house. We also manufacture related components based on customers' specifications. Our related components are either casted from resin moulds or clay moulds.

With resin-moulds, we are able to produce precision components of higher accuracy and quality which may be used in various industries including engineering, aerospace, machinery and electronics.

Competitive Strengths

STRONG BRAND

Our J23 and JH21 series of stamping machines are marketed under the AOTU Trademark which has been recognised amongst the "Branded Products of Shanghai (上海名牌产品)" by the Shanghai City Branded Products Promotion Committee (上海名牌产品推荐委员会) annually from 1999 to 2003. Our products sold under the World Trademark since 2001 have also received positive feedback from our customers.

QUALITY PRODUCTS AND SERVICES

Our quality management system has been ISO9001:2000 accredited, whilst our products have been named "Jiangsu Trustworthy Quality Products (江苏省质量信得过产品)".

VERTICALLY INTEGRATED MANUFACTURING PROCESS

We manufacture about 90% of the components required for the manufacture of our stamping machines in-house. We are thus able to react quickly to changes in customers' demand.

STRONG SALES AND MARKETING NETWORK

As at the Latest Practicable Date, we had more than 300 sales agents located in our Marketing Sectors (see map of **Marketing Sectors**).

STRATEGICALLY LOCATED IN DANYANG CITY, JIANGSU PROVINCE

Our production operations are strategically located in Danyang City which has a developed transportation network and is accessible to major manufacturing regions of the PRC. This enables us to achieve prompt and cost-efficient delivery of our products to our customers.

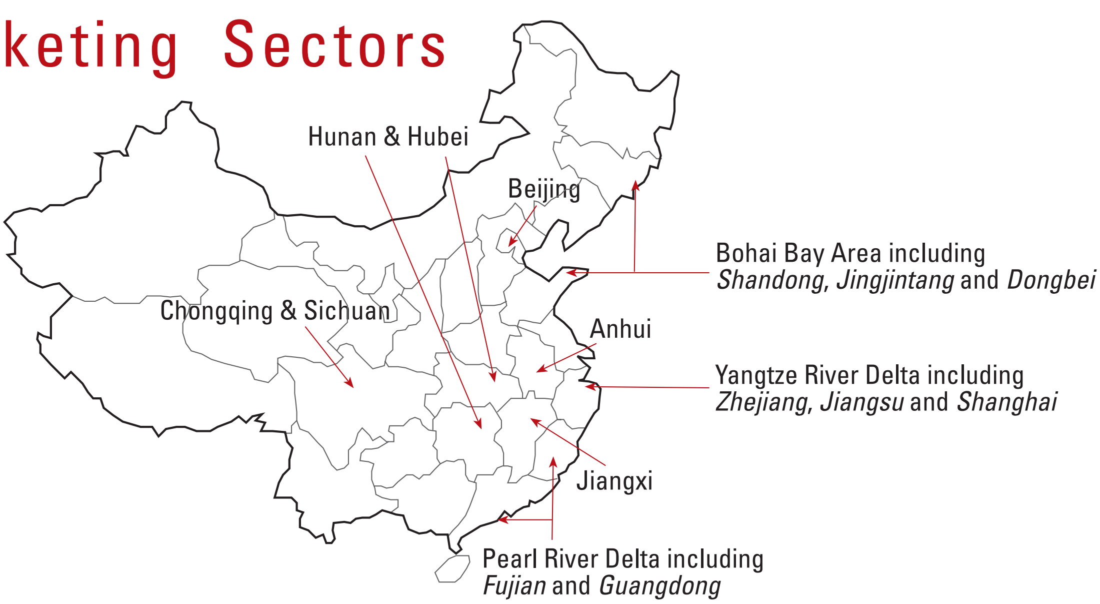
EXPERIENCED AND SKILLED TECHNICAL TEAM

Our experienced technical team comprises 17 technical personnel with an average of eight years of experience in the industry. They provide round-the-clock technical support to our customers from pre-sales to after-sales processes. At the same time, our technical team has also developed and introduced 24 new products since 2002.

EXPERIENCED MANAGEMENT TEAM

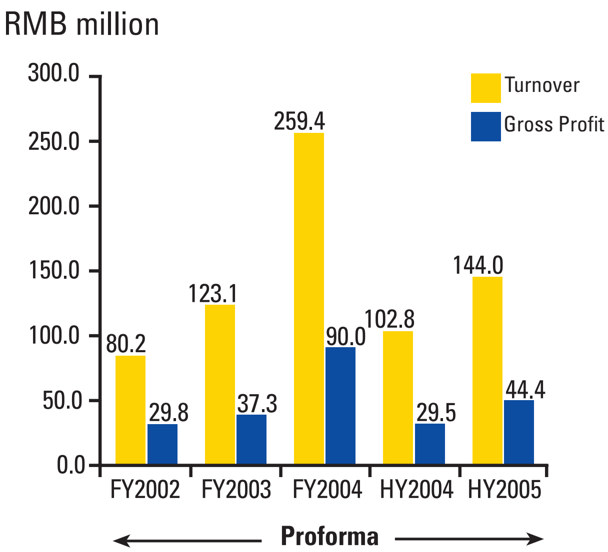
Our CEO, Shao Jian Jun, who has approximately 30 years of experience in the industry, has led the management and operations of our Company since its inception. Together, our Executive Directors and Key Executives have a combined industry experience of approximately 60 years.

Marketing Sectors

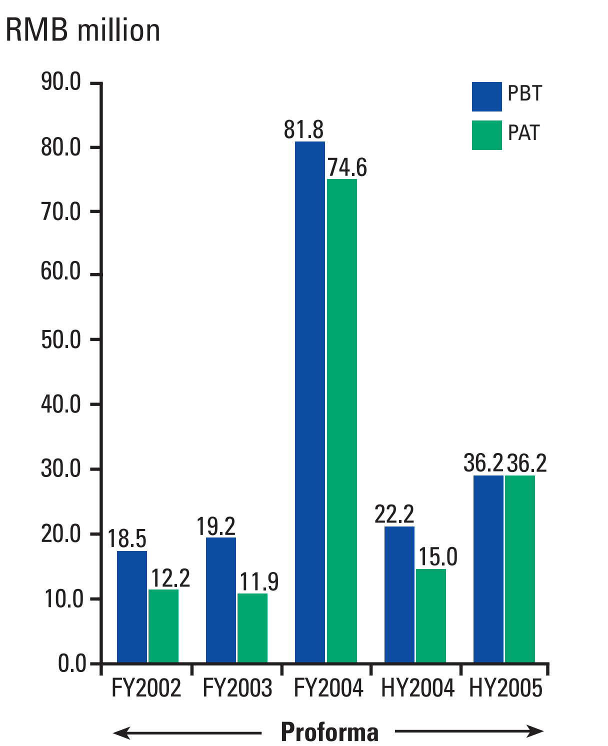


Financial Highlights

Turnover and Gross Profit (FY 2002 – HY 2005)



PBT and PAT (FY 2002 – HY 2005)



Strategies and Future Plans

EXPANSION OF PRODUCTION CAPACITY

We intend to focus on the production of high-efficiency, high-tonnage and high-performance stamping machines so as to achieve long term growth as we believe that such machines are more resilient to aggressive pricing strategies.

Hence, we intend to set up a new production facility adjacent to our Danyang Plant for this purpose. We will also increase production capabilities at our existing Danyang Plant as well as increase the production capacity of our present resin-casted components.

SETUP OF RESEARCH AND DEVELOPMENT ("R&D") CENTRE IN SHANGHAI TO STRENGTHEN R&D CAPABILITIES

We intend to setup a R&D Centre in Shanghai, PRC which will be equipped with up-to-date R&D equipment and staffed by additional technical personnel to be recruited to strengthen our R&D capabilities.

SET UP OF SALES REPRESENTATIVE OFFICE AND EXPANSION OF EXISTING SALES NETWORK

We plan to establish a sales representative office in Guangdong province in the PRC, to enhance our presence in the region, facilitate the provision of on-site pre-sales and after-sales services, and serve as a satellite warehouse for timely delivery of products to our customers. We also intend to expand our sales network to the central PRC regions such as Hunan, Hubei, Sichuan, Chongqing as well as the north-eastern regions of the PRC which we have identified as regions for growth, with a view to increasing our market share in the PRC stamping machines market.

EXPANSION INTO THE MANUFACTURE OF MANUFACTURING-RELATED EQUIPMENT WITH FUNCTIONS COMPLEMENTARY TO STAMPING MACHINES

We intend to explore the manufacture of production equipment such as cutting and folding machines which are complementary to our stamping machines. These products can then be packaged for sale together with our stamping machines as to better cater to our customers' manufacturing requirements.

TABLE OF CONTENT

TABLE OF CONTENT

TABLE OF CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Wang Wei Yao — *Non-executive Chairman* Shao Jian Jun — *CEO & Executive Director* Zhu Ping Guo — *Executive Director* Mak Kin Kwong — *Non-executive Director* Edmund Lee Yu Chiang — *Independent Director* Tony Ong Tiong Seng — *Independent Director*
JOINT COMPANY SECRETARIES	:	Oh Eng Bin, LLB (Hons) Teo Yi Jing, LLB (Hons)
REGISTERED OFFICE	:	6 Battery Road #39-01 Singapore 049909
PRINCIPAL BUSINESS ADDRESS	:	Picheng Town, Danyang City, Jiangsu Province, People's Republic of China Postal Code 212311
REGISTRAR AND SHARE TRANSFER OFFICE	:	B.A.C.S Private Limited 63 Cantonment Road Singapore 089758
MANAGER, UNDERWRITER, PLACEMENT AGENT AND RECEIVING BANK	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street #29-02/04 OCBC Centre Singapore 049513
AUDITORS AND REPORTING ACCOUNTANTS	:	First Trust Partnership (formerly known as TKH & Company) Certified Public Accountants 1 Raffles Place #29-01 OUB Centre Singapore 048616 (a member of the Institute of Certified Public Accountants of Singapore)
SOLICITORS TO THE INVITATION	:	Shook Lin & Bok 1 Robinson Road #18-00 AIA Tower Singapore 048542
LEGAL ADVISERS TO THE COMPANY ON PRC LAW	:	Grandall Legal Group 31/F, Nan Zheng Building, 580 Nanjing Xilu Shanghai, People's Republic of China Postal Code 200041
SOLICITORS TO THE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	Loo & Partners 88 Amoy Street Level Three Singapore 069907

FINANCIAL ADVISERS TO THE COMPANY	:	Union Strength Business Consulting Co., Ltd Suite 1012-1015, Shun Hing Square 5002 Shennan Road East Shenzhen, People's Republic of China Postal Code 518008
PRINCIPAL BANKERS	:	Industrial and Commercial Bank of China (Danyang Branch) No. 3 Yunyang Road Danyang City Jiangsu Province, People's Republic of China Postal Code 212300
		Industrial and Commercial Bank of China (Danyang Branch, Houxiang Office) No. 210 Zongxin Road Houxiang Town, Danyang City Jiangsu Province, People's Republic of China Postal Code 212312
		Agricultural Bank of China (Picheng Office) Picheng Town, Danyang City Jiangsu Province, People's Republic of China Postal Code 212311
		Jiangsu Rural Credit Cooperative Agency (Picheng Branch) Zhenzhong Road No.9 Picheng Town, Danyang City Jiangsu Province, People's Republic of China Postal Code 212311
		Huaxia Bank Co., Ltd (Nanjing Branch) Zhong Mountain Road 81 Nanjing, People's Republic of China Postal Code 210005
VENDOR	:	Kim Pan Limited TrustNet Chambers, P. O. Box 3444 Road Town, Tortola British Virgin Islands

DEFINITIONS

In this Prospectus and the accompanying Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks, unless the context otherwise requires, the following definitions apply throughout where the context so admits:–

Group companies

"Our Company"	:	Bright World Precision Machinery Limited
"Group" or "Proforma Group"	:	Our Company and our Subsidiary, WPM (China), treated for the purpose of this Prospectus as if the proforma group has been in existence since 1 January 2002, on the basis described in the Compilation Report
"WPM (China)"	:	World Precise Machinery (China) Co., Ltd (沃得精机(中国)有限公司)

Other Companies, Organisations and Agencies

"Authority"	:	Monetary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"Danyang Steel Factory"	:	Danyang Steel Factory (丹阳钢铁厂)
"DMSS"	:	Danyang Picheng Town Village and Township Enterprises Management Service Station (丹阳埤城镇乡镇企业管理服务站)
"DPZ"	:	Danyang City, Picheng Zilaishui Co., Ltd (丹阳市埤城自来水有限公司)
"DSMF"	:	Jiangsu Danyang Stamping Machine Factory (江苏丹阳锻压机床厂)
"DWQY"	:	Danyang World Qiche Yunshu Co., Ltd (丹阳沃得汽车运输有限公司)
"Kim Pan" or "Vendor"	:	Kim Pan Limited, a company incorporated in the British Virgin Islands and our Substantial Shareholder
"JCLS"	:	Jiangsu Changchai Lianhe Shougeji Company (江苏常柴联合收割机公司)
"Jinan Institute"	:	Jinan Foundry and Metalforming Machinery Research Institute (济南铸造锻压机械研究所)
"JWEG"	:	Jiangsu World Electronics Group Co., Ltd (江苏沃得机电集团有限公司)
"JWF"	:	Jiangsu World Fangdichan Co., Ltd (江苏沃得房地产有限公司)
"JWNJ"	:	Jiangsu World Nongye Jixie Co., Ltd (江苏沃得农业机械有限公司)
"JWMT"	:	Jiangsu World Machine Tool Co., Ltd (江苏沃得机床有限公司)
"JWZJ"	:	Jiangsu World Plant-protecting Machinery Co., Ltd (江苏沃得植保机械有限公司)

"OCBC Bank", "Manager", "Underwriter", "Placement Agent" or "Receiving Bank"	:	Oversea-Chinese Banking Corporation Limited
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shanghai No. 2 Factory"	:	Shanghai No. 2 Stamping Machine & Tool Factory (上海第二锻压机床厂)
"Shanghai No. 5 Casting Factory"	:	Shanghai No. 5 Casting Factory (上海铸造五厂)
"Solicitors"	:	Shook Lin & Bok, Grandall Legal Group and Loo & Partners

General

"Application Forms"	:	The official printed application forms to be used for the purpose of the Invitation which form part of this Prospectus
"AOTU Trademark"	:	The trademark which our subsidiary, WPM (China), is licenced to use pursuant to the licence agreement between Shanghai No. 2 Factory and WPM (China), details as set out in the section entitled "Intellectual Property" of this Prospectus
"Application List"	:	The list of applications to subscribe for and/or purchase the Invitation Shares
"ATM"	:	Automated teller machine of a Participating Bank
"Audit Committee"	:	The audit committee of our Company as at the date of this Prospectus
"Capital Restructuring"	:	Has the meaning ascribed thereto of this Prospectus
"CEO"	:	Chief Executive Officer
"Companies Act"	:	The Companies Act, Chapter 50, of Singapore
"Compilation Report"	:	Compilation Report from the Reporting Accountants on the Unaudited Profoma Consolidated Financial Statements as set out in Annex F
"Danyang Plant"	:	Our manufacturing plant described in the section entitled "Production Facilities, Equipment and Capacity" of this Prospectus
"Directors"	:	The directors of our Company as at the date of this Prospectus
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM of a Participating Bank in accordance with the terms and conditions of this Prospectus
"EPS"	:	Earnings per Share
"Executive Directors"	:	Our executive Directors as at the date of this Prospectus

"FY"	:	Financial year ended or, as the case may be, ending 31 December
"HY"	:	Six (6) months ended or, as the case may be, ending 30 June
"Independent Directors"	:	The independent Directors of our Company as at the date of this Prospectus
"Invitation"	:	The invitation by our Company and the Vendor to the public to subscribe for and/or purchase the Invitation Shares, subject to and on the terms and conditions of this Prospectus
"Invitation Price"	:	$0.36 for each Invitation Share
"Invitation Shares"	:	The 105,000,000 Shares which are the subject of this Invitation, comprising 100,000,000 New Shares and 5,000,000 Vendor Shares
"Key Executives"	:	The key executives of our Group as at the date of this Prospectus
"Latest Practicable Date"	:	15 March 2006, being the latest practicable date before the lodgement of this Prospectus with the Authority
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"New Shares"	:	The 100,000,000 new Shares for which our Company invites applications to subscribe pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
"NAV"	:	Net asset value
"Offer"	:	The invitation by our Company and the Vendor to the public for subscription and/or purchase of the Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Prospectus
"Offer Shares"	:	The 5,000,000 Invitation Shares which are the subject of the Offer
"Participating Banks"	:	OCBC Bank, DBS Bank Ltd (including POSB) ("DBS") and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the "UOB Group") and "Participating Bank" means any of them
"Placement"	:	The placement, by the Placement Agent on behalf of our Company and the Vendor, of the Placement Shares at the Invitation Price, subject to and on the terms and conditions of this Prospectus
"Placement Shares"	:	The 100,000,000 Invitation Shares which are the subject of the Placement
"PRC"	:	The People's Republic of China, but for the purposes of this Prospectus and for geographical references only (unless otherwise indicated) excludes Taiwan, Macau and Hong Kong
"Prospectus"	:	This Prospectus dated 19 April 2006
"R&D"	:	Research and development

"Relevant Business"	:	The stamping machines and resin-casted components production business of JWMT as well as selected assets and liabilities relating thereto which were acquired by WPM (China) from JWMT in connection with the Restructuring Exercise
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Prospectus
"Restructuring Exercise"	:	The restructuring exercise implemented in connection with the Invitation, more fully described in the section entitled "Restructuring Exercise" of this Prospectus
"Securities Account"	:	Securities account maintained by a Depositor with CDP and does not include a securities sub-account
"Securities and Futures Act"	:	Securities and Futures Act, Chapter 289, of Singapore
"Service Agreements"	:	The Service Agreements entered into between our Company and our Executive Directors, Messrs Shao Jian Jun and Zhu Ping Guo, as described in the section entitled "Service Agreements" of this Prospectus
"Shanghai R&D Centre"	:	Our proposed research and development centre located in Shanghai, PRC, as described in the section entitled "Research and Development" of this Prospectus
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Share Consolidation"	:	The consolidation of three Shares in the share capital of our Company into one Share
"Sub-division of Shares"	:	The sub-division of each Share post-Share Consolidation into 50 Shares as described in the section entitled "Share Capital" of this Prospectus
"Substantial Shareholders"	:	Persons who have an interest in the Shares the nominal amount of which is not less than 5% of the aggregate of the nominal amount of all the voting shares of our Company
"Vendor Shares"	:	The 5,000,000 issued and fully paid-up Shares for which the Vendor invites applications to purchase pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
"World Trademark"	:	The trademark utilised by our Group, more fully described in the section entitled "Intellectual Property" of this Prospectus

Currencies, Units and Others

"RMB"	:	Chinese Renminbi
"$" or "SGD" and "cents"	:	Singapore dollars and cents, respectively

"sq. m."	:	Square metres
"kg"	:	Kilogram
"N.A."	:	Not applicable
"%" or "per cent"	:	Per centum or percentage
"US$" or "US Cents"	:	United States dollars and cents respectively

The expressions "Associate", "Associated Company", "Associated Entity", "Controlling Interest-Holder", "Related Corporation", "Related Entity", "Entity At Risk", "Interested Person", "Subsidiary", "Subsidiary Entity" and "Substantial Interest-Holder" shall have the meanings ascribed to them respectively in the Fourth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 and the Companies Act.

The expression "Business Trust" has the meaning ascribed to it in section 2 of the Business Trusts Act (Chapter 31A) of Singapore.

The expression "Controlling Shareholder" has the meaning ascribed to it in the Listing Manual.

The expression "Entity" includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust.

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference in this Prospectus and the Application Forms to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Companies Act, Securities and Futures Act or any statutory modification thereof and used in this Prospectus and the Application Forms shall, where applicable, have the meaning ascribed to it under the Companies Act, Securities and Futures Act (as the case may be) or any statutory modification thereof.

Any reference in this Prospectus or the Application Forms to our Shares being allotted and/or allocated to an applicant includes allotment and/or allocation to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus or the Application Forms shall be a reference to Singapore time unless otherwise stated.

Certain names with Chinese characters have been translated into English names. Such translations are provided solely for the convenience of Singapore-based investors, may not have been registered with the relevant PRC authorities and should not be construed as actually representing the Chinese characters.

Any reference to "we", "us" and "our" in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides a description of some of the technical terms and abbreviations commonly found in our industry. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms:–

"CNC"	:	Computer Numeric Control
"furan"	:	A flammable liquid obtained from oils of pines or made synthetically and used especially in organic synthesis (C_4H_4O)
"ISO 9001:2000"	:	A constituent part of the ISO 9000 series which states the requirement for a quality management system and covers the following eight management principles: customer focus, leadership, involvement of people, process approach, system approach management, continual improvement, factual approach to decision making and mutually beneficial supplier relationship
"piston"	:	Mechanical device that has a plunging or thrusting motion
"related components" of stamping machines	:	Components of stamping machines which include machinery parts, accessories as well as resin-casted components
"resin-casted components"	:	Metal components casted using resin moulds
"resin moulds"	:	Moulds made of furan resin bonded sand
"shot blasting"	:	A metal cleaning or finishing process in which a fluid blast blows abrasive steel balls against the surface
"stamping machine"	:	A power-driven mechanical press used to shape metal
"tonnage"	:	Tonnage in relation to our stamping machines is a measure of the stamping pressure of our stamping machines

LISTING ON THE SGX-ST

Application has been made to the SGX-ST for permission to deal in and for quotation of all our Shares already issued (including the Vendor Shares) and the New Shares on the SGX-ST. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, amongst others, permission being granted by SGX-ST to deal in and for quotation of all the existing issued Shares (including the Vendor Shares) and the New Shares. Monies paid in respect of any application accepted will, subject to applicable laws, be returned, without interest or any share of revenue or benefit arising therefrom and at the applicant's own risk, if the completion of the Invitation does not occur because the said permission is not granted or for any other reason (including where the Authority issues a stop order). In such event, the applicant will not have any claim against us, the Vendor, the directors of the Vendor, the Manager, the Underwriter or the Placement Agent.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of this Invitation, our Company, our Subsidiary, our existing issued Shares (including the Vendor Shares) or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the existing issued Shares (including the Vendor Shares) or the New Shares, as the case may be, being offered or in respect of which the Invitation is made, for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

This Prospectus has been seen and approved by our Directors and the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the facts stated and opinions expressed in this Prospectus are true and accurate and not misleading, all expressions of opinion, intention and expectation contained in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus, there are no other facts the omission of which would make any statement in this Prospectus misleading and this Prospectus constitutes full and true disclosure of all material facts about the Invitation, our Group and our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company, the Vendor, the Manager, the Underwriter or the Placement Agent. Neither the delivery of this Prospectus, the Application Forms, or any documents relating to the Invitation nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development in the affairs of our Company or of our Subsidiary or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, our Company may lodge a supplementary or replacement prospectus with the Authority and make an announcement of the same to the SGX-ST and the public and will comply with the requirements of the Securities and Futures Act and/or any other requirements of the Authority and/or SGX-ST. All applicants should take note of any such announcement, supplementary or replacement document or prospectus and, upon the release of the same, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our Subsidiary.

Neither our Company, the Vendor, the Manager, the Underwriter, the Placement Agent or any parties involved in this Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or any other laws or regulations. No information in this Prospectus should be considered to be business, financial, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, financial, legal or tax advice regarding an investment in our Shares.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose. This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or to purchase, the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unauthorised or unlawful nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

We are subject to the provisions of the Securities and Futures Act and the SGX-ST Listing Manual regarding corporate disclosure. In particular, if after this Prospectus is registered but before the close of the Invitation, we become aware of:–

(a) a false of misleading statement in the Prospectus;

(b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or

(c) a new circumstance that has arisen since the Prospectus was lodged with the Authority which would have been required by Section 243 of the Securities and Futures Act to be included in the Prospectus if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the Securities and Futures Act.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for and/or purchase the Invitation Shares and:–

(a) where the Invitation Shares have not been issued and/or sold to the applicants, our Company (for itself and on behalf of the Vendor) shall either:–

    (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

    (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company (for itself and on behalf of the Vendor) shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom; or

(b) where the Invitation Shares have been issued and/or sold to the applicants, our Company (for itself and on behalf of the Vendor) shall either:–

    (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to our Company and the Vendor the Invitation Shares, which they do not wish to retain title in; or

    (ii) treat the issue and/or sales of the Invitation Shares as void, in which case the issue and/or sale shall be deemed void and our Company (for itself and on behalf of the Vendor) shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (a)(i) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this, whereupon our Company (for itself and on behalf of the Vendor) shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those Invitation Shares without interest or a share of revenue or benefit arising therefrom, at the applicant's risk.

An applicant who wishes to exercise his option under paragraph (b)(i) to return our Shares issued and/or sold to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company of this and return all documents, if any, purporting to be evidence of title to those Shares, to our Company, whereupon our Company (for itself and on behalf of the Vendor) shall, subject to compliance with the Companies Act, within seven days from the receipt of such notification and documents pay to him all monies paid by him for those Shares, without interest or a share of revenue or benefit arising therefrom, at the applicant's risk and the issue and/or sale of those Shares shall be deemed to be void.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to our Company, directing that no Shares or no further Shares to which this Prospectus relates, be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter, which in the opinion of the Authority is false or misleading, (ii) omits any information that should be included in accordance with the Securities and Futures Act or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act. A stop order may also be issued if the Authority is of the opinion that it is in the public interest to do so. Where applications to subscribe for and/or purchase the Invitation Shares to which this Prospectus relates have been made prior to the Stop Order, and:–

(a) where the Invitation Shares have not been issued and/or sold to the applicants, the applications shall be deemed to have been withdrawn and cancelled and our Company (for itself and on behalf of the Vendor) shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or

(b) where the Invitation Shares have been issued and/or sold to the applicants, the Securities and Futures Act provides that the issue and/or sale of our Invitation Shares shall be deemed to be void and our Company (for itself and on behalf of the Vendor), within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for our Invitation Shares.

Where monies are to be returned to applicants for the Invitation Shares, it shall be paid to the applicants without any interest or share of revenue or other benefit arising therefrom and at the applicants' own risk.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours from:–

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

and from selected branches of OCBC Bank and, where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com.

DETAILS OF THE INVITATION

The Application List will open at 10.00 a.m. on 25 April 2006 and will remain open until 12.00 noon on the same day or for such further period or periods as our Company may, in consultation with the Manager, decide, subject to any limitation under all applicable laws. Where a supplementary document or replacement document has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgement of the supplementary or replacement document. Where an applicant has notified our Company within 14 days from the date of lodgement of the supplementary document or replacement document of his wish to exercise his option under the Securities and Futures Act to withdraw his application, our Company shall return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's risk within seven days from the receipt of such notification.

Details of the procedures for application of the Invitation Shares are set out in Annex E of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

25 April 2006, 12.00 noon	Close of Application List
26 April 2006	Balloting of applications, if necessary (in the event of over-subscription for the Invitation Shares)
27 April 2006, 9.00 a.m.	Commence trading on a "when issued" basis
4 May 2006	Last day of trading on a "when issued" basis
5 May 2006, 9.00 a.m.	Commence trading on a "ready" basis
10 May 2006	Settlement date for all trades done on a "when issued" basis and for all trades done on a "ready" basis on 5 May 2006

The above timetable is only indicative as it assumes that the closing of the Application List takes place on 25 April 2006, the date of admission of our Company to the Official List of the SGX-ST will be 27 April 2006, the SGX-ST's shareholding spread requirement will be complied with and the Invitation Shares will be issued and allotted and fully paid-up and/or allocated prior to 27 April 2006. The actual date on which our Shares will commence trading on a "when issued" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modifications as the SGX-ST may in its discretion decide, including the decision to commence trading on a "when issued" basis. and the commencement date of such trading. All persons trading in our Shares on a "when issued" basis, do so at their own risk. **In particular, persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, if applicable, have been allotted and/or allocated with or are otherwise beneficially entitled to. Such persons are exposed to the risk of having to cover their net sell positions earlier if "when issued" trading ends sooner than the indicative date mentioned above. Persons who have net sell positions traded on a "when issued" basis should close their positions on or before the first day of "ready" basis trading.**

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:–

(i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

(ii) in a major Singapore English newspaper such as The Straits Times or The Business Times.

We will provide details of the results of the Invitation (including balloting in the event of an over-subscription for the Offer Shares) through the channels described in (i) and (ii) above.

Investors should consult the SGX-ST announcement on the "ready" trading date on the Internet (at SGX-ST website http://www.sgx.com), INTV or newspapers or check with their brokers on the date on which trading on a "ready" basis will commence.

The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider the information presented in this Prospectus, particularly the matters set out under "Risk Factors", before deciding to invest in our Shares.

OUR GROUP

We were incorporated in Singapore on 28 July 2004 under the Companies Act as a private limited company under the name of World Precision Machinery Pte Ltd, and had changed our name to Bright World Precision Machinery Pte Ltd on 20 April 2005. On 12 April 2006, we converted to a public limited company and changed our name to Bright World Precision Machinery Limited. Our Company is the holding company of our wholly-owned PRC-incorporated subsidiary, WPM (China).

Our Group was formed pursuant to the Restructuring Exercise which involved a series of acquisitions and the rationalisation of our corporate and shareholding structure for the purposes of the Invitation.

OUR BUSINESS

We are a manufacturer of stamping machines and its related components (which include machinery parts and accessories as well as resin-casted components). We manufacture a variety of stamping machines and related components to meet different needs of our customers. We also offer customised manufacture of stamping machines and related components based on customers' specifications.

The products which we manufacture are as follows:–

- **Stamping Machines**

  We currently manufacture over 104 different models of stamping machines, including customised stamping machines based on our customers' specifications. Our stamping machines are suited for manual and automated metal-stamping operations and may be used for a variety of stamping applications such as cutting, punching, stretching, forming, bending and straightening. Our stamping machines may be used with different dies and adjusted to variable speeds and are available in different tonnage to cater to the different requirements of our customers. The end-users of our products are mainly product manufacturers from the automobile, hardware, electrical appliances and electronics industries.

  We produce both C-frame (available in either fixed or inclinable models) and straight-sided stamping machines (available in fixed models only). Our C-frame stamping machines include single-pointed stamping machines (which are stamping machines with single piston performing the stamping action) and double-pointed stamping machines (which are stamping machines with dual pistons that can be fitted with two different dies to perform dual stamping actions simultaneously for increased efficiency). Currently, our straight-sided stamping machines are available in single-piston models.

  We have classified our stamping machines into eight product series based on the key features of these stamping machines. Please refer to the section entitled "General Information On Our Group — Business" of this Prospectus for further details.

- **Related Components**

  We manufacture related components of our stamping machines which include machinery parts and accessories. Our related components may be casted from resin moulds or clay moulds. Resin-casted components possess high-quality finish and require less reworking as compared to components casted from conventional materials such as clay. This translates into our ability to produce precision components of higher accuracy and higher quality as compared to clay-casted components. Resin-casted components have wide applications and may be used in various industries such as engineering, aerospace, machinery and electronics. Our resin-casted components are used in the downstream manufacture of our stamping machines or are sold to customers who are in the business of water pump manufacturing, machine tool manufacturing and ship building. Please refer to the section entitled "General Information On Our Group — Business" of this Prospectus for further details.

Further details of our business are set out under the section entitled "Business" of this Prospectus.

OUR COMPETITIVE STRENGTHS

Our directors believe that our key competitive strengths are as follows:–

- **Strong brand name**

  We currently market our products under the AOTU Trademark and the World Trademark. Our J23 and JH21 series of stamping machines marketed under the AOTU Trademark has been recognised amongst the "Branded Products of Shanghai" by the Shanghai City Branded Products Promotion Committee annually from 1999 to 2003, while the World Trademark has gained increasing market recognition since we began selling our stamping machines under the World Trademark in 2001.

- **Quality products and services**

  We emphasise product quality in our manufacturing processes. Our quality management system has been ISO9001:2000 accredited and our products have been named "Jiangsu Trustworthy Quality Products". Our sales representatives and sales agents are located in proximity to our customers and our sales representatives are equipped with the requisite technical knowledge to provide quality after-sales service including servicing and repair services to our clients.

- **Our business is vertically integrated**

  We have the requisite facilities as well as skilled personnel which enable us to produce our stamping machines in-house without the need to outsource any part of the production to third parties. We manufacture about 90% of the components required for the manufacture of our stamping machines in-house. This allows us to react quickly to changes in demand as we are able to tailor our stamping machines and related components to incorporate features which are in demand or to increase the production of models which are in demand.

- **Strong sales and marketing network**

  As at the Latest Practicable Date, we had more than 300 sales agents which are located in our Marketing Sectors (for details please refer to the section entitled "Sales and Marketing, and Customer Service" of this Prospectus). We believe that our strong sales and marketing network enables us to generate new customer accounts as well as maintain good relationships with our existing customers. In addition, our sales network covers the eastern and southern parts of the PRC which are growing manufacturing bases which generate high demand for our products.

- **We are strategically located in Danyang City, Jiangsu Province**

  Our production operations are carried out at our Danyang Plant which is strategically located in Danyang City, Jiangsu Province, PRC where many companies in the manufacturing industry are located. Danyang City's developed transportation network has also allowed for prompt delivery of our products to our customers and cost savings in delivery cost. In addition, we believe that our proximity to numerous manufacturing companies located in Jiangsu Province, PRC will provide us with opportunities to expand our customer base.

- **Experienced and skilled technical team**

  We have an experienced technical team comprising approximately 17 technical personnel with an average of 8 years of experience. We are able to provide round-the-clock technical support to our customers during the pre-sale and after-sale process so as to benefit our customers. Our technical team has also researched into our production facilities so as to improve our production capabilities which enable us to increase our cost efficiency and the quality of our products.

- **Experienced management team**

  Members of our management team, comprising our Executive Directors and our Key Executives, have a combined experience of approximately 60 years of experience in the stamping machine industry. Over the years, our Executive Directors and Key Executives have developed their expertise through working closely with our customers to understand their needs and to offer practical and quality products to meet their requirements.

  Further details are set out under the section entitled "Competitive Strengths" of this Prospectus.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the continued growth of our business are as follows:–

- **Setup of R & D centre to strengthen our R & D capabilities**

  We intend to setup a R & D Centre in Shanghai, PRC ("Shanghai R & D Centre") which will be equipped with up-to-date R & D equipment and staffed by additional technical personnel to be recruited to strengthen our R & D capabilities. Apart from conducting R & D into improving product quality and efficiency of our production processes and monitoring market trends in the stamping machine industry, our proposed Shanghai R & D Centre will also focus on increasing the efficiency, tonnage and performance of our stamping machines and the development of new stamping machine features.

  We have earmarked approximately RMB11.0 million of the proceeds from the Invitation for the establishment of our proposed Shanghai R & D Centre.

- **Setup of sales representative office and the expansion of our existing sales network**

  We intend to setup a sales representative office in Guangdong province in the PRC to increase the presence of our Group in this region, and would facilitate the provision of on-site pre-sales and after-sales services to our customers as the office will serve as a satellite warehouse for timely delivery of products to our customers. We also intend to expand our sales network to the central PRC regions such as Hunan, Hubei, Sichuan, Chongqing as well as the north-eastern regions of the PRC which we have identified as regions for growth with a view to increasing our market share in the PRC stamping machines market. We intend to increase our sales staff to approximately 100 personnel whom we will deploy to the above regions.

  We have earmarked approximately RMB8.0 million of the proceeds from the Invitation to fund the establishment of our proposed Guangdong sales representative office.

- **Expansion of our production capacity**

  We intend to focus on the production of high-efficiency, high-tonnage and high-performance stamping machines so as to achieve long term growth as we believe that such machines are more resilient to aggressive pricing strategies and would better allow us to meet the wide-ranging demands of our customers.

With our Danyang Plant operating at close to full capacity, we have earmarked an aggregate of approximately RMB139.6 million from the Invitation proceeds and intend to expand our production capacity as follows:–

(1) Setup of a new production facility ("Proposed Production Facility") by acquiring a plot of land (adjacent to our Danyang Plant) of approximately 133,334 sq. m. in land area from the local government upon which our Proposed Production Facility will be constructed, for which we have earmarked approximately RMB124.6 million from the Invitation proceeds. The Proposed Production Facility will be equipped with production equipment for the manufacture of high-tonnage, high-performance and high-efficiency stamping machines, and when completed, will have a production area of 100,000 sq. m. and will double our existing production capacity.

(2) Increase of production capabilities of our existing Danyang Plant through the acquisition of additional production equipment for the production of such stamping machines, for which we have earmarked approximately RMB5.7 million from the Invitation proceeds.

(3) Increase of resin-casted components production capacity through the acquisition of additional resin-casted component production equipment, for which we have earmarked approximately RMB9.3 million from the Invitation proceeds.

- **Expansion of business into the manufacture of manufacturing-related equipment with functions which are complementary to our stamping machines**

  The manufacturing processes of our customers would typically involve the use of other manufacturing-related equipment such as cutting and folding machines. We have identified the manufacture of such manufacturing-related equipment as a possible area for business expansion. We believe that our existing know-how and production facilities for the manufacture of our stamping machines may be adapted and utilised in the manufacture of such equipment which may be packaged for sale together with our stamping machines to these customers.

  Please refer the section entitled "Business Strategies and Future Plans" of this Prospectus for further details.

OUR CONTACT DETAILS

Our registered address is 6 Battery Road, #39-01, Singapore 049909 and our principal place of business is Picheng Town, Danyang City, Jiangsu Province, People's Republic of China, Postal Code 212311. The telephone and fax numbers of our registered office are (65) 62213348 and (65) 62213248 respectively. The telephone and fax numbers of our principal place of business are (86) 511 6342198 and (86) 511 6342767 respectively. Our company registration number is 200409453N.

THE INVITATION

Invitation Size	:	105,000,000 Invitation Shares comprising 100,000,000 New Shares and 5,000,000 Vendor Shares. The New Shares upon allotment and issue, will rank *pari passu* in all respects with the existing issued Shares.
Invitation Price	:	$0.36 for each Invitation Share.
The Offer	:	The Offer comprises an invitation by our Company and the Vendor to the public in Singapore to subscribe for and/or purchase 5,000,000 Offer Shares at the Invitation Price, subject to and on the terms and conditions of this Prospectus.
The Placement	:	The Placement comprises an offering by our Company and the Vendor of 100,000,000 Placement Shares by way of placement, subject to and on the terms of this Prospectus.
Purpose of our Invitation	:	We consider that the listing and quotation of our Shares on the SGX-ST will enhance our public image locally and internationally and enable us to tap the capital markets to fund our business growth. The Invitation will also provide members of the public, our employees and business associates an opportunity to participate in the equity of our Company. The Invitation will also enlarge our capital base for the continued expansion of our business.
Listing Status	:	Our Shares will be quoted on the SGX Main Board, subject to the admission of our Company to the Official List of the SGX-ST and permission for dealing in and for quotation of our Shares being granted by the SGX-ST and that no stop order is issued by the Authority.

Use of Proceeds

The net proceeds from the issue of the New Shares attributable to our Company (after deducting the estimated issue expenses to be borne by our Company) is estimated to be $32.4 million.

We intend to utilise the net proceeds from the issue of the New Shares to fund the following activities:–

Intended Use		Amount allocated for each dollar of the proceeds raised from the Invitation (as a % of the gross proceeds due to Company)
(i) Finance the expansion of our production capacity which includes (i) the setup of a new production facility by acquiring a plot of land adjacent to our Danyang Plant so as to double our existing production capacity; (ii) the acquisition of additional equipment for our existing Danyang Plant to increase its production capabilities; and (iii) the increase of production capacity for resin-casted components at our Danyang Plant	Approximately $28.1 million (approximately RMB139.6 million)	78.1%
(ii) Finance the setup of a R&D centre in Shanghai, PRC, to strengthen our R&D capabilities which includes the acquisition of land-use and building ownership rights for suitable premises	Approximately $2.2 million (approximately RMB11.0 million)	6.1%
(iii) Finance the setup of a sales representative office in Guangdong province, PRC, and for the expansion of our existing sales network	Approximately $1.6 million (approximately RMB8.0 million)	4.4%
(iv) Working capital purposes	Approximately $0.5 million (approximately RMB2.3 million)	1.4%

Please refer to the section entitled “Prospects, Business Strategies And Future Plans” of this Prospectus for further details.

Pending the specific deployment of the net proceeds as aforesaid, the net proceeds will be added to our Group’s working capital or used for investment in short-term money market or debt instruments, as our Directors may in their absolute discretion deem appropriate.

Net proceeds from the sale of the Vendor Shares

The net proceeds attributable to the Vendor from the sale of the Vendor Shares (after deducting the Vendor’s share of the estimated expenses in relation to the sale of the Vendor Shares of approximately $60,000) will be approximately $1.7 million.

Listing Expenses

The estimated amount of the expenses of the Invitation and of the application for listing, including the underwriting commission, placement commission, brokerage, management fees, audit and legal fees as well as all other incidental fees is approximately $3.64 million. A breakdown of these estimated listing expenses is as follows:–

Listing Expense	$'000	Amount allocated from each dollar of the proceeds raised from the Invitation (as a % of the gross proceeds due to Company and Vendor)
Listing Fees	26	—(1)
Professional Fees	1,854	4.9%
Underwriting commission(2), placement commission(3) and brokerage(4)	1,191	3.2%
Miscellaneous expenses	567	1.5%
Total estimated expenses	3,638	

Notes:–

(1) Not meaningful

(2) a commission of 2.75% of the Invitation Price is payable for each Offer Share

(3) a commission of 2.0% of the Invitation Price is payable for each Placement Share

(4) a brokerage of 0.25% and 1.0% of the Invitation Price is payable for each Offer Share and Placement Share respectively. In addition, DBS levies a minimum brokerage fee of $5,000 that will be paid by our Company and the Vendor in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares

Save for the underwriting and placement commission and brokerage which will be borne by our Company and the Vendor in the proportion in which the Invitation Shares are offered by our Company and the Vendor, the rest of the listing expenses will be borne by our Company.

The total amount of the expenses to be borne by our Company is approximately $3.58 million.

Please see section entitled "General and Statutory Information — Management, Underwriting and Placement Arrangements" of this Prospectus for more details.

EXCHANGE RATES

The table below sets forth, for each of the financial periods indicated, the average exchange rates between the RMB and the Singapore dollar calculated using the average of the exchange rates on the last day of each month during each financial period. Where applicable, the exchange rates in this table are used for our Company's financial accounts disclosed elsewhere in this Prospectus.

	RMB/$ Rate	
	Average	**Closing**
FY2002	4.633	4.767
FY2003	4.752	4.871
FY2004	4.906	5.070
HY2004	4.873	4.813
HY2005	5.017	4.911

The table below sets forth the highest and lowest exchange rates of RMB and the Singapore dollar for each month for the past six months. The table below indicates how many RMB may be converted into one Singapore dollar.

	RMB/$ Rate	
	Highest	**Lowest**
September 2005	4.839	4.779
October 2005	4.812	4.770
November 2005	4.781	4.738
December 2005	4.857	4.779
January 2006	4.974	4.857
February 2006	4.957	4.922

As at the Latest Practicable Date, the exchange rate between RMB and the Singapore dollar was RMB4.962 to $1.00.

The above exchange rates have been calculated with reference to exchange rates quoted from Bloomberg L.P. and should not be construed as representations that the RMB amounts actually represent such amounts or could be converted into the Singapore dollar at the rate indicated, at any other rate, or at all.

Note:

Source: Bloomberg L.P.

Bloomberg L.P. has not consented to the inclusion of the exchange rates quoted under this section and is thereby not liable for the relevant exchange rates under Sections 253 and 254 of the Securities and Futures Act.

We have included the above exchange rates in their proper form and context in this Prospectus and have not verified the accuracy of the above exchange rates.

You should evaluate carefully each of the following considerations and all of the other information set forth in this Prospectus before deciding to invest in our Shares. Some of the following considerations relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future dilution in value of our Shares.

If any of the following considerations and uncertainties develop into actual events, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of our Shares could decline due to any of these considerations, and you may lose all or part of your investment.

Apart from the specific factors listed below and general business and economic conditions to which all commercial businesses are exposed to, we are of the view that we are not vulnerable in any material way to any other factors which can be reasonably anticipated.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

We are vulnerable to shortages in demand and volatility in prices of our key raw materials

The prices at which we purchase our key raw materials, iron, coke and steel plates, are based on prevailing market prices which are affected by market demand and supply conditions and may fluctuate from time to time. Prices of our raw materials may also increase rapidly due to intervening factors such as a sudden outbreak of war or supply disruptions. In addition, the prices of our raw materials may also fluctuate due to the implementation of government policies which may affect supply.

Iron, coke and steel plates made up approximately 27.9%, 3.6% and 13.9% respectively of our cost of sales in HY2005. The prices of these key raw materials have generally been increasing during FY2002, FY2003, FY2004 and HY2005. In the event that there is an increase in our purchase prices of our key raw materials and we are unable to pass on such price increases to our customers, our cost of sales will increase without a corresponding increase in our revenue and accordingly, our gross margin will be adversely affected.

Our business is subject to national standards which have been enacted for product quality and we cannot assure you that our compliance cost will not increase in the future

All our products must comply with the PRC Product Quality Law. The relevant authorities conduct random inspection of our production facilities and our products for compliance with the PRC Product Quality Law. In the event, the standards under the PRC Product Quality Law changes or additional conditions are imposed on these standards, we may incur additional cost and/or capital expenditure as additional equipment might be required in order to comply with such new laws or regulations. In such event, our profitability and our business operations may be adversely affected as there may be a substantial increase in our compliance cost.

We are exposed to credit risks of our customers

We grant certain of our customers credit periods of up to 90 days. For FY2002, FY2003, FY2004, and HY2005, our accounts receivable turnover days were 39 days, 54 days, 44 days and 64 days respectively. Our net trade receivables balances as at 30 June 2005 were approximately RMB68.9 million, representing approximately 36.9% of our current asset balance as at 30 June 2005.

As at the end of HY2005, our allowance for doubtful debts were approximately RMB3.1 million. Bad debts written-off in FY2002 and HY2005 were approximately RMB174,000 and RMB108,000 respectively. There were no bad debts written-off in FY2003 and FY2004.

Our financial position, profitability and cash flows are dependent to a large extent on the creditworthiness of our customers and their ability to pay us on a timely basis.

In the event that there is deterioration in the creditworthiness of our customers, our profitability and cash flows will be adversely affected.

We are reliant on key personnel

Our success is dependent on the continued efforts of our senior management team comprising our Executive Directors and Key Executives. Our Executive Directors are responsible for formulating and implementing our business growth, corporate development and overall business strategy and have been instrumental in our growth and expansion. We have not taken up any keyman insurance policies for our Executive Directors and Key Executives. The loss of these key personnel without timely and suitable replacements and our inability to attract and retain qualified and experienced personnel could have an unfavourable impact on our business.

We are reliant on skilled personnel

Our business and our production process are highly dependent on skilled personnel. Having a team of experienced and skilled personnel is essential in maintaining the quality of our products and services. A high turnover of such personnel without suitable and timely replacements could have an adverse impact on our operations and competitiveness.

We are reliant on our sales agents

We sell our products directly to the market and through sales agents located in various parts of the PRC. Our sales through sales agents amounted to approximately 90%, 88%, 80% and 78% of our revenue for FY2002, FY2003, FY2004 and HY2005 respectively. The level of orders we receive from our sales agents is dependent on the effectiveness of their distribution channels to customers. For example, their effectiveness would be dependent on the ability to provide customers with good product information and technical expertise. We do not restrict our sales agents from distributing only our products or grant sole distributorships to any of our sales agents. Most of our sales agents promote other machinery in addition to being sales agents of our products. As such, our sales agents may not be able to devote all their time, attention and expertise to our products. In the event the business of our sales agents are disrupted or poorly managed, our business as well as our financial performance may be adversely affected.

We are exposed to risk of loss from fire, theft and natural disasters, and our insurance coverage may not be sufficient

We face the risk of loss or damage to our properties, machinery and inventory due to fire, theft and natural disasters such as earthquakes and floods. Such events may cause a disruption or cessation in our operations, and thus adversely affect our financial results.

Whilst we have maintained insurance coverage for fixed assets (including our manufacturing facilities) and inventory, details of which are set out in the section entitled “Insurance” of this Prospectus, our insurance may not be sufficient to cover all of our potential losses. In the event such loss exceeds the insurance coverage or is not covered by the insurance policies we have taken up, we may be liable to cover the shortfall of the amounts claimed and our financial performance may be adversely affected.

Further, we currently do not maintain any insurance policies against loss of key personnel and business interruption as well as product liability claims. If such events were to occur, our business, financial performance and financial position may be materially and adversely affected.

We are dependent on the AOTU Trademark

We have been marketing our stamping machines under the AOTU Trademark since 1999. We are dependent on the use of the AOTU Trademark to compete successfully and to a certain extent, to achieve growth in our revenue.

Our licence to use the AOTU Trademark granted by Shanghai No. 2 Factory is non-exclusive. Consequently, our market share of the stamping machine industry may be eroded and our performance may be adversely affected if the manufacturers of stamping machines who are licenced to use the AOTU Trademark should increase. To the best of our knowledge, there are six other manufacturers of stamping machines and related components that have been granted the licence to market under the AOTU Trademark as at 30 June 2005.

As the AOTU Trademark is used by persons other than our Group, any negative publicity concerning this trademark, regardless of validity and whether or not such publicity was generated by our products, may adversely affect our ability to market our stamping machines and related components under the AOTU Trademark.

Although the AOTU Trademark has been registered by Shanghai No. 2 Factory in the PRC and is protected under the applicable PRC laws, there is no assurance that third parties will not infringe the intellectual property rights associated with the AOTU Trademark by using logos that are similar to the AOTU Trademark.

As the PRC laws protecting intellectual property rights in the PRC are still generally in a state of development, our intellectual property rights in respect of these trademarks may be inadequately protected and we may not be able to enforce such rights against an infringing party. Further, the difficulty of enforcement of such intellectual property is compounded by the fact that the owner of the AOTU Trademark is Shanghai No. 2 Factory and any enforcement of intellectual property rights in respect of this trademark against an infringing party would be through and would require the co-operation of Shanghai No. 2 Factory which might not be readily obtainable.

We may also face the risk of the loss of the right to market under the AOTU Trademark whether by our breach of the licence agreement or otherwise. In any of the above events, our performance, future prospects and viability may be adversely affected.

Our business may be adversely affected by increases in rental costs

We lease the land of our office and production premises from JWMT under our existing lease for ten years, with an option to renew for a further ten years. Details of our lease are set out under the section entitled “Properties and Fixed Assets” of this Prospectus.

The rental that we pay under this lease may be adjusted according to the national inflation index once every five years. In such event, our rental expenses will increase and this may affect our competitiveness. If, for any reason, JWMT ceases to lease our current premises to us, our business may be adversely affected as we would have to source for alternative premises to house our operations. In addition, related costs with the relocation of our operations would also affect our financial performance.

We face intense competition

The manufacture of stamping machines and its related components is a highly competitive business. Companies who possess their own brands and have better financial power are able to capitalise on pricing strategies to gain an edge over competition. We may also face competition from new entrants. In the event that our existing or potential competitors offer cheaper alternatives to our products or services, or engage in aggressive pricing in order to increase market share, our performance may be adversely affected. This will have a material adverse effect on our business and results of operations.

Our competitiveness depends on various factors such as the pricing of products and services, relationships with customers and suppliers, product features and brand recognition. Please refer to the section entitled “Competition” of this Prospectus for details of our main competitors. In the event we are unable to compete successfully against our competitors in these areas, our financial performance will be materially and adversely affected.

Our financial performance may be affected by the loss of monies withheld during the warranty period as well as replacement and repair costs incurred for non-conforming products

We grant certain of our customers the right to withhold payment of a portion of the contract value during the warranty period which is usually between two to twelve months from delivery. The retention sum is typically equivalent to 5% of the total contract value. In the event our customers are dissatisfied with our products with valid cause, they do not have to pay the part of the contract value which payment has been withheld and we may have to repair or replace the non-conforming stamping machines or related components. In the event there are disputes with our customers with regards to the quality of our products, our performance may be adversely affected by the loss of monies withheld by such customers during the warranty period as well as the incurring of replacement and repair costs.

We may face potential liability with respect to product defects

Our contracts with our customers typically include warranties that our products will be delivered free from defects and will perform in accordance with the specifications typically for a one year period. There may also be implied warranties that may be construed in connection with the supply of our products. Our products are not covered by product liability insurance and to the extent that our products do not, or are not deemed to, satisfy such warranties, we may be required to indemnify or compensate our customers for any damage or losses they may suffer as a result of our products being defective as well as for any consequential damages. Such indemnification or compensation would adversely affect our standing and reputation in the industry, result in monetary losses and have a material adverse effect on our business, financial condition and results of operations.

We may be unable to adequately safeguard our proprietary technical know-how or we may face claims that may be costly to resolve or which limit our ability to use such technical know-how in the future

We believe that our technical know-how are proprietary and unique, and are the result of the R&D efforts and intellectual capital of our employees and do not infringe on any third-party proprietary rights. However, we cannot assure you that third parties will not assert infringement claims against us in the future or that these claims will not be successful. It may be difficult for us to establish or protect our proprietary technical know-how against such third parties and we could incur substantial costs and diversion of management resources in defending any claims relating to proprietary rights. If any party succeeds in asserting a claim against us relating to the disputed proprietary technical know-how, we may need to obtain licenses to continue to use the same. We cannot assure you that we will be able to obtain these licenses on commercially reasonable terms, if at all. The failure to obtain the necessary licenses or other rights could cause our business results to suffer.

Further, we rely upon a combination of trade secrets, non-disclosure and other contractual agreements with our employees as well as limitation of access to and distribution of our proprietary technical know-how in our efforts to protect these proprietary technical know-how. However, our efforts in this regard may be inadequate to deter misappropriation of our proprietary information or we may be unable to detect unauthorised use and take appropriate steps to enforce our rights. Policing unauthorised use of our proprietary technical know-how is difficult and there can be no assurance that the steps taken by us will prevent misappropriation of our proprietary technical know-how.

Where litigation is necessary to safeguard our proprietary technical know-how, or to determine the validity and scope of the proprietary rights of others, this could result in substantial costs and diversion of our resources and could have a material adverse effect on our business, financial condition, operating results or future prospects.

Our operations involve significant manufacturing risks

Our manufacturing operations are continually being modified and expanded to enhance production yields and increase production capacity. We are unable to assure that we will continue to maintain manufacturing efficiency. Although there have been no prior incidences of manufacturing problems which materially affected our financial performance, we may in the future experience manufacturing problems in achieving satisfactory production yields and/or fail to avoid product delivery delays. These problems may arise as a result of, amongst other factors, capacity constraints and production delays. If our manufacturing operations are unable to remain efficient and reliable, our profitability may be adversely affected.

We may be adversely affected by fluctuations in interest rates

As we expand our operations, a sufficient level of funding is required to finance both our expansion plans as well as our day-to-day operations. In the event we finance our funding needs with borrowings, we would be exposed to changes in interest rates in respect of our borrowings. Currently, all our borrowings are pegged to the rates of the People's Bank of China which may fluctuate from time to time. In the event that these rates increase, our financial performance may be adversely affected.

We may face loss or damage to our inventory maintained outside of our Danyang Plant

We maintain an inventory of stamping machines and related components at the offices of our sales agents or under the supervision of our sales representatives in order to provide timely service to our customers in various parts of PRC. As at 30 June 2005, approximately RMB7.2 million of our total inventory are kept at the offices of our sales agents or under the supervision of our sales representatives. We are dependent on our sales agents and sales representatives for proper management of such inventory. Our sales agents and representatives have agreed to compensate us for any loss or damage to such inventory under their supervision. However, we are unable to assure that our sales agents and sales representatives are able to compensate us fully for our losses. In such event, our financial performance may be adversely affected.

RISKS RELATING TO THE PRC

Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes that we may be involved in

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, circulars and directives. The PRC government is still in the process of developing its legal system, so as to meet the needs of investors and to encourage foreign investment. As the PRC economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations will apply to certain events or circumstances.

Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still subject to policy changes. There is no assurance that the introduction of new laws, changes to existing laws and the interpretation or application thereof or the delays in obtaining approvals from the relevant authorities will not have an adverse impact on our business or prospects.

Further, precedents on the interpretation, implementation and enforcement of PRC laws and regulations are limited, and unlike other common law countries such as Singapore, decisions on precedent cases are not binding on lower courts. As such, the outcome of dispute resolutions may not be consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain swift or equitable enforcement of the laws in PRC, or obtain enforcement of judgement by a court of another jurisdiction.

Changes in the PRC governmental rules and regulations will have a significant impact on our business

Our business and operations in PRC are subject to PRC government rules and regulations. From time to time, changes in the rules and regulations or the implementation thereof may require us to obtain approvals and licences from the PRC authorities for the conduct of our operations in PRC. Please refer to the section entitled "Permits, Approvals, Certifications and Government Regulations" of this Prospectus for details. In such event, we may need to incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance as our business costs will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to us promptly or at all. If we experience delay in or are unable to obtain such required approvals or licences, our operations and business in the PRC, and hence our overall financial performance will be adversely affected.

Changes in PRC laws relating to foreign ownership of PRC-incorporated companies could affect our operations and profitability

Our Subsidiary, WPM (China) is currently a foreign enterprise under PRC law that is wholly-owned by our Company. In the event that new regulations governing foreign ownership are implemented by the PRC government such that we are required to restructure our equity interest in WPM (China), this could affect our investment in WPM (China). In particular, if we are required to reduce our shareholding in WPM (China), this may result in an erosion of management and operational control which could adversely affect our operations and profitability.

Our results and financial conditions are highly susceptible to changes in PRC's political, economic and social conditions as our revenue is currently wholly derived from our operations in PRC

Since 1978, the PRC government has undertaken various reforms of its economic systems. Such reforms have resulted in economic growth for PRC in the last two decades. However, many of the reforms are unprecedented or experimental, and are expected to be refined and modified from time to time. Other political, economic and social factors may also lead to further readjustment of the reform measures. This refinement and adjustment process may consequently have a material impact on our operations in PRC or a material adverse impact on our financial performance. Our results and financial condition may be adversely affected by changes in PRC's political, economic and social conditions and by changes in policies of the PRC government or changes in laws, regulations or the interpretation or implementation thereof.

Cessation of income tax exemption for WPM (China) will have an adverse impact on our net profit

In accordance with the "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises", our Subsidiary, WPM (China), in the PRC, is entitled to full exemption from Enterprise Income Tax ("EIT") for the first two years and a 50% reduction in EIT for the next three years, commencing from its respective first profitable year (after deducting losses carried forward). It has been exempted from PRC state income tax in FY2004 and will also be exempted from the same in FY2005. WPM (China) will be granted a 50% reduction in PRC state income tax for three years commencing from FY2006.

The loss of the tax exemption and tax benefit period will increase our tax expenses. There have been recent reports that the PRC government may abolish preferential tax treatment accorded to foreign-owned enterprises and bring these enterprises under the same taxation regime currently applied to domestic enterprises. The details of any such plans are not currently known. We are uncertain whether the new measures, when introduced, will seek to cancel all or any unexpired tax incentives, or whether the PRC government will only cease granting tax incentives to newly established foreign-investment enterprises.

Our profits will be adversely affected in the event of any total or partial removal of such tax benefits or changes to the prevailing tax regulations.

PRC foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from WPM (China)

Our PRC-incorporated subsidiary, WPM (China), is subject to the PRC rules and regulations on currency conversion. In PRC, the State Administration for Foreign Exchange ("SAFE") regulates the conversion of the RMB into foreign currencies. Currently, foreign investment enterprises ("FIEs") are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications (which need to be renewed annually), FIEs are allowed to open foreign currency accounts including the "basic account" and "capital account". Currently, conversion within the scope of the "basic account" (e.g. remittance of foreign currencies for payment of dividends, etc.) can be effected without requiring the approval of SAFE. However, conversion of currency in the "capital account" (e.g. for capital items such as direct investments, loans, securities, etc.) still requires the approval of SAFE.

The applicable law in respect of conversion of RMB into other currencies is the Regulation for Foreign Exchange Controls of the PRC ("Regulation") which came into effect on 1 April 1996 and amended as of 14 January 1997. Under the Regulation:–

(a) Conversion of RMB into foreign currencies for the use of recurring items, including the distribution of dividends and profits to foreign investors of FIEs is permissible and the approval of SAFE is not required; and FIEs are permitted to remit foreign currencies from their foreign currency bank accounts in the PRC upon presentation to the banks of board resolutions which authorise the distribution of profits or dividends and subject to other requirements being satisfied.

(b) However, conversion of RMB into foreign currencies for capital items, such as repatriation of capital, repayment of loans and for securities investment, is still under control and needs the approval of SAFE.

In addition, the Notice on Issues concerning Foreign Exchange Management in Financing by PRC Residents by Overseas Special Purpose Vehicle ("SPV") and Return-investments ("Notice 75") promulgated by SAFE which came into force on 1 November 2005 would also apply to the repatriation of revenues by WPM (China) to our Company in the form of dividend income or otherwise. Pursuant to Notice 75, SPVs are foreign companies that are established by or controlled by PRC residents for raising financing outside of PRC by way of equity issue or convertible debt. Such PRC residents ("Relevant PRC Residents") are required to file an "overseas investment foreign exchange registration" before the establishment of such SPV and subsequently, to update such registration on the occurrence of specified events ("Specified Events") such as (i) the injection of assets or shares of a PRC domestic company into the SPV; (ii) subsequent equity financing by such SPV outside of the PRC; (iii) capital reduction; and (iv) share transfers or share swaps. Subject to completion of the aforesaid registration, payment of dividends, profits and other payments to such SPV will be permitted.

Our Company is deemed a SPV for purposes of Notice 75, and accordingly, our Company will not be able to receive dividends, profits and other payments from our PRC-incorporated subsidiary, WPM (China) unless and until the aforesaid registration has been carried out.

Prior to the Invitation, our Company is wholly-owned by Kim Pan, which is in turn, wholly-owned by Wang Wei Yao and Shao Jian Jun who are PRC-residents. Accordingly, Wang Wei Yao and Shao Jian Jun have control over our Company for purposes of Notice 75, and are deemed Relevant PRC Residents under Notice 75. Wang Wei Yao and Shao Jian Jun are therefore required to, and have completed, the aforesaid registration with the local SAFE with regard to their ownership of our Company as well as changes in their ownership of our Company in connection with the Restructuring Exercise in compliance with the requirements of Notice 75.

Notice 75 also requires a Relevant PRC Resident to repatriate, within 180 days, distributed dividends or profits which such Relevant PRC Resident receives from a SPV and/or income deriving from changes in their shareholding in such SPV. Failure by such Relevant PRC residents to effect repatriation in accordance with Notice 75 would be punishable under the Rules of the PRC on Foreign Exchange Control. Wang Wei Yao and Shao Jian Jun are therefore required to repatriate, within 180 days, distributed dividends or profits they receive from our Company and/or income deriving from changes in their shareholdings in our Company.

However, we cannot provide any assurance that the PRC regulatory authorities will not impose further restrictions on the convertibility of the RMB. As all our revenue are derived from WPM (China) and these revenues are denominated in mainly RMB, any future restriction on currency exchanges may limit our ability to repatriate such revenues to our Company in the form of dividend income or otherwise.

Further, as our Company is an investment holding company with no business operation, in the absence of such dividend income from WPM (China), our Company will not be able to distribute dividends to Shareholders even if our Group, on a consolidated basis, is profitable.

RISKS RELATING TO INVESTMENT IN OUR SHARES

Control by existing Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the completion of the Invitation, our Controlling Shareholder, Kim Pan which is wholly-owned by our Directors, Wang Wei Yao and Shao Jian Jun, will beneficially own approximately 73.7% of our enlarged share capital after the Invitation. As a result, Kim Pan will be able to significantly influence all matters requiring approval by our Shareholders. Such concentration of ownership will place it in a position to affect significantly our corporate actions such as mergers or takeover attempts (notwithstanding that the same may be synergistic or beneficial to our Group) in a manner that could conflict with the interests of our public Shareholders.

Our Share price may be volatile, which can result in substantial losses for investors applying for the Invitation Shares

The trading price of our Shares may fluctuate significantly and rapidly after the Invitation as a result of, among others, the following factors, some of which are beyond our control:–

(i) variations of our operating results;

(ii) changes in securities analysts' estimates of our financial performance;

(iii) announcements by us of significant acquisitions, strategic alliances or joint ventures;

(iv) additions or departures of key personnel;

(v) fluctuations in stock market prices and volume;

(vi) involvement in litigation; and

(vii) changes in general economic and stock market conditions.

In addition, our Share price will face downward pressure if our Controlling Shareholder, Kim Pan, who will own approximately 73.7% of our enlarged share capital immediately after the Invitation, shall sell its Shares upon expiry of any applicable moratorium imposed on its Shares. Please refer to section entitled "Moratorium" of this Prospectus for details.

Investors in our Shares would face immediate and substantial dilution in the NAV per Share and may experience future dilution

The Invitation Price is higher than our Group's Adjusted NAV per Share of $0.16 as at 30 June 2005 after adjusting for estimated net proceeds of the Invitation and based on the post-Invitation share capital. If we were liquidated immediately following the Invitation, each investor subscribing for or purchasing Shares in the Invitation would receive less than the price they paid for their Shares.

We may require additional funding for our growth plans, and such funding may result in a dilution of your investment

Our estimated funding requirements for the implementation of our growth plans are set out in the section entitled "Business Strategies and Future Plans" of this Prospectus.

In the event that the costs of implementing such plans should exceed these estimates significantly or if we come across opportunities to grow through expansion plans which cannot be predicted at this juncture, and our funds generated from our operations prove insufficient for such purposes, we may need to raise additional funds to meet these funding requirements.

These additional funds may be raised by issuing equity or debt securities or by borrowing from banks or other sources. We cannot ensure that we will be able to obtain any additional financing on terms that are acceptable to us, or at all. If we fail to obtain additional financing on terms that are acceptable to us, we will not be able to implement such plans fully. Such financing even if obtained, may be accompanied by conditions that limit our ability to pay dividends or require us to seek lenders' consent for payment of dividends, or restrict our freedom to operate our business by requiring lender's consent for certain corporate actions.

Further, in the event we raise additional funds by way of a placement or by a rights offering or through the issuance of new Shares, Shareholders who are unable or unwilling to participate in such an additional round of fund-raising may suffer dilution in their investment in our Shares.

Negative publicity may adversely affect our Share price

Negative publicity involving our Group, any of our Directors, Key Executives or Controlling Shareholder, Kim Pan, may adversely affect the market perception or the stock performance of our Company, whether or not it is justified. Some examples of such publicity include reports of unsuccessful attempts in joint ventures or takeovers, or alleged involvement in insolvency proceedings.

Investors may find it difficult to commence legal action in Singapore or enforce a Singapore judgement against our Group or management

Our Group's operation and significant assets are located outside Singapore. Our management comprise persons who are non-residents of Singapore and whose substantial assets are located outside Singapore.

Accordingly, Shareholders may encounter difficulties in effecting service of process in Singapore for commencement of legal action against our management or the enforcement of a Singapore judgement against the assets of our Group or our management.

CAUTIONARY NOTES REGARDING FORWARD LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, our Key Executives or our employees acting on our behalf that are not statements of historical fact constitute ''forward-looking statements". You can identify some of these forward-looking statements by terms such as ''may", ''will", ''would", ''could", ''expects", ''anticipates", ''intends", ''estimates", ''believes", ''plans", or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements.

Neither we, the Vendor, the directors of the Vendor, the Manager, the Underwriter, the Placement Agent nor any other person is representing or warranting to you that our future results, performance or achievements will be as discussed in those statements. Further, we disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure.

In particular, pursuant to Section 241 of the Securities and Futures Act, if after this Prospectus is registered but before the close of this Invitation, our Company becomes aware of: (a) a false or misleading statement in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, and if it has arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

INVITATION STATISTICS

INVITATION PRICE	$0.36

NAV

NAV per Share based on the consolidated balance sheet of our Group as at 30 June 2005 adjusted for the Capital Restructuring ("Adjusted NAV per Share"):–

(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 300,000,000 Shares	11.02 cents
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 400,000,000 Shares	16.37 cents

Premium of Invitation Price per Share over the Adjusted NAV per Share:–

(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 300,000,000 Shares	226.7%
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 400,000,000 Shares	119.9%

EARNINGS

Historical net EPS of our Group for FY2004 based on the pre-Invitation share capital of 300,000,000 Shares	5.07 cents
Historical net EPS of our Group had the Service Agreements been effected for FY2004 and based on the pre-Invitation share capital of 300,000,000 Shares[(1)]	4.99 cents

PRICE EARNINGS RATIO

Historical price earnings ratio based on the historical net EPS of our Group for FY2004	7.10 times
Historical price earnings ratio based on the historical net EPS of our Group had the Service Agreements been effected for FY2004[(1)]	7.21 times

NET OPERATING CASH FLOW[(2)]

Historical net operating cash flow per Share of our Group for FY2004 based on the pre-Invitation share capital of 300,000,000 Shares	5.01 cents
Historical net operating cash flow per Share of our Group for FY2004 had the Service Agreements been effected for FY2004 and based on the pre-Invitation share capital of 300,000,000 Shares[(1)]	4.92 cents

PRICE TO NET OPERATING CASH FLOW[(2)]

Historical price to net operating cash flow ratio based on the historical net operating cash flow per Share for FY2004 and the pre-Invitation share capital of 300,000,000 Shares	7.19 times

Historical price to net operating cash flow ratio based on the historical net operating cash flow per Share had the Service Agreements been effected for FY2004 and the pre-Invitation share capital of 300,000,000 Shares(1)	7.32 times

MARKET CAPITALISATION

Market capitalisation based on the Invitation Price and post-Invitation share capital of 400,000,000 Shares	$144 million

Notes:–

(1) Had the Service Agreements been effected for FY2004, the estimated remuneration for our Executive Directors, namely Messrs Shao Jian Jun and Zhu Ping Guo, would have been approximately $328,000, instead of approximately $65,000, and profit after taxation for FY2004 would have been approximately $15.0 million instead of approximately $15.2 million.

(2) Net operating cash flow refers to net cash generated from operating activities.

PLAN OF DISTRIBUTION

The Invitation Price was arrived at after consultations between our Company, the Vendor and OCBC Bank and after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the Invitation Shares. The Invitation Price is the same for all Invitation Shares and is payable in full on application.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for subscription and/or purchase at the Invitation Price.

In the event that not all the Offer Shares are subscribed for and/or purchased as at the close of the Application List, the number of Offer Shares not subscribed for and/or purchased shall be made available to satisfy excess applications for Placement Shares as at the close of the Application List.

In the event that there are excess applications for the Offer Shares as at the close of the Application List and the number of Placement Shares are fully subscribed for and/or purchased as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, after consultation with OCBC Bank, and approved by the SGX-ST.

Pursuant to the terms and conditions contained in the Management and Underwriting Agreement as disclosed in section entitled "General and Statutory Information — Management, Underwriting and Placement Arrangements" of this Prospectus, our Company and the Vendor have appointed OCBC Bank to manage the Invitation and underwrite the Offer Shares. The Management and Underwriting Agreement may be terminated by the Underwriter at any time prior to the dealing of the Offer Shares upon the occurrence of certain events, including, among other things, certain *force majeure* events. The Management and Underwriting Agreement will be conditional upon the occurrence of certain events, including the fulfilment, or waiver by the SGX-ST, of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of our Shares on the Official List of the SGX-ST.

In the event of under-subscription at the close of the Application List, OCBC Bank will be committed to subscribe for and/or purchase all the unsubscribed and/or unpurchased Offer Shares. However, OCBC Bank may, at its absolute discretion, appoint one or more sub-underwriters.

Placement Shares

In the event that not all the Placement Shares are subscribed for and/or purchased as at the close of the Application List, that number of Placement Shares not subscribed for and/or purchased shall be made available to satisfy excess applications for Offer Shares as at the close of the Application List.

Pursuant to the terms and conditions contained in the Placement Agreement as disclosed in section entitled "General and Statutory Information — Management, Underwriting and Placement Arrangements" of this Prospectus, OCBC Bank agreed to subscribe for and/or purchase or procure subscriptions for and/or purchase of the Placement Shares. In the event of under-subscription at the close of the Application List, OCBC Bank will be committed to subscribe for and/or purchase all the unsubscribed and/or unpurchased Placement Shares. However, OCBC Bank may, at its absolute discretion, appoint one or more sub-placement agents.

Subscribers or purchasers of the Placement Shares may be required to pay brokerage of up to 1.0% of the Invitation Price to the Placement Agent (or any sub-placement agent(s) which may be appointed by the Placement Agent).

The terms, conditions and procedures for applications for Offer and Placement Shares are described in Annex E of this Prospectus.

PLAN OF DISTRIBUTION

As at the Latest Practicable Date, and to the best of our knowledge we are not aware of any person who intends to subscribe for and/or purchase more than 5% of the Invitation Shares. However, in the process of assessing market demand for our Shares, there may be person(s) who may indicate their interest to subscribe for and/or purchase more than 5% of the Invitation Shares. If such person(s) were to make an application for more than 5% of the Invitation Shares and subsequently be allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and/or allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 210 of the SGX-ST Listing Manual.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

None of our Substantial Shareholder and Directors intend to subscribe for and/or purchase Shares in this Invitation.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in a Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificate(s). Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of $10.00 for each withdrawal of 1,000 Shares or less and a fee of $25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of $2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of $10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or $0.20 per $100 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of $20.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05% of the transaction value subject to a maximum of $200.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax currently at 5.0%.

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement via CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a Depository Agent. The Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the Compilation Report which shows our cash and cash equivalents, capitalisation, and indebtedness:–

(a) as at the Latest Practicable Date and before adjustments for the application of net proceeds from the Invitation; and

(b) as adjusted for the application for the net proceeds from the Invitation.

($'000)	**As at the Latest Practicable Date and before adjusting for net proceeds from the Invitation**	**As adjusted for the net proceeds from the Invitation**
Cash and cash equivalents	3,933	36,351
Indebtedness		
Notes payables, secured[1]	8,061	8,061
Short term bank loan, secured[2]	4,031	4,031
Total indebtedness	12,092	12,092
Shareholders' equity		
Share capital	18,000	50,418
Accumulated profits	31,322	31,322
Statutory reserves	3,011	3,011
Total shareholders' equity	52,333	84,751
TOTAL CAPITALISATION AND INDEBTEDNESS	64,425	96,843

Notes:-

(1) These notes payables are non-guaranteed but secured by cash deposits amounting to RMB16 million.

(2) This short term bank loan amounting (approximately RMB20 million) is used to finance working capital requirements for our operation and bears the interest rate of 6.138%. This short term bank loan is unsecured but guaranteed by Shao Jian Jun (personal guarantee), Jiangsu Tiangong Group Co. Ltd (江苏天工集团有限公司) and JWEG.

Contingent Liabilities

As at the Latest Practicable Date, there are no contingent liabilities.

Others

Save as disclosed above and in the section entitled "Liquidity and Capital Resources" of this Prospectus and the Compilation Report, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

We are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Company's financial position and results of business operations, or the investments by our Shareholders.

DILUTION

Dilution is the amount by which the Invitation Price to be paid by the applicants for our New Shares exceeds our NAV per Share after the Invitation. The Adjusted NAV per Share as at 30 June 2005 before adjusting for the net proceeds from the issue of the New Shares and based on the pre-Invitation issued share capital of 300,000,000 Shares was 11.02 cents.

Based on the issue of 100,000,000 New Shares at the Invitation Price pursuant to the Invitation and after deducting the estimated issue expenses, the Adjusted NAV of our Group as at 30 June 2005 would have been 16.37 cents per Share based on the post-Invitation issued share capital of 400,000,000 Shares and as adjusted for any disposal or acquisition which occurred between 30 June 2005 and the Latest Practicable Date. This represents an immediate increase in NAV of 5.35 cents per Share to our existing Shareholders; and an immediate dilution in NAV of 17.83 cents per Share (or approximately 49.5%) to applicants for our New Shares ("New Investors") after adjustment for any disposal or acquisition which occurred between 30 June 2005 and the Latest Practicable Date. The following table illustrates such dilution on a per Share basis:–

	Per Share (cents)
Invitation Price	36.00
Adjusted NAV per Share as at 30 June 2005	11.02
Increase in NAV per Share contributed by New Investors	5.35
Adjusted NAV per Share after the Invitation	16.37
Adjusted NAV per Share after the Invitation and as adjusted for any disposal or acquisition which occurred between 30 June 2005 and the Latest Practicable Date	18.17
Dilution per Share to New Investors	17.83

The following table summarises the total number of Shares issued by us, the total consideration paid to us and the average price per Share paid by our existing Shareholder, Kim Pan (after adjusting for the Restructuring Exercise) and the New Investors:–

	Number of Shares ('000)	**Consideration ($'000)**	**Average price per Share ($)**
Existing Shareholder — Kim Pan	300,000	17,392.27	0.06
New Investors	100,000	36,000	0.36

SHARE CAPITAL

We were incorporated in Singapore on 28 July 2004 under the Companies Act as a private limited company under the name of World Precision Machinery Pte Ltd, and had changed our name to Bright World Precision Machinery Pte Ltd on 20 April 2005.

At the date of incorporation, our issued and paid-up share capital was $2.00 comprising two Shares.

Pursuant to the completion of the Restructuring Exercise, our issued and paid-up share capital was increased to $17,392,272 comprising 17,392,272 Shares.

At an Extraordinary General Meeting held on 28 March 2006, our Shareholder, Kim Pan, approved, *inter alia*, the following:–

(a) the capitalisation of the sum of $607,728, being part of the accumulated profits of the Company and distributed by way of 607,728 fully paid-up Shares ("Capitalisation");

(b) the consolidation of three Shares into one Share ("Share Consolidation");

(c) the sub-division of each Share in the share capital of our Company post-Share Consolidation into 50 Shares;

(d) the conversion of our Company into a public limited company and the change of our name to "Bright World Precision Machinery Limited";

(e) the adoption of the new Articles of Association of our Company;

(f) the issue of the New Shares pursuant to the Invitation, such New Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects with our existing issued Shares;

(g) the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to:–

    (i) issue Shares whether by way of rights, bonus or otherwise (including Shares as may be issued pursuant to any Instrument (as defined below) made or granted by our Directors while this Resolution is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such Shares), and/or

    (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to, the creation and issue of warrants, debentures or other instruments convertible into Shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit provided that the aggregate number of Shares issued pursuant to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company), shall not exceed 50% of the issued share capital of our Company immediately after the Invitation, and provided that the aggregate number of such Shares to be issued other than on a *pro rata* basis in pursuance to such authority (including Shares issued pursuant to any Instrument but excluding Shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the then existing Shareholders shall not exceed 20% of the issued share capital of our Company immediately after the Invitation, and, unless revoked or varied by our Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of our Company or the date by which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier.

SHARE CAPITAL

As at the Latest Practicable Date, our Company has only one class of shares, being our Shares which are in registered form. The rights and privileges of our Shares are stated in the Articles of Association of our Company. There is no restriction on the transfer of Shares in scripless form except to the extent imposed by law or the listing rules of the SGX-ST.

Details of the changes in the issued and paid-up share capital of our Company since incorporation are set out below:–

	Number of Shares	Capital ($)
Incorporation	2	2
Restructuring Exercise	17,392,270	17,392,270
Capitalisation	607,728	607,728
After Restructuring Exercise & Capitalisation	18,000,000	18,000,000
Share Consolidation	6,000,000	18,000,000
Sub-Division of Shares	300,000,000	18,000,000
Pre-Invitation issued share capital	300,000,000	18,000,000
New Shares to be issued pursuant to the Invitation	100,000,000	32,418,000
Post-Invitation issued share capital	400,000,000	50,418,000

Since the date of incorporation of our Company, more than 99.9% of our share capital has been paid for with assets other than cash. For details, please see the next section entitled "Restructuring Exercise" of this Prospectus.

The shareholders' equity of our Company after adjustments to reflect (a) the Restructuring Exercise, the Capitalisation, the Sub-Division of Shares and the Share Consolidation (collectively the "Capital Restructuring"); and (b) the Invitation are set forth below. These statements should be read in conjunction with the Compilation Report.

		As at 30 June 2005		
	As at Incorporation ($)	As adjusted for Restructuring Exercise ($)	As adjusted for Capital Restructuring ($)	As adjusted for Capital Restructuring and the Invitation ($)
SHAREHOLDERS' EQUITY				
Issued and fully paid-up share capital	2	17,392,272	18,000,000	50,418,000
Accumulated Profits	—	13,146,813	12,539,085	12,539,085
Statutory Reserves	—	2,940,338	2,940,338	2,940,338
Translation Reserve	—	(428,423)	(428,423)	(428,423)
Total shareholders' equity	2	33,051,000	33,051,000	65,469,000

SHAREHOLDERS

Our Shareholders and their respective shareholdings as at the Latest Practicable Date and after the Invitation are summarised below:–

	As at the Latest Practicable Date				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Wang Wei Yao [(1)] [(2)]	—	—	300,000,000	100.0	—	—	295,000,000	73.7
Shao Jian Jun[(1)]	—	—	—	—	—	—	—	—
Zhu Ping Guo	—	—	—	—	—	—	—	—
Mak Kin Kwong	—	—	—	—	—	—	—	—
Edmund Lee Yu Chiang	—	—	—	—	—	—	—	—
Tony Ong Tiong Seng	—	—	—	—	—	—	—	—
Substantial Shareholders (5% or more)								
Kim Pan[(1)] [(2)]	300,000,000	100.0	—	—	295,000,000	73.7	—	—
Public	—	—	—	—	105,000,000	26.3	—	—
TOTAL	**300,000,000**	**100.0**	**—**	**—**	400,000,000	100.0	**—**	**—**

Notes:–

(1) Kim Pan is an investment holding company incorporated in the British Virgin Islands. The directors of Kim Pan are Wang Wei Yao and Shao Jian Jun. Kim Pan is owned by Wang Wei Yao (who owns 82% of Kim Pan) and Shao Jian Jun (who owns 18% of Kim Pan). There is no familial relationship between any of these shareholders of Kim Pan.

(2) Wang Wei Yao is deemed to be interested in the Shares held by Kim Pan by virtue of his 82% shareholding in Kim Pan.

The Shares held by our Shareholder, Kim Pan, do not carry different voting rights from the Invitation Shares.

The Shares held by our Shareholder, Kim Pan, were acquired in connection with the Restructuring Exercise.

Save as disclosed in the section entitled "Restructuring Exercise" of this Prospectus, there has been no change in the percentage ownership of Shares by our Directors and Substantial Shareholder in the past three years prior to the Latest Practicable Date.

There is no known arrangement the operation of which may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

There are no Shares that are held by our Company or by our Subsidiary, WPM (China).

Save as disclosed in this section, no option to subscribe for or purchase shares in or debentures of our Company or our Subsidiary, WPM (China) has been granted to, or was exercised by, any person.

VENDOR

Details on the Vendor and other details on the number of Vendor Shares offered pursuant to the Invitation are set out below:–

Name	Address	Number of Shares held before the Invitation	Number of Vendor Shares	Number of Vendor Shares as a % of our pre-Invitation share capital	Number of Vendor Shares as a % of our post-Invitation share capital	Number of Shares held after the Invitation	Number of Shares held after the Invitation as a % of our pre-Invitation share capital	Number of Shares held after the Invitation as a % of our post-Invitation share capital
Kim Pan	TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands	300,000,000	5,000,000	1.67%	1.25%	295,000,000	98.3%	73.7%

MORATORIUM

To demonstrate their commitment to our Group,

(a) our Controlling Shareholder, Kim Pan, which owns 295,000,000 Shares representing approximately 73.7% of our enlarged issued share capital after the Invitation, has undertaken to the Manager not to transfer or dispose any part of its shareholdings in our Company immediately after the Invitation for a period of six months commencing from the date of admission of our Company to the Official List of the SGX-ST (the "Moratorium Period"); and

(b) all the shareholders of Kim Pan, namely, Wang Wei Yao and Shao Jian Jun, have each undertaken to the Manager not to transfer or dispose any part of each of their respective shareholdings in Kim Pan during the Moratorium Period.

GROUP STRUCTURE

RESTRUCTURING EXERCISE

Our Group was formed through the Restructuring Exercise which involved acquisitions and the rationalisation of our corporate and shareholding structure for the purposes of the Invitation. Pursuant to the Restructuring Exercise, our Company became the holding company of our Group.

The Restructuring Exercise involved the following transactions:–

1. Our Company was incorporated in Singapore under the Companies Act on 28 July 2004 as a private limited company. On incorporation, our Company had an issued and paid-up share capital of $2.00 with one (1) Share issued and allotted to each of its two initial nominee subscribers.

   On 18 September 2004, Wang Wei Yao and Shao Jian Jun each acquired one (1) Share from these initial nominee subscribers.

2. WPM (China) was established by Kim Pan (a BVI-incorporated investment holding company owned by Wang Wei Yao and Shao Jian Jun) in the PRC on 27 May 2004 as a wholly foreign-owned enterprise under the laws of the PRC with a registered capital of US$8 million and an approved total investment amount of US$8 million.

   As at 15 November 2004, the registered capital of WPM (China) has been fully paid by Kim Pan.

3. Pursuant to an Acquisition Agreement dated 31 May 2004 entered into between WPM (China) and JWMT, WPM (China) acquired the Relevant Business from JWMT with effect from 31 May 2004 for a total cash consideration of approximately RMB76,103,226.

   The consideration of the acquisition was arrived at, on a willing buyer and willing seller basis, and was based on the net book value of the assets and liabilities of the Relevant Business as at 31 May 2004.

4. Pursuant to an Equity Transfer Agreement dated 18 August 2004 and Payment Agreement dated 6 September 2005 entered into between our Company and Kim Pan, we agreed to acquire from Kim Pan, all the interests of Kim Pan in WPM (China) for a purchase consideration ("Purchase Consideration") of $17,392,270 (being the Singapore dollar equivalent of the net tangible asset value of WPM (China) as at 31 July 2004 of RMB83,308,976 as reported in the management accounts of WPM (China) and based on the $/RMB exchange rate as quoted by the Bank of China at 31 July 2004 of $1 to RMB4.79, and rounded down to the nearest whole Singapore dollar).

   The acquisition of WPM (China) was completed on 25 February 2005, with the re-issuance of the business licence of WPM (China) by the relevant PRC authority whereupon WPM (China) became a wholly-owned Subsidiary of our Company.

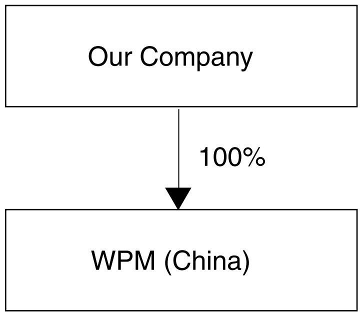
   The Purchase Consideration was satisfied by our Company by the issue and allotment of 17,392,270 new Shares to Kim Pan each credited as fully paid on 6 September 2005.

   On 6 September 2005, Wang Wei Yao and Shao Jian Jun each transferred one (1) Share to Kim Pan.

   The corporate structure of our Group after the Restructuring Exercise is set out in the next section entitled "Group Structure" of this Prospectus.

GROUP STRUCTURE

Our Group structure following the Restructuring Exercise is as follows:–



The details of our sole Subsidiary, WPM (China) as at the date of this Prospectus are as follows:–

Name of Company	Date and Place of Incorporation	Principal Business	Principal Place of Business	Registered Capital	% Ownership/ % voting power held by our Company
WPM (China)[(1)]	27 May 2004 PRC	Manufacture of stamping machines and related components	PRC	US$8,000,000	100

WPM (China) is not listed on any stock exchange. We do not have any associated companies.

Note:–

(1) The approved term of business of WPM (China) is 20 years and had commenced on 27 May 2004 and subject to renewal, ends on 26 May 2024.

HISTORY

Our Company was incorporated in Singapore under the Companies Act on 28 July 2004 as a private limited company under the name of World Precision Machinery Pte Ltd, and had changed our name to Bright World Precision Machinery Pte Ltd on 20 April 2005. On 12 April 2006, we converted to a public limited company and changed our name to Bright World Precision Machinery Limited. Our Company is the holding company of our wholly-owned PRC-incorporated Subsidiary, WPM (China).

The origin of our business can be traced to DSMF from whom JWMT had acquired the stamping machine manufacturing business in March 1999.

DSMF had been engaged in the manufacture of stamping machines since 1953. At the time of acquisition of the stamping machine manufacturing business of DSMF by JWMT, our Executive Director, Shao Jian Jun was the Deputy General Manager of DSMF.

JWMT was established by JWEG (the parent company of JWMT) in March 1999 in Danyang City, Jiangsu Province, PRC to engage in the manufacture and sale of stamping machines and its related components. Currently, Wang Wei Yao and Shao Jian Jun hold a 39% and 3% shareholding stake in JWEG respectively.

Our Subsidiary, WPM (China) subsequently acquired the Relevant Business from JWMT in connection with the Restructuring Exercise. All staff and management of JWMT were also transferred to WPM (China) together with the acquisition of the Relevant Business.

JWMT commenced production of stamping machines and related components in March 1999 at the Danyang Plant which JWMT had leased from DMSS. At the commencement of production, our Danyang Plant (then operated by JWMT) had a production area of approximately 6,600 sq. m. and was staffed by 345 production staff.

JWMT's first products were the JD21 and J23 series of stamping machines (details as set out in the next section entitled "Business" of this Prospectus). These products were marketed and sold by JWMT under the AOTU Trademark with the consent of the registered trademark owner, Shanghai No. 2 Factory. Our J23 and JH21 series of stamping machines under the AOTU Trademark had been recognised amongst the "Branded Products of Shanghai (上海名牌产品)" by the Shanghai City Branded Products Promotion Committee (上海名牌产品推荐委员会) annually from 1999 to 2003.

The stamping machines manufactured and sold by JWMT under the AOTU Trademark have been certified by the Shanghai Economic Committee (上海市经济委员会). Our Directors believe such certification to be a testament of the quality of these products as such certification is awarded only to products which the Shanghai Economic Committee determines to be of sufficiently high quality for export.

By August 2000, JWMT had increased its production capacity and expanded its production area at the Danyang Plant to approximately 14,700 sq. m.. In March 2000, JWMT expanded its range of stamping machine products to include the JH23 series of stamping machines (details as set out in the next section entitled "Business" of this Prospectus) to meet the increasing demands of its customers for stamping machines of higher performance.

In January 2001, in line with JWMT's vertical integration efforts, JWMT leased resin-casted components production equipment from Shanghai No. 5 Casting Factory and commenced the production of resin-casted components. These resin-casted components were initially produced and used only in the downstream manufacture of JWMT's stamping machines, but within six months of production, JWMT was also manufacturing resin-casted components for sale to third parties.

In December 2001, JWMT commenced selling certain of its stamping machines under the World Trademark which was used by JWEG and its related corporations.

In 2001, JWMT was named Standard, Quality, Brand and Service Trustworthy Enterprise (标准、质量、品牌、服务信得过企业)(details as set out in the section entitled “Awards and Accreditation” of this Prospectus). During that year, JWMT also introduced the JH21 series which had improved features (details as set out in the next section entitled “Business” of this Prospectus).

In August 2002, JWMT increased its production area to approximately 36,800 sq. m. through construction of additional production area within the Danyang Plant (then operated by JWMT).

JWMT’s quality management system received its ISO 9001:2000 accreditation from China United Certification Center on 9 October 2003.

In April 2004, JWMT increased its range of products to include the J31 series of straight-sided stamping machines which was its first series of straight-sided stamping machines (details as set out in the next section entitled “Business” of this Prospectus).

On 27 May 2004, our Subsidiary, WPM (China) was incorporated by Kim Pan. To rationalise the corporate structure and operations of our Group and in preparation for the listing of our Company, we undertook the Restructuring Exercise. WPM (China) acquired the Relevant Business from JWMT in connection with the Restructuring Exercise with effect from 31 May 2004. We acquired WPM (China) from Kim Pan on 25 February 2005.

Following this acquisition, we introduced our J21G series of high-speed stamping machines and JH25 series of double-pointed stamping machines in October 2004 (detailed features as set out in the next section entitled “Business” of this Prospectus).

In December 2004, we acquired new equipment for the production of resin-casted components which commenced production in April 2005. The number of production staff deployed at our Danyang Plant has also increased in tandem with our growth to over 1,400 as at 30 June 2005.

On March 2005, WPM (China) received the accolade of being “Trustworthy to Consumers for 2004 (2004消费者信得过)”, which was followed shortly by the receipt of the “Jiangsu Trustworthy Quality Products (江苏省质量信得过产品)” award in June 2005. For details on these awards of WPM (China) please refer to the section entitled “Awards and Accreditation” of this Prospectus.

BUSINESS

We are a manufacturer of stamping machines and its related components (which include machinery parts and accessories as well as resin-casted components). We manufacture a variety of stamping machines and its related components to meet different needs of our customers. We also offer customised stamping machines and related components based on customers’ specifications.

The products which we manufacture are as follows:–

(a) Stamping machines

We currently manufacture over 104 different models of stamping machines. We also manufacture customised stamping machines based on our customers’ specifications.

Our stamping machines are suited for manual and automated metal-stamping operations and may be used for a variety of stamping applications such as cutting, punching, stretching, forming, bending and straightening. Our stamping machines may be used with different dies and adjusted to variable speeds and are available in different tonnage to cater to the different requirements of our customers. The end-users of our products are mainly product manufacturers from the automobile, hardware, electrical appliances and electronics industries.

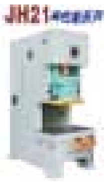
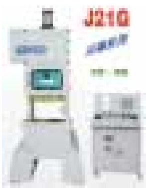
We produce both C-frame (available in either fixed or inclinable models) and straight-sided stamping machines (available in fixed models only). C-frame stamping machines are open-fronted stamping machines that are suitable for stamping of large-sized objects which may be passed easily through the stamping machines for stamping. Straight-sided stamping machines are double-sided and typically of higher-tonnage than C-frame stamping machines.

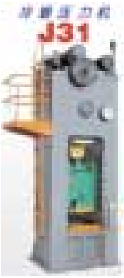
Our C-frame stamping machines include single-pointed stamping machines (which are stamping machines with single-piston performing the stamping action) and double-pointed stamping machines (which are stamping machines with dual-pistons that can be fitted with two different dies to perform dual stamping actions simultaneously for increased efficiency). Currently, our straight-sided stamping machines are available in single-piston models.

We have classified our stamping machines into eight product series based on the key features of these stamping machines. A description of the key features of each of these product series as well as the industries (by customers) in which they are commonly used are set out below:–

Product Series	Key Features	Target Customers (By Industry)
 **J23 Series –** C-frame Inclinable Stamping Machine (available in 16, 25, 35, 40, 63, 80 and 100 tonnage)	• Simple and stable structure • Easily operated and maintained • Inclinable structure allows finished products or excess material to slide off the operating table • May be used in a wide variety of applications such as shape-forming, insertion of raw materials, punching and bending	• Electronics and electrical • Measurement instruments and meters • Toys • Cars • Tractors
 **JD21 Series-** C-frame Fixed Stamping Machine (available in 125, 160 and 200 tonnage)	• Most commonly-used model • Operating table is extendable for the tool and die to be changed easily • Stable rotation of gears • Low-noise emission • May be used in a wide variety of applications such as shape-forming, insertion of raw materials, punching and bending • 160 tonnage model is available both in a cast frame or steel-welded frame	• Defence • Airline • Cars • Tractors • Electronics and electrical • Measurement instruments and meters • Medical instruments • Hardware
 **JH23 Series –** High-performance C-frame Inclinable Stamping Machine (available in 16, 25, 35, 40, 63, 80 and 100 tonnage)	• Strong and stable frame • Consistent precision • Includes circuit breakers • Combined pneumatic clutch which enables automatic processes • Easily operated • Low-noise emission • Ability to achieve precision and high-speed movements through the use of electronics and pneumatics • Light curtain for photo-emission protection	• Electronics and electrical • Measurement instruments and meters • Hardware • Toys • Cars • Tractors

GENERAL INFORMATION ON OUR GROUP

Product Series	Key Features	Target Customers (By Industry)
 **JH21 Series –** High-performance C-frame Fixed Stamping Machine (available in 25,45,60,80,125,160, 200, 250 and 315 tonnage)	• Steel-welded frame which is strong and stable • Consistent precision • Crankshaft installed in a vertical manner for increased stability and dependability • Pneumatic automation • Agile mechanical movements • Low-noise emission • Six-track slide which increases stability • May be fitted with various automatic accessories so as to be able to perform in automatic operations • Programmable logical controller-centred controls for quality assurance	• Electronics and electrical • Measurement instruments and meters • Hardware • Toys • Cars • Tractors
 **J21G Series-** High-speed C-frame Fixed Stamping Machine (available in 25,45 and 60 tonnage)	• Steel-welded frame for a strong and stable frame • Pneumatic automation • Sliding frequency may be adjusted easily • Sliding frequency may reach 500 times per minute • Wide turning radius for tool so as to perform a wide variety of stamping needs	• Electronics and electrical • Measurement instruments and meters • Hardware • Toys
 **JH25 Series-** C-frame Dual-pistons Fixed Stamping Machine (available in 110 and 160 tonnage)	• Suitable for large objects stamping • May be fitted with various automatic accessories so as to be able to perform in automatic operations • Consistent high-precision movements • Dual-pistons ensure consistent stamping and efficiency • Strong, stable frame • Six-track slide which increases stability • Specially designed electronics for optimum performance • Wide operating table, suitable for circuit boards of wide measurements	• Electrical appliances • Car

Product Series	Key Features	Target Customers (By Industry)
 **J31 Series-** Straight-sided Single-piston Fixed Stamping Machine (available in 125, 160, 250, 315 and 400 tonnage)	• Multi-layered clutch and brake which are connected by a steel connecting rod interlocking mechanism • Agile movements • Low-noise emission • Stable performance • Fitted with device to avoid damage to the stamping machine and the tool in the event of overload • Able to recover to normal operating level after it has been overloaded • May be used in a wide variety of applications such as shape-forming, insertion of raw materials, punching and bending	• Cars • Vessels • Agriculture machinery • Light textile machinery • Measurement instruments and meters • Airline • Military • Watch frame • Hardware • Motorcycles
 **SH300 Series-** CNC Hydraulic Revolving Stamping Machine	• Rotating system allows for multiple pistons • Enclosed structure minimises interferences due to changes in temperatures and interruptions • Balanced pressure on upper and lower die so as to increase durability of die • Adjustable hydraulic pressure to suit different raw materials • Consistent high-precision movements • Automatic lubricating feature	• Electronics and electrical • Measurement instruments and meters • Hardware • Toys • Cars • Tractors • Airline

Our stamping machines are marketed and sold either under the AOTU Trademark or the World Trademark. Please refer to the section entitled "Intellectual Property" of this Prospectus for details on these trademarks.

(b) Related components

We manufacture related components of our stamping machines which include machinery parts and accessories. Most of the components required for our stamping machines are manufactured in-house. We also manufacture related components based on our customers' specifications.

Our related components may be casted from resin moulds or clay moulds. Resin-casted components possess high-quality finish and require less reworking as compared to components casted from conventional materials such as clay. This translates into our ability to produce precision components of higher accuracy and higher quality as compared to clay-casted components.

The raw materials we use to manufacture our resin-casted components are mainly gray iron and spherical graphite iron castings. The raw materials we use in the manufacture of our resin-casted components have been certified in accordance with the PRC national standards. We are able to control the differences in actual production measurement and specifications to a range of less than 0.20 millimetres.

Resin-casted components have wide applications and may be used in various industries such as engineering, aerospace, machinery and electronics. Our resin-casted components are used in the downstream manufacture of our stamping machines or are sold to customers who are in the business of manufacture of water pumps and machine tools and ship building.

In FY2004 and HY2005, approximately 62.0% and 50.4% respectively of the resin-casted components manufactured by us were sold to customers whereas the balance thereof were used in the manufacture of our stamping machines. In connection with a restructuring of the businesses of the JWEG group of companies comprising, amongst others, JWMT and JWZJ in 2002, JWMT had temporarily ceased to operate its resin-casted components manufacturing business from February 2002 to February 2004 ("Interim Period"). During this Interim Period, the resin-casted components manufacturing business was operated by JWZJ. As such, the proportion of resin-casted components sold to customers or used in our manufacture of stamping machines in FY2002 and FY2003 is not meaningful.

PRODUCTION FACILITIES, EQUIPMENT AND CAPACITY

All our manufacturing activities are currently carried out at our Danyang Plant.

As at 30 June 2005, our Danyang Plant had a gross production area of approximately 130,000 sq. m. and was staffed by over 1,400 production staff.

As at the Latest Practicable Date, the key production equipment deployed at our Danyang Plant for the manufacture of:–

(a) our stamping machines include: (i) 2 CNC flame cutting machines; (ii) 10 CNC floor type milling and boring machines; (iii) 28 cranes and (iv) 51 gear grinding machines; and

(b) our resin-casted components include: (i) 1 set of resin-casted components reprocessing production line; (ii) 3 blast furnaces; (iii) 5 air compressors; (iv) 2 fully-automated press machines; (v) 9 smelting furnaces; and (vi) 8 plano-milling machines.

We operate 24 hours a day on three shifts of eight hours each for an average of 310 days per year, save for two months during winter in PRC when we operate only two shifts of eight hours per day. The production capacity of our night shift is approximately two-thirds of the production capacity of our day shift as the staffing for our nights shifts are staffed by only two-thirds of the number of staff required in our day shifts.

We have not experienced any material power shortage or disruption since our commencement of business other than disruption for the purposes of maintenance by the power supplier. Notwithstanding, in view of the nature of our production activities and products, our Directors are of the view that any power shortage or disruption during production would not damage the stamping machines or resin-casted components on the production line nor our production facilities.

The following table illustrates the maximum production capacity and the approximate utilisation rate for our production lines at our Danyang Plant for each of FY2002, FY2003 and FY2004 and HY2005:–

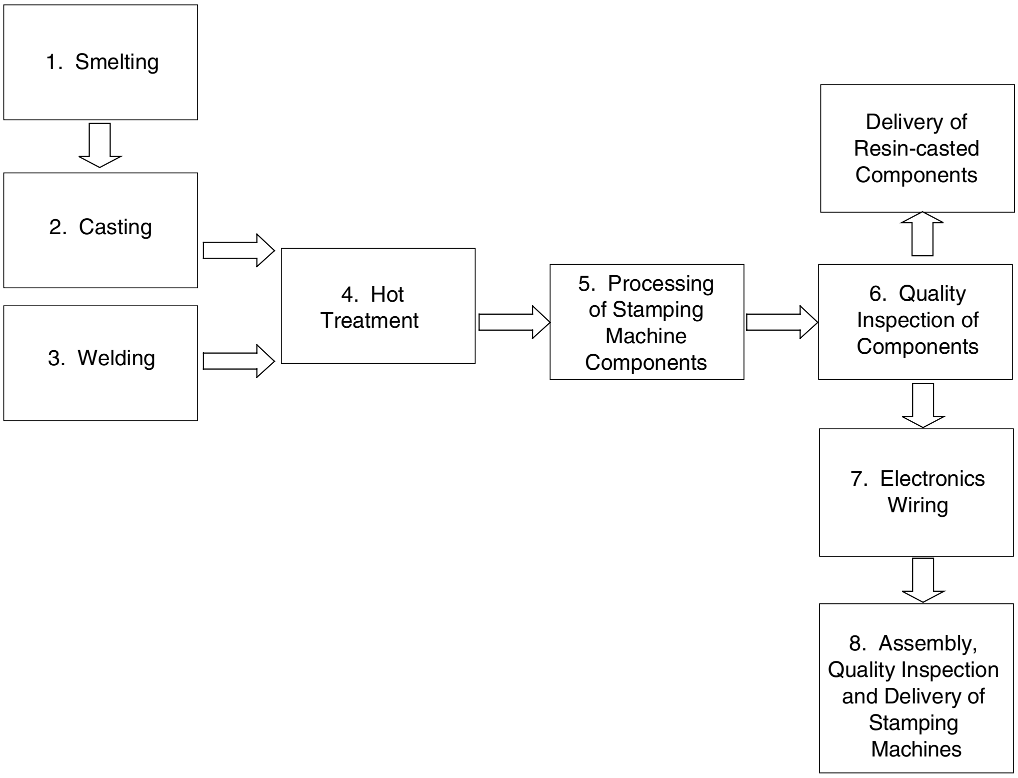
FY2002			FY2003			FY2004			HY2005		
Capacity ('000 kg)	Production ('000 kg)	Utilisation (%)	Capacity ('000 kg)	Production ('000 kg)	Utilisation (%)	Capacity ('000 kg)	Production ('000 kg)	Utilisation (%)	Capacity ('000 kg)	Production ('000 kg)	Utilisation (%)
7,680.0	7,619.1	99.2	8,640.0	8,522.7	98.6	19,296.0	19,169.9	99.3	11,448.0	9,718.6	84.9

Note:–

* Our maximum annual capacity and production were calculated based on our casting capacity and the amount of casted parts utilised in the manufacture of our stamping machines.

MANUFACTURING PROCESS

A diagrammatical illustration of our manufacturing process of stamping machines and related components are as follows:–



The main stages of the manufacturing process of our stamping machines and related components are described below:–

1. Smelting

Raw materials such as iron, coke and limestone are smelted to form molten iron in the blast furnace.

2. Casting

The molten iron undergoes the casting process when it is poured into moulds made of resin or clay to produce the main components for the stamping machines such as the frame of the stamping machine, slide, connecting rod, operating table, machine base, flywheel and gear wheel.

These casted components (comprising resin-casted and clay-casted components) are cooled to the required temperature and undergo shot-blasting before base paint is applied.

3. Welding

This process is applicable only for stamping machine frames which are not casted. The welding process involves the use of a CNC flame cutting machine for precision cutting of the steel plates. The steel plates are cut accordingly based on the stipulated design and are welded together to form the frame of the stamping machine. After welding, the stamping machine frame is allowed to cool before undergoing shot blasting.

4. Hot Treatment

The stamping machine components are heated in an oven for more than 24 hours and are then allowed to cool. This process improves the strength and durability of these stamping machine components.

5. Processing of Stamping Machine Components

All components would undergo processing such as grinding and cutting so as to refine the components to meet specifications for each respective component.

6. Quality Inspection of Components

The processed stamping machine components which are to be used in the manufacture of our stamping machines undergo quality inspection before the assembly of our stamping machines.

The resin-casted components which we manufacture for our customers undergo quality inspection before being packaged for delivery to our customers or warehouse.

7. Electronics Wiring

Electronics components such as cables, electronic operation systems are wired into the partially-assembled stamping machine frames and casted components.

8. Assembly, Quality Inspection and Delivery of Stamping Machines

The partially-assembled stamping machine components are assembled into the frames to form the stamping machine and paint is applied. The assembled stamping machines undergo quality inspections to ensure that they comply with precision and performance requirements before being packaged for delivery to our customers or warehouse.

PROPERTIES AND FIXED ASSETS

Properties

As at the Latest Practicable Date, the properties occupied by our Group are as follows:–

(a) Properties owned by WPM (China):–

Location	Nature of property	Built-In Area (sq. m.)	Use of Property	Encumbrance
Picheng Town, Xigongtang Village Land Parcel No. 20011130X19	Building	6,403.18	Manufacturing plant and office	Nil
Picheng Town, Xigongtang Village Land Parcel No. 20011130X20	Building	6,470.31	Manufacturing plant and office	Nil
Picheng Town, South 5th Division Land Parcel No. 04–020002	Building	6,693.76	Manufacturing plant and office	Nil
Picheng Town, Danpi Public Road West Land Parcel No. 0041208X01	Building	2,895.01	Manufacturing plant and office	Nil
Picheng Town, South, Xigoudang Village Land Parcel No. 0040331X14	Building	4,196.47	Manufacturing plant and office	Nil

(b) Properties leased by WPM (China)

Location	Lease Term	Lessor	Built-In Area (sq. m.)	Annual Rental (RMB)	Nature of property/ Use of Property
Picheng Town, South Danyang City, Jiangsu Province, PRC	From 27 May 2004 until the demolition of building*	The People's Government of Danyang City, Picheng Town	4,941.7	Nil	Building/ Manufacturing plant and office
Picheng Town, Danyang City, Jiangsu Province, PRC	10 years commencing from 1 June 2004	JWMT	201,098.51	300,000	Land-use rights / Manufacturing plant and office

Note:-

* WPM (China) has commenced demolition of the building and anticipate the completion of demolition in May 2006.

The lease from JWMT may be renewed for a term of ten years upon written notice given to JWMT no later than 90 days prior to the expiry of the tenure. The rental that we pay under this lease may be adjusted according to the national inflation index once every five years.

There are no PRC regulatory requirement or environmental issues that may materially affect our utilisation of our fixed assets, all of which are located in PRC.

Fixed Assets

Other material fixed assets used by our Group comprise production equipment deployed at our Danyang Plant, details of which are set out in the section entitled "Production Facilities, Equipment and Capacity" of this Prospectus.

QUALITY ASSURANCE

We believe that having an established quality management system is one of the main factors contributing to our success and, we are committed to providing our customers with high quality products.

Our Quality Control Manager Zou Feng Wei heads our quality assurance department. Our quality assurance department — comprising 38 quality assurance personnel as at 30 June 2005 — conducts quality checks on all the products manufactured and oversees the implementation of the quality controls at every stage of our production process in line with our quality management system.

The quality management system of JWMT, from whom WPM (China) acquired the Relevant Business, had been ISO 9001:2000 accredited since 9 October 2003 by the accreditation body, China United Certification Center, in recognition of its commitment and efforts dedicated to quality management. This certification was re-issued to WPM (China) on 22 October 2004 by China United Certification Center and will expire on 8 October 2006.

Our JH21 series of High-performance C-frame Fixed Stamping Machines have received a certificate of conformity dated 14 December 2005 showing compliance with the European Union Machinery Directive 98/37/EC (as amended by 98/79/EC) and Low Voltage Directive 73/23/EEC (as amended by 93/68/EEC) Applied Codes and Standards. The Machinery Directive 98/37/EC covers machinery, sub-assemblies and safety components. Suppliers of machinery to the European Union (EU), whether within the EU or outside it are required to comply with this directive for the design and safety of machinery. These standards address a range of areas from the comfort of the machinery operator to safety requirements of the machinery.

The following quality control procedures have been implemented in our production process in line with our quality management system:–

(1) In-coming quality assurance

All in-coming raw materials are subject to inspection to ensure that they comply with our requirements. Any defective materials are rejected and returned to the suppliers. Records of the in-coming inspections are maintained to assist us in the continuous monitoring and evaluation of suppliers' performance. Whenever appropriate, we also purchase from ISO-certified suppliers to ensure quality of our raw materials.

(2) In-process quality assurance

We conduct inspections at different stages of our manufacturing process to ensure that defects are identified and corrected at an early stage. This is necessary to minimise reworking costs and maintain process consistency.

(3) Outgoing quality assurance

We perform sample inspections and testing of the finished products after assembly to ensure that only defect-free products are delivered to our customers. For example, our stamping machines and related components are operated continuously for approximately three hours to ensure that they are operating properly. We observe the industry standards issued by the Jinan Institute from time to time, and any finished products which fail our outgoing quality assurance checks undergo rectification to ensure conformity with specifications.

Jinan Institute is a research institute established by the Ministry of Machinery Industry of China, and whose members comprise companies specialising in automated machinery, foundry, metal-forming, hydraulics and raw material processing as well as the China Foundry Metal-forming Quality Supervision and Inspection Centre. Jinan Institute oversees technical development and the provision of related technical services for the foundry and metal-forming industry. Jinan Institute plays an instrumental role in the setting of quality benchmarks for foundry and metal-forming products.

SALES AND MARKETING, AND CUSTOMER SERVICE

Sales and Marketing

Our Sales Manager, Wang Bu Qin heads our sales and marketing department which comprised 61 employees as at 30 June 2005. Our sales and marketing department is responsible for our sales and marketing activities in the PRC and our export sales.

Our CEO & Executive Director, Shao Jian Jun together with our Sales Manager, Wang Bu Qin are responsible for formulating marketing strategies, supervision of the operations of our sales and marketing team, and the identification of new market segments.

We have demarcated PRC into several geographical segments (our "Marketing Sectors") in which we focus our sales and marketing efforts in line with our marketing strategies. Our Marketing Sectors comprise the Pearl River Delta region which includes Guangdong and Fujian; the Yangtze River Delta region which includes Zhejiang, Jiangsu and Shanghai; Jiangxi; Bohai Bay Area which includes Shandong, Jingjintang and Dongbei; Hunan and Hubei; Chongqing which includes Sichuan; Beijing; and Anhui.

Our sales and marketing strategies include:–

(i) Direct sales and marketing activities

Direct sales and marketing activities involve regular meetings with and visits from our existing customers to increase our understanding of their requirements and to promote our new products, as well as contacting prospective customers to promote our products.

Our sales representatives located in our Marketing Sectors are in close proximity to our existing customers and potential customers in order to facilitate the coordination and conduct of these direct sales and marketing activities.

In addition to our sales representatives, we had also appointed over 300 sales agents within our Marketing Sectors as at the Latest Practicable Date. As at the end of FY2002, FY2003 and FY2004, we had 182, 235 and 300 sales agents respectively. Our Group's proportion of revenue generated through sales agents for FY2002, FY2003 and FY2004 was approximately 90%, 88% and 80% respectively. The remaining portion of revenue was generated from direct sales. The term of appointment of a sales agent is typically for one year, renewable on a yearly basis. These appointments are non-exclusive in nature in that most of our sales agents are also dealers of other types of machinery or stamping machines from other suppliers. Our sales agents place orders for products with us against orders received from customers. Our sales agents also sell products on a consignment basis. Our sales agents are responsible for any damage or loss of these consigned products which are stored by our sales agents. The criteria upon which we select our sales agents include the scale of their operations, staff strength, quality of staff, sales ability and knowledge of the demand patterns of their particular locality.

(ii) Export sales

Prior to the acquisition of the Relevant Business by our Subsidiary, WPM (China) from JWMT, all exports of our products (then manufactured by JWMT) had been effected through export agents to regions such as the Middle East, South America, the Asia Pacific and East Europe. Following the acquisition of the Relevant Business, we still engage these export agents for sale of our products as they have been an effective export channel.

However, as our Subsidiary, WPM (China) is a wholly-foreign owned entity in the PRC, we are now able to export directly to our customers overseas, and have recently established an export department within our sales and marketing department for direct export of our products and to focus on sales and marketing to overseas customers with a view to increasing our export sales.

(iii) Participation in trade fairs and exhibitions

We participate regularly in trade exhibitions to increase exposure of and facilitate the promotion of our products. The trade exhibitions we have participated in include the following:–

- China International Machine and Electronics Show & China Machine Tool Fair (中国国际机械装备展览会，中国机床工具商品展览交易会) from 2001 to 2004;
- Shanghai International Machinery and Manufacturing Facilities Exhibition (上海国际机床及制造设备展览会) from 2000 to 2004;
- China CNC Machine Tool Fair (中国数控机床展) in 2002 and 2005; and
- Shenzhen International Machine and Mould Trade Exhibition from 2001 to 2005 (深圳国际机械及模具工业展览会).

(iv) Other promotional activities

We promote our products through a variety of channels including the organising of customer visits to our Danyang Plant and the distribution of mail publicity materials through the mail. Such promotional activities are targeted at increasing our customers' familiarity with both our company and our products.

Customer Service

Our customer service department supports our sales representatives and sales agents. Led by our Sales Manager, Wang Bu Qin, it is responsible for the provision of after-sales services and obtaining feedback on our products from our customers.

Apart from our customer service department, our sales representatives for each of our Marketing Sectors, are also equipped with the requisite technical knowledge and are able to provide timely after-sales services such as repair and maintenance of our stamping machines and related components as well as training of customers' staff in the use of our stamping machines and related components. We also provide training for the technical staff of our sales agents to increase their level of technical knowledge and hence, enable them to provide better after-sales services to our customers.

Our sales representatives are also equipped with an essential spare-parts inventory which they may sell to customers or utilise in their provision of after-sales warranty service. Certain principal sales representatives in our respective Marketing Sectors also maintain a larger inventory of spare-parts to support other sales representatives and sales agents in the particular Marketing Sector.

RESEARCH AND DEVELOPMENT

Our research and development activities are undertaken by our technical department, which comprise 17 technical staff as at 30 June 2005 who are led by our Technical Manager, Ge Ming Lei. All staff of our technical department have signed confidentiality agreements with regards to the technical information they obtain in their course of work.

The R&D focus of our technical department is on the development of new functions for our stamping machines and the enhancements and improvements to our stamping machines in line with our customers' requirements and feedback as well as market trends.

Our R&D initiatives have yielded 24 new products since January 2002 up to the Latest Practicable Date and was directed at producing high-performance and high-tonnage stamping machines. New products recently developed by our technical department include JH21, JH25 and J31 series of stamping machines of tonnage 315-tonnes, 200-tonnes and 400-tonnes respectively as well as the SH300 CNC Hydraulic Revolving stamping machines which feature a rotating system which allows for multiple pistons and is suitable for the production of electronic components, household appliances, automobile parts and aircraft parts.

Our R&D expenses for FY2002, FY2003, FY2004 and HY2005 have not been significant and have been subsumed under the expenses of our technical department which were approximately RMB0.5 million, RMB0.5 million, RMB0.7 million and RMB0.2 million for FY2002, FY2003, FY2004 and HY2005 respectively. Our R&D expenses for FY2002, FY2003, FY2004 and HY2005 as a percentage of our revenue in the respective year or period was 2.9%, 1.9%, 1.3% and 0.7% respectively.

INTELLECTUAL PROPERTY

Pursuant to an agreement dated 1 September 2004 ("Trademark Agreement") with Shanghai No. 2 Factory, Shanghai No. 2 Factory has agreed to our use of technical information and drawings (in the manufacture of our stamping machines) as well as the use and sale of our stamping machines for the term between 1 January 2004 to 31 December 2013 under the following trademark (being the AOTU Trademark):–

Trademark	Place of Registration	Class	Trademark Number	Date of Expiry of Registration	Registrant
	PRC	Class 10*	143232	28 February 2013	Shanghai No. 2

Note:–

* Class 10 refers to the specification of goods and services which the trademark is registered under. Class 10 refers to hydraulic stamping machines and mechanical stamping machines.

Under the Trademark Agreement, we are permitted to use the AOTU Trademark from 1 January 2004 to 31 December 2013 in consideration of payment to Shanghai No. 2 Factory of a fee of RMB2,500,000 per annum, payable in equal monthly instalments. Under the Trademark Agreement, we are also required to observe all national standards applicable to stamping machines as well as any instructions concerning manufacturing and sales as well as technical and quality demands as may be informed by Shanghai No. 2 Factory.

In HY2005, the proportion of revenue and profit before tax derived from the sale of stamping machines marketed under the AOTU Trademark was 80% and 65% respectively. As such, we are currently reliant on the AOTU Trademark. In the event we are unable to market under the AOTU Trademark, we believe that we will continue to be able to sell the same products by marketing them under an alternative trademark to our current customers who purchased products marketed under the AOTU Trademark, albeit over a period of time. This is because we believe that when our customers purchase industrial products such as ours, they would also place emphasis on the manufacturer and the place of manufacture as important purchase considerations.

We also market our stamping machines and related components under the following trademark (being the World Trademark) as illustrated below:–

WORLD

The World Trademark is also being used by JWEG (an Interested Person in relation to our Group) and its related corporations in the marketing of their products which include lawn mowers, harvesters and crankshafts and has been registered by JWEG in respect of these classes of products.

However, the World Trademark has not been registered by JWEG in respect of stamping machines due to a prior registration by a company in Inner-Mongolia of a trademark which includes the word "World". The trademark registered by such third party is for use in its business of the manufacture of hammers which is substantially different from our business in the manufacturing of stamping machines. The said trademark is also substantially different from the World Trademark which comprises both a logo and the word "World". For the foregoing reasons, we believe that it would be difficult for such third party to succeed in an action against us for infringement of its registered trademark on account of our use of the World Trademark.

In consultation with JWEG, we are currently seeking a mutually acceptable resolution of the matter with such third party. In the event that we are unable to resolve the matter to our satisfaction, we may explore the following alternatives:–

(i) file a fresh trade mark application of a new mark and logo for use on our products marketed under the World Trademark to avoid any purported confusion with the third party's mark; and/or

(ii) use alternative marks.

As at 30 June 2005, our products which are marketed under the World Trademark do not constitute more than 20% of our total sales. As such, in the event that our Group is required to discontinue our use of the World Trademark, our Directors are of the view that there will not be any significant impact on our Group's financial profitability and position as we can continue to market our products under the AOTU Trademark which we are licensed to use.

We have also applied for the registration of the below trademark (the "WPM Trademark"):–

Trademark	Place of Registration	Class	Status	Date of Application	Applicant
WPM	PRC	Class 7*	Pending registration	10 March 2005	WPM (China)

Note:–

* Class 7 refers to the specification of goods and services which the trademark is registered under. Class 7 refers to harvesters, stamping machines, purifying air refrigeration filters (machinery use) and components of internal-combustion engines.

Notwithstanding our current reliance on the AOTU Trademark, we have also been selling stamping machines under the World Trademark. Subject to successful registration of the WPM Trademark, we will develop our business under the WPM Trademark and will endeavour to establish the WPM Trademark within the 10-year term of the Trademark Agreement. Depending on whether we are able to register the World Trademark, we will determine if we should place emphasis on the World Trademark, the WPM Trademark or such other alternative trademark, with a view towards relying on such trademark for future sales after the Trademark Agreement expires.

AWARDS AND ACCREDITATION

Our management's commitment to excellence is evidenced by the following awards/accreditations which we have received:–

1. "Jiangsu Trustworthy Quality Products"

In June 2005, our products were named "Jiangsu Trustworthy Quality Products (江苏省质量信得过产品)" jointly by Jiangsu Market Product Quality Supervision Investigation Office (江苏市场产品质量监督调查办公室), Jiangsu Branded Enterprise Promotion Committee (江苏名牌事业促进会) and Jiangsu 3.15 Weiquan Complaints Supervision Tracking and Investigation Office (江苏3.15维权投诉监督跟踪调查办公室) in recognition of the quality of our products.

2. "Trustworthy to Consumers for 2004"

In March 2005, WPM (China) received the accolade of being "Trustworthy to Consumers for 2004 (2004消费者信得过)" by the Danyang Consumer Association (丹阳市消费者委员会). This award is an affirmation of our reliability.

3. "Standard, Quality, Brand and Service Trustworthy Enterprise"

In 2001, JWMT (from whom we had acquired the Relevant Business and whose management team was transferred to our Group in connection with such acquisition) was awarded the "Standard, Quality, Brand and Service Trustworthy Enterprise (标准、质量、品牌、服务信得过企业)" by the China Technology Supervision Information Association (中国技术监督情报协会) in recognition of our management's commitment to quality, branding and customer service.

4. Certificate of Conformity with certain European Union Standards

Our JH21 series of high-performance C-frame Fixed Stamping Machines have received a certificate of conformity dated 14 December 2005 showing compliance with the European Union Machinery Directive 98/37/EC (as amended by 98/79/EC) and Low Voltage Directive 73/23/EEC (as amended by 93/68/EEC) Applied Codes and Standards. The Machinery Directive 98/37/EC covers machinery, sub-assemblies and safety components. Suppliers of machinery to the European Union ("EU"), whether within the EU or outside it are required to comply with this directive for the design and safety of machinery. These standards address a range of areas from the comfort of the machinery operator to safety requirements of the machinery.

PERMITS, APPROVALS, CERTIFICATIONS AND GOVERNMENT REGULATIONS

Save as disclosed below, as at the Latest Practicable Date, our business operations in the PRC are not subject to any special legislation or regulatory controls which have a material effect on our business and operations, other than those generally applicable to companies and businesses operating in the PRC. We are not required to obtain any specific licences or permits for our operations in the PRC.

A summary of these relevant PRC laws and regulations of general application are set out under Annex D entitled "SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS".

- **PRC Product Quality Law**

The PRC Product Quality Law 《中华人民共和国产品质量法》 is the fundamental law for product quality in the PRC currently and governs companies which are in the manufacturing as well as trading business.

Under the PRC Product Quality Law:–

(1) products must pass inspection standards; products which have not passed the requisite standards may not be misrepresented as products which have passed the requisite standards.

(2) products which may endanger human health or life as well as industrial property which may endanger property safety must fulfil standards which protect human health and life as well as property safety.

Manufacturers are responsible for the quality of the products they manufacture, and should ensure that:–

(1) products do not contain any unreasonable dangers to body or property and fulfil the national standards which protect human health and life as well as property safety;

(2) products possess performance features which it should possess and explain any defects in performance of the products;

(3) products meet specifications as stated in product catalogues or on packaging or as displayed;

(4) products or its packaging should be authentic and fulfil the following requirements:–

(a) state that it has passed product quality inspections;

(b) the name of the product, manufacturer and the address of the manufacturer are stated in Chinese;

(c) the features of the product, usage requirement, grade, main ingredients are stated in Chinese; and matters which the consumer should be informed about should be reflected on the packaging or informed in advance to the consumer;

(d) products which may only be consumed within a limited time should have the manufacturing and expiration date; and

(e) products which when not used properly may damage the product or endanger body or property should have a warning sign or have warnings in Chinese.

According to the First List of the Names of National Professional Standard Technology Committee Member 《第一批确认的全国专业标准化技术委员会名单》 announced by the National Standards Promulgating Committee in 2002, the technical standards applicable for all casted products enterprises as well as the grading of casted products has been delegated to the Jinan Institute. Casted products of WPM (China) must abide by these technical standards for casted products.

According to the Second List of the Names of National Professional Standard Technology Committee Member 《第二批确认的全国专业标准化技术委员会名单》 announced by the National Standards Promulgating Committee in 2002, the technical standards for stamping machines as well as the grading of stamping machines have also been delegated to Jinan Institute. Stamping machines of WPM (China) must abide by these technical standards for stamping machines.

INSURANCE

As at the Latest Practicable Date, we have taken out the following insurance policies:–

Insurance policy	**Interest insured**
Machinery Damage Policy	Machinery and facilities
Asset Insurance Policy	Fixed assets and inventory

We also maintain social insurance policies as required by the relevant PRC regulations for our employees. The insurance premium for such insurance is borne by our Group and our employees in the proportion as specified by the relevant PRC regulations.

All the policies are in existence and the premiums have been paid thereon. These insurance policies are reviewed annually to ensure that the coverage is adequate.

Our Directors believe that the coverage from these insurance policies is adequate for our present operations. However, significant damage to our operations or any of our properties, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial condition.

INVENTORY MANAGEMENT

As at 30 June 2005, our total inventory amounted to approximately RMB60.2 million. Raw materials, finished goods and work in progress made up approximately 12.9%, 49.6% and 37.5% of our inventory respectively.

It is our policy to typically carry approximately 15 to 30 days worth of raw material inventory. The key raw materials we require are iron, coke and steel plates. We utilise the raw materials, iron and coke in the casting process while we use the steel plates for the stamping machine frame welding process.

We usually deliver our commonly-used products to our customers within two days of receipt of the purchase order as we usually maintain sufficient inventory of common models of our stamping machines and related components to meet anticipated demands, for example, we usually keep approximately one month's worth of supply of smaller tonnage stamping machines which are more commonly-used and a few high-tonnage stamping machines as there is usually lesser demand. In addition, we may also maintain a small inventory of finished products at the premises of our sales agents so as to meet demands of our customers in a timely fashion. We also keep certain commonly-used models as well as a spare parts inventory at the premises of some of our sales agents. Our sales representatives would be responsible for the supervision of these finished-goods inventory.

In the case of customised stamping machines and related components which comprise approximately 50% of our sales orders in HY2005, we usually deliver our products to our customers within 30 to 40 days from the date of orders.

We monitor our inventory level on a monthly basis and conduct physical stock takes on an annual basis.

Our average inventory turnover and allowance for stock obsolescence for FY2002, FY2003, FY2004 and HY2005 were as follows:–

	FY2002	FY2003	FY2004	HY2005
Inventory turnover (Days)	188	147	98	103
Allowance for Stock obsolescence (RMB'000)	689	1,890	912	636

The decrease in inventory turnover days for FY2003 is due to an increase in sales of 54% as compared to FY2002. In addition, our sales of customised stamping machines in FY2003 comprised a higher proportion of our sales as compared to FY2002. As we deliver customised stamping machines on completion of production and do not maintain an inventory for customised stamping machines, our inventory turnover days were lower in FY2003.

The decrease in inventory turnover days from FY2003 to FY2004 was due to an increase in sales of 111%. The inventory turnover days for HY2004 was 109 days which was similar to that achieved in HY2005 as we maintained similar levels of inventory and sales.

The increase in allowance for stock obsolescence in FY2003 was partly due to the increase in production of finished goods in FY2002 in anticipation of our Group's plans to increase our customer base. On our review of stock at the end of FY2003, an allowance of RMB534,000 was made for finished goods which had remained unsold due to market condition and demand changes in FY2003. The remaining allowance for stock obsolescence in FY2003 was made for slow-moving and/or obsolete raw materials. In particular, we noted that in FY2003, certain components purchased were slow moving and latex materials were relatively prone to damage resulting in the increase for stock obsolescence.

CREDIT MANAGEMENT

Our sales are typically on a cash-on-delivery basis. We may grant certain customers up to 90 days credit terms depending on the creditworthiness of the customer, our prior commercial relationships with such customer and the size of the purchase order. We may also have a schedule of progressive payments stipulated which usually spans one to three months, where instalments are payable at designated milestones such as placement of order, delivery and completion of the warranty period. We usually grant certain of our customers the right to withhold payment of a portion of the contract value of approximately 5% during the warranty period which is usually for between two to twelve months after delivery. We provide repair and maintenance of stamping machines for our customers during the warranty period at no charge. We may also do the same for customers of our sales agents.

The approval of new credit terms or the extension of credit terms granted requires the approval of our Sales Manager, Wang Bu Qin. After he has reviewed and approved the requested credit term for a particular transaction, the transaction details would be forwarded to the marketing department where a sales representative will monitor and follow-up with the customer concerned. The review process involves assessing the customer's credit history and credit risk as well as considering whether any credit guarantees in the form of cash deposits have been provided for. Once the finance department has made a record of the credit term (whether new or extension) pertaining to the customer concerned, an accounts receivable clerk will monitor and follow-up closely with each invoice issued to such customer to ensure payment. These credit control procedures have been reviewed by the Auditors in the course of their audit.

Our trade receivables turnover and allowance for doubtful debts for FY2002, FY2003, FY2004 and HY2005 were as follows:–

	FY2002	**FY2003**	**FY2004**	**HY2005**
Trade receivables turnover days	39	54	44	64
Allowance for doubtful debts (RMB'000)	217	1,647	2,711	3,080

Our trade receivables turnover days over the above financial periods are lower than our maximum credit terms of 90 days. There was an increase in trade receivable turnover days from 39 days in FY2002 to 54 days in FY2003. This is due to higher sales in FY2003 with an increase in the number of new customers as we generally extended credit terms as part of our marketing strategy. The trade receivables turnover days improved to 44 days in FY2004 as we imposed tighter credit control on our existing customers. Our trade receivables turnover days increased to 64 days in HY2005 as we experienced higher turnover during May and June 2005 as compared to January to April 2005 mainly due to lower sales during the festive lunar new year period. As the sales made in May and June 2005 were on credit terms and were not due as at 30 June 2005, our trade debtors balance as at 30 June 2005 was high and thus contributed to the increase in trade receivables turnover days.

The usual credit terms extended to us by our trade suppliers is 60 days. However, as required by some of our suppliers such as our major supplier, Danyang Steel Factory, we pay cash on delivery. We may also be granted credit for a specified amount by our trade suppliers. In these cases, our suppliers would grant us a credit limit for a specified amount and invoice us for any outstanding sum if our purchases exceed the specified amount during the month. Our trade payables turnover for FY2002, FY2003, FY2004 and HY2005 were as follows:–

	FY2002	**FY2003**	**FY2004**	**HY2005**
Trade payables turnover days	183	149	81	75

MAJOR SUPPLIERS

The following suppliers accounted for 5% or more of our purchases for each of the financial years and period below:–

Name	**Type of Purchases**	**As a percentage of total purchases (%)**							
		FY2002		**FY2003**		**FY2004**		**HY 2005**	
		RMB'000	**(%)**	**RMB'000**	**(%)**	**RMB'000**	**(%)**	**RMB'000**	**(%)**
Danyang Steel Factory	Iron	6,804.06	7.8	17,759.07	13.8	30,969.30	14.5	16,457.15	8.6
Danyang Yuedajingmao Ltd (丹阳悦达经贸有限公司)	Steel Plates	—	—	3,417.86	2.7	12,160.84	5.7	10,010.95	5.2

Danyang Steel Factory is our major supplier and we have been making purchases from it on account of the quality of its iron supplies, reasonable pricing as well as close proximity to our Danyang Plant resulting in competitive prices. The increase in purchases from Danyang Steel Factory in FY2002 to FY2003 and FY2003 to FY2004 were due mainly to increases in our production resulting in higher demand for raw materials.

Danyang Yuedajingmao Ltd is our major supplier and we have been making purchases from it since FY2003. We commenced making purchases from Danyang Yuedajingmao Ltd only in July 2003, resulting in less purchases in FY2003 as compared to FY2004. The increase in purchases from HY2004 to HY2005 was due mainly to the increase in production of fixed and high-performance products which required larger amounts of steel plates.

Our purchases are diversified amongst various sources and we are not materially dependent on any single supplier for any raw material.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers.

None of our Directors or Substantial Shareholders or their respective associates have any interest, direct or indirect, in any of our above major suppliers.

MAJOR CUSTOMERS

Purchases by the following customers accounted for 5% or more of our total revenue for each of the financial years and period below:–

	FY2002		FY2003		FY2004		HY2005	
Name	**RMB'000**	**(%)**	**RMB'000**	**(%)**	**RMB'000**	**(%)**	**RMB'000**	**(%)**
Shanghai No. 2 Factory	3,364.11	4.2	14,630.54	11.9	16,688.12	6.4	5,293.70	3.7
Shanghai Kaiquan Bengye Ltd. (上海凯泉泵业制造有限公司)	778.05	1.0	—	—	14,444.23	6.0	6,354.27	4.0

Shanghai No. 2 Factory purchases mainly related components from us for use in their manufacturing process. Although Shanghai No. 2 Factory is also a manufacturer of stamping machines, it may not manufacture certain of the stamping machines in our product range. As such, we may sell some of our stamping machines to Shanghai No. 2 Factory which in turn sells it to their customers.

Shanghai Kaiquan Bengye Ltd. is a water pump manufacturer and purchases resin-casted components from us for use in their manufacturing process. In connection with a restructuring of the businesses of the JWEG group of companies comprising, amongst others, JWMT and JWZJ in 2002, JWMT had temporarily ceased to operate its resin-casted components manufacturing business from February 2002 to February 2004. Please refer to section entitled "Interest of Management and Others in Certain Transactions" of the Prospectus for details.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major customers.

None of our Directors or Substantial Shareholders or their respective associates has any interest, direct or indirect, in any of the above major customers.

We are not materially dependent on any customers.

COMPETITION

Our Company operates in a highly competitive environment as there are various players in the stamping machine industry. Our operations are dependent on the quality of our products, the quality of our after-sales service, the price of our products and our reputation amongst customers.

As there is a large number of manufacturers of stamping machines and related components in the PRC, we are unable to exhaustively list our competitors. To the best of our knowledge, based on a similar scale of production, quality of products and range of products, we believe that our closest competitors are as follows:–

- Jiangsu Yang Li Group Co., Ltd (江苏扬力集团有限公司)
- Chinfong (China) Mechanical Industry Limited Company (金丰(中国)机械工业有限公司)
- Guangdong Metal Forming Machine Works Co., Ltd (广东锻压机床有限公司)

COMPETITIVE STRENGTHS

Our Directors believe that our key competitive strengths are as follows:–

Strong brand

We currently market our products under the AOTU Trademark and the World Trademark.

Our J23 and JH21 series of stamping machines marketed under the AOTU Trademark had been recognised amongst the "Branded Products of Shanghai (上海名牌产品)" by the Shanghai City Branded Products Promotion Committee (上海名牌产品推荐委员会) annually from 1999 to 2003.

We have been selling our stamping machines under the World Trademark since 2001 and we have received positive feedback from our customers. Our Directors believe that the World Trademark has gained increasing market recognition since 2001. As at 30 June 2005, our products which are marketed under the World Trademark does not constitute more than 20% of our total sales.

Many of our customers have confidence in our products due to the brand names we carry. We are also able to maintain a pool of repeat brand-loyal customers.

Quality products and services

We believe that delivery of quality products and services is a basic requirement of our business. We maintain a system of quality assurance measures to ensure that we provide our customers with high quality products. Our sales representatives and sales agents are located in proximity to our customers. Our sales representatives are equipped with the requisite technical knowledge to provide quality after-sales service including servicing and repair services to our clients.

We emphasise product quality in our manufacturing processes. We have instituted a stringent quality control system, details of which are described under the section "Quality Assurance" of this Prospectus. In recognition of our quality assurance efforts, our quality management system has been ISO9001:2000 accredited and our products have been named "Jiangsu Trustworthy Quality Products (江苏省质量信得过产品)" (details as set out in the section entitled "Awards and Accreditation" of this Prospectus).

Our business is vertically integrated

We have the requisite facilities as well as skilled personnel which enable us to produce our stamping machines in-house without the need to outsource any part of the production to third parties. We manufacture about 90% of the components required for the manufacture of our stamping machines in-house. We are able to react quickly to changes in demands as we are able to tailor our stamping machines and related components to incorporate features which are in demand or to increase the production of models which are in demand.

Our capabilities to manufacture the components of our stamping machines in-house allows us to service our customers from our product design stage so as to deliver customised products to suit their particular needs. We also believe that our operations allow us to better protect our knowhow as we do not outsource the stages of our production to third parties.

Our ability to manufacture our stamping machines and related components in-house also allows us exercise better quality control of our products and minimise re-working costs as defects may be detected in the early production stages. Our production capabilities allow us to be cost effective and vertically integrated. In addition, we also conduct our own sales, marketing and distribution activities. We believe this enables us to effectively market our strengths to our customers.

Strong sales and marketing network

As at Latest Practicable Date, we had more than 300 sales agents located in our Marketing Sectors (for details please refer to the section entitled “Sales and Marketing, and Customer Service” of this Prospectus). We believe that our strong sales and marketing network enables us to generate new customer accounts, while maintaining good relationships with our existing customers. In addition, our sales network covers the eastern and southern parts of the PRC, which are growing manufacturing bases that generate high demand for our products.

We are strategically located in Danyang City, Jiangsu Province

Our production operations are carried out at our Danyang Plant which is strategically located in Danyang City. Danyang City is situated within the province of Jiangsu, PRC where many companies in the manufacturing industry are located.

As Danyang City has a developed transportation network which covers rail and an extensive road transportation, and is in close proximity to a major seaport and airport and accessible to major manufacturing regions of the PRC, we have been able to make prompt delivery of our products to our customers and realise cost savings in transportation cost.

In addition, we believe that our proximity to numerous manufacturing companies located in Jiangsu Province, PRC will provide us with opportunities to expand our customer base.

We believe that the location of our Danyang Plant has had and will continue to have a positive impact on our business.

Experienced and skilled technical team

We have an experienced technical team comprising 17 technical personnel with an average of eight years of experience, led by our Technical Manager, Ge Ming Lei.

We are able to provide round-the-clock technical support to our customers during the pre-sale and after-sale process so as to benefit our customers. During the pre-sale stage, we are able to provide technical assistance to our customers’ production facility set-up to assist them in becoming more cost-efficient and improve on the quality of our customers’ finished product. During the after-sale stage, we are able to troubleshoot problems which our customers may experience in their production, regardless of whether the problem is due to our products or their production process. This facilitates our continued business relationship with such customers.

Our technical team has also researched into our production facilities in order to improve our production capabilities, hence enabling us to increase cost efficiency and quality of our products. Our technical team has also been able to develop product features which has resulted in the introduction of new products into our product range. We have introduced a total of 24 new products since 2002 as a result of the product development initiatives carried out by our technical team.

Experienced management team

We have an experienced management team that has been with our Company since inception led by our Executive Director, Shao Jian Jun. Members of our management team, comprising our Executive Directors and our Key Executives, have a combined experience of approximately 60 years in the stamping machine industry. In particular, Shao Jian Jun who has approximately 30 years of experience in the industry, has experience in the different aspects of our operations such as production, technical and sales. Our management team's in-depth knowledge of our industry and wide network of contacts within the industry are invaluable to our operations. Over the years, our Executive Directors and Key Executives have developed their expertise through working closely with our customers to understand their needs and to offer practical and quality products to meet their requirements.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the Compilation Report.

Proforma Operating Results of Our Group(1)

	Proforma				
(RMB'000)	**FY2002**	**FY2003**	**FY2004**	**HY2004**	**HY2005**
Turnover	80,167	123,116	259,383	102,763	144,012
Cost of sales	(50,324)	(85,821)	(169,346)	(73,311)	(99,636)
Gross profit	29,843	37,295	90,037	29,452	44,376
Other operating income	1,203	2,392	10,258	2,820	1,892
Distribution and selling expenses	(7,041)	(12,198)	(13,105)	(6,710)	(7,000)
Administrative expenses	(3,080)	(3,586)	(3,140)	(1,881)	(2,335)
Other operating expenses	(1,117)	(3,612)	(1,234)	(562)	(489)
Profit from operations	19,808	20,291	82,816	23,119	36,444
Finance expenses, net	(1,263)	(1,071)	(1,026)	(880)	(228)
Profit before taxation	18,545	19,220	81,790	22,239	36,216
Taxation	(6,390)	(7,340)	(7,238)	(7,238)	—
Profit after taxation	12,155	11,880	74,552	15,001	36,216
Earnings per Share (RMB cents)(2)	4.05	3.96	24.85	5.00	12.07
Adjusted earnings per Share (RMB cents)(3)	3.04	2.97	18.64	3.75	9.05

Notes:–

(1) The results of our Group for FY2002, FY2003, FY2004, HY2004 and HY2005 have been prepared on a proforma basis assuming that the current Group structure had been in place throughout the periods under review.

(2) For comparative purposes, EPS has computed based on the profit after taxation for the year and the pre-Invitation share capital of 300,000,000 Shares.

(3) For comparative purposes, adjusted EPS has been computed based on the profit after taxation for the year and the post-Invitation share capital of 400,000,000 Shares.

Proforma Financial Position of Our Group[1]

(RMB'000)	Proforma As at 31 December 2004	Proforma As at 30 June 2005
Fixed assets	103,578	117,878
Current assets		
Stocks	49,920	60,163
Trade debtors	38,835	68,935
Due from related parties (non-trade)	—	13,999
Other debtors, deposit and prepayments	12,701	21,178
Cash and cash equivalents	5,255	22,531
	106,711	186,806
Total Assets	210,289	304,684
Current liabilities:		
Trade creditors	38,167	39,107
Other creditors and accruals	15,837	61,397
Short-term bank loan	—	20,000
Due to related parties (trade)	17,285	18,745
Due to related parties (non-trade)	12,903	3,122
	84,192	142,371
Net current assets	22,519	44,435
Net Assets	126,097	162,313
Proforma shareholders' equity:	126,097	162,313
NAV per Share (RMB cents)[2]	42.03	54.10

Notes:–

(1) The financial position of our Group as at 31 December 2004 has been prepared on a proforma basis that our current Group structure had been in existence as at the above date.

(2) NAV per Share has been computed based on the proforma NAV of our Group and the pre-Invitation share capital of 300,000,000 Shares.

TRANSLATED UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

The following financial information is translated solely for the convenience of Singapore-based investors. These translations are made with reference to the RMB and $ exchange rates as described in "Exchange Rates" of this Prospectus and should not be construed as representative that the RMB amounts actually represent such Singapore dollar amounts or could be converted into Singapore dollars at the rate indicated, at any other rate or at all.

Proforma Operating Results of Our Group[1]

	Proforma				
($'000)	**FY2002**	**FY2003**	**FY2004**	**HY2004**	**HY2005**
Turnover	17,303	25,908	52,871	21,088	28,705
Cost of sales	(10,862)	(18,060)	(34,518)	(15,044)	(19,860)
Gross profit	6,441	7,848	18,353	6,044	8,845
Other operating income	260	503	2,091	579	377
Distribution and selling expenses	(1,520)	(2,567)	(2,671)	(1,377)	(1,395)
Administrative expenses	(665)	(755)	(640)	(386)	(465)
Other operating expenses	(241)	(760)	(252)	(115)	(97)
Profit from operations	4,275	4,269	16,881	4,745	7,265
Finance expenses, net	(273)	(225)	(209)	(181)	(45)
Profit before taxation	4,002	4,044	16,672	4,564	7,220
Taxation	(1,379)	(1,545)	(1,475)	(1,485)	—
Profit after taxation	2,623	2,499	15,197	3,079	7,220
Earnings per Share (cents)[2]	0.87	0.83	5.07	1.03	2.41
Adjusted earnings per Share (cents)[3]	0.66	0.62	3.80	0.77	1.81

Notes:–

(1) The results of our Group for FY2002, FY2003, FY2004, HY2004 and HY2005 have been prepared on a proforma basis assuming that the current Group structure had been in place throughout the periods under review.

(2) For comparative purposes, EPS has computed based on the profit after taxation for the year and the pre-Invitation share capital of 300,000,000 Shares.

(3) For comparative purposes, adjusted EPS has been computed based on the profit after taxation for the year and the post-Invitation share capital of 400,000,000 Shares.

Proforma Financial Position of Our Group(1)

($'000)	Proforma As at 31 December 2004	Proforma As at 30 June 2005
Fixed assets	20,430	24,003
Current assets		
Stocks	9,846	12,251
Trade debtors	7,660	14,037
Due from related parties (non-trade)	2,505	4,312
Other debtors, deposit and prepayments	—	2,850
Cash and cash equivalents	1,036	4,588
	21,047	38,038
Current liabilities:		
Trade creditors	7,528	7,963
Other creditors and accruals	3,124	12,502
Short term bank loan	—	4,072
Due to related parties (trade)	3,409	3,817
Due to related parties (non-trade)	2,545	636
	16,606	28,990
Net current assets	4,441	9,048
Net Assets	24,871	33,051
Proforma shareholders' equity:	24,871	33,051
NAV per Share (cents)(2)	8.29	11.02

Notes:–

(1) The financial position of our Group as at 31 December 2004 has been prepared on a proforma basis that our current Group structure had been in existence as at the above date.

(2) NAV per Share has been computed based on the proforma NAV of our Group and the pre-Invitation share capital of 300,000,000 Shares.

ANALYSIS OF REVENUE AND PROFITS

The following information should be read in conjunction with the full text of this Prospectus, including the Compilation Report.

Revenue

Our revenue is primarily derived from the manufacture and sale of stamping machines as well as related components (which include machinery parts and accessories as well as resin-casted components). The end-users of our products are mainly from the automobile, hardware, electrical appliances and electronics industries.

Revenue is recognised when the significant risks and rewards have been transferred to the buyer which generally coincides with the delivery and acceptance of the goods sold. It is recorded net of returns, trade allowances and duties and taxes.

Factors affecting our revenue include the following:–

(a) fluctuation in the selling prices of our products;

(b) the business cycle and level of capital expenditure of our customers;

(c) our ability to expand our manufacturing capacity to cater to existing customers' demands as well as new contracts secured from new customers;

(d) our ability to continually develop our technologies to improve our existing products and generate new products;

(e) our ability to retain and expand our existing pool of in-house sales representatives and third-party sales agents to distribute our products in various parts of the PRC;

(f) our ability to remain competitive as we operate in a highly competitive environment. Further details are set out under the sections entitled "Competition" and "Competitive Strengths" of this Prospectus; and

(g) the general economic and political conditions of the PRC.

Cost of sales

Our cost of sales comprises direct material costs, direct labour costs and production overheads.

Direct material costs comprise mainly iron, coke and steel plates procured from suppliers in the PRC. Other consumables that are used in the production process include machinery parts and accessories. Prices of these raw materials are subject to market forces. For FY2002, FY2003, FY2004 and HY2005, prices of our metal raw materials and coke have been volatile in line with the global increase in metal and energy prices. The consumables such as machinery parts and accessories refer to numerous parts and materials used in the production process, which as individual units, fluctuate with market prices. Our average purchase prices per metric tonne for coke, iron and steel plates for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively were approximately as follows:–.

(RMB/metric ton)	FY2002	FY2003	FY2004	HY2004	HY2005
Coke	590	980	1,360	1,390	1,400
Iron	1,120	1,500	2,250	2,280	2,380
Steel plates	2,670	3,370	3,840	3,950	4,320

Due to the trend of rising global market prices and PRC government policies that restrict supply of metal, which accounted for the bulk of our raw materials cost, there is an upward trend in the contribution of our direct materials costs as a percentage of the total cost of sales. Direct materials costs accounted for approximately 75.9%, 77.0%, 81.3%, 81.8 and 83.0% of our total cost of sales in FY2002, FY2003, FY2004, HY2004 and HY2005 respectively.

Direct labour costs relate mainly to the salaries and related costs of production staff, technicians and engineers. Direct labour costs constituted approximately 15.3%, 14.7%, 11.3%, 11.7% and 8.5% of the total cost of sales for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively.

Production overheads comprise mainly depreciation charges on production equipment, indirect labour costs which are salaries and related costs for production supervisors, technical, quality assurance and purchasing personnel, utilities, costs of reworks and rental of machinery. Production overheads accounted for approximately 8.8%, 8.3%, 7.4%, 6.5% and 8.5% of the total cost of sales for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively.

The following table shows on a proforma basis the approximate breakdown of the components of our cost of sales as a percentage of our cost of production:–

	Proforma				
(In %)	**FY2002**	**FY2003**	**FY2004**	**HY2004**	**HY2005**
Direct material costs	75.9	77.0	81.3	81.8	83.0
Direct labour costs	15.3	14.7	11.3	11.7	8.5
Production overheads	8.8	8.3	7.4	6.5	8.5
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Other operating income

In FY2002 and FY2003, other operating income comprised mainly subsidies pursuant to a technology incentive from the local PRC government to promote technological and production advancement amongst the local PRC companies. Such government subsidies are subject to annual application and approval. Government subsidies of approximately RMB1.0 million, RMB2.0 million and RMB2.8 million were received in FY2002, FY2003 and FY2004 respectively. In FY2004, there are additional other operating income contributed from sale of scrap metal of approximately RMB6.5 million and one-off service commission of RMB0.6 million for selling machinery and equipment on behalf of a supplier.

Operating expenses and net finance expenses

Our operating expenses comprise distribution and selling, administrative and other operating expenses.

Our distribution and selling expenses accounted for approximately 56.3%, 59.6%, 70.8%, 66.9% and 69.6% of the total operating expenses and net finance expenses for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively. The major distribution and selling expenses comprised transport costs, trademark expenses, marketing expenses, travelling expenses, after-sales service expenses as well as salaries and related cost of our sales and marketing staff.

Our administrative expenses accounted for approximately 24.6%, 17.5%, 17.0%, 18.7% and 23.2% of the total operating expenses and net finance expenses for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively. The major administrative expenses comprised mainly salaries and related costs of our non-sales staff, taxes, depreciation expenses, workers' insurance costs, office expenses and travelling expenses.

Our other operating expenses accounted for 9.0%, 17.7%, 6.7%, 5.6% and 4.9% of the total operating expenses and net finance expenses for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively. Other operating expenses comprised mainly statutory contributions to the local government for flood, food and general relief which, were mandatory for PRC companies and other office expenses such as insurance, gifts, employees' out-of-pocket expenses, amongst other expenses.

Our net finance expenses accounted for approximately 10.1%, 5.2%, 5.5%, 8.8% and 2.3% of the total operating expenses and net finance expenses for FY2002, FY2003, FY2004, HY2004 and HY2005 respectively. These consisted mainly of interest expenses arising from short-term bank loans, partially offset by interest income on bank balances.

The following table shows on a proforma basis the summary of the individual expense components as a percentage of total operating expenses and net finance expenses:–

Operating expenses and net finance expenses	Proforma				
(%)	**FY2002**	**FY2003**	**FY2004**	**HY2004**	**HY2005**
Distribution and selling expenses	56.3	59.6	70.8	66.9	69.6
Administrative expenses	24.6	17.5	17.0	18.7	23.2
Other operating expenses	9.0	17.7	6.7	5.6	4.9
Finance expenses, net	10.1	5.2	5.5	8.8	2.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Taxation

Our Company and our PRC Subsidiary, WPM (China), are taxed in accordance with the prevailing tax regulations and policies of the applicable tax jurisdictions.

For FY2002, FY2003 and the first five months of FY2004, the proforma financial results of our Group are based on the financial results of JWMT, which is subject to the PRC enterprise income tax rate of 33%. From June 2004 to December 2004, the proforma financial results of our Group are based on the financial results of WPM (China), which is subject to a preferential tax rate of 24% as it is an enterprise with foreign investment engaging in manufacturing businesses and established in coastal open economic zones of the PRC, where such preferential tax rate applies. Our Subsidiary is further entitled to a full exemption from Enterprise Income Tax ("EIT") for the first two profitable years of operation followed by a 50% exemption from the prevailing statutory tax rate for the next three financial years. WPM (China) commenced its first profit-making year in FY2004.

Our effective tax rates for the last three financial years from FY2002 to FY2004 and financial periods ended 30 June 2004 and 30 June 2005 were as follows:–

(%)	**FY2002**	**FY2003**	**FY2004**	**HY2004**	**HY2005**
As a percentage of proforma profit before taxation	34.5	38.2	8.8	32.5	NIL

Our effective tax rates for FY2002 and FY2003 were higher than the prevailing PRC enterprise tax rate of 33% due mainly to certain expenses that were not deductible for tax assessment purposes. Our effective tax rate declined significantly for FY2004 due to the commencement of the tax-exempt period of WPM (China) from June 2004 onwards. Thus the effective tax rate for HY2005 was nil. No deferred tax has been provided, as our Group did not have significant temporary differences that gave rise to a deferred tax asset or liability as at 31 December 2002, 31 December 2003, 31 December 2004, 30 June 2004 and 30 June 2005.

Please refer to the Compilation Report for more information on our tax expenses.

Seasonality

In general, we do not experience any significant cyclical patterns in our sales. However, business activities are relatively slower during January to March each year during the festive lunar new year season.

FINANCIAL REVIEW

REVIEW OF PAST PERFORMANCE

Breakdown of past performance by business segments

No product segment breakdown was presented for the periods under review as our revenue is derived principally from the manufacture and sale of stamping machines and related components.

Breakdown of past performance by geographical regions

All our operations are based in the PRC and we derive our revenue and profits entirely from the PRC. Therefore, a segmentation of our financial performance by geographical regions will not be meaningful.

FY2002 vs FY2003

Revenue

Our revenue increased by approximately RMB42.9 million or 53.5% from approximately RMB80.2 million in FY2002 to approximately RMB123.1 million in FY2003 due to higher selling prices and higher sales volume. Sales volume increased due to increased customer base and expanded product range. Our customer base increased with an increased number of customers from approximately 580 in FY2002 to approximately 860 in FY2003. Most of our new customers were from the provinces of Zhejiang, Guangdong and Jiangsu. In FY2003, we also successfully penetrated into new markets in the Dongbei region. Our product range expanded from approximately 33 models in FY2002 to approximately 39 models in FY2003 to cater to the growing needs of both our existing and new customers.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB7.5 million or 25.2% from approximately RMB29.8 million in FY2002 to approximately RMB37.3 million in FY2003. This increase was mainly attributable to our higher revenue, partially offset by a decline in our gross profit margin. Our gross profit margin decreased approximately 6.9% from approximately 37.2% in FY2002 to approximately 30.3% in FY2003 due mainly to:–

(a) increase in global metal prices which resulted in higher direct material costs;

(b) increase in labour costs as we increased headcount of production staff from 900 as at 31 December 2002 to 982 as at 31 December 2003;

(c) increase of RMB2.2 million in depreciation due to additional capital expenditure in FY2003 comprising mainly capital expenditure on a factory of RMB17.1 million, machinery of RMB8.9 million and tools and equipment of RMB1.6 million; and

(d) increase of RMB1.1 million in utilities expenses due to higher level of production activities in line with our increased sales volume.

Other operating income

In FY2002 and FY2003, our other operating income comprised mainly subsidies from the local PRC government to promote technological and production advancements amongst the local companies. There was an approximate increase of RMB1.2 million or 100% from approximately RMB1.2 million in FY2002 to approximately RMB2.4 million in FY2003. The increase was primarily due to an increase of approximately RMB1.0 million in subsidies received from the local PRC government, resulting from higher investments in production capacity for FY2003.

Operating expenses

Our distribution and selling expenses increased approximately by RMB5.2 million or 74.3% from approximately RMB7.0 million in FY2002 to approximately RMB12.2 million in FY2003 in tandem with our higher level of sales volume. The increase was primarily due to:–

(a) an increase in transport costs of approximately RMB3.8 million or 105.6% from approximately RMB3.6 million in FY2002 to approximately RMB7.4 million in FY2003 due to our higher sales volume and longer distances travelled to deliver our products to more customers based in the provinces of Guangdong and Zhejiang as these provinces enjoyed high sales growth in FY2003; and

(b) an increase of approximately RMB0.4 million or 15.4% from approximately RMB2.6 million in FY2002 to approximately RMB3.0 million in FY2003 in trademark expenses due to the change in the terms of the trademark arrangement between JWMT and Shanghai No. 2 Factory. Prior to FY2003, the amount of trademark expenses paid to Shanghai No. 2 Factory was based on the amount of revenue derived from the sale of our products under the AOTU Trademark. In FY2003, the amount was fixed at RMB3.0 million per year which relates to the use of the AOTU Trademark as well as the use of trademark-related manuals and other materials. From FY2004, pursuant to the Trademark Agreement signed with Shanghai No. 2 Factory, the trademark expense is fixed at RMB2.5 million per year, which excludes expenses for use of trademark-related manuals and other materials.

Our administrative expenses increased by approximately RMB0.5 million or 16.1% from approximately RMB3.1 million in FY2002 to approximately RMB3.6 million in FY2003 primarily due to:–

(a) an increase of RMB0.7 million in salaries and related expenses due to annual salary increments; and

(b) an increase of RMB0.2 million in depreciation expenses due to additional capital expenditure in electrical fittings and a motor vehicle incurred in late 2002. Depreciation expenses for the full year in FY2003 is higher as compared to depreciation expenses for the shorter period in FY2002 beginning from the acquisition of assets to the end of the financial year.

The above increases were partially offset by a once-off contribution of approximately RMB0.7 million to the local government for retirement and welfare needs in FY2002. In FY2003, we did not make such contributions.

Our other operating expenses increased by approximately RMB2.5 million or 227.3% from approximately RMB1.1 million in FY2002 to approximately RMB3.6 million in FY2003 primarily due to:–

(a) an increase of approximately RMB1.3 million in allowance for doubtful trade debts due to slower collection in FY2003. Our accounts receivables turnover days increased from 39 days in FY2002 to 54 days in FY2003. Please refer to the section entitled “Credit Management” of this Prospectus for more details; and

(b) an increase of approximately RMB0.8 million in allowance for stock obsolescence due to certain slow-moving components and accessories. Please refer to the section entitled “Inventory Management” of this Prospectus for more details.

Net finance expenses

Our net finance expenses decreased by approximately RMB0.2 million or 15.4% at RMB1.1 million in FY2003 as compared to RMB1.3 million in FY2002, primarily due to lower interest expenses on bank loans.

Profit before taxation

Our profit before taxation increased by approximately RMB0.7 million or 3.8% from approximately RMB18.5 million in FY2002 to approximately RMB19.2 million in FY2003, due mainly to the increases in our gross profit and other operating income, which were only partially off-set by our higher operating expenses.

FY2003 vs FY2004

Revenue

Our revenue increased by approximately RMB136.3 million or 110.7% from RMB123.1 million in FY2003 to RMB259.4 million in FY2004, due to higher sales volume arising from our enlarged customer base of approximately 860 in FY2003 to approximately 1,770 in FY2004, particularly in the provinces of Zhejiang, Jiangsu and Shanghai. We have also successfully penetrated into two new markets, namely the Jiangxi province and Hubei province.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB52.7 million or 141.3% from approximately RMB37.3 million in FY2003 to approximately RMB90.0 million in FY2004. This significant increase was mainly attributable to our higher revenue and gross profit margin. Our gross profit margin improved from approximately 30.3% in FY2003 to approximately 34.7% in FY2004 due mainly to the contribution from a new series of stamping machines, J31 series, as well as certain high-performance models of the existing series including J21 of JD21 series (160 tonnage), J21S of JD21 series (100 tonnage) and J23 (100 tonnage) in FY2004. This was partially offset by an increase in direct material costs and an increase of approximately RMB3.4 million in depreciation expenses. Our higher costs of metal components, mechanical parts and electronics equipment were in tandem with our higher sales as well as more outsourcing to external parties. Depreciation expenses increased due mainly to additional capital expenditure in FY2004 mainly for machinery of approximately RMB29.5 million and the complete construction of a new factory building of approximately RMB5.1 million.

Other operating income

Our other operating income increased by approximately RMB7.9 million or 329.2% from approximately RMB2.4 million in FY2003 to approximately RMB10.3 million in FY2004. The increase was primarily due to (i) proceeds of approximately RM6.5 million from sale of scrap metals, (ii) an increase of approximately RMB0.8 million in technology subsidies from the local government to promote technological and production advancements amongst the local companies, and (iii) a one-time service commission of RMB0.6 million for selling machinery and equipment on behalf of a supplier.

Operating expenses

Our distribution and selling expenses increased by approximately RMB0.9 million or 7.4% from approximately RMB12.2 million in FY2003 to approximately RMB13.1 million in FY2004 due primarily to:–

(a) increases of approximately RMB0.5 million in our marketing expenses and RMB0.5 million in our travelling expenses, which were in line with our higher sales volume for FY2004; and

(b) an increase of approximately RMB0.3 million in salaries and related expenses due to increase in our headcount of marketing staff from 26 as at 31 December 2003 to 49 as at 31 December 2004.

The above increases were partially offset by lower transport expenses which fell by approximately RMB0.4 million from approximately RMB7.4 million in FY2003 to approximately RMB7.0 million in FY2004 despite the significant increase in our revenue. Our transport expenses fell due to more competitive rates offered by our logistics agents, more efficient transport arrangements and higher proportion of sales volume in the nearby eastern China regions.

Our administrative expenses decreased by approximately RMB0.5 million or 13.9% from RMB3.6 million in FY2003 to RMB3.1 million in FY2004, primarily due to a decrease of RMB0.9 million in salaries and related costs, despite an increase in headcount of administrative and financial staff from 76 as at 31 December 2003 to 92 as at 31 December 2004. The fall was due mainly to internal deployment of staff as well as lower salaries paid to the probationary staff hired in FY2004.

Our other operating expenses decreased by approximately RMB2.4 million or 66.7% from approximately RMB3.6 million in FY2003 to approximately RMB1.2 million in FY2004 primarily due to:–

(a) a write-back of allowance for stock obsolescence of approximately RMB1.0 million for FY2004, as compared to an allowance of approximately RMB1.2 million for FY2003 due to the faster turnover of our raw materials in FY2004. In FY2004, due to the higher demand for our products, inventory turnover improved by 49 days from 147 days in FY2003 to 98 days in FY2004. Please refer to the section entitled "Inventory Management" of this Prospectus for more details;

(b) a write-back of allowance for doubtful non-trade debts of approximately RMB0.1 million for FY2004, as compared to an allowance of approximately RMB0.3 million for FY2003, due to the payment of certain old non-trade debts in FY2004, for which allowance had earlier been made; and

(c) a decrease of approximately RMB0.4 million in allowance for doubtful trade debts for FY2004 due to the payment of our old trade debts as a result of better debt collection efforts, as reflected by our improved account receivables turnover from 54 days in FY2003 to 44 days in FY2004. Please refer to the section entitled "Credit Management" of this Prospectus for more details.

Net finance expenses

Our net finance expenses decreased slightly by approximately RMB0.1 million from approximately RMB1.1 million in FY2003 to approximately RMB1.0 million in FY2004, primarily due to lower interest expenses on bank loans which was progressively paid down to nil by FY2004.

Profit before taxation

Our profit before taxation increased by approximately RMB62.6 million or 326.0% from approximately RMB19.2 million in FY2003 to approximately RMB81.8 million in FY2004 due to an increase in our gross profit and other operating income, and a decrease in our operating expenses.

HY2004 vs HY2005

Revenue

Our revenue increased by approximately RMB41.2 million or 40.1% from approximately RMB102.8 million in HY2004 to approximately RMB144.0 million in HY2005 due to higher selling prices and higher sales volume. In HY2005, we penetrated into new markets in the Sichuan and Chongqing provinces, and also increased sales volume of our stamping machines, including the high performance series of J31, JH21, and JD21 (160 tonnage).

Gross profit and gross profit margin

Our gross profit increased by approximately RMB14.9 million or 50.5% from approximately RMB29.5 million in HY2004 to approximately RMB44.4 million in HY2005. This significant increase was mainly attributable to our higher revenue and gross profit margin. Our gross profit margin improved by approximately 2.1% from approximately 28.7% in HY2004 to approximately 30.8% in HY2005 due mainly to the higher profit margin contribution from existing series of stamping machines, namely JD21 (J21 model), JD21 (J21S model) and JH21 and from new series of stamping machines, namely J31 and JD21 (J21Z model) in HY2005.

Other operating income

Our other operating income decreased by approximately RMB0.9 million or 32.1% from approximately RMB2.8 million in HY2004 to approximately RMB1.9 million in HY2005. The decrease was primarily due to the absence of technology subsidies from the local PRC government to promote technological and production advancements amongst the local PRC companies of which RMB2.8 million was obtained in HY2004. This decrease is offset by the increase in operating income due to proceeds of approximately RMB1.4 million from sale of scrap metals.

Operating expenses

Our distribution and selling expenses increased by approximately RMB0.3 million or 4.5% from approximately RMB6.7 million in HY2004 to approximately RMB7.0 million in HY2005. The increase was in tandem with our higher revenue in HY2005 that brought about an increase in:–

(a) salaries and related expenses of approximately RMB0.1 million;

(b) marketing expenses of approximately RMB0.2 million;

(c) travelling expenses of approximately RMB0.1 million; and

(d) miscellaneous expenses of approximately RMB0.2 million.

This was partially offset by a decrease in:–

(a) transport expenses of RMB0.2 million due to more competitive rates offered by our logistics agents, more efficient transport arrangements and higher proportion of sales volume in nearby Jiangsu and Guangdong regions; and

(b) after-sales service expenses of RMB0.1 million due to improved quality of our stamping machines over the years.

Our administrative expenses increased by approximately RMB0.4 million or 21.1% from approximately RMB1.9 million in HY2004 to approximately RMB2.3 million in HY2005 due to an increase in:–

(a) travelling expenses of approximately RMB0.1 million;

(b) depreciation expenses of approximately RMB0.1 million; and

(c) rental expenses of approximately RMB0.2 million.

Our other operating expenses decreased by approximately RMB0.1 million or 16.7% from approximately RMB0.6 million in HY2004 to approximately RMB0.5 million in HY2005 due primarily to:–

(a) a write-back of allowance for stock obsolescence of approximately RMB0.3 million for HY2005 due to the faster turnover of our raw materials in HY2005. In HY2005, due to the higher demand for our products, inventory turnover days improved from 109 days in HY2004 to 103 days in HY2005. Please refer to the section entitled "Inventory Management" of this Prospectus for more details; and

(b) a write-back of allowance for doubtful non-trade debts of approximately RMB0.1 million for HY2005 due to the repayment of certain old non-trade debts in HY2005, of which allowance had earlier been made.

This was partially offset by an increase of RMB0.4 million in allowance for doubtful trade debts for HY2005.

Net finance expenses

Net finance expenses decreased approximately RMB0.7 million or 77.8% from approximately RMB0.9 million in HY2004 to approximately RMB0.2 million in HY2005 due to a decrease in interest expenses of approximately RMB0.7 million on bank loans.

Profit before taxation

Profit before taxation increased approximately RMB14.0 million or 63.1% from approximately RMB22.2 million in HY2004 to approximately RMB36.2 million in HY2005 due mainly to the increase in our gross profit, and partially offset by a decrease in other operating income and an increase in operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds may be categorised as internal and external. Internal source of funds refers to cash generated from our operating activities. External sources of funds comprise mainly advances extended by our related companies, bank loans, credit granted by our suppliers and capital contributions by Shareholders.

Such sources of funds are used to finance our operations. The principal use of these funds are for working capital purposes such as payment of inventory and trade payables, financing of trade receivables balances and operating expenses, as well as for our capital expenditures and repayment of loans and advances.

As at the Latest Practicable Date, our material unused sources of liquidity comprises our cash and cash equivalents amounting to RMB19.6 million. The cash and cash equivalent balance comprises cash on hand and in banks, fixed deposits as well as cash deposits of RMB16,000,000 which was pledged to a bank to secure notes payable amounting to RMB40,000,000. As at the Latest Practicable Date, except for a short-term bank loan of RMB20 million and the notes payables due to banks of RMB 40 million, we did not have any other credit facilities and/or bank borrowings with any financial institutions. Further details of our bank facilities can be found in the Compilation Report, and under the section "Capitalisation and Indebtedness" of this Prospectus.

Our Directors are of the opinion that as at the date of lodgement of this Prospectus with the Authority, after taking into account cash generated from our operating activities, our cash and bank balances and borrowings from financial institutions, our Group has adequate working capital to meet our present requirements.

Save as disclosed in the risk factor entitled "PRC foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from WPM (China)" in the section entitled "Risk Factors" of this Prospectus, there are no legal, financial or economic restrictions on our Subsidiaries' ability to transfer funds to our Company in the form of cash dividends, loans or advances which may have an impact on our ability to meet our cash obligations.

The proforma net cash flow summary of our Group for FY2004 and HY2005 is as follows:–

	Proforma	
(RMB'000)	**FY2004**	**HY2005**
Cash flows from operating activities:		
Profit before taxation	81,790	36,216
Adjustments for:		
Depreciation of fixed assets	6,086	4,602
Notional rent	125	—
Interest expense	1,135	218
Interest income	(183)	(14)
Profit on disposal of fixed assets	(7)	(36)

(RMB'000)	Proforma FY2004	Proforma HY2005
Operating profit before working capital changes	88,946	40,986
Increase in stocks	(12,123)	(10,243)
Increase in trade debtors	(19,763)	(30,100)
Increase in other debtors and prepayments	(5,822)	(8,477)
Increase in trade creditors	1,188	940
Increase in other creditors and accruals	6,036	45,560
Increase in related company balances (trade)	13,220	1,460
Cash deposits released from pledge/(pledged)	7,800	(16,000)[1]
Cash generated from operations	79,482	24,126
Interest expense paid	(1,135)	(218)
Interest income received	183	14
Income taxes paid	(2,400)	—
Net cash generated from operating activities	76,130	23,922
Net cash used in investing activities	(29,460)	(18,866)
Net cash used in financing activities	(45,387)	(3,780)
Net increase in cash and cash equivalents	1,283	1,276
Cash and cash equivalents at beginning of year	3,972	5,255
Cash and cash equivalents at end of year	5,255	6,531

Note:–

(1) The amount excludes cash deposits amounting to RMB16,000,000 which was pledged to a bank to secure notes payables amounting to RMB40,000,000. Please refer to Annex F for details.

Cash flows from operating activities

In FY2004, our operating profit before working capital changes amounted to approximately RMB88.9 million. Working capital changes comprised:–

(a) increases in stocks, trade debtors and trade creditors due mainly to our overall increase in revenue and purchases in FY2004;

(b) an increase in other debtors and prepayments due to more advances paid to our suppliers in tandem with our higher level of production activities arising from more sales;

(c) an increase in other creditors and accruals due to more advances received from our customers in tandem with our higher revenue;

(d) an increase in related company balances (trade) due mainly to JWMT. Please refer to the section entitled "Interested Person Transactions" of this Prospectus for more details; and

(e) release of cash deposits of RMB7.8 million previously pledged to a financial institution for notes payable facility. The cash deposits were released upon the termination of the notes payable facility.

In FY2004, the remaining cash outflows were mainly due to income tax payments and net interest expenses of approximately RMB2.4 million and approximately RMB1.0 million respectively. These resulted in net cash generated from operating activities of approximately RMB76.1 million.

For HY2005, our operating profit before working capital changes amounted to approximately RMB41.0 million. Working capital changes comprise:–

(a) increase in stocks, trade debtors and trade creditors due mainly to overall increase in revenue and purchases in HY2005;

(b) an increase in other debtors and prepayments due partially to more advances paid to our suppliers in tandem with our higher level of production arising from more sales;

(c) an increase in other creditors and accruals due to notes payable facility of RMB40 million in HY2005; and

(d) an increase of cash deposit of RMB16 million pledged to a financial institution for a notes payable facility.

In HY2005, the remaining cash flow was mainly due to net interest expenses of approximately RMB0.2 million. These cash flow items resulted in net cash generated from operating activities of approximately RMB23.9 million.

Cash flows used in investing activities

In FY2004, our net cash used in investing activities amounted to RMB29.5 million due mainly to the progress payment for the construction of a new office building, a canteen, machinery, tools and equipment.

In HY2005, our net cash used in investing activities amounted to approximately RMB18.9 million due mainly to the progress payment for the construction of the new office building, canteen and factory as well as the acquisition of new machinery and tools and equipment.

Cash flows used in financing activities

In FY2004, our net cash used in financing activities amounted to RMB45.4 million due to new short-term bank loans of RMB58.9 million, repayment of RMB82.9 million of short-term bank loan and increase of RMB21.4 million inter-company advances (non-trade) during the year.

In HY2005, our net cash used in financing activities amounted to RMB3.8 million due to a new short-term bank loan of RMB20 million, repayment of RMB23.8 million inter-company advances (non-trade) during the year. Please refer to the section entitled "Interested Person Transactions" of this Prospectus for more details on the inter-company advances (non-trade).

Capital Commitments

As at the Latest Practicable Date, we have commitments which amounted to RMB7.1 million mainly for machines which we contracted to purchase to meet our in-house needs in the production of our stamping machines. We have sufficient financial resources to fund the aforesaid capital commitments. Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the PRC economy, the availability of vendors, the availability of financing on terms acceptable to us and changes in our business plans and strategies.

Save as disclosed above, there is no material capital investment, the making or divestment of which is in progress.

Operating lease commitments

As at the Latest Practicable Date, we had operating lease commitments in respect of lease of certain machinery and land as well as trademark expenses obligations as follows:–

	RMB'000
Not later than one year	3,304
Between two to five years	13,400
Later than five years	7,968
	24,672

CAPITAL INVESTMENTS AND DIVESTMENTS

Save as disclosed below and in the sections entitled "Properties and Other Fixed Assets" and "Production Facilities, Equipment and Capacity" of this Prospectus, none of our capital expenditures and divestments in the past three financial years from FY2002 to FY2004 and up to the Latest Practicable Date was material on an individual basis.

Capital Expenditure

Our capital expenditure for the last three financial years ended FY2004 and financial period ended 30 June 2005 were as follows:–

RMB '000	FY2002	FY2003	FY2004	HY2005
Buildings and leasehold properties	—	—	4	—
Machinery	7,972	3,013	1,204	258
Electrical fittings	338	135	81	61
Tools and equipment	5,464	1,638	1,100	5,162
Motor vehicles	741	—	1,044	—
Construction in progress	7,449	30,429	26,052	13,465
Total	21,964	35,215	29,485	18,946

Breakdown of construction in progress:–

RMB '000	FY2002	FY2003	FY2004	HY2005
— Buildings and leasehold properties	5,346	15,131	8,367	5,802
— Machinery	2,005	14,492	16,744	7,295
— Tools and equipment	98	806	391	332
— Others	—	—	550	36
Total	7,449	30,429	26,052	13,465

Capital divestment

We did not have divestments for the last three financial years and financial period ended 30 June 2005.

FOREIGN EXCHANGE EXPOSURE

The accounts of our Group are maintained in RMB. All our sales and purchases are denominated in RMB. Accordingly, our Group's functional and reporting currency is RMB.

As such, we are not exposed to any significant transaction or translation foreign exchange exposure for our operations.

CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2005, our Group changed our accounting policy to adopt the following new and revised Financial Reporting Standards ("FRS") that is relevant to our operations and effective for accounting periods beginning on or after 1 January 2005:–

FRS 103	:	Business Combinations
FRS 36 (Revised)	:	Impairment of Assets
FRS 38 (Revised)	:	Intangible Assets
FRS 39 (Revised)	:	Financial Instruments Recognition and Measurement

FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. The adoption of FRS 103 also requires the adoption of FRS 36 (Revised) and FRS 38 (Revised).

FRS 36 (Revised) requires our Group to assess at each balance sheet date if there is any objective evidence that a financial asset or group of financial assets is impaired.

FRS 39 (Revised) requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose of which the financial assets or liabilities were acquired or incurred.

The accounting policies to adopt the above standards are stated in the respective notes. There is no material financial impact on our Group as a result of the adoption of the above standards. Apart from the changes in accounting policies arising from the adoption of new FRS as mentioned above, our Group continues to adopt the same accounting policies as in financial year ended 31 December 2004.

DIVIDENDS

No dividends have been declared or paid by our Company for the last three financial years from FY2002 to FY2004.

Any declaration and payment of dividends in the future will depend upon, *inter alia*, our Group's operating results, financial conditions, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any), and other factors deemed relevant by our Directors.

Final dividend paid by us must be approved by an ordinary resolution of our Shareholders at a general meeting and must not exceed the amount recommended by our board of Directors. Our Directors may, without the approval of our Shareholders, also declare an interim dividend. We must pay dividends out of profits.

Taking these factors into account and assuming that before the end of the year there are no material adverse developments and sufficient distributable profits, our Directors intend to recommend a dividend payout ratio of approximately 30% of our net profit after tax for FY2005 and FY2006 respectively. You should note that this statement is merely a statement of our present intention and shall not constitute a legally binding commitment in respect of our future dividends and dividend payout ratio that may be subject to recommendations by our Directors.

Information relating to taxes payable on dividend is set out in Annex C of this Prospectus.

PROSPECTS

As at the Latest Practicable Date, our order book stands at approximately RMB348.5 million. Our Directors are optimistic about our business prospects and expect strong growth in demand for our products, driven primarily by the following:–

Development of the manufacturing activities in the PRC

The PRC has been experiencing strong economic growth as evidenced by the robust gross domestic product growth rates and surging foreign investments over the past years. Our Directors believe that the economic prospects for the PRC will remain promising over FY2005 and FY2006. Our Directors also believe that PRC has become the world's factory and production base for all forms of manufacturing due to PRC's low operating cost advantage. The aggregation of manufacturing activities in the PRC is an advantageous development for the Company as the stamping industry forms the backbone of many manufacturing industries including automobile, hardware, electrical appliances and electronics.

Our Directors believe that the machine tools market which includes stamping machine is a growing industry. According to the Association of China Machine Tools Industry, the value of PRC's machine tools output surged 25% in 2005 to US$16.25 billion, of which US$3 billion was exported. The aforesaid industry group expects a further 15% growth in 2006.(1)

Positive outlook for the automobile manufacturing industry

Our Directors believe that the automobile manufacturing industry will continue to grow in the foreseeable future with greater market demand for cars due to the increasing urbanisation and better standards of living in the PRC. Many automobile manufacturers such as Volkswagen AG, Honda Motor Co. and General Motors Corp. already have manufacturing facilities in the PRC. Daimler Chrysler AG, the world's fifth-largest vehicle manufacturer, had in April 2005, made known its plans to build Chrysler compact cars for export to the United States to capitalise on the low production cost in the PRC.(2) The burgeoning automobile manufacturing industry will likely propel growth in the stamping industry since automobile manufacturers are one of the largest groups of purchasers of stamping machines.

Strong growth from Guangdong, Shanghai, Jiangsu, Zhejiang and Fujian

Our Directors believe that our customer base located in Guangdong, Shanghai, Jiangsu, Zhejiang and Fujian will continue to grow. The reason for their optimism stems from the competitiveness and vibrancy of these five regions. A ranking report — presented jointly by Nanyang Technological University and Lianhe Zaobao, ranked provinces, municipalities and autonomous regions in the PRC according to regional economy, government and institution, business environment and social environment.(3) Those five regions ranked among the top ten with Guangdong, Shanghai and Jiangsu taking the top three spots. The high rankings for these five regions should not come as a surprise since these regions have been experiencing strong economic growth and they are the manufacturing powerhouses of the PRC. For example, Guangdong is a leading industrial base as well as an export processing base for a wide range of products, which contributed significantly to the PRC's export growth. In 2004, Guangdong's exports accounted for 32.3% of the PRC national total.(4) Guangdong is also home to many multinational companies. Many world leading multinational corporations such as IBM, Intel, Hitachi, Samsung, Nokia, Sony, General Electric, P&G, Amway, ICI, Ericsson, Siemens, Panasonic, Bosch, Toshiba, Sanyo, Nestle, Pepsi, Coca-cola and Mitsubishi have established a presence in Guangdong.(4)

Our Directors are of the view that these regions will continue to be the economic growth engines of the PRC's economy. We are aware that the growth potential of these regions will continue to be an aggressive market to the existing customers in these regions.

Emerging markets in central and north-eastern PRC

We have identified the central PRC region such as Hunan, Hubei, Sichuan, Chongqing as well as the north-eastern PRC region such as Shenyang and Dalian as emerging markets for our products.

We anticipate demand for our products in these central and north-eastern PRC regions as our Directors believe that the PRC government has been encouraging the expansion of the manufacturing industry in these regions which has set the manufacturing industry in these regions on a steady growth path.

Sources:–

(1) China Aims to Climb Value Ladder in Machine Tools, Business Times, Singapore, 13 February 2005, Reuters

(2) China's Industrial Output Rises 16%, Beats Forecasts, Bloomberg L.P., 18 May 2004, 19:17hrs, by Phillip Lagerkranser and Nerys Avery

(3) China Study Finds Hot Spots of Competitiveness, Business Times, Singapore, 4–5 June 2005, by Jean Chua

(4) Market Profiles on Chinese Cities and Provinces — Guangdong Province, 6.2005, as at 11 October 2005 on http://www.tdctrade.com/mktprof/china/mpgud.htm, content provided by Hong Kong Trade Development Council

Each of the persons whose websites and/or articles are set out in footnotes (1) to (4) above and containing information (the "relevant information") upon which certain statement(s) (the "relevant statement(s)") in this section entitled "Prospects" of this Prospectus are based, has not consented to the inclusion of the relevant information and is therefore not liable for the relevant statement(s) under sections 253 and 254 of the Securities and Futures Act.

While we have taken reasonable action to ensure that the relevant statement(s) have reproduced the relevant information in its proper form and context, we have not verified the accuracy of the relevant information.

TRENDS

Save as disclosed below and in the section entitled "Risk Factors" of this Prospectus, and barring unforeseen circumstances, our Directors are not aware of any other known recent trends in production, sales and inventory, the costs and selling prices of our products or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

We have observed an increasing trend in FY2005 in the prices of our raw materials, namely iron and steel plates. Although we have observed a downward adjustment in the prices of our raw materials in the first quarter of 2006, we believe that the prices of these raw materials may continue to increase subsequently due to increasing global demand for these raw materials.

BUSINESS STRATEGIES AND FUTURE PLANS

Our strategies and future plans for the continued growth of our business are as follows:–

(1) Expansion of our production capacity

We intend to focus on the production of high-efficiency, high-tonnage and high-performance stamping machines so as to achieve long term growth as we believe that such machines are more resilient to aggressive pricing strategies. We also noted that our customers when purchasing these types of stamping machines would focus more on the features of the stamping machines instead of pricing. A high-efficiency or high-tonnage stamping machine will translate to cost savings for our customers and allow us to command a higher price for our products while a high-performance stamping machine such as our proposed SH300 CNC Hydraulic Revolving stamping machine would serve to better meet the wide-ranging demands of our customers.

With our Danyang Plant operating at close to full capacity, we have earmarked an aggregate of approximately RMB139.6 million and intend to expand our production capacity as follows:–

(a) Setup of a new production facility ("Proposed Production Facility")

We intend to acquire a plot of land (adjacent to our Danyang Plant) of approximately 133,334 sq. m. in land area from the local government upon which our Proposed Production Facility will be constructed.

The Proposed Production Facility will be equipped with production equipment for the manufacture of high-tonnage, high-performance and high-efficiency stamping machines.

The acquisition of the abovementioned plot of land and construction of Proposed Production Facility is a 3-phase property development project which consists of the construction of:–

(a) a CNC components manufacturing plant;

(b) a high-tonnage stamping machines manufacturing plant; and

(c) a CNC sheet processing equipment manufacturing plant.

We expect each phase of the Proposed Production Facility to be completed in a year and the relevant manufacturing plant to be operational by the end of the particular year.

As such, the acquisition of this land and construction of the Proposed Production Facility is expected to be completed and production will commence at the Proposed Production Facility within 3 years of our listing. The Proposed Production Facility when completed, will have a production area of approximately 100,000 sq. m. and will double our existing production capacity.

We have earmarked approximately RMB124.6 million of the proceeds from the Invitation to fund an acquisition of the land on which the Proposed Production Facility will be situated (RMB35.0 million), the construction of our Proposed Production Facility (RMB69.6 million), and the purchase of production equipment for our Proposed Production Facility (RMB20.0 million). As at the Latest Practicable Date, we have already expended RMB3.2 million for the payment of deposits in the purchase of production equipment.

(b) Increase of production capabilities of our existing Danyang Plant

In line with our strategy to focus on the manufacture of high-efficiency, high-tonnage and high-performance stamping machines, we intend to increase the production capabilities of our existing Danyang Plant through the acquisition of additional production equipment for the production of such stamping machines. Such production equipment would include a computerised processing unit and large-scale gear grinding machines (大规格的磨齿机) to enable certain of our existing production facilities to be fitted to commence production of high-tonnage, high-performance and high-efficiency stamping machines.

We have earmarked approximately RMB5.7 million of the proceeds from the Invitation to fund the acquisition of this additional equipment which would be purchased and deployed within one year of our listing.

(c) Increase of resin-casted components production capacity

We intend to increase the production capacity of our present resin-casted components production at our Danyang Plant from 8,000 tons to 16,000 tons through the acquisition of additional resin-casted component production equipment.

We have earmarked approximately RMB9.3 million of the proceeds from the Invitation for the acquisition of the additional resin-casted component production equipment. We intend to commence this plan within one year of our listing.

(2) Setup of R&D centre to strengthen our R&D capabilities

We recognise that strong R&D capabilities are necessary for the continued development of our product range and improvements to our product features to meet our customers' increasing demands, as well as to ensure continued improvement to our production processes for increased cost efficiency.

Consequently, we intend to setup a R&D Centre in Shanghai, PRC ("Shanghai R&D Centre") which will be equipped with up-to-date R&D equipment and staffed by additional technical personnel to be recruited to strengthen our R&D capabilities.

Apart from conducting R&D into improving our product quality and efficiency of our production processes and monitoring market trends in the stamping machine industry, our proposed Shanghai R&D Centre will also focus on increasing the efficiency, tonnage and performance of our stamping machines and development of new features for our stamping machines to include features that would allow punching, shape-forming and cutting to be completed in one process.

We have earmarked approximately RMB11.0 million of the proceeds from the Invitation for the establishment of our proposed Shanghai R&D Centre. We intend to utilise approximately RMB8.2 million to acquire land-use and building ownership rights for suitable premises to establish our proposed Shanghai R&D Centre. We also intend to invest approximately RMB1.8 million in computerised-aided software such as Computer-aided Design, Computer-aided Manufacturing, Computer-aided Engineering, Computer-aided Testing and Computer-aided Production Planning systems. These software will help shorten our Group's product development cycle and allow newly developed products to be introduced to the market sooner. These software would also allow our Group to engage in R&D which includes conceptualising, designing and manufacturing of high performance products such as CNC sheet processing equipment. Lastly, we intend to utilise the remaining RMB1.0 million to attract R&D specialists who are mostly based in Shanghai to join us.

(3) Setup of sales representative office and the expansion of our existing sales network

We intend to increase our marketing efforts through the setup of a sales representative office in Guangdong province in PRC. This sales representative office would increase the presence of our Group in this region, and would facilitate the provision of on-site pre-sales and after-sales services to our customers as the office will serve as a satellite warehouse for timely delivery of products to our customers.

Apart from Guangdong, we also intend to expand our sales network to the central PRC regions such as Hunan, Hubei, Sichuan, Chongqing as well as the north-eastern regions of the PRC such as Shenyang and Dalian which we have identified as regions for growth with a view to increasing our market share in the PRC stamping machines market.

In order to facilitate our expansion plans, we intend to increase our sales staff to approximately 100 personnel whom we will deploy to the above regions. We may, where appropriate, establish sales representative offices in central and north-eastern PRC.

We have earmarked approximately RMB8.0 million of the proceeds from the Invitation to fund the establishment of our proposed Guangdong sales representative office.

(4) Expansion of business into the manufacture of manufacturing-related equipment whose functions are complementary to our stamping machines

Currently we manufacture stamping machines and related components which are used by our customers for manufacturing their products. However, the manufacturing processes of our customers would typically involve the use of other manufacturing-related equipment such as cutting and folding machines.

We have identified the manufacture of such manufacturing-related equipment as a possible area for business expansion as customers of our stamping machines would also be potential purchasers of such manufacturing-related equipment. Further, we believe that our existing knowhow and production facilities for the manufacture of our stamping machines may be adapted and utilised in the manufacture of such complementary manufacturing-related equipment, which may be packaged for sale together with our stamping machines to these customers.

DIRECTORS

Our board of Directors is entrusted with the responsibility for the overall management of our Group. The particulars of our Directors are as follows:–

Name	Age	Residential Address	Principal Occupation
Wang Wei Yao	42	Room 302, Unit 1, Block 4, Jinguyuan Small District, Danyang City, Jiangsu Province PRC	Chairman, JWEG & JWMT
Shao Jian Jun	50	Yimin Road, Danyang City, Jiangsu Province, PRC	CEO of WPM (China)
Zhu Ping Guo	42	Picheng Town, Danyang City, Jiangsu Province, PRC	Finance Director of our Group
Mak Kin Kwong	44	Flat 25B, Block 6,Julimount Garden,Taiwai, Hong Kong Special Administrative Region, PRC	Managing Director, Venfund Investment Management Ltd
Edmund Lee Yu Chiang	46	39 Mount Sinai Rise, #16-01 Fontana Heights, Singapore 276957	Chairman and CEO, DBS Vickers Securities (Singapore) Pte Ltd
Tony Ong Tiong Seng	39	17C, Nassim Road,#01-02, Nassim Park, Singapore 258394	Managing Director, Cogent Financial Group (HK) Limited

Information on the business and working experience of our Directors are set out below:–

Mr Wang Wei Yao, our Non-executive Chairman, was appointed as a director of our Company on 28 July 2004. He is a member of our Nominating Committee and our Remuneration Committee. Mr Wang is currently the chairman of JWEG and JWMT. During 1986 to 2000, Mr Wang founded and served as the chairman for Danyang Weaving Machine Accessories Factory (丹阳市纺机附件厂), Danyang Fuhao Crankshaft Factory (丹阳市富豪曲轴厂) and Danyang Filter Equipment Factory (丹阳市滤清器厂). In each of the abovementioned companies which he had served or is serving as the chairman, he was responsible for determining the overall strategic development direction of the respective company, examining and approving the development plans of each functional departments of the respective company and assessing and implementing the important matters and major policies of the respective company. Mr Wang is a notable member of his community as evidenced by the awards which he has received, namely Danyang Top Ten Outstanding Youths (丹阳市十大杰出青年), Jiangsu Top Ten Outstanding Youth Village and Town Entrepreneur (江苏省十大杰出青年乡镇企业家) as well as Zhenjiang Village and Town Entrepreneur in 2000 (镇江市乡镇企业家), the 4th China Entrepreneur (第四届全国乡镇企业家) in 2001 and Jiangsu Outstanding Youth Entrepreneur (江苏省青春创业风云人物) in 2004. Mr Wang participated in the CEO Programme conducted by the China Europe International Business School (CEIBS) from September 2003 to February 2004.

Mr Shao Jian Jun, our Executive Director, was appointed as a director of our Company on 28 July 2004. He is the CEO of WPM (China) and is in charge of the overall operations of WPM (China). Mr Shao joined DSMF as a production line worker in April 1974. He had an illustrious career in DSMF and was promoted to the position of technical section leader in 1979 and further promoted to the position of deputy general manager in 1984. He was subsequently transferred to JWMT when JWMT acquired the assets and business of DSMF relating to the manufacturing of stamping machines. On 18 June

1999, he was appointed as the general manager of JWMT and continued to hold this position until he was transferred to WPM (China) in June 2004. He was subsequently appointed the CEO of WPM (China). Shao studied in the Danyang Picheng Secondary School (High School) from 1971 to 1973 and was certified as a Senior Machinery Engineer by the Science and Technology Committee in 1995.

Mr Zhu Ping Guo, our Executive Director, was appointed as a director of our Company on 28 February 2006. He is the Finance Director of our Group and is responsible for overseeing the finances of the Group. Mr Zhu joined Danyang Glass Manufacturing Factory (丹阳市玻璃制品厂) in 1986 before he left in 1993. Mr Zhu was the Finance Head of Jiangsu Fuhao Kitchen Equipment Co., Ltd (江苏富豪厨房设备有限公司) from 1994 to 1996. Whilst from 1997 to 2001, Mr Zhu was the finance head of Danyang City Fuhao Quzhou Factory (丹阳市富豪曲轴厂). He joined JWMT as its finance manager in 2002 and continued to hold this position until he was transferred to WPM (China) in June 2004 and was subsequently appointed the Finance Director of our Group. Mr Zhu obtained his Diploma in Finance and Accounting from China Agricultural Broadcast and Television School in 1989 and has obtained a Certificate of Accounting Professional (会计从业资格证书) issued by the Danyang City Finance Authority (丹阳市财政局).

Mr Mak Kin Kwong, our Non-executive Director, was appointed a director of our Company on 28 February 2006. He is a member of our Audit Committee. He is currently the founder and managing director of Venfund Investment Management Ltd. Prior to that, Mr Mak was with Arthur Andersen from 1985 to 2001 where his last position was its managing partner of South China region. Mr Mak graduated from the Hong Kong Polytechnic University with a Professional Diploma in Accountancy in 1985. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr Edmund Lee Yu Chiang, our Independent Director was appointed a director of our Company on 28 February 2006. He is currently the chairman and CEO of DBS Vickers Securities (Singapore) Pte Ltd. Prior to this appointment, he was the president and CEO of Vickers Ballas Holdings Pte Ltd (now known as DBS Vickers Securities Holdings Pte Ltd) from February 2001 to October 2001. Mr Lee was the managing director of Vickers Ballas & Co. Pte Ltd from June 1999 to October 2001. Mr Lee graduated from the University of California at Los Angeles with a Bachelor of Arts in Economics.

Mr Tony Ong Tiong Seng, our Independent Director was appointed a director of our Company on 28 February 2006. He is the managing director of Cogent Financial Group (HK) Limited, an investment fund company, where he is responsible for venture capital investments and for providing advisory services on mergers and acquisitions, and initial public offers. Prior to joining the financial industry, he was director of operations of Nippon Machine Tools, a company in the aerospace industry from 1997 to 2002 and was in charge of managing sales and service engineers. From 1994 to 1997, he worked with the Economic Development Board, first as a senior financial officer with areas of responsibility in audit and corporate finance, then as a senior officer where he dealt with policy matters on the ASEAN Country Desk, and finally as senior development officer (Enterprise Development Division) where he worked to promote the precision engineering sector in Singapore. Mr Ong graduated with a Bachelor of Commerce (Banking and Finance) from the University of Canberra and a Master of Economics from Macquarie University.

The list of present and past directorships of each of our Directors held in the five years preceding the date of this Prospectus, excluding in our Company, is set out below.

Name	Present Directorships	Past Directorships
Wang Wei Yao	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	JWEG JWF JWMT JWZJ Kim Pan Noble Smarter Limited	Jiangsu Dare World Light Alloy Co., Ltd
Shao Jian Jun	*Group companies*	*Group companies*
	WPM (China)	Nil
	Other companies	*Other companies*
	JWEG JWMT Kim Pan	Nil
Zhu Ping Guo	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Nil	Nil
Mak Kin Kwong	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Chengdu Union Friend Network Co., Ltd. Gemdale Industries Inc. Great Wall Fund Management Co., Ltd. Huabao International Holdings Ltd. Shenzhen Victor Onward Textile Industrial Co., Ltd. TT Coffee (Shenzhen) Co., Ltd. TT Coffee Investment Limited Venfund Business Consulting (Shenzhen) Limited Venfund Investment Management Limited Venfund VC Management (Shenzhen) Limited	Nil

Name	Present Directorships	Past Directorships
Edmund Lee Yu Chiang	*Group companies* Nil *Other companies* DBS Securities Holding Pte Ltd[1] DBS Trading Pte Ltd[1] DBS Vickers (Hong Kong) Limited DBS Vickers (Thailand) Co Ltd DBS Vickers Research (Singapore) Pte Ltd DBS Vickers Securities (Malaysia) Pte Ltd[1] DBS Vickers Securities (Philippines) Inc[1] DBS Vickers Securities (Singapore) Pte Ltd DBS Vickers Securities (USA) Inc. DBS Vickers Securities Holdings Pte Ltd DBS Vickers Securities Online Holdings Pte Ltd DBS Vickers Securities UK Limited New York Life International India Fund (Mauritius) LLC NYLI-VB Asset Management Co (Mauritius) LLC PT DBS Securities Indonesia[1] PT DBS Vickers Securities Indonesia Singapore Africa Investment Management Pte Ltd Southern Africa Investments Pte Ltd Vickers Ballas & Co Pte Ltd[1] Vickers Ballas (UK) Plc[1] Vickers Ballas Asset Management Pte Ltd Vickers Ballas Futures Pte Ltd[1] Vickers Ballas Investments Research Pte Ltd[1] Vickers Ballas Philippines Fund Ltd	*Group companies* Nil *Other companies* Asia Converge Pte Ltd Vickers Ballas Hong Kong Holdings Limited

Name	Present Directorships	Past Directorships
Tony Ong Tiong Seng	*Group companies* Nil *Other companies* 3R Intelligence Network Pte Ltd Cogent Communications Pte Ltd Cogent Financial Group (HK) Limited China Paper Holdings Limited China Transcom Technologies Limited Concord Energy Pte Ltd Fibrechem Technologies Limited Innovative Technology Engineering (Tai Cang) Co., Ltd Pan Alliance Management Pte Ltd Pine Agritech Limited Provenance Capital Pte Ltd Provenance Finance (HK) Limited Reyoung PharmaceuticalHoldings Limited	*Group companies* Nil *Other companies* Byte Power Pty Ltd (Australia) Byte Power Technology (International) Pte Ltd Cogent Communications Sdn Bhd M-Rex Precision Engineering Pte Nippon Holdings Pte Ltd Nippon Machine Tool Pte Ltd NMT Engineering Services Pte Ltd Sei Woo Technologies Limited Straits Capital Management Pte Ltd Sungai Snajung Sdn Bhd Willhart Able Air Pty Ltd (Australia) Willhart Limited Willhart Power Tech Pty Ltd Willhart Technologies Pty Ltd

Note:–

(1) In voluntary liquidation.

KEY EXECUTIVES

Our Executive Directors are assisted by a team of experienced and qualified Key Executives who are responsible for the various functions of our Group. The particulars of our Key Executives are as follows:–

Name	Age	Residential Address	Principal Occupation
Zheng Yu Lin	39	Picheng Town,Danyang City, Jiangsu Province, PRC	Production Manager, WPM (China)
Wang Bu Qin	26	47 Xinming East Road, Danyang City, Jiangsu Province,PRC	Sales Manager, WPM (China)
Ge Ming Lei	29	Block 28 1st unit, Room 301, South District, Dan Gui Garden, Danyang City, Jiangsu Province,PRC	Technical Manager, WPM (China)
Zou Feng Wei	28	Picheng town, Danyang City, Jiangsu Province, PRC	Quality Control, Manager WPM (China)
Jiang Hong Di	29	Block 28 1st unit, Room 301, South District, Dan Gui Garden, Danyang City, Jiangsu Province,PRC	Deputy Finance Director, WPM (China)

Name	Age	Residential Address	Principal Occupation
Tan Pia Tiang	35	Blk 124 Jurong East St 13, Ivory Heights, #07-19, Singapore 600124	Chief Financial Officer

Information on the business and working experience of our Key Executives is set out below:–

Mr Zheng Yu Lin is the Production Manager of WPM (China) and is responsible for drawing up the production plans of WPM (China) and organising its production according to the stipulated production plan. Mr Zheng has a wealth of experience in our industry. He first started with DSMF in 1987 as a section member of its technical department and was promoted to section leader in 1992 before he left in 1999. Shortly after, he joined JWMT as its section leader of technical department and quality assurance department and was promoted to the position of deputy general manager and was placed in charge of production in 2003. He subsequently joined WPM (China) at his current appointment in June 2004. Mr Zheng graduated from the Wuxi Light Industry Institute with a Diploma specialising in machinery.

Mr Wang Bu Qin is the Sales Manager of WPM (China) and is responsible for formulating our sales strategies and marketing plans. He joined the sales department of JWNJ in 2000 as its vice department head and left in October 2001 to join JWEG as the head of the international cooperation department. In May 2003, he joined JWMT as its deputy general manager and was responsible for its sales activities. He subsequently joined WPM (China) at his current appointment in June 2004. Mr Wang graduated from the Nanjing University of Science and Technology with a Bachelor in Management in 2000.

Mr Ge Ming Lei is the Technical Manager of WPM (China) and is responsible for the formulation of development plans for technology, as well as supervising its implementation. He first joined JCLS in July 1999 as a member of its computer control room team. Mr Ge was also a member of the technology department in JCLS from January 2002 to October 2003 before he joined JWMT as its technology department deputy head in November 2003. He was subsequently appointed to his current position in WPM (China) in June 2004. Mr Ge graduated from the Jiangsu Technological University with a Bachelor in Machinery and Electronics Engineering in 1999.

Mr Zou Feng Wei is the Quality Control Manager of WPM (China) and is responsible for structuring and coordinating our quality control documentation system as well as the implementation and evaluation of WPM (China)'s quality assurance direction and goals. Mr Zou joined JWMT in August 2002 as a member of its quality control department before being promoted in June 2003 as the department head of this quality control department. He was subsequently appointed to his current position in WPM (China) in June 2004. Mr Zou graduated from the Nanjing University of Agriculture with a Bachelor in Machinery and Electronics Engineering in 2002.

Ms Jiang Hong Di is our Deputy Finance Director and is primarily responsible for assisting our Finance Director, Zhu Ping Guo in the direction and supervision of all finance operations of the Group. Prior to joining us in August 2005, she had served as the finance accountant in Jiangsu Fuhao Group from July 2000 to February 2002. Ms Jiang was the assistant manager of finance in JWNJ from April 2002 to April 2003. Ms Jiang joined JWEG in April 2003 as an internal audit assistant manager and was promoted in January 2004 to its group finance manager. She was subsequently appointed to her current position in WPM (China) in August 2005. Ms Jiang graduated from the Jiangsu Technological University in July 2000 with a Bachelor in Management.

Ms Tan Pia Tiang is the Chief Financial Officer and is responsible for directing, managing and controlling the full spectrum of accounting and financial functions of the Company and its Subsidiary. Prior to joining our Group on 11 May 2005 she was the finance manager of Toprint Computer Supplies Pte. Ltd.'s finance department from January 2004 to January 2005. She then joined iGlobal Investor Relations Pte. Ltd. as a consultant, providing sales and service to clients on investor relation matters, from February 2005 to April 2005. Ms Tan began her career with Deloitte & Touche from August 1992 to December 1995 where she last held the position of a senior. From January 1996 to December 1999, she was the manager of Organic Earth where she was responsible for its financial and operational matters. Subsequently from January 2000 to December 2003, she was the finance and administrative manager at Agri-Bio Singapore Pte Ltd. Ms Tan graduated with a Bachelor of Accountancy from the Nanyang Technological University in 1992. She has been a member of the Institute of Certified Public Accountants of Singapore since 1995.

The list of present and past directorships of each of our Executive held in the five years preceding the date of this Prospectus is set out below.

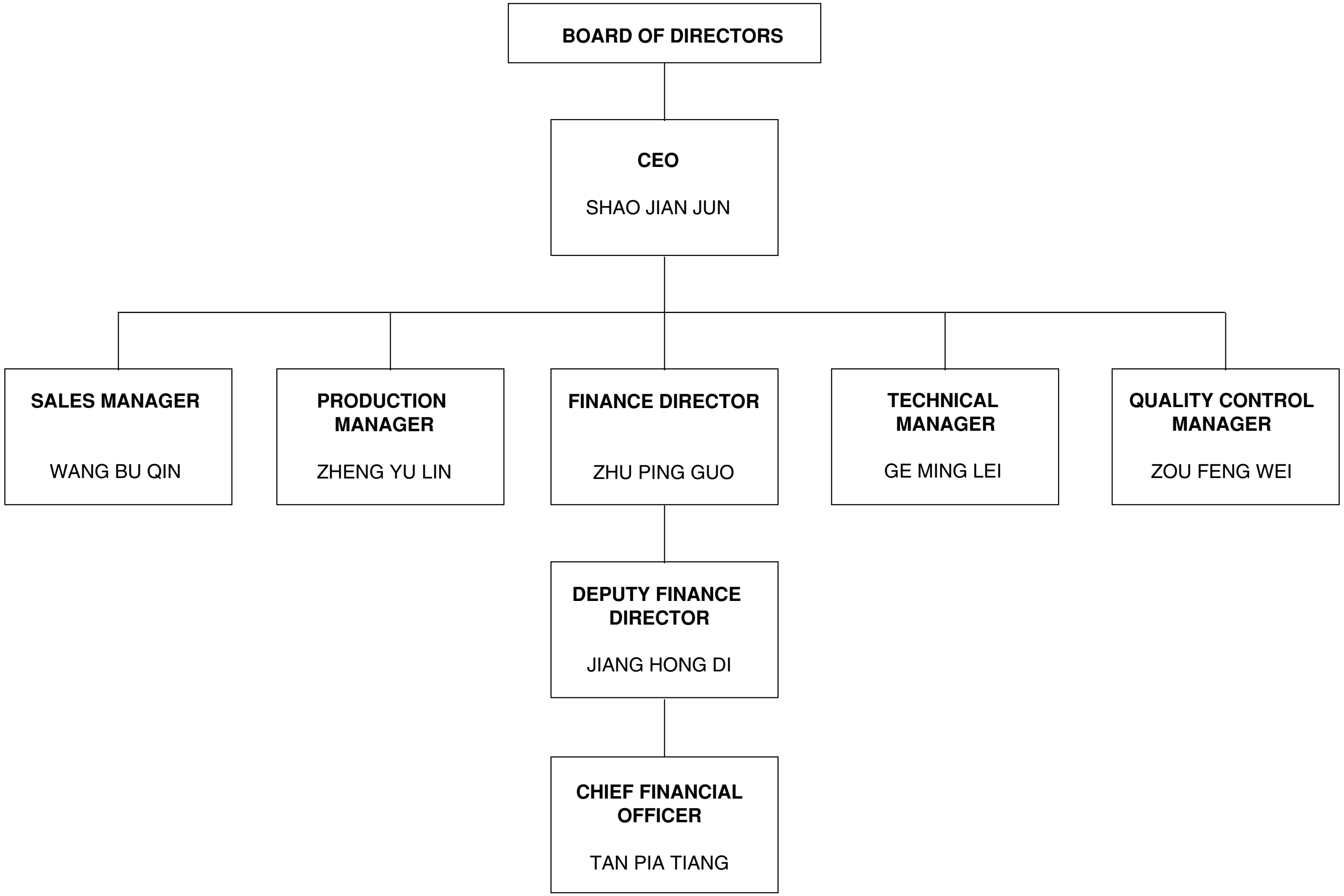
Name	Present Directorships	Past Directorships
Zheng Yu Lin	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	JWMT	Nil
Wang Bu Qin	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Nil	Nil
Ge Ming Lei	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Nil	Nil
Zou Feng Wei	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Nil	Nil
Jiang Hong Di	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Nil	Jiangsu Dare World Light Alloy Co., Ltd
Tan Pia Tiang	*Group companies*	*Group companies*
	Nil	Nil
	Other companies	*Other companies*
	Agri-Bio (Singapore) Pte Ltd ABA-Microbe Pte Ltd ABM Greenhill Sdn Bhd	Nil

Save for Ge Ming Lei and Jiang Hong Di who are spouses, there is no familial relationship between any of our Directors and/or Key Executives, or between any of our Directors, Key Executives and Substantial Shareholders.

There is no arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Key Executives was selected as our Director or Key Executive.

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is set out below:–



STAFF

Our Group's personnel structure by job functions as at the end of FY2002, FY2003, FY2004 and HY2005 is as follows:–

	At the end of each financial year/period			
	FY2002	**FY2003**	**FY2004**	**HY2005**
Management (including our Executive Directors)	7	7	7	8
Finance & Administration	70	76	92	89
Technical & R&D	6	19	16	17
Sales	23	26	49	61
Production	885	956	1,306	1,425
Quality Assurance	15	20	38	38
Total number of employees	1,006	1,104	1,508	1,638

All our employees are located in the PRC. We do not employ a significant number of temporary staff and do not experience any significant seasonal fluctuations in the number of employees. In accordance with PRC laws and regulations, our employees are unionised.

The three-fold increase in the number of technical and R&D staff from the end of FY2002 to the end of FY2003 was due to our plan for expansion then through the development of new products, improvement of manufacturing processes and the improvement of the quality of our products. We had recruited experienced technical and R&D staff as well as fresh graduates from the universities to strengthen our technical and R&D department.

There was a significant increase in staff strength in our sales, production and quality assurance departments from the end of FY2003 to the end of FY2004. This corresponded to the two-fold increase in our revenue from FY2003 to FY2004. We had recruited more sales representatives for the expansion of our sales network. Due to the increased revenue, it was necessary to strengthen the production department and also the quality assurance department to deliver products which meet the expectations of our customers. With the above increase in staff volume, it was also necessary to increase the strength of the finance and administration department to meet the demands of our enlarged Group. However, during the same period, there was a decrease in the number of technical and R&D staff due to the reassignment of three staff to the sales department as after-sales engineers.

The relationship and cooperation between our management and employees have been good and this is expected to continue. There has not been any incidence of work stoppages or labour disputes which affected our operations.

Staff training and development

We recognise that our employees have been a key resource contributing to the growth of our Company. Our training programmes allow us to ensure that we have the relevant skills and knowledge to be able to better serve our customers.

We organise the following programmes for our employees:–

Orientation programmes

All new employees have to attend an orientation training programme to familiarise themselves with their respective job responsibilities as well as our Group's policies and practices. An introduction to our products and our industry is also conducted for new employees. Our new employees are required to be assessed on their understanding on completion of the orientation.

Continuing education

We also organise various in-house training seminars to ensure that our employees are kept abreast of new technologies and developments so as to be able to service our customers. We may also invite experts to conduct seminars for our staff from time to time. In particular, our technical staff are required to attend in-house courses so as to reinforce and improve their knowledge and skills and hence increase their efficiency. Since FY2004, we have also sponsored certain technical staff who are willing to commit to a specified term of employment with our Group for relevant diplomas and courses.

Training expenses incurred for FY2002, FY2003, FY2004 and the period from 1 January 2005 to 30 June 2005 were insignificant, amounting to less than RMB50,000 for each financial period as most of the training were conducted on the job or through in-house training programs.

COMPENSATION

The compensation paid or payable to each of our Directors and Key Executives (in terms of amount of compensation) for services rendered to us in all capacities for FY2004, FY2005 and FY2006 (estimated), in bands of $250,000 per annum, were or are as follows:–

	FY2004(1)	FY2005	FY2006 (estimated)
Directors			
Wang Wei Yao	—	—	Band 1
Shao Jian Jun	Band 1(2)	Band 1(2)	Band 1
Zhu Ping Guo	Band 1(2)	Band 1(2)	Band 1
Mak Kin Kwong	—	—	Band 1
Edmund Lee Yu Chiang	—	—	Band 1
Tony Ong Tiong Seng	—	—	Band 1
Key Executives			
Zheng Yu Lin	Band 1(2)	Band 1(2)	Band 1
Wang Bu Qin	Band 1(2)	Band 1(2)	Band 1
Ge Ming Lei	Band 1(2)	Band 1(2)	Band 1
Zou Feng Wei	Band 1(2)	Band 1(2)	Band 1
Jiang Hong Di	—(3)	Band 1(2)	Band 1
Tan Pia Tiang	—(4)	Band 1(2)	Band 1

Note:–

Band 1 : Compensation of between $0 to $250,000 per annum

(1) Includes compensation received at JWMT before being transferred to WPM (China) pursuant to the Restructuring Exercise

(2) Includes bonus

(3) Ms Jiang Hong Di joined our Group in August 2005

(4) Ms Tan Pia Tiang joined our Group in May 2005

Except for the social security contributions which are mandated by the relevant PRC laws, we have not set aside or accrued any amounts for our employees to provide for pension, retirement or similar benefits.

SERVICE AGREEMENTS

On 28 February 2006, our Company entered into a service agreement ("Service Agreements") with each of Messrs Shao Jian Jun and Zhu Ping Guo (the "Executives"). The Service Agreements are effective from the date of admission of our Company to the Official List of the SGX-ST and will continue for a term of three years unless otherwise terminated by either party giving not less than three months' notice in writing to the other. The Service Agreements may also be terminated if the Executives commit a breach of the Service Agreements, such as being convicted of any offence involving fraud or dishonesty or being adjudicated bankrupt.

Under the Service Agreements, Messrs Shao Jian Jun and Zhu Ping Guo will each be paid $12,620 per month as well as an annual wage supplement equivalent to one month's salary at the end of each year (the "Incentive Bonus"). Thereafter, each will be entitled to annual increments as decided by our board of Directors. The Executives shall not be entitled to any further Director's fees.

Except where the Service Agreements are terminated due to a breach of the Service Agreements as mentioned above, upon termination, the Executives will be entitled to receive the Incentive Bonus in an amount pro-rated for the period commencing on the first day of the financial year in which his employment is terminated to the last day of the employment in that financial year. There are no other benefits payable to the Executives upon termination of his employment with our Company. The Service Agreements covers the terms of employment, specifically salary and bonus.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by the Executive in the process of discharging his duty on our behalf will be borne by our Company.

Save as disclosed above, there are no existing or proposed service contracts entered into or to be entered into by our Directors with our Group, and there is no existing or proposed service agreement entered into or to be entered into by our Directors with our Group which provide for benefits upon termination of employment.

Had the Service Agreements been in existence for FY2004, the aggregate remuneration (including contributions, bonus, and benefits-in-kind) paid to the Executive Directors would have been approximately $328,000 instead of approximately $65,000 and the profit before tax of our Group would have been approximately $16.4 million instead of approximately $16.7 million.

BOARD PRACTICES

Our Directors do not have fixed terms of office. They are however subject to retirement by rotation in accordance with Articles 89 to 91 of our Articles of Association which have been extracted and set out in Annex A of this Prospectus. Directors who retire are eligible to stand for re-election.

We have also put in place a Nominating Committee, a Remuneration Committee and an Audit Committee, the details of the duties of the committees are set out in the section entitled "Corporate Governance" of this Prospectus.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our interested persons (namely, our Directors, Controlling Shareholders of our Company or the Associates of such Directors or Controlling Shareholders) are interested person transactions ("Interested Person Transactions").

This section sets out the Interested Person Transactions entered into by our Group for FY2002, FY2003, FY2004, HY2005 and for the period commencing from 1 July 2005 to the Latest Practicable Date on the basis of each member of our Group (namely, our Company and our Subsidiary) being an Entity At Risk and with Interested Persons being construed accordingly.

In addition, as the proforma unaudited consolidated financial statements of our Company for FY2002, FY2003 and FY2004 as set out in the Compilation Report have been prepared based on, amongst others, the audited financial statements for FY2002, FY2003 and the five months ended 31 May 2004 of JWMT from whom our Group had acquired the Relevant Business with effect from 31 May 2004 in connection with the Restructuring Exercise (details of which are set out in the section entitled "Restructuring Exercise" of this Prospectus),

(i) all transactions between JWMT and any Interested Person (construed on basis that JWMT is a member of our Group) in FY2002, FY2003 and the five months period ended 31 May 2004 are Interested Person Transactions involving our Group and such Interested Person for purposes of this section, notwithstanding that JWMT is not a member of our Group;

(ii) the acquisition of the Relevant Business as well as any transaction between JWMT and our Group from 1 June 2004 (when the acquisition of the Relevant Business was effective) are Interested Person Transactions involving our Group and JWMT as an Interested Person.

Save as disclosed in this section and under the section entitled "Restructuring Exercise" of this Prospectus, there has been no Interested Person Transaction in FY2002, FY2003, FY2004 and HY2005 and for the period commencing 1 July 2005 to the Latest Practicable Date involving our Group which are material in the context of this Invitation.

PAST INTERESTED PERSON TRANSACTIONS

(1) Payment of professional fees on behalf of our Group by JWEG

Our Director, Wang Wei Yao holds interest of approximately 39% in JWEG. Accordingly, JWEG is an Interested Person in relation to our Group. Our Director, Shao Jian Jun also holds interest of 3% in JWEG.

In connection with the Invitation, JWEG had from 2004 and pending the establishment of our Company and our Subsidiary, WPM (China), engaged and/or paid professional fees on our behalf to certain professionals involved in the Invitation (namely, the Manager, Underwriter and Placement Agent; the Auditors and Reporting Accountants; the Solicitors to the Invitation; the Legal Advisors to the Company on PRC Law and the Solicitors to the Manager, Underwriter And Placement Agent) with the intention that our Group would reimburse JWEG for such payment as the professional fees of these professionals would constitute part of our listing expenses.

The aggregate professional fees paid by JWEG to these professionals on our behalf for FY2004 and HY2005 were as follows:–

	FY2004	**HY2005**
($'000)	407	216

All existing engagements between JWEG with these professionals have been novated to our Company and we have reimbursed JWEG for all professional fees paid by JWEG to these professionals pursuant to their respective engagements.

(2) Purchase of production equipment by JWMT through JCLS

JCLS is a Subsidiary of JWEG. Accordingly, JCLS is an Associate of our Director Wang Wei Yao (who has interests of approximately 39.0% in JWEG and is an Interested Person in relation to our Group). JCLS has ceased business since June 2003 and is in the process of being wound up.

In August 2002, JWMT had purchased certain production equipment through JCLS for RMB6,903,124.70 for which JCLS had functioned as middle-man for JWMT for the procurement of such production equipment.

The purchase price of such equipment purchased through JCLS was based on the selling prices at which such equipment was procured by JCLS on behalf of JWMT from unrelated third party suppliers and was conducted on an arm's length basis and on normal commercial terms.

We do not intend to have transactions of such nature with JCLS in the future.

(3) Guarantees provided by JCLS

For reasons set out in the foregoing of this section, JCLS is an Interested Person in relation to our Group.

In August 2002, JCLS had provided security for a loan granted to JWMT by a financial institution in the form of a corporate guarantee of RMB5 million. No consideration was paid by JWMT to JCLS for the provision of such security.

As at 31 December 2002, this loan has been repaid by JWMT and the guarantee provided by JCLS has been discharged.

(4) Transactions between JWMT and JWZJ in connection with the transfer of the resin-casted components manufacturing business between them in 2002/2003

JWEG and True Merit Group Limited hold interests of approximately 21.1% and 40.0% in JWZJ respectively. True Merit Group Limited is in turn wholly-owned by our Director, Wang Wei Yao. Accordingly, JWZJ, is an Associate of our Director, Wang Wei Yao (who has interests of approximately 39.0% in JWEG and 100.0% in True Merit Group Limited) and an Interested Person in relation to our Group.

In connection with a restructuring of the businesses of the JWEG group of companies comprising, amongst others, JWMT and JWZJ in 2002, JWMT had temporarily ceased to operate its resin-casted components manufacturing business from February 2002 to February 2004 ("Interim Period"). During this Interim Period, the resin-casted components manufacturing business was operated by JWZJ .

(a) Use of the production premises and resin-casted components production equipment of JWMT by JWZJ

During the Interim Period, JWZJ used the production equipment leased by JWMT from Shanghai No. 5 Casting Factory for the manufacture of resin-casted components.

During the Interim Period, no consideration was paid by JWZJ to JWMT for use of the JWMT's production premises. However, rental payable by JWMT to Shanghai No. 5 Casting Factory for the lease of the equipment was borne by JWZJ for most of the Interim Period, such rental amounting to RMB250,000 and RMB500,000 for FY2002 and FY2003 respectively. JWMT bore the rental payable in FY2004 to Shanghai No. 5 Casting Factory.

(b) At the beginning of the Interim Period, JWMT sold its inventory of raw materials for the production of resin-casted components to JWZJ for RMB777,777.80.

The selling price for such raw materials was equivalent to the net book value of such raw materials as recorded in the management accounts of JWMT, and was determined on a willing-seller and willing-buyer basis.

(c) At the end of the Interim Period, JWMT purchased from JWZJ its inventory of raw materials for the production of resin-casted components for RMB3.26 million.

The purchase price for such raw materials was equivalent to the net book value of such raw material as recorded in the management accounts of JWZJ, and was determined on a willing-seller and willing-buyer basis.

We do not intend to have any transactions of this nature with JWZJ in the future.

(5) Advances to and from Interested Persons from and to JWMT/WPM (China)

JWMT had from time to time, made advances to and/or received advances from JWEG, JWZJ, JCLS, JWF, JWNJ and DWQY. Advances made to and/or received from these Interested Persons were for working capital purposes.

For reasons set out in the foregoing of this section, JCLS and JWZJ are Interested Persons in relation to our Group.

JWEG holds interests of approximately 50.0%, 40.0% and 66.7% in JWF, JWNJ and DWQY respectively. In addition, JWZJ holds the remaining interests of 33.3% in DWQY. JWMT also holds interests of 25.0% in JWF. Accordingly, each of JWF, JWNJ and DWQY is an Associate of our Director Wang Wei Yao (who has interests of approximately 39.0% in JWEG, and is an Interested Person in relation to our Group).

Since 31 May 2004 (when the acquisition of the Relevant Business by our Group from JWMT was effective), JWEG and True Merit Group Limited held interests of approximately 34.5% and 25.0% in JWMT respectively. Accordingly, JWMT, is an Associate of our Director, Wang Wei Yao (who has interests of approximately 39.0% in JWEG and 100.0% in True Merit Group Limited) and an Interested Person in relation to our Group. In addition, our Director, Shao Jian Jun and our Production Manager, Zheng Yu Lin hold 12.0% and 5.25% interests in JWMT respectively.

Following the acquisition of the Relevant Business by WPM (China) from JWMT, WPM (China) continued to make and/or receive advances from these Interested Persons.

For each of the financial periods set out in the table below, the amounts due to and due from the below Interested Persons from/to JWMT (up to 31 May 2004) and WPM (China) as at the end of the last three financial years ended 31 December 2004 and as at 30 June 2005 were as follows:–

Amount due from/(to) Interested Persons	**FY2002 (RMB'000)**	**FY2003 (RMB'000)**	**FY2004 (RMB'000)**	**HY2005 (RMB'000)**
JWEG	(16,099.9)	(1,829.0)	(20,328.5)	(1,067.8)
JWZJ	6,068.7	(5,444.4)	(5,064.3)	(5,204.0)
JCLS	35,002.5	6,435.0	—	—
JWF	—	5,000.0	2.3	2.3
JWNJ	—	32,974.6	67,371.9	67,871.9
DWQY	—	(38,212.7)	(19,712.0)	(40,698.3)
JWMT	—	—	(33,111.2)	(6,905.2)

The amounts due to and due from the said Interested Persons were unsecured, repayable on demand and interest-free.

The largest amounts (a) due to the said Interested Persons from JWMT (up to 31 May 2004) and WPM (China), and; (b) due from the said Interested Persons to JWMT (up to 31 May 2004) and WPM (China), during FY2002, FY2003, FY2004, HY2005 and for the period from 1 July 2005 to the Latest Practicable Date, based on month-end balances, are as follows:–

	(RMB'000) Due From	**(RMB'000) Due To**
JWEG	51,799.3	(49,988.4)
JWZJ	—	(10,207.7)
JCLS	35,002.0	—
JWF	10,000.0	—
JWNJ	67,871.9	(5,100.0)
DWQY	—	(46,170.0)
JWMT	—	(33,111.2)

As at the Latest Practicable Date, all outstanding amounts due from and/or due to the above Interested Persons have been settled.

We will not grant any future loans or advances to any Interested Person after the admission of our Company to the Official List of the SGX-ST.

ON-GOING INTERESTED PERSON TRANSACTIONS

(1) Purchases by JWMT and WPM (China) from JWEG

For reasons set out in the foregoing of this section, JWEG is an Interested Person in relation to our Group.

JWEG is mainly engaged in the manufacture of diesel crankshafts and related components. JWMT had purchased certain of these components which are used in the manufacture of stamping machines from JWEG up to 31 May 2004 when the Relevant Business was transferred by JWMT to WPM (China).

Following such transfer, WPM (China) continued to purchase such components from JWEG.

These purchases by JWMT, and subsequently, by WPM (China) were carried out on a willing buyer and willing seller basis and were at prices comparable to prices charged for similar products by unrelated suppliers.

The aggregate values of these purchases from JWEG for FY2002, FY2003, FY2004, HY2005 and from 1 July 2005 to the Latest Practicable Date were as follows:–

	FY2002	**FY2003**	**FY2004**	**HY2005**	**1 July 2005 to Latest Practicable Date**
RMB ('000)	85.3	—	5.7	—	—

It is envisaged that we may continue to purchase from JWEG in the future, as and when the need arises.

In such event, we will comply with the procedures described in the following section of this Prospectus entitled "Review Procedures For Future Interested Person Transactions" to ensure that the transactions are entered into on normal commercial terms and on an arm's length basis.

(2) Provision of services by JWEG, JCLS, JWNJ and JWZJ for JWMT and WPM (China)

For reasons set out in the foregoing of this section, JWEG, JCLS, JWNJ and JWZJ are Interested Persons in relation to our Group.

JWEG, JCLS and JWNJ had provided processing services for JWMT up to 31 May 2004 when the Relevant Business was transferred by JWMT to WPM (China). Following such transfer, JWEG and JWNJ continued to provide such processing services to WPM (China) and JWZJ has also provided the same to WPM (China).

These processing services involve the use of the manufacturing facilities of JWEG, JCLS, JWNJ and JWZJ to process certain components for JWMT or WPM (China) for which processing fees were paid. Processing services were carried out on a willing seller and willing buyer basis and processing fees paid were comparable for similar services provided by unrelated service providers.

The aggregate processing fees paid to JWEG, JCLS, JWNJ and JWZJ for FY2002, FY2003, FY2004, HY2005 and from 1 July 2005 to the Latest Practicable Date were as follows:–

	FY2002	**FY2003**	**FY2004**	**HY2005**	**1 July 2005 to Latest Practicable Date**
Processing fees paid to JWEG (RMB'000)	—	—	3.4	7.7	22.7
Processing fees paid to JCLS (RMB'000)	—	3.7	—	—	—
Processing fees paid to JWNJ (RMB'000)	—	78.5	100.8	41.2	16.0
Processing fees paid to JWZJ (RMB'000)	—	—	—	—	22.6

It is envisaged that JWEG, JWNJ and JWZJ may continue to provide such processing services to WPM (China) from time to time. JCLS has since ceased business in June 2003 and we do not intend to have any transaction of this nature with JCLS.

In such event, we will comply with the procedures described in the following section of this Prospectus entitled "Review Procedures For Future Interested Person Transactions" to ensure that such transactions are entered into on normal commercial terms and on an arm's length basis.

(3) Lease of Land from JWMT

For reasons set out in the foregoing of this section, JWMT is an Interested Person in relation to our Group.

We lease the following land from JWMT pursuant to a lease agreement dated 18 June 2004:–

Location	Lease Term	Land Area (sq. m.)	Annual Rental (RMB)	Use of Property
Picheng Town Danyang City, Jiangsu Province, PRC	10 years commencing from 1 June 2004	201,098.51	300,000	Manufacturing plant and office

The aggregate rental paid by us to JWMT for FY2004, HY2005 and from 1 July 2005 to the Latest Practicable Date were as follows:–

	FY2004	HY2005	1 July 2005 to Latest Practicable Date
RMB ('000)	150	150	225

The lease may be renewed for a term of ten years upon written notice given to JWMT no later than 90 days prior to the expiry of the lease term. Please refer to the section entitled "Property and Fixed Assets" of this Prospectus for details.

Our Directors are of the opinion that the above rentals rates are commensurate with prevailing market rates.

We intend to continue the above lease arrangements in accordance with the procedures described in the following section of this Prospectus entitled "Review Procedures for Future Interested Person Transactions".

(4) Supply of water by DPZ

DPZ is a Subsidiary of JWEG. Accordingly, DPZ is an Associate of our Director, Wang Wei Yao (who has interests of approximately 39.0% in JWEG) and is an Interested Person in relation to our Group.

DPZ supplies water to our Subsidiary, WPM (China). DPZ is the sole supplier of water to Picheng Town, Danyang City where our Danyang Plant is located. The price at which we purchase water from DPZ is at the same price that DPZ charges any other unrelated party.

The aggregate values of these purchases from DPZ for FY2002, FY2003, FY2004, HY2005 and from 1 July 2005 to the Latest Practicable Date were as follows:–

	FY2002	FY2003	FY2004	HY2005	1 July 2005 to Latest Practicable Date
RMB ('000)	104.1	136.6	244.2	157.5	356.1

We will continue to purchase water from DPZ as it is the sole supplier of water in Picheng Town and will comply with the procedures described in the following section of this Prospectus entitled "Review Procedures for Future Interested Person Transactions" in relation to such purchases.

(5) Sale of stamping machines and customised components by JWMT/WPM (China) to JCLS, JWEG, JWNJ and JWZJ

For reasons set out in the foregoing of this section, each of JCLS, JWEG, JWNJ and JWZJ is an Interested Person in relation to our Group. JCLS has ceased business since June 2003.

JWMT had previously sold stamping machines and customised components to JCLS, JWEG, JWNJ and JWZJ for their respective manufacturing activities.

Sales of stamping machines and customised components by JWMT to JCLS had ceased since JCLS' cessation of business in June 2003.

Following the acquisition of the Relevant Business by WPM (China) from JWMT, WPM (China) continued to sell stamping machines and customised components to JWEG, JWNJ and JWZJ.

Sales of these stamping machines and customised components by (a) JWMT and WPM (China) to each of JCLS, JWEG, JWNJ and JWZJ; and (b) WPM (China) to JWEG, JWZJ and JWNJ, were on an arm's length basis on normal commercial terms, and at selling prices comparable to selling prices charged by JWMT and WPM (China) to unrelated customers for similar products.

The aggregate value of each of the above transactions for FY2002, FY2003, FY2004, HY2005 and from 1 July 2005 to the Latest Practicable Date were as follows:–

	FY2002	FY2003	FY2004	HY2005	1 July 2005 to Latest Practicable Date
Sales of stamping machines and customised components to JCLS (RMB'000)	479.1	287.2	—	—	—
Sales of stamping machines and customised components to JWEG (RMB'000)	77.3	1.7	2.0	15.6	1.5
Sales of stamping machines and customised components to JWNJ (RMB'000)		270.3	38.5	108.9	98.9
Sales of stamping machines and customised components to JWZJ (RMB'000)		21.1	197.3	7.1	12.2

WPM (China) may continue the above transactions with JWEG, JWNJ and JWZJ from time to time and we will comply with the procedures described in the following section of this Prospectus entitled "Review Procedures for Future Interested Person Transactions" in relation to such purchases.

(6) Purchases of raw materials and components from or through JWNJ and JWZJ

For reasons set out above, JWNJ and JWZJ are Interested Persons in relation to our Group.

JWMT had previously purchased (a) through JWNJ, raw materials such as screws as well as components; and (b) from JWZJ, components manufactured by JWZJ, for the manufacture of stamping machines.

In respect of raw materials and components purchased by JWMT through JWNJ, JWNJ had functioned as a middle-man for JWMT for the procurement of such raw materials and components. JWMT paid JWNJ for these raw materials and components based on the selling prices at which such raw materials and components were procured by JWNJ from unrelated third party suppliers.

In respect of purchases by JWMT of components from JWZJ, the purchases were on an arm's length basis on normal commercial terms and at prices comparable to prices charged for similar components by unrelated suppliers.

Following the acquisition of the Relevant Business by WPM (China) from JWMT, WPM (China) continued to purchase raw materials and components through JWNJ.

The aggregate values of each of the above transactions for FY2002, FY2003, FY2004, HY2005 and from 1 July 2005 to the Latest Practicable Date were set out below:–

	FY2002	FY2003	FY2004	HY2005	1 July 2005 to Latest Practicable Date
Purchases of raw materials and components through JWNJ (RMB'000)	—	239.0	236.3	—	—
Purchases of components from JWZJ (RMB'000)	—	3,259.0	—	—	—

WPM (China) may continue the above transactions with JWNJ and JWZJ from time to time and we will comply with the procedures described in the following section of this Prospectus entitled "Review Procedures for Future Interested Person Transactions" in relation to such purchases.

(7) Provision of services by WPM (China) for JWEG and JWNJ

For reasons set out in the foregoing of this section, JWEG and JWNJ are Interested Persons in relation to our Group.

During the period beginning 1 July 2005 to the Latest Practicable Date, WPM (China) had provided processing services for JWEG and JWNJ. These processing services involve the use of the manufacturing facilities of WPM (China) to process certain components for JWEG and JWNJ for a processing fee.

The aggregate processing fees due from JWEG and JWNJ to WPM (China) for the period beginning 1 July 2005 to the Latest Practicable Date were approximately RMB25,000 and RMB26,400 respectively.

It is envisaged that WPM (China) may continue to provide such processing services from time to time to JWEG and JWNJ. In such event, we will comply with the procedures described in the following section of this Prospectus entitled "Review Procedures For Future Interested Person Transactions".

(8) Provision of security by our Director, Shao Jian Jun in favour of a bank of WPM (China) for bank loans granted to WPM (China)

From April 2005, our Director, Shao Jian Jun had provided security for bank loans and notes payable in aggregate of RMB60 million granted to WPM (China) by a bank in the form of personal guarantee in favour of such bank.

No consideration was paid by WPM (China) to Shao Jian Jun for the provision of such security.

The largest amount of bank loans and notes payable secured by such personal guarantee furnished by Shao Jian Jun in HY2005 was RMB60 million.

As at the Latest Practicable Date, the amount of bank loans and notes payable secured by such personal guarantee furnished by Shao Jian Jun was RMB60 million.

(9) Provision of public relations services by Cogent Communications Pte Ltd

Our Independent Director, Tony Ong Tiong Seng, is a director and shareholder of Cogent Communications Pte Ltd ("Cogent"), a company engaged in the provision of public relations services. Tony Ong Tiong Seng has a direct shareholding interest of 40%, and an indirect shareholding interest of 20%, in Cogent.

Our Company has engaged Cogent in FY2005 to provide public relations services in connection with the Invitation. The total fees, excluding disbursements, payable to Cogent for its public relations services is $40,000. On 22 November 2005, we paid Cogent $20,000, with the remaining $20,000 being payable after the listing of our Company. The fees to be paid by our Company to Cogent are according to prevailing market rates. Saved as disclosed above, we have not paid any other fees to Cogent.

We have also engaged Cogent to provide investor and public relations services after the listing of our Company on the SGX-ST. This engagement is at a retainer fee of $6,500 per month for a minimum period of one year, payable every quarter in advance. The retainer fee does not include disbursements which may be incurred by Cogent on behalf of the Company from time to time.

All future transactions with Cogent will be conducted in compliance with the procedures described in the section entitled “Review Procedures for Future Interested Person Transactions” of this Prospectus. Our Directors are of the view that the value and nature of the transactions between our Company and Cogent are not significant and will not affect the independence of Tony Ong Tiong Seng.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee which comprises two Independent Directors and one of our Non-Executive Directors will review all Interested Person Transactions on a half-yearly basis to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Shareholders by ensuring that the following procedures are undertaken:–

(a) in relation to any purchase of products or procurement of services from Interested Persons, quotes from at least two unrelated third parties in respect of the same or substantially the same type of transactions are to be used as comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service, and the experience and expertise of the supplier;

(b) in relation to any sale of products or provision of services to Interested Persons, the price and terms of two other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The Interested Persons shall not be charged at rates lower than that charged to the unrelated third parties comparables;

(c) in relation to rental of properties from or to Interested Persons, our Directors shall take appropriate steps to ensure that such rent commensurates with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount of rental payable or charged shall be based on the most competitive market rental rate of similar property in terms of size, use and location; and

(d) in the event the procedures (a) to (c) are not practicable due to such comparables being unavailable, the Audit Committee will, in consultation with such external advisers as the Audit Committee deems appropriate, determine whether the price and terms of the proposed transaction offered by the Interested Person is on normal commercial terms, and not prejudicial to the interests of our Company and its minority Shareholders.

Internal auditors will be appointed to review business processes of our Group. The internal auditors will review, amongst others, all Interested Person Transactions on a half-yearly basis to ensure compliance with the terms of the executed agreements and rules and regulations implemented by the SGX-ST for both ongoing and future Interested Person Transactions. The report of such internal auditors will be submitted to the Audit Committee for their review. The Audit Committee will ultimately review the half-yearly internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with.

The half-yearly report shall detail the basis and procedures used to determine the terms of the transactions and whether the terms are on normal commercial terms and not prejudicial to the interests of our minority Shareholders. Please refer to the section entitled "Corporate Governance" of this Prospectus for more details on our Audit Committee.

In addition to the above, a register will be maintained by our Company to record all Interested Person Transactions (and the basis on which they are entered into). The register will be provided to the Audit Committee for inspection and discussion during its half-yearly review of Interested Person Transactions involving our Group.

Our Audit Committee will also review all Interested Person Transactions to ensure that the then prevailing rules and regulations of the SGX-ST (in particular Chapter 9 of the Listing Manual) are complied with. We will also endeavour to comply with the principles of and best practices set out in the Listing Manual.

CONFLICTS OF INTERESTS

Interests of Directors, Controlling Shareholders or their Associates

In general, a conflict of interests arises when any of our Directors, Controlling Shareholders or their Associates is carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as our Group.

None of our Directors, Controlling Shareholders or their Associates are carrying on or has any interest in any other corporation carrying on the same business or dealing in similar products as our Group.

Notwithstanding the above, JWMT (from which WPM (China) acquired the Relevant Business), JWEG (which holds 34.5% interest in JWMT) and our Directors, Wang Wei Yao and Shao Jian Jun have taken the following measures to avoid potential conflicts of interests:–

(1) Non-competition Agreement

Pursuant to a non-competition agreement dated 28 February 2006 between our Company, JWEG and JWMT have undertaken that for so long as any of their directors, controlling shareholders or Associates of such directors or controlling shareholders is a director of our Company or has any interest, direct or indirect in the share capital of our Company, they shall not, directly or indirectly:–

(i) engage in the Relevant Business; and/or

(ii) compete with our Group by carrying on the same business or dealing in similar products as our Group.

(2) Deeds of Undertaking by Wang Wei Yao and Shao Jian Jun

Our Directors, Wang Wei Yao and Shao Jian Jun who are also directors of JWEG and JWMT, have each undertaken to our Company on 28 February 2006, that so long as any of them is a Director or Substantial Shareholder, he will:–

(i) observe his fiduciary duties as a director of our Company and act in the best interests of our Group;

(ii) not be involved in any decision making in JWEG or JWMT or any of its related companies that will put him in a conflict of interest position with respect to his duties and responsibilities in our Group;

(iii) procure that JWEG and JWMT will not, directly or indirectly, engage in the Relevant Business or such business which will compete directly or indirectly with the business of our Group by carrying on the same business or dealing in similar products as our Group;

(iv) not have any interest, directly or indirectly, in any entity which is engaged or proposed to be engaging in the Relevant Business or such business which competes directly or indirectly with the business of our Group, except that he shall be permitted to have interest not exceeding 5% in any securities of any corporation listed or quoted on any stock exchange notwithstanding that such corporation may be engaging in a business which may compete directly or indirectly with the business of our Group; and

(v) in the event that any resolution is proposed which could result in a potential conflict of interests arising between our Group and either of JWEG or JWMT, he will, subject to applicable laws, exercise his voting rights in JWEG or JWMT (where applicable) to vote against such resolution and take such steps as may be in his power so as to give full effect to the matters described under paragraphs (ii) and (iii) above.

Interests of Experts

None of the experts named in the Prospectus:–

(i) is employed on a contingent basis by our Company or our Subsidiary, WPM (China);

(ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our Subsidiary, WPM (China); or

(iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

CORPORATE GOVERNANCE

Nominating Committee

Our Nominating Committee comprises our Independent Directors, Tony Ong Tiong Seng, Edmund Lee Yu Chiang and our Non-executive Chairman, Wang Wei Yao. The chairman of our Nominating Committee is Tony Ong Tiong Seng. Our Nominating Committee has been set up to be responsible for the nomination of Directors (including Independent Directors of our Company) taking into consideration each Director's contribution and performance. Our Nominating Committee is also charged with the responsibility of determining annually whether a Director is independent.

Under our Articles of Association, at least one third of our Directors are required to retire from office at every Annual General Meeting of our Company. Every Director must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election.

Each member of our Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his performance, independence or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises our Independent Directors, Tony Ong Tiong Seng, Edmund Lee Yu Chiang and our Non-executive Chairman, Wang Wei Yao. The chairman of our Remuneration Committee is Edmund Lee Yu Chiang. Our Remuneration Committee will recommend to our board of Directors a framework of remuneration for our directors and key executives, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire board of Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances and bonuses, options and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

Audit Committee

Our Audit Committee comprises our Independent Directors, Tony Ong Tiong Seng, Edmund Lee Yu Chiang and our Non-executive Director, Mak Kin Kwong. The chairman of the Audit Committee is Tony Ong Tiong Seng.

Our Audit Committee will assist our board of Directors in discharging their responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. Our Audit Committee will provide a channel of communication between our board of Directors, our management and our external auditors on matters relating to audit.

The Audit Committee shall meet periodically and perform the following functions:–

(a) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;

(b) review half-yearly and, where applicable, quarterly, and annual financial statements before submission to our board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;

(c) review the internal control procedures and ensure co-ordination between the external auditors and our management, review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;

(e) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review Interested Person Transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(g) review potential conflicts of interests, if any;

(h) undertake such other reviews and projects as may be requested by our board of Directors, and will report to our board of Directors its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(i) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall communicate and review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating units and/or financial positions.

INFORMATION ON DIRECTORS AND KEY EXECUTIVES

1. None of our Directors and Key Executives:–

   (a) has, at any time during the last ten years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) has, at any time during the last ten years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) has any unsatisfied judgement against him;

   (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) has, at any time during the last ten years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, nor has he been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) has ever been disqualified from acting as a director or equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

      (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere,

      (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

      (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has ever been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

2. No option to subscribe for and/or purchase shares in, or debentures of, our Company or our Subsidiary, WPM (China) has been granted to, or was exercised by, any Director or Key Executives.

3. No person has been, or is entitled to be, given an option to subscribe for and/or purchase any shares in or debentures of our Company or our Subsidiary, WPM (China).

4. There is no shareholding qualification for our Directors in our Articles of Association.

SHARE CAPITAL

5. Save as disclosed under the heading "Shareholders" of this Prospectus, our Company is not directly or indirectly owned or controlled, whether severally or jointly by any person or government.

6. There is no known arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

7. Save as set out in the section entitled "Share Capital" of this Prospectus and disclosed below, there was no change in the issued and paid-up share capital of our Company or our Subsidiary, WPM (China) within the three years preceding the date of lodgement of this Prospectus:–

Company	Date of Contribution	Registered Capital Contributed	Purpose of Contribution/ Consideration	Resultant Registered Capital Contributed
WPM (China)	29 June 2004	US$2,051,470.41	Contribution to registered capital/ cash	US$2,051,470.41
	4 August 2004	US$4,101,582.70	Contribution to registered capital/ cash	US$6,153,053.11
	15 November 2004	US$1,846,946.89	Contribution to registered capital/ cash	US$8,000,000

8. There are no Shares that are held by or on behalf of our Company or by our Subsidiary, WPM (China).

MEMORANDUM AND ARTICLES OF ASSOCIATION

9. The nature of our Company's business has been stated earlier in this Prospectus. Our objects can be found in Clause 3 of our Memorandum of Association which is available for inspection at our registered office in accordance with paragraph 22 below.

10. An extract of our Articles of Association providing for, *inter alia*, transferability of shares, Directors' voting rights, borrowing powers of Directors and dividend rights are set out in Annex A of this Prospectus. The Articles of Association of our Company are available for inspection at our registered office in accordance with paragraph 22 below.

MATERIAL CONTRACTS

11. The following contracts, not being contracts entered into in the ordinary course of business of our Company and our Subsidiary, WPM (China) (as the case may be), have been entered into by our Company and our Subsidiary, WPM (China) (as the case may be) within the two years preceding the date of lodgement of this Prospectus and are or may be material:–

   (a) The Acquisition Agreement dated 31 May 2004 made between WPM (China) and JWMT referred to in the section entitled "Restructuring Exercise" of this Prospectus.

   (b) The Equity Transfer Agreement dated 18 August 2004 made between our Company and Kim Pan referred to in the section entitled "Restructuring Exercise" of this Prospectus.

   (c) The Trademark Agreement dated 1 September 2004 made between WPM (China) and Shanghai No. 2 Factory referred to in the section entitled "Intellectual Property" of this Prospectus.

   (d) The Payment Agreement dated 6 September 2005 made between our Company and Kim Pan referred to in the section entitled "Restructuring Exercise" of this Prospectus.

   (e) The Non-competition Agreement dated 28 February 2006 made between our Company, JWEG and JWMT referred to in the section entitled "Conflicts of Interest" of this Prospectus.

LITIGATION

12. Neither our Company nor our Subsidiary, WPM (China) is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the date of lodgement of the prospectus, a material effect on our Group's financial position or profitability.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

13. (a) Pursuant to the management and underwriting agreement dated 19 April 2006 (the "Management and Underwriting Agreement"), our Company and the Vendor appointed the Manager to manage the Invitation and the Underwriter to underwrite the Offer Shares. The Manager will receive a management fee from our Company for its services rendered in connection with the Invitation.

   (b) Pursuant to the Management and Underwriting Agreement, the Underwriter has agreed to underwrite the Offer Shares for a commission of 2.75% of the Issue Price for each Offer Share, payable by our Company and the Vendor in the proportion in which the number of Invitation Shares offered by each of them pursuant to the Invitation bears to the total number of Invitation Shares (the "Agreed Proportion").

   (c) Pursuant to the placement agreement dated 19 April 2006 (the "Placement Agreement"), OCBC Bank has agreed to subscribe for and/or purchase or procure subscriptions for and/or purchasers of the Placement Shares for a placement commission of 2.0% of the Issue Price for each Placement Share, payable by our Company and the Vendor in the Agreed Proportion.

   (d) Brokerage will be paid by our Company and the Vendor in the Agreed Proportion to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the ATMs of the relevant Participating Banks, at the rate of 0.25% of the Issue Price for each Offer Share. In addition, DBS levies a minimum brokerage fee of $5,000 that will be paid by the Company and the Vendor in the Agreed Proportion. For the Placement Shares, the brokerage will be paid to the Placement Agent at the rate of 1.0% of the Issue Price in accordance with the Placement Agreement. Subscribers for and/or purchasers of the Placement Shares may be required to pay a commission of up to 1.0% of the Issue Price to the Placement Agent (or any sub-placement agent(s) which may be appointed by the Placement Agent).

(e) Save as aforesaid and under the section entitled "Plan of Distribution" of this Prospectus, no commission, discount or brokerage, has been paid or other special terms granted within the two years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing for and/or purchasing or agreeing to subscribe for and/or purchase or procuring or agreeing to procure subscriptions for and/or purchases of any shares in or debentures of our Company.

(f) The Management and Underwriting Agreement may be terminated or rescinded by OCBC Bank, at any time on or before the close of the Application List on the occurrence of certain events including:–

(i) any change or crisis or any development likely to lead to an adverse change or crisis in local, national, regional or international political, industrial, legal, financial, monetary or economic conditions, taxation or exchange controls (including but without limitation to conditions in the stock market, foreign exchange market, conditions with respect to interest rates and money markets, in Singapore or any other jurisdiction) or a combination of any such changes or development or crisis, or deterioration thereof;

(ii) any change or introduction, or any prospective change or introduction of any legislation, regulation, policy, directive, order, guideline, request or interpretation or application thereof, by any court, regulatory or government body in Singapore or elsewhere, the Securities Industry Council of Singapore, the SGX-ST or the Authority, whether or not having the force of law; and

(iii) any such conditions which in the opinion of OCBC Bank (exercised in good faith) would:–

(aa) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere;

(bb) be likely to prejudice the success or the offer or subscription of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market);

(cc) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement;

(dd) be likely to have an adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole;

(ee) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or

(ff) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriters in Singapore for OCBC Bank to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement.

The Management and Underwriting Agreement may also be subject to the terms therein, be terminated by OCBC Bank if a stop order shall have been issued by the Authority in accordance with Section 242 of the Securities and Futures Act.

(g) In the event that the Management and Underwriting Agreement is terminated, our Company reserves the right, at our absolute discretion, to cancel the Invitation.

(h) The Placement Agreement is conditional upon, amongst others, the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

MISCELLANEOUS

14. As at the date of this Prospectus, our Subsidiary, WPM (China), by virtue of Section 6 of the Companies Act, is deemed to be related to our Company.
15. Application monies received by our Company in respect of all successful applications (including successfully balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with OCBC Bank (the "Receiving Bank"). There is no sharing arrangement between the Receiving Bank and our Company in respect of interest or revenue or any other benefit in respect of the deployment of application monies in the inter-bank monies market, if any. Any refund of the application monies to unsuccessful or partially successful applicants will be made without any interest or share of such revenue or other benefit arising therefrom.
16. Save as disclosed in this Prospectus and in the section "Subsequent Event" in the Compilation Report, our Directors are not aware of any event which has occurred since the end of the period covered by the Compilation Report, that is, 30 June 2005, which may have a material effect on the financial information provided in the Compilation Report.
17. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.

CONSENTS

18. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion of (a) the Compilation Report from the Reporting Accountants on the Unaudited Proforma Consolidated Financial Statements as set out in Annex F; (b) the Audited Financial Statements of JWMT for FY2002, FY2003 and the five months ended 31 May 2004 as set out in Annex G of this Prospectus; and (c) the Audited Financial Statements of our Company for the Financial Period from the Date of Incorporation, 28 July 2004 to 30 June 2005, their name, address and professional qualification in the form and context in which they are included in this Prospectus and references thereto in the form and context in which they appear in this Prospectus and to act in such capacities in relation to this Prospectus.
19. The Manager, Underwriter and Placement Agent has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of and reference to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.
20. Each of the Solicitors, the Financial Advisers to our Company, the Principal Bankers and the Share Registrar do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

RESPONSIBILITY STATEMENT BY THE DIRECTORS AND VENDOR OF OUR COMPANY

21. This Prospectus has been seen and approved by the Directors, the Vendor and the directors of the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statement herein misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

22. Copies of the following documents may be inspected at the registered office of our Company as set out in the section entitled "Corporate Information" of this Prospectus during normal business hours for a period of six months from the date of registration of this Prospectus:–

    (a) the Memorandum and Articles of Association of our Company;

    (b) the material contracts referred to in paragraph 11 above;

    (c) the Service Agreements referred to in the section entitled "Service Agreements" of this Prospectus;

    (d) the letters of consent referred to in paragraphs 18 and 19 above;

    (e) the Compilation Report as set out in Annex F of this Prospectus;

    (f) the audited financial statements of our Company for HY2005 (including notes, reports or information relating thereto);

    (g) the audited financial statements of WPM (China) from its date of incorporation, 27 May 2004 to 31 December 2004 and for HY2005; and

    (h) the audited financial statements of JWMT for FY2002, FY2003 and the five months ended 31 May 2004 as set out in Annex G of this Prospectus.

ANNEX A — EXTRACTS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Articles.

The instruments that constitute and define our Company are the Memorandum and Articles of Association of the Company

Memorandum of Association

The registration number with which our Company was incorporated is (Registration No. 200409453N). Our Memorandum of Association states that the liability of our Shareholders is limited to the amount, if any, for the time being unpaid on the shares respectively held by them. Our Memorandum of Association also sets out the objects for which our Company was formed, including acting as a holding and investment company, and the powers of our Company, including the powers set out in the First Schedule to the Companies Act.

Articles of Association

The provisions in the Articles of Association of our Company relating to:–

(a) a Director's power to vote on a proposal, arrangement or contract in which the Director is interested

Article 100

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(b) the Director's power to vote on remuneration (including pension or other benefits) for himself or for any other director, and whether the quorum at an meeting of the board of Directors to vote on Directors' remuneration may include the director whose remuneration is the subject of the vote

Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 78

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, other than by a commission on or percentage of commission or turnover, Provided that such extra remuneration (in case of an executive Director) shall not by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(c) borrowing powers exercisable by the Directors and how such borrowing powers can be varied

Article 108

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(d) retirement or non-retirement of Directors under an age limit requirement

Article 89

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, Provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.

Article 90

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.

Article 91

The Company at the meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:–

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or

(b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or

(c) where the default is due to the moving of a resolution in contravention of the next following Article; or

(d) where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

(e) the number of shares, if any, required for Director's qualification

Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

(f) rights, preferences and restrictions attaching to each class of shares

Article 3

(A) Subject to the Act and to these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards Dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

Article 8

(A) Preference shares may be issued subject to such limitation thereof as may be prescribed by any Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrear.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.

Article 14

Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application of shares or (as the case may be) the date of lodgement of a registrable transfer, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

Article 34

(A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:–

(a) such fee not exceeding $2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Article 41

A reference to a Member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:–

(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

(b) the payment by the Company to CDP of any Dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;

(c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and

(d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

Article 42

Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

Article 63

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

Article 64

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by Membership in relation to meetings of the Company.

Article 65

No Member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

(g) any change in capital

Article 10

The Company may by Ordinary Resolution:–

(a) consolidate and divide all or any of its share capital;

(b) sub-divide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;

(c) convert or exchange any class of shares into or for any other class of shares; and/or

(d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

Article 11

(A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.

(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange (hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

(h) any change in the respective rights of the various classes of shares including the action necessary to change the rights

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.

(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

(i) *dividends and distribution*

Article 123

The Company may by Ordinary Resolution declare Dividends but no such Dividend shall exceed the amount recommended by the Directors.

Article 124

If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed Dividends on any class of shares carrying a fixed Dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim Dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 125

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:–

(a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 126

(A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.

(B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

Article 127

No Dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

Article 128

(A) The Directors may retain any Dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(B) The Directors may retain the Dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a Member in respect of such shares or shall transfer the same.

Article 129

The waiver in whole or in part of any Dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Article 130

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a Dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any Member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 131

Any Dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the Member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 132

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any Dividend or other moneys payable or property distributable on or in respect of the share.

Article 133

Any resolution declaring a Dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the

Dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such Dividend of transferors and transferees of any such shares.

(j) any limitation on the right to own Shares, including limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights on their Shares

Article 5

(A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

(B) Notwithstanding Article 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments")that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:–

(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;

(2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and

(3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

(C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorize the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

Article 34

(A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:–

(a) such fee not exceeding $2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(d) the instrument of transfer is in respect of only one class of shares.

Article 42

Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

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ANNEX B — DESCRIPTION OF SINGAPORE COMPANY LAW RELATING TO SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of Association (the "Articles") of the Company.

These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

ORDINARY SHARES

All of the ordinary shares of the Company are in registered form. The Company may, subject to the provisions of the Companies Act (Chapter 50) of Singapore ("Companies Act") and the rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), purchase its own ordinary shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own ordinary shares.

NEW ORDINARY SHARES

New ordinary shares may only be issued with the prior approval in a general meeting of the shareholders of the Company. The aggregate number of shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital at the time of grant of such approval for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to its shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of its issued share capital at the time of grant of such approval for the time being. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new ordinary shares are under the control of the board of Directors of the Company (the "Board of Directors") who may allot and issue the same with such rights and restrictions as it may think fit.

SHAREHOLDERS

Only persons who are registered in the register of shareholders of the Company and, in cases in which the person so registered is The Central Depository (Pte) Limited ("CDP"), the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as shareholders of the Company. The Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any ordinary share or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share or of the person whose name is entered in the depository register for that ordinary share. The Company may close the register of shareholders for any time or times if it provides the Singapore Registry of Companies and Businesses at least 14 days' notice and the SGX-ST at least ten clear market days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. The Company typically closes the register to determine shareholders' entitlement to receive dividends and other distributions.

TRANSFER OF ORDINARY SHARES

There is no restriction on the transfer of fully paid ordinary shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which the Company is listed. The Board of Directors may decline to register any transfer of ordinary shares which are not fully paid shares or ordinary shares on which the Company has a lien. Ordinary shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which the Company is listed. The Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. The Company will replace lost or destroyed certificates for ordinary shares if it is properly notified and if the applicant pays a fee which will not exceed $2 and furnishes any evidence and indemnity that the Board of Directors may require.

ANNEX B — DESCRIPTION OF SINGAPORE COMPANY LAW RELATING TO SHARES

GENERAL MEETINGS OF SHAREHOLDERS

The Company is required to hold an annual general meeting every year. The Board may convene an Extraordinary General Meeting whenever it thinks fit and must do so if shareholders representing not less than 10% of the total voting rights of all shareholders request in writing that such a meeting be held. In addition, two or more shareholders holding not less than 10% of the issued share capital of the Company may call a meeting. Unless otherwise required by law or by the Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and the Articles, a change of the corporate name and a reduction in the share capital, share premium account or capital redemption reserve fund. The Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every shareholder who has supplied the Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

VOTING RIGHTS

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in the Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

DIVIDENDS

The Company may, by ordinary resolution of its shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Board of Directors. The Company must pay all dividends out of its profits. The Board of Directors may also declare an interim dividend without the approval of its shareholders. All dividends are paid *pro rata* among the shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by the Company to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Company from any liability to that shareholder in respect of that payment.

ANNEX B — DESCRIPTION OF SINGAPORE COMPANY LAW RELATING TO SHARES

CAPITALISATION AND RIGHTS ISSUES

The Board of Directors may, with approval by the shareholders at a general meeting, capitalise any profits and distribute the same as shares credited as paid-up to the shareholders in proportion to their shareholdings. The Board of Directors may also issue rights to take up additional ordinary shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which the Company is listed.

TAKEOVERS

The Securities and Futures Act (Chapter 289) of Singapore and the Singapore Code on Takeovers and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting shares in the Company must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Takeovers and Mergers. "Parties acting in concert" include a company and its related and associated companies, a company and its directors (including their relatives), a company and its pension funds, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial advisor and its client in respect of shares held by the financial advisor and shares in the client held by funds managed by the financial advisor on a discretionary basis. An offer for consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months. A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any six month period.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If the Company liquidates or in the event of any other return of capital, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

INDEMNITY

As permitted by Singapore law, the Articles provide that, subject to the Companies Act, the Board of Directors and officers shall be entitled to be indemnified by the Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. The Company may not indemnify directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed bySingapore law or by the Articles on the rights of non-resident shareholders to hold or vote on ordinary shares.

ANNEX B — DESCRIPTION OF SINGAPORE COMPANY LAW RELATING TO SHARES

MINORITY RIGHTS

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:–

(a) the affairs of the Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or

(b) the Company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:–

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of the affairs of the Company in the future;

(c) authorise civil proceedings to be brought in the name of, or on behalf of, the Company by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority shareholder's shares by the other shareholders or by the Company and, in the case of a purchase of shares by the Company, a corresponding reduction of its share capital;

(e) provide that the Memorandum of Association or the Articles be amended; or

(f) provide that the Company be wound up.

EXCHANGE CONTROLS

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:–

(a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and

(b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

ANNEX C — DESCRIPTION OF SINGAPORE LAW RELATING TO TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Prospectus, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares. Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of owning and disposing our Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

SINGAPORE INCOME TAX

General

(I) Individual taxpayers

An individual will be regarded as tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Generally, Singapore resident individuals are subject to Singapore income tax on:

(i) income accrued in or derived from Singapore; and

(ii) foreign income received or deemed to be received in Singapore.

Based on the 2004 Budget announcement made by the Minister for Finance on 27 February 2004, all foreign-sourced income received in Singapore (except for income received through a partnership in Singapore) by tax resident individuals will be exempt from income tax, where the foreign income is received on or after 1 January 2004. In addition, certain Singapore sourced investment income from financial instruments derived by individuals on or after 1 January 2004 will also be exempt from Singapore income tax.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's chargeable income, subject to a maximum rate of 21% and 20% for the Year of Assessment 2006 and Year of Assessment 2007 (i.e. calendar years ended 2005 and 2006) respectively.

Generally, non-Singapore resident individuals are subject to Singapore income tax on income accrued in or derived from Singapore. Non-resident individuals are normally taxed at the prevailing corporate tax rate, except that Singapore employment income is taxed at a flat rate of 15% or at resident rates, whichever yields a higher tax.

(II) Corporate taxpayers

A company will be regarded as tax resident in Singapore if the control and management of its business is exercised in Singapore.

Generally, Singapore resident and non-resident companies, subject to certain exemptions, are subject to Singapore income tax on:

(i) income accrued in or derived from Singapore; and

(ii) foreign-sourced income received or deemed to be received in Singapore from outside Singapore.

Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by resident corporate taxpayers on or after 1 June 2003 will be exempt from tax if certain prescribed conditions are met.

The corporate tax rate in Singapore is 20% for the year of assessment 2006 (i.e. financial year ended 2005). In addition, three-quarters of up to the first $10,000, and one-half of up to the next $90,000, of a company's chargeable income (other than Singapore dividends received by the company) otherwise subject to normal taxation will be exempt from corporate tax with effect from the year of assessment 2002. The remaining chargeable income will be taxed at the prevailing corporate tax rate. In addition, for newly incorporated companies, subject to meeting certain conditions, the first $100,000 of their normal chargeable income excluding Singapore dividends will be eligible for tax exemption. The full tax exemption will apply to the first three qualifying consecutive years of assessment falling within Years of Assessment 2005 to 2009.

Dividend Distributions

Singapore does not impose withholding tax on dividends paid to Singapore resident or non-Singapore resident shareholders.

Our Company is under the one-tier corporate tax system. Under the one-tier system, the corporate tax payable would constitute a final tax and the company can pay tax exempt (1-tier) dividends to the shareholders subject to the Companies Act. The tax exempt (1-tier) dividends are tax exempt in the hands of Singapore shareholders (both individual and corporate).

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our ordinary shares may be construed to be of an income nature and subject to tax if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

Any profits from the disposal of ordinary shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case, the gain on disposal of ordinary shares would be taxable as trading income.

Stamp Duty

No stamp duty is payable on the issue of new ordinary shares of the Company.

Stamp duty is payable on the instrument of transfer of the ordinary shares of the Company at the rate of $0.20 for every $100 or part thereof computed on the actual consideration or the market value of the ordinary shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed. No stamp duty is payable if no instrument of transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if the instrument of transfer which is executed outside Singapore is received in Singapore. The above stamp duty is not applicable to scripless transfers of the ordinary shares through CDP system.

Estate Duty

Singapore estate duty is imposed on the value of most immovable properties situated in Singapore and owned by individuals who are not domiciled in Singapore, subject to specific exemption limits. Singapore estate duty is imposed on the value of most immovable properties situated in Singapore and on most movable property, wherever it may be, owned by individuals who are domiciled in Singapore, subject to specific exemption limits.

ANNEX C — DESCRIPTION OF SINGAPORE LAW RELATING TO TAXATION

The Company's ordinary shares are considered to be movable property situated in Singapore as the Company is incorporated in Singapore. Accordingly, the Company's ordinary shares held by an individual are subject to Singapore estate duty upon the individual's death, where such individual is domiciled in Singapore.

Singapore estate duty is payable to the extent that the value of the ordinary shares aggregated with any other assets subject to Singapore estate duty exceed $600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond $600,000 will be taxed as follows:–

(i) 5% on the first $12,000,000 of the individual's Singapore chargeable assets; and

(ii) 10% on the excess over $12,000,000.

Individuals regardless of whether they are domiciled in Singapore or not should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of the Company's ordinary shares.

Goods & Services Tax ("GST")

The sale of the Company's ordinary shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST.

Where the Company's ordinary shares are sold by a GST registered investor to a person belonging outside Singapore, the sale is a taxable sale subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, holding of shares will be subject to GST at the standard rate (currently at 5%). Similar services rendered to an investor belonging outside Singapore may be zero-rated if certain conditions are met.

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ANNEX D — SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS

1. PRC legal system

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations and directives. Decided court cases do not constitute binding precedents.

The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC.

The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the people's congresses of provinces, municipalities and autonomous regions and their standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

Rules, regulations or directives may be enacted or issued at the provincial or municipal level or by the State Council of the PRC or its ministries and commissions in the first instance for experimental purposes. After sufficient experience has been gained, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed on 10th June, 1981, the Supreme People's Court has the power to give general interpretation on application of laws in judicial proceedings apart from its power to issue specific interpretation in specific cases. The State Council and its ministries and commissions are also vested with the power to give interpretation of the rules and regulations which they promulgated. At the regional level, the power to give interpretation of regional laws is vested in the regional legislative and administrative organs which promulgate such laws. All such interpretations carry legal effect.

2. Judicial system

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution and the Law of Organisation of the People's Courts of the People's Republic of China, the People's Courts comprise the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts are divided into civil, criminal, administrative and economic divisions. The intermediate people's courts have divisions similar to those of the basic people's courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of people's courts at lower levels are subject to supervision of people's courts at higher levels. The people's procuratorates also have the right to exercise legal supervision over the proceedings of people's courts of the same and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the people's courts of all levels.

The people's courts adopt a two-tier final appeal system. A party may before the taking effect of a judgment or order appeal against the judgment or order of the first instance of a local people's court to the people's court at the next higher level. Judgments or orders of the second instance of the same level and at the next higher level are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a final and binding judgment which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be conducted according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China (the "Civil Procedure Law") adopted on 9th April, 1991. The Civil Procedure Law contains regulations on the institution of a civil action, the jurisdiction of the people's courts, the procedures in conducting a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement by the parties to a contract provided that the selection is not contrary to some special requirements of jurisdictions, and the jurisdiction of the people's court selected has some actual connection with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or implemented in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. A foreign national or foreign enterprise is accorded the same litigation rights and obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the people's court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months.

A party seeking to enforce a judgment or order of a people's court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the people's courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the people's court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

3. Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC (the "Arbitration Law") was promulgated by the Standing Committee of the NPC on 31st August, 1994 and came into effect on 1st September, 1995. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention") adopted on 10th June, 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2nd December, 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

4. Taxation

The applicable income tax laws, regulations, notices and decisions (collectively referred to as "Applicable Foreign Enterprises Tax Law") related to foreign investment enterprises and their investors include the follows:

(1) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises adopted by the NPC on 9th April, 1991;

(2) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises promulgated by the State Council, which came into effect on 1st July, 1991;

(3) Notice Relating to Taxes Applicable to Foreign Investment Enterprises/Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains obtained from Holding and Transferring of Shares promulgated by State Tax Bureau on 21 July 1993;

(4) Amendments to the Income Tax Law Applicable to Individuals of the PRC promulgated by Standing Committee of NPC on 31 October 1993;

(5) Notice on Relevant Policies Concerning Individual Income Tax issued by Ministry of Finance and the State Tax Bureau on 13 May 1994; and

(6) Notice on Reduction of Income Tax in Relation to Interests and Gains Derived by Foreign Enterprises from the PRC, promulgated by the State Council on 18 November 2000.

(a) Income tax on foreign investment enterprises

According to the Applicable Foreign Enterprises Tax Law, foreign investment enterprises (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises established in the territory of the PRC) are required to pay a national income tax at a rate of 30% of their taxable income and a local income Tax at a rate of three per cent. of their taxable income.

A foreign investment enterprise engaged in production having a period of operation of not less than ten years shall be exempted from national income tax for the first two profit-making years and a 50% reduction in the national income tax payable for the next three years. The income tax concession for foreign investment enterprises engaged in the exploitation of resources such as petroleum, natural gas, rare metals and precious metals are regulated separately by the State Council.

Foreign investment enterprises established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and foreign investment enterprises engaged in production in economic and technological zones may pay national income tax at a reduced rate of 15%. Foreign investment enterprises engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay national income taxes at a reduced rate of 24%. A reduced national income tax rate of 15 per cent, may apply to an enterprise located in such regions which is engaged in energy, communication, harbour, wharf or other projects encouraged by the State.

Losses incurred in a tax year may be carried forward for not more than five years.

The people's governments of provinces, autonomous regions and municipalities directly under the central government may grant exemptions from or reduce local income tax for a foreign investment enterprise engaged in an industry or a pt encouraged by the State.

(b) Value added tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax promulgated by the State Council came into effect on 1st January, 1994. Under these regulations and the Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax, value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Value added tax payable in the PRC is charged on an aggregated basis at a rate of 13 or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and service in the same financial year.

(c) Business tax

With effect from 1st January, 1994, business that provides services, assigns intangible assets or sells immovable property became liable to business tax at a rate ranging from three to five per cent. of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

(d) Tax on dividends from PRC enterprise with foreign investment

According to the Applicable Foreign Enterprises Tax Law, income such as rental, royalty and profits from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the Applicable

Foreign Enterprises Tax Law. The profit derived by a foreign investor from a PRC enterprise with foreign investment is exempted from PRC withholding tax according to the Applicable Foreign Enterprises Tax Law.

5. Wholly foreign-owned enterprise

Wholly foreign-owned enterprises are governed by the Law of the people's Republic of China Concerning Enterprises with Sole Foreign Investments, which was promulgated on 12th April, 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12th December, 1990 and amended on 12 April 2001 (together the "Foreign Enterprises Law").

(a) Procedures for establishment of a wholly foreign-owned enterprise

The establishment of a wholly foreign-owned enterprise will have to be approved by the MOC (or its delegated authorities). If two or more foreign investors jointly apply for the establishment of a wholly foreign-owned enterprise, a copy of the contract between the parties must also be submitted to the MOC (or its delegated authorities) for its record. A wholly foreign-owned enterprise must also obtain a business licence from the SAIC before it can commence business.

(b) Nature

A wholly foreign-owned enterprise is a limited liability company under the Foreign Enterprises Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by the MOC (or its delegated authorities) in accordance with relevant regulations.

(c) Profit distribution

The Foreign Enterprise Law provides that after payment of taxes, a wholly foreign-owned enterprise must make contributions to a reserve fund, a enterprise development fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. However, at least 10 per cent. of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The reserve fund may be used by a wholly foreign-owned enterprise to make up its losses and with the consent of the examination and approval authority, can also be used to expand its production operations and to increase its capital. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up. The development fund is used for expanding the capital base of the company by way of capitalisation issues. The employee bonus and welfare fund can only be used for the collective benefit and facilities of the employees of the wholly foreign-owned enterprise.

6. Environmental Protection Regulations

In accordance with the Environmental Protection Law of the PRC adopted by the Standing Committee of the NPC on 26th December, 1989, the bureau of environmental protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other polluting materials which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with relevant bureaus of environmental protection and pay any fines imposed for the discharge. A fee may also be imposed on the company for the cost of any work required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will be penalised or have their business licences terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate any losses or damages suffered as a result of such environmental pollution.

7. Foreign Exchange Controls

Major reforms have been introduced to the foreign exchange control system of the PRC since 1993.

On 28 December 1993, the People's Bank of China ("PBOC"), with the authorization of the State Council issued the Notice on Further Reform of the Foreign Exchange Control System which came into effect on 1 January 1994. Other new regulations and implementation measures include the Regulations on the Foreign Exchange Settlement, Sale and Payments which were promulgated on 20 June 1996 and took effect on 1 July 1996 and which contain detailed provisions regulating the settlement, sale and payment of foreign exchange by enterprises, individuals, foreign organizations and visitors in the PRC and the regulations of the PRC on Foreign Exchange Control which were promulgated on 1 January 1996 and took effect on 1 April 1996 and which contain detailed provisions in relation to foreign exchange control.

The foreign exchange earnings of all PRC enterprises, other than those foreign investment enterprises ("FIE"), who are allowed to retain a part of their regular foreign exchange earnings or specifically exempted under the relevant regulations, are to be sold to designated banks. Foreign exchange earnings obtained from borrowings from foreign institutions or issues of shares or bonds denominated in foreign currency need not be sold to designated banks, but must be kept in foreign exchange bank accounts of designated banks unless specifically approved otherwise.

At present, control of the purchase of foreign exchange is relaxed. Enterprises within the PRC which require foreign exchange for their ordinary trading and non-trading activities, import activities and repayment of foreign debts may purchase foreign exchange from designated banks if the application is supported by the relevant documents. Furthermore, FIEs may distribute profit to their foreign investors with funds in their foreign exchange bank accounts kept with designated banks. Should such foreign exchange be insufficient, enterprises may purchase foreign exchange from designated banks upon the presentation of the resolutions of the directors on the profit distribution plan of the particular enterprise.

On 24 January 2005, SAFE promulgated the 国家外汇管理局关于完善外资并购外汇管理有关问题的通知 (Circular of the State Administration of Foreign Exchange Concerning Relevant Issues on Improving Foreign Exchange Administration for Merger and Acquisitions with Foreign Entities) (the "Circular"). The Circular provides for, *inter alia*, strict supervision and control by SAFE and its local branches/offices of capital contribution examination, foreign currency registration for share transfers, registration of shareholders' loan, remittance of profits out of the PRC, re-investment of profits, and share transfers by foreign invested enterprises established in the manner of acquisitions of PRC enterprises by foreign enterprises with PRC residents as shareholders. On 8 April 2005, 关于境内居民个人境外投资登记及外资并购外汇登记有关问题的通知 (Notice concerning the Relevant Issues for the Registration of Overseas Investments by Domestic Residents and Foreign Exchange Registration for Foreign Acquisition) was promulgated by SAFE which further requires that PRC residents who have contributed their domestic assets or shares into the overseas companies and thus hold the shares of such overseas companies directly or indirectly, shall conduct supplemental foreign exchange registration with the local foreign exchange authority, even if the relevant acquisition of the domestic company had been completed prior to 24 January 2005.

Without such supplemental registration, the PRC residents are prohibited to conduct foreign investment and conduct other foreign exchange business under capital item, and the foreign exchange registration for the foreign invested company will not be preceded by the local foreign exchange authority. If the foreign exchange registration for the foreign investment company was made by false or misleading information and representation, the foreign invested company shall be liable for the profits remitted out of the PRC and other transactions under the capital item since the registration date. The PRC resident who is the largest shareholder in the overseas invested companies directly or indirectly is also required to go through registration for modification or record with the local foreign exchange authority within 30 days from the date of any increase/decrease of capital, share transfer, merger/splitting, overseas share investment, and foreign guarantees concerning domestic assets of such overseas invested companies ("material issues"). Failure to conduct the above supplemental registration, registration for modification or record of the material issues with the local foreign exchange authority fully could adversely affect the foreign invested company's ability to remit its profits, liquidation, share transfer and capital decreasing fees abroad, and could be punished as foreign exchange evasion.

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ANNEX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications are invited for the subscription and/or purchase of the Invitation Shares at the Invitation Price subject to the following terms and conditions:–

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR HIGHER INTEGRAL MULTIPLES THEREOF. APPLICATIONS FOR ANY OTHER NUMBER OF INVITATION SHARES WILL BE REJECTED.**

2. Your application for the Offer Shares may be made by way of Offer Shares Application Forms or by way of Electronic Applications through the ATMs of the Participating Banks. Applications for the Placement Shares may only be made by way of Placement Shares Application Forms. **APPLICANTS MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES**.

3. **You are allowed to submit only one application in your own name for either the Offer Shares or the Placement Shares. If you are submitting an application for the Offer Shares by way of an Application Form, you MAY NOT submit another application for the Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected.**

   If you (not being an approved nominee company) have submitted an application in your own name, you should not submit any other application whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

   If you have made an application for Placement Shares, you should not make any application for Offer Shares by way of an Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

   Joint or multiple applications shall be rejected. Multiple applications for the Invitation Shares will be liable to be rejected at the discretion of our Company. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at our discretion.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP and applicants whose addresses (furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification. Applications made by way of an Application Form in the name(s) of an approved nominee company or approved nominee companies must comply with paragraph 6 below.

6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY**. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in

Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION**. If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if your application is by way of an Application Form), or you will not be able to complete your Electronic Application (if your application is by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address stated in the Application Form or, in the case of an Electronic Application, in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondence from the CDP will be sent to your address last registered with CDP.**

9. **Our Company and the Vendor reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn or improper form of remittance. Our Company and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus, the instructions set out in the Application Forms or the instructions for the Electronic Applications and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. Our Company and the Vendor reserve the right to reject or accept any application or to accept any application in whole or in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company and the Vendor will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of acceptance, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company and the Vendor. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

12. In the event that our Company lodges a supplementary or replacement prospectus pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued and/or sold, we will (as required by law) at our Company's sole and absolute discretion either:–

    (a) within seven days of the lodgement of the supplementary or replacement prospectus, give you a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to withdraw your application; or

    (b) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the supplementary or replacement prospectus.

    In the event that at any time of the lodgement, the Invitation Shares have already been issued and/or sold but trading has not commenced, we will (as required by law) at our Company's sole and absolute discretion either:–

    (a) within seven days of the lodgement of the supplementary or replacement prospectus, give you a copy of the supplementary or replacement prospectus, as the case may be, and provide you with an option to return the Invitation Shares; or

    (b) deem the issue and/or sale of the Invitation Shares as void and refund your payment for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom) to you within seven days from the lodgement of the supplementary or replacement prospectus.

    Additional terms and instructions applicable upon the lodgment of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw your application or return the Invitation Shares allotted and/or allocated to you, may be found in such supplementary or replacement prospectus.

    Where an applicant has notified us within 14 days from the date of lodgment of the supplementary or replacement prospectus of his wish to exercise his option under the Securities and Futures Act to withdraw his application or return the Invitation Shares allotted and/or allocated to him, we shall (as well as on behalf of the Vendor) pay to him all monies paid by him on account of his application for the Invitation Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, within seven days from the receipt of such notification.

13. By completing and delivering an Application Form and, in the case of an Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any relevant key on the ATM in accordance with the provisions herein, you:–

    (a) irrevocably offer to subscribe for and/or purchase the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Invitation Price and agree that you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in, this Prospectus and our Memorandum and Articles of Association;

    (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the ATMs of the Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

    (c) agree that the aggregate Invitation Price for the Invitation Shares applied for is due and payable to our Company and/or the Vendor forthwith; and

    (d) warrant the truth and accuracy of the information provided in your application.

14. In the event of an under-subscription for Offer Shares as at the close of the Application List, the number of Offer Shares not subscribed for and/or purchased shall be made available to satisfy applications for Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

    In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for and/or purchased shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

    In the event of an over-subscription for the Offer Shares and the number of Placement Shares are fully subscribed for and/or purchased or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and the Vendor, after consultation with OCBC Bank, and approved by the SGX-ST.

    In the event of an under-subscription for the Offer Shares and/or Placement Shares as at the close of the Application List, the number of Offer Shares and/or Placement Shares under-subscribed shall be subscribed for and/or purchased by the Underwriter and/or the Placement Agent respectively.

    In all the above instances, the basis of allotment and/or allocation of the Invitation Shares as may be decided by our Company, after consultation with OCBC Bank, and approved by the SGX-ST, in ensuring a reasonable spread of the shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily press.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Invitation Shares allotted and/or allocated to you pursuant to your application, to the Company, the Manager, the Underwriter, the Placement Agent and/or any other partners so authorised by the CDP, the Company, the Manager, the Underwriter and/or Placement Agent.

16. Acceptance of applications will be conditional upon, *inter alia*, our Company and the Vendor being satisfied that:–

    (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares and the Invitation Shares on the Official List of the SGX-ST;

    (b) the Management and Underwriting Agreement and the Placement Agreement referred to section entitled "General and Statutory Information — Management, Underwriting and Placement Agreements" of this Prospectus have become unconditional and have not been terminated; and

    (c) the Authority has not served a stop order which directs that no or no further Shares to which this Prospectus relates be allotted.

17. In the event that a stop order in respect of the Invitation Shares is served by the Authority or other competent authority, and

    (a) the Invitation Shares have not been issued and/or sold, we will (as required by law) deem all applications as withdrawn and cancelled and we shall (as well as on behalf of the Vendor) refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or

(b) the Invitation Shares have been issued and/or sold but trading has not commenced, the issue and/or sale of the Invitation Shares will (as required by law) be deemed to be void; and:–

(i) in the case where the Invitation Shares have been issued, we shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the stop order; or

(ii) in the case where the Invitation Shares have been sold, (a) we will, on behalf of the Vendor, inform you to return such documents to our Company within 14 days from the date of the stop order; and (b) we will refund the application monies (without interest or share of revenue or other benefit arising therefrom) to you within seven days from the receipt of those documents (if applicable) or the date of the stop order, whichever is later.

This shall not apply where only an interim stop order has been served.

In the event that an interim stop order in respect of the Invitation Shares is served by the Authority or other competent authority, no Invitation Shares shall be issued and/or sold to you until the Authority revokes the interim stop order.

18. The Authority is not able to serve a stop order in respect of the Invitation Shares if the Invitation Shares have been issued and/or sold, listed on a securities exchange and trading in them has commenced.

19. No application will be held in reserve.

20. This Prospectus is dated 19 April 2006. No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

21. Additional terms and conditions for applications by way of Application Forms are set out beginning from page E-5 of this Prospectus.

22. Additional terms and conditions for applications by way of Electronic Applications are set out beginning from page E-9 of this Prospectus.

23. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application, a person applying for the Placement Shares by way of a Placement Shares Application Form.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under this section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" under Annex E of this Prospectus, as well as our Memorandum and Articles of Association.

1. Your application for Offer Shares must be made using the **WHITE** Application Form and **WHITE** official envelopes "A" and "B" for Offer Shares and the **BLUE** Application Form for Placement Shares accompanying and forming part of this Prospectus. Attention is drawn to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are**

illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn or improper forms of remittances.

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual and you are completing the Application Form under the hand of an official, you must state the name and capacity in which that official signs. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutional documents must be lodged with our Share Registrar and Share Transfer Office. We reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete page 1 and Sections A and B of the Application Forms.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Forms. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Forms with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Forms, your application is liable to be rejected.

6. You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or a permanent resident of Singapore or corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation (whether incorporated or unincorporated and wherever incorporated or constituted) in which citizens or permanent residents of Singapore or any body corporate (whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore) have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**BRIGHT WORLD SHARE ISSUE ACCOUNT**" crossed "A/C PAYEE ONLY", with your name and address written clearly on the reverse side. WE WILL NOT ACCEPT APPLICATIONS NOT ACCOMPANIED BY ANY PAYMENT OR ACCOMPANIED BY ANY OTHER FORM OF PAYMENT. We will REJECT REMITTANCES BEARING "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement of receipt will be issued by our Company, the Vendor or the Manager for applications and application monies received.

8. Monies in respect of unsuccessful applications are expected to be returned to you by ordinary post (without interest or any share of revenue or other benefit arising therefrom) within 24 hours of balloting at your own risk. Where your application is rejected or accepted in part only, the full

amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. If the completion of the Invitation does not occur because permission from the SGX-ST is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you at your own risk (without interest or any share of revenue or other benefit arising therefrom). In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority or any competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the stop order.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. In consideration of us having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 25 April 2006 or such other time or date as we and the Vendor may, in consultation with the Manager, decide and by completing and delivering the Application Form, you agree that:–

    (a) your application is irrevocable;

    (b) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

    (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (d) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of us and the Vendor and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of us and the Vendor;

    (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and

    (f) in making your application, reliance is placed solely on the information contained in this Prospectus and neither we, the Vendor, the Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Form and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:–

    (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope “A” provided;

(b) in the appropriate spaces on **WHITE** envelope "A":–

(i) write your name and address;

(ii) state the number of Offer Shares applied for; and

(iii) affix adequate Singapore postage;

(c) SEAL **WHITE** envelope "A";

(d) write, in the special box provided on the larger **WHITE** envelope "B" addressed to **OCBC BANK, 63 CHULIA STREET, OCBC CENTRE EAST #03-03, SINGAPORE 049514**, the number of Offer Shares for which the application is made; and

(e) insert **WHITE** envelope "A" into **WHITE** envelope "B", seal **WHITE** envelope "B", affix adequate Singapore postage on **WHITE** envelope "B" (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND at your own risk to OCBC BANK, 63 CHULIA STREET, OCBC CENTRE EAST #03-03, SINGAPORE 049514, so as to arrive by 12.00 noon on 25 April 2006 or such other date and time as we and the Vendor may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used.**

3. No acknowledgement of receipt will be issued for any application or remittance received.

4. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances are liable to be rejected.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed **BLUE** Placement Shares Application Form and your remittance in accordance with the terms and conditions of this Prospectus for the full amount payable in respect of the number of Placement Shares applied for, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to OCBC BANK, 63 CHULIA STREET, OCBC CENTRE EAST #03-03, SINGAPORE 049514, so as to arrive by 12.00 noon on 25 April 2006 or such other date and time as we and the Vendor may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post must NOT be used**.

3. No acknowledgement of receipt will be issued for any application or remittance received.

4. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (the "Steps"). For illustration purposes, the procedures for Electronic Applications at ATMs of OCBC Bank are set out in the "Steps for Electronic Applications" appearing on pages E-13 and E-14 of this Prospectus. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "applicant" in the Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM of a Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs of that Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to another Participating Bank. The Steps set out the actions that you must take at ATMs of OCBC Bank to complete an Electronic Application. The actions that you must take at ATMs of other Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of your Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. The Transaction Record is for retention by you and should not be submitted with any printed Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out under this section on "TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE" under Annex E of this Prospectus as well as our Memorandum and Articles of Association.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:–

   (a) **that you have received a copy of this Prospectus and have read, understood and agreed to all the terms and conditions of application for Offer Shares in this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**

   (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount (the "Relevant Particulars") from your account with that Participating Bank to the Share Registrar, CDP, CPF, SCCS, SGX-ST, our Company, the Vendor and the Manager (the "Relevant Parties"); and**

   (c) **that the Electronic Application made is your only application for Offer Shares and it is made in your own name and at your own risk.**

   Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key in the ATM. By doing so, you shall be treated as signifying your confirmation of each of the 3 statements. In respect of statement 1(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act, Chapter 19 of Singapore to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **By making an Electronic Application, you confirm that you are not applying for Offer Shares as nominee of any other person and that any Electronic Application that you make is the only application made by you as beneficial owner. You shall make only one Electronic Application for Offer Shares and shall not make any other application for Offer Shares, whether at the ATMs of any Participating Bank or on the Application Forms. Where you have made an application for Offer Shares or Placement Shares on an Application Form, you shall not make an Electronic Application for Offer Shares and vice versa.**

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed. **Any Electronic Application made at the ATMs of the relevant Participating Banks which does not conform strictly to the instructions set out on the screens of the ATMs of the relevant Participating Bank through which the Electronic Application is being made shall be rejected**.

4. You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Offer Shares applied for as stated on the Transaction Record or any lesser number of Offer Shares that may be allotted and/or allocated to you in respect of your Electronic Application. In the event that we decide to allot and/or allocate any lesser number of such Offer Shares or not to allot and/or allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted and/or allocated to you and your agreement to be bound by our Memorandum and Articles of Association.

5. **We will not keep any applications in reserve**. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting. **Trading on a "WHEN ISSUED" basis, if applicable, is expected to commence after such refund has been made**.

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List.

   Responsibility for timely refund of application monies from unsuccessful or partially unsuccessful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted and/or allocated to you, if any, before trading the Offer Shares on the SGX-ST. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, we, the Vendor nor the Manager assume any responsibility for any loss that may be incurred as a result of your having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is made through an ATM of one of the Participating Banks and is unsuccessful, no notification will be sent by the Participating Banks.

   If your Electronic Application is made through an ATM of one of the following Participating Banks, you may check the provisional results of your Electronic Application as follows:–

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service expected from
OCBC Bank	1 800 363 3333	ATM/Internet Banking/ Phonebanking(1)	24 hours	Evening of the balloting day
DBS	1 800 339 6666 (POSB account holders) 1 800 111 1111 (DBS account holders)	Internet Banking www.dbs.com	ATM/Phone Banking — 24 hours a day	Evening of the balloting day
UOB Group	1 800 222 2121	ATM ("Other Transactions — "IPO Enquiry") http://www.uobgroup.com(2)	ATM/Phone Banking — 24 hours a day Internet Banking — 24 hours a day	Evening of the balloting day

Notes:-

(1) If you have made your Electronic Application through the ATMs of OCBC Bank, you may check the result of your application through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking Services.

(2) If you have made your Electronic Application through the ATMs of the UOB Group, you may check the result of your application through UOB Personal Internet Banking, UOB Group's ATMs or UOB PhoneBanking services.

7. Electronic Applications shall close at 12.00 noon on 25 April 2006 or such other time and date as we and the Vendor may, in consultation with the Manager, decide.

8. You are deemed to have requested and authorised us to:–

   (a) register the Offer Shares allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;

   (b) send the relevant Share certificate(s) to CDP;

   (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore currency, should your Electronic Application be rejected, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of balloting; and

   (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore dollar, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendor and the Manager and if, in any such event, we, the Vendor, the Manager and/or the relevant Participating Bank do not record or receive your Electronic Application, or data relating to your Electronic Application or the tape containing such data is lost, corrupted, destroyed or not otherwise

accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against us, the Vendor, the Manager and/or the relevant Participating Bank for the Offer Shares applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name(s) and without qualification. Our Company and the Vendor will reject any Electronic Application by any person acting as nominee except those made by approved nominee companies only.

11. All particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected**. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and/or allocation and other correspondence from the CDP will be sent to your address last registered with CDP.

13. In consideration of our Company and the Vendor making available the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Application List at 12.00 noon on 25 April 2006 or such other time or date as we and the Vendor may, in consultation with the Manager, decide, and by making and completing an Electronic Application, you agree that:–

    (a) your Electronic Application is irrevocable;

    (b) your Electronic Application, the acceptance by our Company and the Vendor, and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (c) neither we, the Vendor, the Manager, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

    (d) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and the Vendor and not otherwise, notwithstanding any payment received by or on behalf of our Company and the Vendor;

    (e) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and

    (f) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Vendor, the Manager, the Underwriter, the Placement Agents nor any other persons involved in the Invitation shall have any liability for any information not so contained.

ANNEX E — TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Steps for Electronic Applications

Instructions for Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an Electronic Application through an OCBC Bank ATM are shown below. Certain words appearing on the screen are in abbreviated form ("a/c", "appln", "ESA", "no." and "&" refer to "account", "application", "electronic share application", "number" and "and" respectively). Instructions for Electronic Applications appearing on the ATM screens of the other Participating Banks may differ from those represented below.

Step 1 : Insert your personal OCBC ATM card

2 : Enter your Personal Identification Number

3 : Select "Other Services"

4 : Select "Electronic Share Appln"

5 : Select "BRIGHT"

6 : For an applicant making an Electronic Application at the ATM for the first time

(a) For non-Singaporean

Press the "Yes" key if you are a permanent resident of Singapore, otherwise, press the "No" key.

(b) Enter your own Securities Account number (12 digits) eg. 168101234567 and press "Yes" key to confirm that the Securities Account number you have entered is correct.

7 : Check your particulars appearing on the screen and press the "Correct" key to confirm that your particulars are correct.

8 : Press the "Confirm" key to confirm that you have read the following messages:–

— **A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore, which assumes no responsibility for its contents**

— **The Prospectus is available at various Participating Banks**

9 : Press the "Confirm" key again to confirm that you have read the following messages:–

— **Anyone who intends to submit an application for these securities should read the Prospectus before submitting his/her application in the manner set out in the Prospectus**

10 : Press the "Confirm" key again to confirm that you have read the following messages:–

— **You have read, understood and agreed to all terms of application set out in the Prospectus**

— **You consent to the disclosure of your NRIC/Passport No., address, nationality, securities a/c no., qty of securities applied for and CPF Investment a/c no. to share registrar, CDP, CPF, SCCS, Issuer & Vendor(s)**

— **This application is made in your own name & at your own risk**

11 : Select the number of Shares you wish to apply for:–

— **For fixed price ESA, this is the only application submitted**

— **Fixed Price: $0.36**

12 : Select the type of bank account to debit your application monies

13 : Check the details of your application appearing on the screen and press the "Confirm" key to confirm your application

14 : For customers with multiple bank accounts, select the bank account from which to debit your application monies

ANNEX F — COMPILATION REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

Bright World Precision Machinery Limited
(Incorporated in Singapore)

First Trust Partnership
Certified Public Accountants
(formerly known as TKH & Company)

1 Raffles Place
#29-01 OUB Centre
Singapore 048616

Tel: (65) 6221 0338
Fax: (65) 6221 1080

COMPILATION REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS

19 April 2006

The Board of Directors
Bright World Precision Machinery Limited
6 Battery Road #39-01
Singapore 049909

Dear Sirs,

This compilation report has been prepared for inclusion in the prospectus dated 19 April 2006 (the "Prospectus") in connection with the Invitation by Bright World Precision Machinery Limited, formerly known as World Precision Machinery Pte Ltd, (the "Company") in respect of 105,000,000 ordinary shares, each comprising of 100,000,000 new shares (the "New Shares") and 5,000,000 vendor shares (the "Vendor Shares") in the capital of the Company, payable in full on applicable, as follows:

(a) 5,000,000 Offer Shares at $0.36 for each Offer Share by way of public offer; and

(b) 100,000,000 Placement Shares at $0.36 for each Placement Share by way of placement

We report on the unaudited proforma consolidated financial statements of Bright World Precision Machinery Limited and its subsidiary (collectively referred to as the "Group" or the "Proforma Group") for the financial years ended 31 December 2002, 2003, 2004 and the financial period ended 30 June 2005 set out on pages F-3 to F-36 of the Prospectus which has been prepared for illustrative purposes only and based on certain assumptions and after making certain adjustments to show what:

(i) the financial results of the Proforma Group for the financial years ended 31 December 2002, 2003, 2004 and the financial period ended 30 June 2005 as well as the changes in equity and cash flows of the Proforma Group for the financial year ended 31 December 2004 and the financial period ended 30 June 2005 would have been if the group structure as of the date of registration of the Prospectus has been in place since 1 January 2002; and

(ii) the financial positions of the Proforma Group as of the dates of the balance sheet as at 31 December 2004 and 30 June 2005 would have been if the group structure as of the date of registration of the Prospectus has been in place on that date.

Bright World Precision Machinery Limited

(Incorporated in Singapore)

The unaudited proforma consolidated financial statements have been prepared for illustrative purposes and because of their nature, may not give a true picture of the Proforma Group's actual financial position or results.

The unaudited proforma consolidated financial statements are the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited proforma consolidated financial statement based on our work.

We carried out our procedures in accordance with Singapore Statement of Auditing Practice — SAP 24: "Auditors and Public Offering Documents". Our procedures, which involved no independent examination of the unaudited proforma consolidated financial statements, consisted primarily of comparing the unaudited proforma consolidated financial statements to the audited financial statements of the Company and its subsidiary (or where information is not available, to accounting records) and where applicable, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial statements with the directors of the Company.

In our opinion,

(a) the unaudited proforma consolidated financial statements of the Group has been properly prepared in a manner consistent with both the format of the financial statements and the accounting policies of the Company;

(b) the unaudited proforma consolidated financial statements of the Group have been properly prepared on the basis stated in Note 3 to the unaudited proforma consolidated financial statements from the audited financial statements and management accounts of the entities in the Proforma Group, which were prepared in accordance, or consistent, with Singapore Financial Reporting Standards; and

(c) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial statements is appropriate for the purpose of preparing such financial statements.

Yours faithfully,

FIRST TRUST PARTNERSHIP
Certified Public Accountants
Singapore

Tan Kuang Hui
Partner-in-charge

BRIGHT WORLD PRECISION MACHINERY LIMITED

(Incorporated in Singapore)

UNAUDITED PROFORMA CONSOLIDATED PROFIT AND LOSS STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002, 2003 AND 2004 AND FOR THE FINANCIAL PERIODS ENDED 30 JUNE 2004 AND 2005

[Amounts in thousands of Chinese Renminbi ("RMB")]

		Years ended 31 December			Six months ended 30 June	
		2002	2003	2004	2004	2005
	Note	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Turnover	5	80,167	123,116	259,383	102,763	144,012
Cost of sales		(50,324)	(85,821)	(169,346)	(73,311)	(99,636)
Gross profit		29,843	37,295	90,037	29,452	44,376
Other operating income	6	1,203	2,392	10,258	2,820	1,892
Distribution and selling expenses		(7,041)	(12,198)	(13,105)	(6,710)	(7,000)
Administrative expenses		(3,080)	(3,586)	(3,140)	(1,881)	(2,335)
Other operating expenses	7	(1,117)	(3,612)	(1,234)	(562)	(489)
Profit from operations	8	19,808	20,291	82,816	23,119	36,444
Finance expenses, net	9	(1,263)	(1,071)	(1,026)	(880)	(228)
Profit before taxation		18,545	19,220	81,790	22,239	36,216
Taxation	10	(6,390)	(7,340)	(7,238)	(7,238)	—
Profit after taxation		12,155	11,880	74,552	15,001	36,216
Earnings per share (cents)*		4.05	3.96	24.85	5.00	12.07
Earnings per share (cents)**		3.04	2.97	18.64	3.75	9.05

* Proforma earnings per share were computed based on the profit attributable to shareholders and pre-Invitation share capital of 300,000,000 shares.

** Proforma earnings per share were computed based on the profit attributable to shareholders and post-Invitation share capital of 400,000,000 shares.

The accompanying notes are an integral part of the unaudited proforma consolidated financial statements.

Bright World Precision Machinery Limited

(Incorporated in Singapore)

UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2004 AND 30 JUNE 2005
[Amounts in thousands of Chinese Renminbi ("RMB")]

	Note	31 December 2004	30 June 2005
		RMB 000	RMB 000
Proforma shareholders' equity		126,097	162,313
Represented by:			
Fixed assets	12	103,578	117,878
Current assets			
Stocks	13	49,920	60,163
Trade debtors	14	38,835	68,935
Other debtors, deposits and prepayments	15	12,701	21,178
Due from related parties (non-trade)	19	—	13,999
Cash and cash equivalents	16	5,255	22,531
		106,711	186,806
Current liabilities			
Trade creditors		38,167	39,107
Other creditors and accruals	17	15,837	61,397
Short-term bank loan	18	—	20,000
Due to related parties (trade)		17,285	18,745
Due to related parties (non-trade)	19	12,903	3,122
		84,192	142,371
Net current assets		22,519	44,435
		126,097	162,313

The accompanying notes are an integral part of the unaudited proforma consolidated financial statements.

Bright World Precision Machinery Limited

(Incorporated in Singapore)

UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004 AND THE FINANCIAL PERIOD ENDED 30 JUNE 2005

[Amounts in thousands of Chinese Renminbi ("RMB")]

	Total
	RMB 000
Balance as at 31 December 2003	51,545
Profit for the financial year	74,552
Balance as at 31 December 2004	126,097
Profit for the financial period	36,216
Balance as at 30 June 2005	162,313

The accompanying notes are an integral part of the unaudited proforma consolidated financial statements.

Bright World Precision Machinery Limited

(Incorporated in Singapore)

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004
AND FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2005
[Amounts in thousands of Chinese Renminbi ("RMB")]

	2004	2005
	RMB 000	RMB 000
Cash flow from operating activities		
Profit before taxation	81,790	36,216
Adjustment for:		
Depreciation of fixed assets	6,086	4,602
Notional rent	125	—
Interest expense	1,135	218
Interest income	(183)	(14)
Profit on disposal of fixed assets	(7)	(36)
Operating profit before working capital changes	88,946	40,986
Stocks	(12,123)	(10,243)
Trade debtors	(19,763)	(30,100)
Other debtors, deposits and prepayments	(5,822)	(8,477)
Trade creditors	1,188	940
Other creditors and accruals	6,036	45,560
Due to related parties (trade)	13,220	1,460
Cash deposits release from pledged (Note A)	7,800	—
Cash deposits pledged (Note B)	—	(16,000)
Cash generated from operations	79,482	24,126
Interest expense paid	(1,135)	(218)
Interest income received	183	14
Income taxes paid	(2,400)	—
Net cash generated from operating activities	76,130	23,922
Cash flow from investing activities		
Additions to fixed assets	(29,485)	(18,946)
Proceeds from disposal of fixed assets	25	80
Net cash used in investing activities	(29,460)	(18,866)

The accompanying notes are an integral part of the unaudited proforma consolidated financial statements.

Bright World Precision Machinery Limited

(Incorporated in Singapore)

UNAUDITED PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004
AND FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2005
[Amounts in thousands of Chinese Renminbi ("RMB")]

	2004	2005
	RMB 000	RMB 000
Cash flow from financing activities		
Due to related parties (non-trade)	(21,387)	—
Repayment to related parties (non-trade)	—	(23,780)
Proceeds from short term loan	58,900	20,000
Repayment of short term loan	(82,900)	—
Net cash used in financing activities	(45,387)	(3,780)
Net increase in cash and cash equivalents	1,283	1,276
Cash and cash equivalents at beginning of the financial year/period (Note 16)	3,972	5,255
Cash and cash equivalents at end of the financial year/period (Note 16)	5,255	6,531

Note A

During the financial year, following the repayment of certain non-trade related payables, these cash deposits were released from the pledge.

Note B

During the financial period ended 30 June 2005, cash deposits amounting to RMB 16,000,000 was pledged to a bank to secure notes payables amounting to RMB 40,000,000 (See Note 16 & 17).

The accompanying notes are an integral part of the unaudited proforma consolidated financial statements.

Bright World Precision Machinery Limited
(Incorporated in Singapore)

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS
[AMOUNTS IN THOUSANDS OF CHINESE RENMINBI (“RMB”)]

1. CORPORATE INFORMATION

The Company is incorporated in Singapore on 28 July 2004 under the Singapore Companies Act, Cap 50. as a private limited company under the name of World Precision Machinery Pte Ltd. On 20 April 2005, the company changed its name to Bright World Precision Machinery Pte Ltd. Subsequently on 12 April 2006, the Company was converted into a public limited company. The Company was incorporated for the purpose of acquiring shares in World Precise Machinery (China) Co., Ltd.

The principal place of business of the Company is located at Picheng Town, Danyang City Jiangsu Province 212311, the People’s Republic of China (“PRC”) and its registered office is at 6 Battery Road #39-01 Singapore 049909.

The principal activities of the Company are those relating to investment holding. The principal activities of its subsidiary in the Proforma Group are described in Note 2 below.

At the date of incorporation, the authorised share capital of the Company was $100,000,000 divided into 100,000,000 ordinary shares of $1.00 each.

The Group mainly operates in Picheng Town, Danyang City, Jiangsu Province in the PRC.

2. RESTRUCTURING EXERCISE

The Proforma Group carried out a restructuring exercise (the “Restructuring Exercise”) in preparation of the Company’s listing on the Singapore Exchange Securities Trading Limited. Details of the Restructuring Exercise are set out on pages 46 and 47 of the Prospectus.

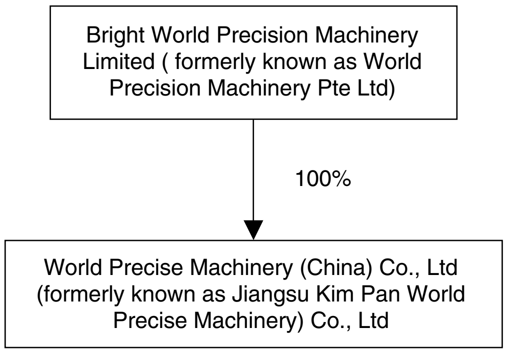
Upon completion of the restructuring exercise, the Company has the following subsidiary (referred to collectively with the Company as the “Proforma Group”):

Name of Subsidiary	Date and place of incorporation/ business	Issued and paid-up/ registered capital	% equity held by the Proforma Group	Principal activities
World Precise Machinery (China) Co., Ltd 沃得精机(中国)有限公司 (Formerly known as Jiangsu Kim Pan World Precise Machinery Co., Ltd 江苏金盼沃得精机有限公司)	27 May 2004 People’s Republic of China	RMB 66,193,822	100%	Manufacture and supply of stamping machines and metal parts

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. RESTRUCTURING EXERCISE (Continued)

The relationship of the entities in the Proforma Group is as follows:



In connection with the restructuring exercise, the Proforma Group entered into the following transactions:

(i) Pursuant to an Acquisition Agreement dated 31 May 2004 entered into between World Precise Machinery (China) Co., Ltd and Jiangsu World Machine Tool Co., Ltd, World Precise Machinery (China) Co., Ltd acquired the Relevant Business from Jiangsu World Machine Tool Co., Ltd with effect from 31 May 2004 for a total cash consideration of approximately RMB 76,104,000. The consideration of the acquisition was arrived at, on a willing buyer and willing seller basis, and was based on the net book value of the assets and liabilities of the Relevant Business as at 31 May 2004.

(ii) On 30 May 2004, in connection with the Acquisition Agreement, World Precise Machinery (China) Co., Ltd entered into a land rental agreement ("Land Rental Agreement") to lease certain land from Jiangsu World Machine Tool Co., Ltd for a period of six and a half years with effect from 1 June 2004 for an annual rental of RMB 300,000.

3. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The unaudited Proforma Group financial statements have been prepared for the inclusion in the Prospectus in connection with the Invitation as described in the Compilation Report. These financial statements comprise:

(i) the unaudited Proforma Consolidated Statements of Profit and Loss for the financial years ended 31 December 2002, 2003 and 2004;

(ii) the unaudited Proforma Consolidated Balance Sheet as at 31 December 2004;

(iii) the unaudited Proforma Consolidated Statement of Changes in Shareholders' Equity for the financial year ended 31 December 2004;

(iv) the unaudited Proforma Consolidated Statement of Cash Flows for the financial year ended 31 December 2004.

(v) the unaudited Proforma Consolidated Statements of Profit and Loss for the six months financial periods ended 30 June 2004 and 2005;

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

(vi) the unaduited Proforma Consolidated Balance Sheet as at 30 June 2005;

(vii) the unaudited Proforma Consolidated Changes in Shareholders' Equity for the six months financial period ended 30 June 2005; and

(viii) the unaudited Proforma Consolidated Statements of Cash Flows for the six months financial period ended 30 June 2005.

Basis of Preparation

A. The unaudited proforma consolidated financial statements for the three financial years ended 31 December 2002, 2003, 2004 and financial period ended 30 June 2005 are prepared for illustrative purposes only. These are prepared based on certain assumptions after making certain adjustments to show:

(i) what the financial results of the Proforma Group for the financial years ended 31 December 2002, 2003, 2004 and financial period ended 30 June 2005 as well as the changes in equity and cash flows of the Proforma Group for the financial year ended 31 December 2004 and the financial period ended 30 June 2005 would have been if the group structure as of the date of registration of the Prospectus has been in place since 1 January 2002; and

(ii) what the financial positions of the Proforma Group as of the dates of the balance sheet as at 31 December 2004 and 30 June 2005 would have been if the group structure as of the date of registration of the Prospectus has been in place on that date.

However, the unaudited proforma financial statements of the Group are not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the abovementioned Group actually existed earlier or had the abovementioned transfer of certain assets and liabilities been effected earlier.

B. The unaudited proforma consolidated financial statements for the three financial years ended 31 December 2002, 2003 and 2004 and the financial periods ended 30 June 2004 and 2005 are prepared based on:

(i) the audited financial statements of Jiangsu World Machine Tool Co., Ltd for the financial years ended 31 December 2002 and 2003 and for the financial period ended 31 May 2004, which were prepared in accordance with Singapore Financial Reporting Standards;

(ii) the audited financial statements of World Precise Machinery (China) Co., Ltd for the financial periods from 27 May 2004 to 31 December 2004 and 1 January 2005 to 30 June 2005, which were prepared in accordance with Singapore Financial Reporting Standards; and

(iii) the audited financial statements of Bright World Precision Machinery Pte Ltd for the financial period from date of incorporation, 28 July 2004 to 30 June 2005 prepared in accordance with Singapore Financial Reporting Standards.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Continued)

Basis of Preparation (Continued)

The auditors of the Proforma Group are described as below:

(a) The financial statements of Jiangsu World Machine Tool Co., Ltd for the financial years ended 31 December 2002 and 31 December 2003, were audited by 江苏立信会计师事务所有限公司 and 江苏天健会计师事务所有限公司 respectively, being firms of certified public accountants in the PRC, whose reports dated 12 March 2003 and 28 February 2004 respectively expressed an unqualified opinion on those financial statements.

(b) The financial statements of World Precise Machinery (China) Co., Ltd for the financial years ended 31 December 2004 was audited by 江苏立信会计师事务所有限公司, whose report dated 7 March 2005 expressed an unqualified opinion on those financial statements.

(c) For the purpose of the Prospectus and requirements under Singapore Exchange Securities Trading Limited Listing Manual as well as Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2002, First Trust Partnership (formerly known as TKH & Company), Singapore were engaged as auditors to re-audit/audit the financial statements of the above mentioned entities for the respective financial year/period as follows:

Name of entity	Financial year/period ended
Jiangsu World Machine Tool Co., Ltd	31 December 2002 31 December 2003 31 May 2004
World Precise Machinery (China) Co., Ltd	31 December 2004 30 June 2005
Bright World Precision Machinery Pte Ltd	30 June 2005

Our audit reports on the financial statements of the above entities for the respective financial year/period above were not subject to any qualification.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been consistently applied in the preparation of the financial information of the Proforma Group are as follows:

Basis of accounting

The unaudited proforma consolidated financial statements, expressed in Chinese Renminbi ("RMB"), are prepared in accordance with Singapore Financial Reporting Standards under the historical cost convention.

The Proforma Group's operations are principally conducted in the PRC. Accordingly, the unaudited proforma consolidated financial statements have been prepared in Chinese Renminbi ("RMB"), being the functional currency of the Proforma Group.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of proforma consolidation

The unaudited proforma consolidated financial statements for the financial years ended 31 December 2002, 2003, 2004 and financial period ended 30 June 2005 are prepared for illustrative purposes only. These are prepared on the basis detailed in Note 3 above.

The unaudited proforma consolidated financial statements include the financial statements of the Company and its subsidiary. The results of subsidiary acquired or disposed during the financial year are included in or excluded from the consolidated financial statements from the effective date of acquisition or disposal.

All significant intercompany transactions and balances within the Proforma Group are eliminated on consolidation.

Subsidiary

A subsidiary is a company or enterprise controlled by the Company. Control is achieved when the Company have the power to govern the financial and operating policies of the investee company, so as to obtain benefits from its activities.

Investment in subsidiary is stated in the financial statements of the Company at cost less any impairment in net recoverable amount.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Amount due from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

Amount due to related parties are carried at cost.

Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and any impairment loss.

Fixed assets are depreciated using the straight-line method to write-off the cost of the fixed assets less estimated residual value over their estimated useful lives. The estimated useful lives and residual values have been taken as follows:

	Useful lives (Years)	Estimated residual value as a percentage of cost
Buildings and leasehold properties	25	5%
Machinery	10	5%
Electrical fittings	5	5%
Tools and equipment	5	5%
Motor vehicles	5	5%

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction in progress includes all costs of construction and other direct costs. No depreciation is provided on construction in progress until such time as it is completed and ready for use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. An assessment of the carrying value of fixed assets is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. Value in use is the present value of estimated future cash flows expected from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss accounts in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss accounts in the period in which it occurs.

Stocks

Stocks are valued at the lower of cost and net realisable value. Raw material comprises purchase cost accounted for on a weighted average basis. Work-in-progress and finished goods comprise materials, all direct expenditure and an attributable proportion of manufacturing overheads.

Net realisable value is the estimated normal selling price, less estimated costs to completion and costs to be incurred for selling and distribution.

Allowance is made for deteriorated, damaged, obsolete and slow-moving stocks.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade and other debtors

Trade debtors, which generally are on normal credit terms, are recognised and carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method, less specific allowance for doubtful debts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Other debtors are recognised and carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method, less specific allowance for doubtful debts.

Trade and other creditors

Trade creditors, which generally are on normal credit terms, are carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method.

Other creditors and amounts due to affiliated companies are carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

Pension Scheme

The subsidiary, incorporated in the PRC, is required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by the PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the Chinese retired employees. These benefits are accounted for on an accrual basis and charged to the profit and loss account when incurred.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognised.

(a) Sale of goods

Revenue is recognised when the significant risks and rewards have been transferred to the buyer which generally coincides with the delivery and acceptance of the goods sold. It is recorded net of returns, trade allowances and duties and taxes.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Government subsidies

Income is recognised on a receipt basis.

(c) Interest income

Income is recognised on an accrual basis.

Borrowing costs

Borrowing costs are expensed in the financial period in which they are incurred.

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease terms.

Taxation

PRC corporate income tax is provided at rates applicable to enterprises in the PRC on income for financial reporting purposes, as adjusted for income and expense items, which are not assessable or deductible for income tax purposes.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted at the balance sheet date or subsequently enacted.

Foreign currency transactions and balances

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at these dates. Exchange differences are dealt with in the unaudited proforma consolidated profit and loss statements.

On proforma consolidation, the operating results of the non-PRC companies comprising the Group are translated into RMB at weighted average exchange rates for the period and the assets and liabilities of the non-PRC companies comprising the Group are translated into RMB at the applicable exchange rates ruling at the balance sheet date. The resulting translation differences, if any, are included in the exchange fluctuation reserve.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and bank balances, trade and other debtors, trade and other creditors including related parties' balances. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

For the purpose of the unaudited proforma consolidated cash flow statement, cash and cash equivalent comprises cash on hand and in banks, cash deposits pledged within period of less than three months and fixed deposits. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Adoption of new and revised Financial Reporting Standards

With effect from 1 January 2005, the Proforma Group changed its accounting policy to adopt the new and revised Financial Reporting Standards ("FRS") that is relevant to its operations and effective for accounting periods beginning on or after 1 January 2005:

FRS 103:	Business Combinations
FRS 36 (Revised):	Impairment of Assets
FRS 38 (Revised):	Intangible Assets
FRS 39 (Revised):	Financial Instruments: Recognition and Measurement

FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. The adoption of FRS 103 also requires the adoption of FRS 36 (Revised) and FRS 38 (Revised).

FRS 36 (Revised) requires the Proforma Group to assess at each balance sheet date if there is any objective evidence that a financial asset or group of financial assets is impaired.

FRS 39 (Revised) requires all financial assets and liabilities to be classified into appropriate categories at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose of which the financial assets or liabilities were acquired or incurred.

The accounting policies to adopt the above standards are stated in the respective notes. There is no material financial impact on the Proforma Group as a result of the adoption of the above standards. Apart from the changes in accounting policies arising from the adoption of new FRS as mentioned above, the Proforma Group continue to adopt the same accounting policies as in financial year ended 31 December 2004.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. TURNOVER

Turnover comprises mainly the sale of stamping machines and metal parts.

6. OTHER OPERATING INCOME

	Years ended 31 December			Six months ended 30 June	
	2002	2003	2004	2004	2005
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Government subsidies	1,010	2,000	2,780	2,780	200
Sales of scrap metal	—	—	6,463	—	1,430
Commission income	—	—	600	—	—
Profit on disposal of fixed assets	—	—	—	—	36
Others	193	392	415	40	226
	1,203	2,392	10,258	2,820	1,892

7. OTHER OPERATING EXPENSES

	Years ended 31 December			Six months ended 30 June	
	2002	2003	2004	2004	2005
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Allowance for stock obsolescence	427	1,201	—	—	—
Allowance for stock obsolescence written back	—	—	(978)	—	(276)
Allowance for doubtful debts (non-trade)	—	279	—	—	—
Allowance for doubtful debts written back (non-trade)	—	—	(97)	—	(119)
Allowance for doubtful debts (trade)	104	1,430	1,064	—	369
Others	586	702	1,245	562	515
	1,117	3,612	1,234	562	489

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. PROFIT FROM OPERATIONS

This is determined after charging/(crediting) the following:

	Years ended 31 December			Six months ended 30 June	
	2002	2003	2004	2004	2005
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Bad debts written off	174	—	—	—	108
Depreciation of fixed assets	1,412	3,767	6,086	2,694	4,602
Operating lease expense	252	297	175	199	150
Profit on disposal of fixed assets	—	—	(7)	—	(36)
Notional rent	300	300	125	150	—

9. FINANCE EXPENSES, NET

	Years ended 31 December			Six months ended 30 June	
	2002	2003	2004	2004	2005
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Interest expense on short-term bank loan	1,352	1,216	1,135	922	218
Interest income on bank balances	(95)	(176)	(183)	(66)	(14)
Others	6	31	74	24	24
	1,263	1,071	1,026	880	228

10. TAXATION

A reconciliation of the tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Years ended 31 December			Six months ended 30 June	
	2002	2003	2004	2004	2005
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Profit before taxation	18,545	19,220	81,790	22,239	36,216
Tax at applicable rate of 33%/24%	6,119	6,342	26,991	7,339	8,691
Add: Tax effect expenses that are non-deductible in determining taxable profit	271	998	—	20	—
Less: Tax effect of income exempted from tax	—	—	(19,768)	(121)	(8,691)
Others	—	—	15	—	—
Taxation per unaudited proforma profit and loss statement	6,390	7,340	7,238	7,238	—

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10. TAXATION (Continued)

The Company

The company has no taxable income during the period from the date of incorporation 28 July 2004 to 31 December 2004 and financial period ended 30 June 2005. The statutory income tax rate applicable to the Company is 20% for year of assessment 2005 and 2006.

Jiangsu World Machine Tool Co., Ltd

Jiangsu World Machine Tool Co., Ltd was established in the PRC and hence its operations are subject to a PRC Corporate Income Tax rate of 33% for the financial year ended 31 December 2002, 2003 and financial period ended 31 May 2004.

World Precise Machinery (China) Co., Ltd

On 27 May 2004, World Precise Machinery (China) Co., Ltd was incorporated as a wholly foreign-owned enterprise ("WFOE"). From this date, in accordance with the " Income Tax Law of the PRC applicable to Enterprises with Foreign Investment and Foreign Enterprises", the subsidiary being a WFOE established in the city of the coastal open economic zone, is entitled to a PRC preferential corporate tax rate of 24%, as compared to the statutory tax rate for PRC companies of 33%.

The subsidiary is further entitled to an exemption from Enterprise Income Tax ("EIT") for the first two profitable years of operation and thereafter a 50% reduction in EIT for the following three financial years (the "Tax Holiday"). Accordingly, there was no tax expense for the financial period from 27 May 2004 to 31 December 2004 and financial period ending 30 June 2005.

The first profitable year of the subsidiary is the financial period from 27 May 2004 to 31 December 2004.

No deferred tax has been provided, as the Proforma Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet dates.

11. PERSONNEL EXPENSES

	Years ended 31 December			Six months ended 30 June	
	2002	2003	2004	2004	2005
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Wages, salaries and bonuses	7,368	14,156	19,550	9,950	10,716
Pension contributions	316	331	267	119	181
Other personnel expenses	1,126	2,147	1,489	1,247	450
	8,810	16,634	21,306	11,316	11,347
Number of employees at end of the financial year/period	1,006	1,104	1,508	1,465	1,638

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. FIXED ASSETS

	Construction in progress	Buildings and leasehold properties	Machinery	Electrical Fittings	Tools and Equipment	Motor Vehicles	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Cost							
At 1.1.2004	19,858	35,355	22,800	775	7,102	741	86,631
Additions	26,052	4	1,204	81	1,100	1,044	29,485
Disposal	—	—	—	(80)	—	—	(80)
Transfers	(34,680)	5,085	28,566	—	1,029	—	—
At 31.12.2004	11,230	40,444	52,570	776	9,231	1,785	116,036
Additions	13,465	—	258	61	5,162	—	18,946
Disposals	—	—	(68)	—	—	—	(68)
At 30.6.2005	24,695	40,444	52,760	837	14,393	1,785	134,914
Accumulated depreciation							
At 1.1.2004	—	2,163	2,755	267	1,079	170	6,434
Charge for the financial year	—	1,344	2,940	146	1,491	165	6,086
Disposals	—	—	—	(62)	—	—	(62)
At 31.12.2004	—	3,507	5,695	351	2,570	335	12,458
Charge for the financial period	—	768	2,579	78	1,007	170	4,602
Disposal	—	—	(24)	—	—	—	(24)
At 30.6.2005	—	4,275	8,250	429	3,577	505	17,036
Net book value							
At 31.12.2004	11,230	36,937	46,875	425	6,661	1,450	103,578
At 30.6.2005	24,695	36,169	44,510	408	10,816	1,280	117,878

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. STOCKS

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
At cost		
Raw materials	7,424	7,840
Work-in-progress	19,627	22,826
Finished goods	23,781	30,133
Less allowance for stock obsolescence	(912)	(636)
	49,920	60,163

Movements in allowance for stock obsolescence during the financial year/period are as follows:

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
At beginning of financial year/period	1,890	912
Written back of allowance to profit and loss	(978)	(276)
At end of the financial year/period	912	636

14. TRADE DEBTORS

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
Trade debtors	40,796	71,166
Notes receivables (trade)	750	849
Less allowance for doubtful debts	(2,711)	(3,080)
	38,835	68,935

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. TRADE DEBTORS (Continued)

Movements in allowance for doubtful debts during the financial year/period are as follows:

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
At beginning of the financial year/period	1,647	2,711
Allowance for the financial year/period	1,064	369
At end of the financial year/period	2,711	3,080

15. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
Other debtors	4,076	8,203
Less allowance for other debtors	(347)	(228)
	3,729	7,975
Advances paid to suppliers	7,429	11,567
Deposit	1,300	1,300
Prepayments	243	336
	12,701	21,178

Movements in allowance for doubtful debts during the financial year/period are as follows:

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
At beginning of the financial year/period	444	347
Written back of allowance to profit and loss	(97)	(119)
At end of the financial year/period	347	228

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. CASH AND CASH EQUIVALENTS

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
Cash on hand	42	88
Cash at bank	5,213	6,443
Cash and cash equivalents as stated in statement of cash flows	5,255	6,531
Pledged cash deposits	—	16,000
Cash and cash equivalents as stated in balance sheet	5,255	22,531

17. OTHER CREDITORS AND ACCRUALS

	Proforma Group	
	31 December 2004	30 June 2005
	RMB 000	RMB 000
Other creditors	1,192	3,077
Accrued operating expenses	9,069	12,643
Advances from customers	5,576	5,677
Notes payables (non-trade)	—	40,000
	15,837	61,397

As at 30 June 2005, the notes payables are secured by cash deposits amounting to RMB 16,000,000 (See Note 16).

18. SHORT-TERM BANK LOAN

Short-term bank loan is as follows:

As at 31 December 2004	As at 30 June 2005	Interest rates per annum	Security Mortgage /Guarantee	Repayment date
	RMB 000	RMB 000		
—	20,000	6.138%	Joint guarantee by related company, independent third party and a director	18 April 2006

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. DUE FROM/(TO) RELATED PARTIES (NON-TRADE)

These amounts are unsecured, interest free and repayable on demand.

20. COMMITMENTS

As at balance sheet dates, the Proforma Group had operating lease commitments in respect of machineries and land based on actual contracts as follows:

(a) Non-cancellable operating lease commitments

	Proforma Group	
	31 December 2004	**30 June 2005**
	RMB 000	**RMB 000**
Future minimum lease payments		
— not later than 1 year	3,350	3,350
— between 2 to 5 years	13,400	13,400
— later than 5 years	11,875	10,200
	28,625	26,950

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

(b) Capital expenditure commitments

	Proforma Group	
	31 December 2004	**30 June 2005**
	RMB 000	**RMB 000**
Capital expenditure not provided for in the financial statements		
— commitments in respect of the construction of fixed assets	21,140	12,083

21. RELATED PARTY INFORMATION

The Proforma Group had the following material transactions with related parties: –

(i) Pursuant to an Acquisition Agreement dated 31 May 2004 entered into between World Precise Machinery (China) Co., Ltd and Jiangsu World Machine Tool Co., Ltd, World Precise Machinery (China) Co., Ltd acquired the Relevant Business from Jiangsu World Machine Tool Co., Ltd with effect from 31 May 2004 for a total cash consideration of approximately RMB 76,104,000. The consideration of the acquisition was arrived at, on a willing buyer and willing seller basis, and was based on the net book value of the assets and liabilities of the Relevant Business as at 31 May 2004.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY INFORMATION (Continued)

(ii) On 18 June 2004, in connection with the Asset Acquisition Agreement, World Precise Machinery (China) Co., Ltd entered into a land rental agreement ("Land Rental Agreement") to lease certain land from Jiangsu World Machine Tool Co., Ltd for a period of six and a half years with effect from 1 June 2004 for an annual rental of RMB 300,000.

(iii) The Proforma Group financial statements have been prepared as if the Land Rental Agreement has been undertaken by the Group since 1 January 2002. Under this basis, notional rental expenses were assumed to have been charged by Jiangsu World Machine Tool Co., Ltd for the financial years ended 31 December 2002, 2003 and financial period from 1 January 2004 to 31 May 2004.

(iv) In connection with the Invitation, Jiangsu World Electronics Group Co., Ltd engaged and paid professional fees on behalf of the Proforma Group to certain professionals involved in the Invitation. The aggregate professional fees paid by Jiangsu World Electronics Group Co., Ltd for financial year ended 31 December 2004 was RMB 2,061,000 and for financial period ended 30 June 2005 was RMB 1,061,000.

In addition to the related party information disclosed above, significant transactions with related parties, on terms agreed between the parties, were as follows:

	Years ended 31 December			Six months ended 30 June	
	2002	**2003**	**2004**	**2004**	**2005**
	RMB 000	**RMB 000**	**RMB 000**	**RMB 000**	**RMB 000**
Income					
Sales to related parties	651	338	245	195	132
Costs of sales					
Purchases from related parties	8,281	3,971	530	501	2,854
Others	—	25	—	—	—

22. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:–

Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations. Committed credit facilities will be obtained from local reputable banks in the event that funding is required.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

The Group constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at balance sheet dates, there were no such forward contracts or other arrangements, interest rate swap contracts or other derivative instruments outstanding.

Surplus funds are placed with reputable banks that are approved by the Board of Directors.

Credit risk

The carrying amounts of cash and bank balances, trade and other debtors represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The management mitigates the risk by extending credit only to creditworthy customers. Customers on credit terms are regularly monitored and therefore, the management does not expect the Group to incur significant credit losses.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

Fair values

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The fair values of cash and cash equivalents, trade and other debtors, trade and other creditors including related parties' balances approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective notes to the financial statements, where applicable.

23. SEGMENT INFORMATION

No information by business segments is presented as the principal operation of the Group relates mainly to the manufacture and supply of stamping machines and metal parts. In addition, as the business of the Group is engaged entirely in the PRC, no reporting by geographical local of the operation is presented.

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS

The following adjustments have been made in arriving at the unaudited proforma consolidated profit and loss statements:–

Unaudited proforma consolidated profit and loss statement as at 31 December 2002	Per audited financial statements of Jiangsu World Machine Tool Co., Ltd	Proforma adjustments (Note D)	Per unaudited proforma consolidated profit and loss statement
	RMB 000	RMB 000	RMB 000
Turnover	80,167		80,167
Cost of sales	(50,024)	(300)	(50,324)
Gross profit	30,143		29,843
Other operating income	1,203		1,203
Distribution and selling expenses	(7,041)		(7,041)
Administrative expenses	(3,266)	186	(3,080)
Other operating expenses	(1,117)		(1,117)
Profit from operations	19,922		19,808
Finance expenses, net	(1,263)		(1,263)
Profit before taxation	18,659		18,545
Taxation	(6,390)		(6,390)
Profit after taxation	12,269	(114)	12,155

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

Unaudited proforma consolidated profit and loss statement as at 31 December 2003	**Per audited financial statements of Jiangsu World Machine Tool Co., Ltd**	**Proforma adjustments (Note D)**	**Per unaudited proforma consolidated profit and loss statement**
	RMB 000	**RMB 000**	**RMB 000**
Turnover	123,116		123,116
Cost of sales	(85,521)	(300)	(85,821)
Gross profit	37,595		37,295
Other operating income	2,392		2,392
Distribution and selling expenses	(12,198)		(12,198)
Administrative expenses	(3,772)	186	(3,586)
Other operating expenses	(3,696)	84	(3,612)
Profit from operations	20,321		20,291
Finance expenses, net	(1,071)		(1,071)
Profit before taxation	19,250		19,220
Taxation	(7,340)		(7,340)
Profit after taxation	11,910	(30)	11,880

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

Unaudited proforma consolidated profit and loss statement as at 31 December 2004	Per aggregation of financial statements of individual entities (Note A)	Proforma adjustments (Note D)	Per unaudited proforma consolidated profit and loss statement
	RMB 000	RMB 000	RMB 000
Turnover	259,383		259,383
Cost of sales	(169,221)	(125)	(169,346)
Gross profit	90,162		90,037
Other operating income	10,258		10,258
Distribution and selling expenses	(13,105)		(13,105)
Administrative expenses	(3,218)	78	(3,140)
Other operating expenses	(1,234)		(1,234)
Profit from operations	82,863		82,816
Finance expenses, net	(1,026)		(1,026)
Profit before taxation	81,837		81,790
Taxation	(7,238)		(7,238)
Profit after taxation	74,599	(47)	74,552

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

Unaudited proforma consolidated profit and loss statement as at 30 June 2004	**Per aggregation of financial statements of individual entities (Note A)**	**Proforma adjustments (Note D)**	**Per unaudited proforma consolidated profit and loss statement**
	RMB 000	**RMB 000**	**RMB 000**
Turnover	102,763		102,763
Cost of sales	(73,161)	(150)	(73,311)
Gross profit	29,602		29,452
Other operating income	2,820		2,820
Distribution and selling expenses	(6,710)		(6,710)
Administrative expenses	(1,974)	93	(1,881)
Other operating expenses	(562)		(562)
Profit from operations	23,176		23,119
Finance expenses, net	(880)		(880)
Profit before taxation	22,296		22,239
Taxation	(7,238)		(7,238)
Profit after taxation	15,058	(57)	15,001

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

Unaudited proforma consolidated profit and loss statement as at 30 June 2005	Per aggregation of financial statements of individual entities (Note A)	Proforma Adjustments (Note D)	Per unaudited proforma consolidated profit and loss statement
	RMB 000	RMB 000	RMB 000
Turnover	144,012		144,012
Cost of sales	(99,636)		(99,636)
Gross profit	44,376		44,376
Other operating income	1,892		1,892
Distribution and selling expenses	(7,000)		(7,000)
Administrative expenses	(2,335)		(2,335)
Other operating expenses	(489)		(489)
Profit from operations	36,444		36,444
Finance expenses, net	(228)		(228)
Profit before taxation	36,216		36,216
Taxation	—		—
Profit after taxation	36,216		36,216

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

The following adjustments have been made in arriving at the unaudited proforma consolidated balance sheets:–

Unaudited proforma consolidated balance sheet as at 31 December 2004	**Per aggregation of financial statements of individual entities (Note A)**	**Consolidation adjustments (Note B)**	**Proforma Adjustments (Note C)**	**Per unaudited proforma consolidated balance sheet**
	RMB 000	**RMB 000**	**RMB 000**	**RMB 000**
Proforma shareholders' equity	126,097	(83,309)	83,309	126,097
Represented by:				
Fixed assets	103,578			103,578
Investment in subsidiary	83,309	(83,309)		—
Current assets				
Stocks	49,920			49,920
Trade debtors	38,835			38,835
Other debtors, deposits and prepayments	12,701			12,701
Cash and bank balances	5,255			5,255
	106,711			106,711
Current liabilities				
Trade creditors	38,167			38,167
Other creditors and accruals	15,837			15,837
Due to related parties (trade)	17,285			17,285
Due to related parties (non-trade)	96,212		83,309	12,903
	167,501			84,192
Net current liabilities	(60,790)			22,519
	126,097	(83,309)	83,309	126,097

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

The following adjustments have been made in arriving at the unaudited proforma consolidated balance sheets:–

Unaudited proforma consolidated balance sheet as at 30 June 2005	Per aggregation of financial statements of individual entities (Note A)	Consolidation adjustments (Note B)	Proforma Adjustments (Note C)	Per unaudited proforma consolidated balance sheet
	RMB 000	RMB 000	RMB 000	RMB 000
Proforma shareholders' equity	162,313	(83,309)	83,309	162,313
Represented by:				
Fixed assets	117,878			117,878
Investment in subsidiary	83,309	(83,309)		—
Current assets				
Stocks	60,163			60,163
Trade debtors	68,935			68,935
Other debtors, deposits and prepayments	21,178			21,178
Due from related parties (non-trade)	13,999			13,999
Cash and bank balances	22,531			22,531
	186,806			186,806
Current liabilities				
Trade creditors	39,107			39,107
Other creditors and accruals	61,397			61,397
Short-term bank loan	20,000			20,000
Due to related parties (trade)	18,745			18,745
Due to related parties (non-trade)	86,431		83,309	3,122
	225,680			142,371
Net current liabilities	(38,874)			44,435
	162,313	(83,309)	83,309	162,313

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

Notes to the statements of proforma adjustments

(A) The aggregation of the financial statements of the individual entities for the financial period ended 31 December 2004 and the six months financial period ended 30 June 2005 included (i) the audited financial statements of World Precise Machinery (China) Co., Ltd for the financial period ended 31 December 2004 and for the six months financial period ended 30 June 2005; and (ii) the audited financial statements of the Bright World Precision Machinery Pte Ltd for the period from date of incorporation 28 July 2004 to 31 December 2004, and for the financial period from 1 January 2005 to 30 June 2005.

(B) These relate to consolidation adjustments to eliminate investment in subsidiary against proforma shareholder's equity.

(C) This relates to proforma adjustments to record allotment of new ordinary shares of the Company.

(D) In arriving at the proforma consolidated profit and loss statements, adjustments have been made as follows:–

		Years ended 31 December			Six months ended 30 June	
		2002	2003	2004	2004	2005
	Notes	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Net profit for the financial year per audited financial statements of Jiangsu World Machine Tool Co., Ltd		12,269	11,910	—	15,058	—
Net profit for the financial period 1 January 2004 to 31 May 2004 per audited financial statements of Jiangsu World Machine Tool Co., Ltd		—	—	14,696	—	—
Net profit for the financial period 27 May 2004 to 31 December 2004 and 1 January 2005 to 30 June 2005 per audited financial statements of World Precise Machinery (China) Co., Ltd		—	—	59,903	—	36,216
Proforma adjustments:						
Amortisation of land	(i)	186	186	78	93	—
Allowance for diminution in value of investments	(i)	—	84	—	—	—
Notional rental charged in respect of Land Rental Agreement	(ii)	(300)	(300)	(125)	(150)	—
Net profit for the financial year per proforma consolidated profit and loss statements		12,155	11,880	74,552	15,001	36,216

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24. STATEMENT OF PROFORMA ADJUSTMENTS (Continued)

Notes to the statements of proforma adjustments

Notes:

(i) The land use rights and investments of Jiangsu World Machine Tool Co., Ltd have not been acquired by the Group pursuant to the Asset Acquisition Agreements. For the purpose of the preparation of the proforma consolidated balance sheet, the cost and accumulated amortisation of the land use rights, investments and allowance for diminution in value of investment have been excluded and adjusted accordingly.

The corresponding annual amortisation charges attributable to the above land use rights and the allowance for diminution in value of the investment have been excluded from the proforma consolidated profit and loss statements.

(ii) Pursuant to the Land Rental Agreement as set out in Note 2 above, the Group will pay annual operating lease rentals of RMB 300,000 to lease land from Jiangsu World Machine Tool Co., Ltd commencing on 1 June 2004. These unaudited proforma consolidated financial statements have been prepared on the assumption that the Land Rental Agreement had been in operation since 1 January 2002. Accordingly, notional lease expense have been charged to the proforma consolidated profit and loss statements over each of the two financial years ended 31 December 2002, 2003 and financial period ended 31 May 2004.

25. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company and its subsidiary have been prepared for any financial period subsequent to 30 June 2005.

26. COMPARATIVES

In accordance with Financial Reporting Standard 34, the following prior financial period comparatives are presented:

Consolidated Profit and Loss Statements — Comparative figures relate to the financial period from 1 January 2004 to 30 June 2004. This set of financial information was extracted from unaudited management accounts for the financial period.

27. SUBSEQUENT EVENTS

Subsequent to 30 June 2005, by written resolutions pursuant to an extraordinary general meeting held on 28 March 2006, the Shareholders approved inter-alia, the following:

(a) the capitalisation of the sum of $607,728, being part of the accumulated profits of the Company and distributed by way of 607,728 fully paid-up Shares (“Capitalisation”);

(b) the consolidation of three Shares into one Share (“Share Consolidation”);

(c) the sub-division of each Share in the share capital of our Company post-Share Consolidation into 50 Shares;

(d) the conversion of our Company into a public limited company and the change of our name to “Bright World Precision Machinery Limited”;

(e) the adoption of the new Articles of Association of our Company;

(f) the issue of the New Shares pursuant to the Invitation, such New Shares, when fully paid, allotted and issued, will rank *pari passu* in all respects with our existing issued Shares;;

NOTES TO THE UNAUDITED PROFORMA CONSOLIDATED FINANCIAL STATEMENTS (Continued)

27. SUBSEQUENT EVENTS (Continued)

(g) the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to:

(i) issue shares whether by way of rights, bonus or otherwise (including shares as may be issued pursuant to any Instrument (as defined below) made or granted by the Directors while this Resolution is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of issue of such shares), and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to such authority (including Shares issued pursuant to any Instrument but excluding shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company), shall not exceed 50% of the issued share capital of the Company immediately after the Invitation, and provided that the aggregate number of such shares to be issued other than on a *pro rata* basis in pursuance to such authority (including shares issued pursuant to any Instrument but excluding shares which may be issued pursuant to any Adjustment effected under any relevant Instrument) to the existing Shareholders shall not exceed 20% of the issued share capital of the Company immediately after the Invitation, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002 AND 2003
AND THE FINANCIAL PERIOD ENDED 31 MAY 2004
TOGETHER WITH AUDITORS' REPORT

ANNEX G — AUDITED FINANCIAL STATEMENTS OF JIANGSU WORLD MACHINE TOOL CO., LTD FOR FY2002, FY2003 AND THE FIVE MONTHS ENDED 31 MAY 2004

TO: THE DIRECTORS OF BRIGHT WORLD PRECISION MACHINERY LTD

TKH&Co.
Certified Public Accountants

TKH & Company
1 Raffles Place
#29-01 OUB Centre
Singapore 048616
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Auditors' report on

JIANGSU WORLD MACHINE TOOL CO., LTD
江苏沃得机床有限公司
(Incorporated in the People's Republic of China)

1. We have audited the financial statements of Jiangsu World Machine Tool Co., Ltd 江苏沃得机床有限公司 (the "Company") as at 31 December 2002, 31 December 2003 and 31 May 2004 and for the financial years/period then ended set out on pages G-3 to G-23. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.
2. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, the financial statements present fairly, in all material aspects, the financial positions of the Company as at 31 December 2002, 31 December 2003 and 31 May 2004 and of the results, changes in equity and cash flows of the Company for the financial years ended 31 December 2002, 31 December 2003 and the financial period ended 31 May 2004 in accordance with Singapore Financial Reporting Standards.

TKH & Company
Certified Public Accountants

Singapore
18 August 2005

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

BALANCE SHEETS
AS AT 31 DECEMBER 2002, 2003 AND 31 MAY 2004

[Amounts in thousands of Chinese Renminbi ("RMB")]

	Note	31 December 2002	31 December 2003	31 May 2004
		RMB 000	RMB 000	RMB 000
Paid up capital and reserves				
Paid up capital	3	10,000	35,000	35,000
Statutory reserves	4	4,716	6,502	8,707
Retained profits		26,510	36,634	49,125
		41,226	78,136	92,832
Fixed assets	5	48,749	80,197	89,390
Land use rights	6	9,075	8,889	8,812
Other investment	7	—	7,916	7,916
Current assets				
Stocks	8	28,591	37,797	60,130
Trade debtors	9	15,707	19,072	16,627
Other debtors, deposits and prepayments	10	10,403	6,879	11,358
Due from related parties (trade)		—	—	43
Due from related parties (non-trade)	11	35,003	41,410	25,556
Due from holding company (non-trade)	11	—	1,829	250
Cash and cash equivalents	12	2,394	11,772	32,271
		92,098	118,759	146,235
Current liabilities				
Trade creditors	13	33,028	36,979	41,992
Other creditors and accruals	14	6,760	9,801	12,411
Short-term bank loans	15	25,150	24,000	38,000
Advances from shareholders	11	10,125	—	—
Due to related parties (trade)		8,082	4,065	4,156
Due to related parties (non-trade)	11	6,069	43,657	—
Due to holding company (non-trade)	11	5,966	—	39,000
Provision for taxation		13,516	19,123	23,962
		108,696	137,625	159,521
Net current liabilities		(16,598)	(18,866)	(13,286)
		41,226	78,136	92,832

The accompanying notes are an integral part of the financial statements.

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

STATEMENTS OF PROFIT AND LOSS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002 AND 2003
AND THE FINANCIAL PERIOD ENDED 31 MAY 2004

[Amounts in thousands of Chinese Renminbi ("RMB")]

		Year ended 31 December		Five months ended 31 May
	Note	**2002**	**2003**	**2004**
		RMB 000	**RMB 000**	**RMB 000**
Turnover	16	80,167	123,116	74,563
Cost of sales		(50,024)	(85,521)	(48,482)
Gross profit		30,143	37,595	26,081
Other operating income	17	1,203	2,392	2,966
Distribution and selling expenses		(7,041)	(12,198)	(4,775)
Administrative expenses		(3,266)	(3,772)	(840)
Other operating expenses	18	(1,117)	(3,696)	(769)
Profit from operations	19	19,922	20,321	22,663
Financial expenses, net	20	(1,263)	(1,071)	(729)
Profit before taxation		18,659	19,250	21,934
Taxation	21	(6,390)	(7,340)	(7,238)
Profit after taxation		12,269	11,910	14,696

The accompanying notes are an integral part of the financial statements.

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002 AND 2003 AND THE FINANCIAL PERIOD ENDED 31 MAY 2004

[Amounts in thousands of Chinese Renminbi ("RMB")]

	Paid Up Capital	Retained Profits	Statutory Reserves	Total
	RMB 000	RMB 000	RMB 000	RMB 000
Balance as at 31 December 2001	10,000	16,082	2,875	28,957
Profit for the year	—	12,269	—	12,269
Transfer to reserves	—	(1,841)	1,841	—
Balance as at 31 December 2002	10,000	26,510	4,716	41,226
Profit for the year	—	11,910	—	11,910
Transfer to reserves	—	(1,786)	1,786	—
Capital injection during the year	25,000	—	—	25,000
Balance as at 31 December 2003	35,000	36,634	6,502	78,136
Profit for the period	—	14,696	—	14,696
Transfer to reserves	—	(2,205)	2,205	—
Balance as at 31 May 2004	35,000	49,125	8,707	92,832

The accompanying notes are an integral part of the financial statements.

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002 AND 2003
AND THE FINANCIAL PERIOD ENDED 31 MAY 2004

[Amounts in thousands of Chinese Renminbi ("RMB")]

	Year ended 31 December		Five months ended 31 May
	2002	**2003**	**2004**
	RMB 000	**RMB 000**	**RMB 000**
Cash flows from operating activities			
Profit before taxation	18,659	19,250	21,934
Adjustments for:			
Depreciation of fixed assets	1,412	3,767	2,158
Amortisation of land use rights	186	186	77
Interest expense	1,352	1,216	766
Interest income	(95)	(176)	(61)
Allowance for diminution in value of investments	—	84	—
Operating profit before working capital changes	21,514	24,327	24,874
Stocks	(6,168)	(9,206)	(22,333)
Trade debtors	(14,420)	(3,365)	2,445
Other debtors, deposits and prepayments	(7,696)	3,524	(4,479)
Trade creditors	15,591	3,951	5,013
Other creditors and accruals	3,245	3,041	2,610
Related parties' balances (trade)	6,346	(4,017)	48
Cash deposits pledged	(1,620)	(6,180)	(21,200)
Cash generated from/(used in) operations	16,792	12,075	(13,022)
Interest expense paid	(1,352)	(1,216)	(766)
Interest income received	95	176	61
Income taxes paid	(679)	(1,733)	(2,399)
Net cash generated from/(used in) operating activities	14,856	9,302	(16,126)
Cash flows from investing activities			
Increase in investments	—	(8,000)	—
Additions to fixed assets	(21,964)	(35,215)	(11,351)
Net cash used in investing activities	(21,964)	(43,215)	(11,351)

The accompanying notes are an integral part of the financial statements.

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

STATEMENTS OF CASH FLOWS (Continued)
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002 AND 2003
AND THE FINANCIAL PERIOD ENDED 31 MAY 2004
[Amounts in thousands of Chinese Renminbi ("RMB")]

	Year ended 31 December		Five months ended 31 May
	2002	2003	2004
	RMB 000	RMB 000	RMB 000
Cash flows from financing activities			
Proceeds from increase in share capital	—	25,000	—
Loans from/(to) shareholders	10,125	(10,125)	—
Related parties' balances (non-trade)	(17,567)	31,181	(27,803)
Due to holding company (non-trade)	—	(7,795)	40,579
Repayment of bank borrowings	(35,550)	(54,150)	(44,900)
Proceeds from bank borrowings	50,550	53,000	58,900
Net cash generated from financing activities	7,558	37,111	26,776
Net increase/(decrease) in cash and cash equivalents	450	3,198	(701)
Cash and cash equivalents at beginning of year/period (Note 12)	324	774	3,972
Cash and cash equivalents at end of year/period (Note 12)	774	3,972	3,271

The accompanying notes are an integral part of the financial statements.

JIANGSU WORLD MACHINE TOOL CO., LTD

江苏沃得机床有限公司

(Incorporated in the People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2002 AND 2003 AND THE FINANCIAL PERIOD ENDED 31 MAY 2004
[Amounts in thousands of Chinese Renminbi ("RMB")]

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a private limited company domiciled and incorporated in the People's Republic of China ("PRC"). The address of the Company's registered office and principal place of business is Picheng Town, Danyang City, Jiangsu Province 212311, PRC.

The Company is a wholly owned subsidiary of Jiangsu World Electronics Group Co.,Ltd, incorporated in PRC, which is also its ultimate holding company.

The principal activities of the Company are the manufacture and supply of stamping machines and metal parts.

The financial statements of Jiangsu World Machine Tool Co., Ltd for the financial years ended 31 December 2002 and 2003 and the financial period ended 31 May 2004 were approved by the Board of Directors on 18 August 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, expressed in the Chinese Renminbi ("RMB") which is also the functional currency, are prepared in accordance with Singapore Financial Reporting Standards ("FRS") and under the historical cost convention.

Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and any impairment loss.

Fixed assets are depreciated using the straight-line method to write-off the cost of the fixed assets less estimated residual value over their estimated useful lives. The estimated useful lives and residual values have been taken as follows:

	Useful lives (Years)	Estimated residual value as a percentage of cost
Buildings and leasehold properties	25	5%
Machinery	10	5%
Electrical fittings	5	5%
Tools and equipment	5	5%
Motor vehicles	5	5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets and depreciation (Continued)

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction in progress includes all costs of construction and other direct costs. No depreciation is provided on construction in progress until such time as it is completed and ready for use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. An assessment of the carrying value of fixed assets is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on a straight-line basis to write off the cost of land use rights over the lease terms.

Other investment

Unquoted equity investment held for long term is carried at cost less any impairment in net recoverable value, if any.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. Value in use is the present value of estimated future cash flows expected from the continuing use of an asset and from its disposal at the end of its useful life.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss accounts in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss accounts in the period in which it occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stocks

Stocks are valued at the lower of cost and net realisable value. Raw material comprises purchase cost accounted for on a weighted average basis. Work-in-progress and finished goods comprise materials, all direct expenditure and an attributable proportion of manufacturing overheads.

Net realisable value is the estimated normal selling price, less estimated costs to completion and costs to be incurred for selling and distribution.

Allowance is made for deteriorated, damaged, obsolete and slow-moving stocks.

Trade and other debtors

Trade debtors, which generally are on normal credit terms, are recognised and carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method, less specific allowance for doubtful debts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Other debtors are recognised and carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method, less specific allowance for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

Cash and cash equivalent comprises cash on hand and in banks, cash deposits pledged within period of less than three months and fixed deposits. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Trade and other creditors

Trade creditors, which generally are on normal credit terms, are carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method.

Other creditors and amounts due to related parties are carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Amounts due from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

Amounts due to related parties are carried at cost.

Pension scheme

The Company is required to provide certain staff pension benefits to their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by the PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the Chinese retired employees. These benefits are accounted for on an accrual basis and charged to the profit and loss account when incurred.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognised.

(a) Sale of goods

Revenue is recognised when the significant risks and rewards have been transferred to the buyer which generally coincides with the delivery and acceptance of the goods sold. It is recorded net of returns, trade allowances and duties and taxes.

(b) Government subsidies

Income is recognised on a receipt basis.

(c) Interest income

Income is recognised on an accrual basis.

Government subsidies

Government subsidies are recognised where there is reasonable assurance that the grant will be received and all terms and conditions relating to the subsidies have been complied with. When the subsidies relates to an expense item, it is recognised in the statement of profit and loss over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Borrowing costs

Borrowing costs are expensed in the financial year/period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease terms.

Taxation

PRC corporate income tax is provided at rates applicable to enterprises in the PRC on income for financial reporting purposes, as adjusted for income and expense items, which are not assessable or deductible for income tax purposes.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year/period when the asset is realised or the liability is settled, based on the tax rates that have been enacted at the balance sheet date or subsequently enacted.

Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents, trade and other debtors, trade and other creditors, including related companies' balances and bank borrowings. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

3. PAID UP CAPITAL

	31 December 2002	31 December 2003	31 May 2004
	RMB 000	RMB 000	RMB 000
Registered and paid up capital			
At beginning of the financial year/period	10,000	10,000	35,000
Capital injection during the financial year	—	25,000	—
At end of the financial year/period	10,000	35,000	35,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. STATUTORY RESERVES

(a) Statutory common reserve

In accordance with relevant PRC regulations, the Company is required to transfer 10% of its net profit each financial year to the statutory common reserve. The transfer will continue until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory common reserve can only be used to set off against losses, to expand the Company production operations or to increase the capital of the Company. The Company may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the registered capital.

The amount transferred to this reserve represents 10% of the net profit of the Company.

(b) Statutory welfare reserve

In accordance with relevant PRC regulations, the Company is required to transfer a portion of its net profit each financial year to the statutory welfare reserve.

The statutory welfare reserve can only be used for the collective welfare of the employees.

The amount transferred to this reserve represents 5% of the net profit of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FIXED ASSETS

	Buildings and leasehold properties	Machinery	Electrical Fittings	Tools and Equipment	Motor Vehicles	Construction in progress	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Cost							
At 1.1.2002	17,925	5,042	302	—	—	6,183	29,452
Additions	—	7,972	338	5,464	741	7,449	21,964
Transfers	292	876	—	—	—	(1,168)	—
At 31.12.2002	18,217	13,890	640	5,464	741	12,464	51,416
Additions	—	3,013	135	1,638	—	30,429	35,215
Transfers	17,138	5,897	—	—	—	(23,035)	—
At 31.12.2003	35,355	22,800	775	7,102	741	19,858	86,631
Additions	—	450	16	471	—	10,414	11,351
Transfers	—	11,041	—	219	—	(11,260)	—
As at 31.5.2004	35,355	34,291	791	7,792	741	19,012	97,982
Accumulated depreciation							
At 1.1.2002	681	514	60	—	—	—	1,255
Charge for the financial year	681	626	76	—	29	—	1,412
At 31.12.2002	1,362	1,140	136	—	29	—	2,667
Charge for the financial year	801	1,615	131	1,079	141	—	3,767
At 31.12.2003	2,163	2,755	267	1,079	170	—	6,434
Charge for the financial period	560	905	62	573	58	—	2,158
At 31.5.2004	2,723	3,660	329	1,652	228	—	8,592
Net book value							
At 31.12.2002	16,855	12,750	504	5,464	712	12,464	48,749
At 31.12.2003	33,192	20,045	508	6,023	571	19,858	80,197
At 31.5.2004	32,632	30,631	462	6,140	513	19,012	89,390

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. LAND USE RIGHTS

	31 December 2002	31 December 2003	31 May 2004
	RMB 000	RMB 000	RMB 000
Cost			
Balance at beginning and end of the financial year/period	9,292	9,292	9,292
Accumulated amortisation			
Balance at beginning of the financial year/period	31	217	403
Charge for the financial year/period	186	186	77
Balance at end of the financial year/ period	217	403	480
Net book value	9,075	8,889	8,812

Amortisation of land use rights is included as “general and administrative” expenses in the profit and loss account.

7. OTHER INVESTMENT

	31 December 2002	31 December 2003	31 May 2004
	RMB 000	RMB 000	RMB 000
Unquoted investment at cost			
Equity shares	—	8,000	8,000
Less allowance for diminution in value of investment	—	(84)	(84)
	—	7,916	7,916

8. STOCKS

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
At cost			
Raw materials	11,271	7,951	10,350
Work-in-progress	6,549	13,420	16,397
Finished goods	11,460	18,316	35,273
Less allowance for stock obsolescence	(689)	(1,890)	(1,890)
	28,591	37,797	60,130

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. STOCKS (Continued)

Movements in allowance for stock obsolescence during the financial years/period are as follows:

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
At beginning of the financial year/period	262	689	1,890
Allowance for the financial year/period	427	1,201	—
At the end of the financial year/period	689	1,890	1,890

9. TRADE DEBTORS

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
Trade debtors	15,924	17,494	17,244
Notes receivables (trade)	—	3,225	1,030
Less allowance for doubtful debts	(217)	(1,647)	(1,647)
	15,707	19,072	16,627

Movements in allowance for doubtful debts during the financial years/period are as follows:

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
At beginning of the financial year/period	113	217	1,647
Allowance for the financial year/period	104	1,430	—
At end of the financial year/period	217	1,647	1,647

As at 31 December 2003, notes receivable amounting to RMB 3,000,000 had been pledged for notes payable of the same amount.

10. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
Other debtors	2,023	1,195	4,830
Less allowance for doubtful debts	(165)	(444)	(444)
	1,858	751	4,386
Deposits	2,000	2,000	1,300
Prepayments	92	160	72
Advances paid to suppliers	6,453	3,968	5,600
	10,403	6,879	11,358

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Movements in allowance for other debtors during the financial years/period are as follows:

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
At beginning of the financial year/period	165	165	444
Allowance for the financial year/period	—	279	—
At end of the financial year/period	165	444	444

11. DUE FROM/(TO) HOLDING COMPANY (NON-TRADE)/ ADVANCES FROM SHAREHOLDERS/ DUE FROM/(TO) RELATED PARTIES (NON-TRADE)

These amounts are unsecured, interest free and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
Cash on hand	109	117	15
Cash at bank	665	3,855	3,256
Cash and cash equivalents as stated in statement of cash flows	774	3,972	3,271
Pledged cash deposits	1,620	7,800	29,000
Cash and cash equivalents as stated in balance sheet	2,394	11,772	32,271

13. TRADE CREDITORS

	31 December 2002 RMB 000	31 December 2003 RMB 000	31 May 2004 RMB 000
Trade creditors	22,087	21,762	27,792
Notes payable (trade)	1,600	3,000	—
Value-added tax payable	9,341	12,217	14,200
	33,028	36,979	41,992

The notes payable are interest-free. As at 31 December 2002, the notes payable are secured by cash deposits amounting to RMB 1,600,000 (Note 12). As at 31 December 2003, the notes payable are secured by notes receivable amounting to RMB 3,000,000 (Note 9).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER CREDITORS AND ACCRUALS

	31 December 2002	31 December 2003	31 May 2004
	RMB 000	RMB 000	RMB 000
Other creditors	2,061	2,565	1,370
Accrued operating expenses	4,699	7,000	8,650
Advances from customers	—	236	2,391
	6,760	9,801	12,411

15. SHORT-TERM BANK LOANS

Details of short-term loans are as follows:

	As at 31 December 2002	As at 31 December 2003	As at 31 May 2004	Interest rates per annum	Security Mortgage / Guarantee	Repayment date
	RMB 000	RMB 000	RMB 000			
(1)	5,000	—	—	5%	Independent third party	15th January 2003
(2)	5,000	—	—	5%	Independent third party	15th March 2003
(3)	5,000	—	—	5%	Independent third party	18th April 2003
(4)	5,000	—	—	5%	Independent third party	25th April 2003
(5)	150	—	—	7%	Unsecured	14th May 2003
(6)	5,000	—	—	5%	Independent third party	25th May 2003
(7)	—	5,000	—	5%	Independent third party	25th March 2004
(8)	—	4,000	—	5%	Independent third party	13th April 2004
(9)	—	5,000	—	5%	Independent third party	23rd April 2004
(10)	—	5,000	—	5%	Independent third party	25th May 2004
(11)	—	5,000	—	5%	Independent third party	29th May 2004
(12)	—	—	3,000	5%	Independent third party	14th July 2004
(13)	—	—	10,000	5%	Independent third party	10th October 2004
(14)	—	—	5,000	5%	Independent third party	25th November 2004
(15)	—	—	10,000	5%	Holding company	1st July 2004
(16)	—	—	10,000	5%	Holding company	2nd July 2004
	25,150	24,000	38,000			

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. SHORT-TERM BANK LOANS (Continued)

The holding company and/or its related parties have given separate guarantees to banks in favour of these independent third parties for their banking facilities in exchange for guarantees given to the company.

16. TURNOVER

Turnover comprises mainly the sale of stamping machines and metal parts.

17. OTHER OPERATING INCOME

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	RMB 000	RMB 000
Government subsidies	1,010	2,000	2,780
Others	193	392	186
	1,203	2,392	2,966

18. OTHER OPERATING EXPENSES

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	RMB 000	RMB 000
Allowance for stock obsolescence	427	1,201	—
Allowance for doubtful debts (non-trade)	—	279	—
Allowance for doubtful debts (trade)	104	1,430	—
Allowance for diminution in value of investments	—	84	—
Bad debts written off	174	—	—
Others	412	702	769
	1,117	3,696	769

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. PROFIT FROM OPERATIONS

This is determined after charging the following:

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	**RMB 000**	**RMB 000**
Bad debts written off	174	—	—
Depreciation of fixed assets	1,412	3,767	2,158
Amortisation of land use rights	186	186	77
Operating lease expense	252	397	165

20. FINANCIAL EXPENSES, NET

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	**RMB 000**	**RMB 000**
Interest expense on bank loans	1,352	1,216	766
Interest income on bank balances	(95)	(176)	(61)
Others	6	31	24
	1,263	1,071	729

21. TAXATION

The Company's current tax charge varies from the amount arrived at by applying the statutory income tax rates of PRC on profit before taxation mainly due to certain non-deductible items added back for tax purposes. The applicable tax rate used in the tax reconciliation is 33%, in accordance with the relevant laws and regulations in the PRC.

The reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	**RMB 000**	**RMB 000**
Profit before taxation	18,659	19,250	21,934
Tax at applicable rate of 33%	6,157	6,352	7,238
Add: Non deductible expenses	233	988	—
	6,390	7,340	7,238

No deferred tax has been provided, as the Company did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the respective balance sheet dates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. PERSONNEL EXPENSES

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	**RMB 000**	**RMB 000**
Wages, salaries and bonuses	7,368	14,156	3,847
Pension contributions	316	331	115
Other personnel expenses	1,126	2,147	494
	8,810	16,634	4,456
Number of employees at end of the financial year/period	1,006	1,104	1,670

23. RELATED PARTY INFORMATION

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

	1 January 2002 to 31 December 2002	1 January 2003 to 31 December 2003	1 January 2004 to 31 May 2004
	RMB 000	**RMB 000**	**RMB 000**
Income			
Sales to holding company	90	2	1
Sales to related parties	561	336	197
Cost of sales			
Purchases from holding company	100	17	2
Purchases from related parties	8,181	3,954	300
Others	—	25	—

24. COMMITMENTS

(a) Non-cancellable operating lease commitments

As at balance sheet dates, the Company had operating lease commitments in respect of the factory premise payable as follows:

	2002	2003	2004
	RMB 000	**RMB 000**	**RMB 000**
Future minimum lease payments			
— not later than 1 year	397	397	—
— between 2 to 5 years	1,588	1,588	—
— later than 5 years	566	169	—
	2,551	2,154	—

Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISKS AND MANAGEMENT POLICIES

Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:–

Liquidity risk

The Company monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations. Committed credit facilities will be obtained from local reputable banks in the event that funding is required.

Interest rate risk

The Company has obtained bank loans from various local reputable financial institutions and other borrowing. The interest rates are as disclosed in Note 15.

The Company constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at balance sheet dates, there were no forward contracts or other such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Surplus funds are placed with reputable banks that are approved by the Board of Directors.

Credit risk

The carrying amounts of cash and cash equivalents, trade and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets.

Cash and cash equivalent are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The management mitigates the risk by extending credit only to creditworthy customers. Customers on credit terms are regularly monitored and therefore, the management does not expect the Company to incur significant credit losses.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

Fair values

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The fair values of cash and cash equivalents, trade and other debtors, trade and other creditors, short term bank loan and other borrowings, amount due to and due from related parties and holding companies approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments. Unquoted equity investment is stated at cost less allowance for impairment in value that is other than temporary as there is no reliable method to determine the fair values of these investments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. FINANCIAL RISKS AND MANAGEMENT POLICIES (Continued)

It is not practical to determine, with sufficient reliability without incurring excessive costs, the fair value of amounts unquoted equity shares as they do not have quoted market prices in an active market nor are other methods of reasonably estimating the fair values readily available.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective notes to the financial statements, where applicable.

26. SEGMENT INFORMATION

No information by business segments is presented as the principal operation of the Company relates mainly to the manufacture and supply of stamping machines and metal parts. In addition, as the business of the Company is engaged entirely in the PRC, no reporting by geographical location of operation is presented.

27. SUBSEQUENT EVENT

Pursuant to an Acquisition Agreement dated 31 May 2004 entered into between World Precise Machinery (China) Co., Ltd and the Company, World Precise Machinery (China) Co., Ltd acquired the Relevant Business from the Company with effect from 31 May 2004 for a total cash consideration of approximately RMB 76,104,000. The consideration of the acquisition was arrived at, on a willing buyer and willing seller basis, and was based on the net book value of the assets and liabilities of the Relevant Business as at 31 May 2004.

On 18 June 2004, in connection with the Acquisition Agreement, World Precise Machinery (China) Co., Ltd entered into a land rental agreement ("Land Rental Agreement") to lease certain land from the Company for a period of six and a half years with effect from 1 June 2004 for an annual rental of RMB 300,000.

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages G-3 to G-23 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2002, 31 December 2003 and 31 May 2004 and of the results, changes in equity and cash flows of the Company for the financial years ended 31 December 2002, 31 December 2003 and the financial period ended 31 May 2004, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Shao Jian Jun
Director

Zhuo Ping Guo
Director

Date: 18 August 2005

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Formerly known as World Precision Machinery Pte Ltd)
(Incorporated in Singapore)

AND ITS SUBSIDIARY
Registration No. 200409453N

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005
TOGETHER WITH REPORTS OF DIRECTORS AND AUDITORS

BRIGHT WORLD PRECISION MACHINERY PTE LTD
(Incorporated in Singapore)
AND ITS SUBSIDIARY

DIRECTORS' REPORT
FOR THE FINANCIAL PERIOD FROM DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005
[AMOUNTS IN THOUSAND OF CHINESE RENMINBI ("RMB") UNLESS OTHERWISE STATED]

The directors are pleased to present their report to the members together with the audited financial statements of Bright World Precision Machinery Pte Ltd (the "Company") and its subsidiary (the "Group") for the financial period from date of incorporation, 28 July 2004 to 30 June 2005.

Directors

The directors of the Company in office at the date of this report are as follows:

Shao Jian Jun	(appointed on 28 July 2004)
Wang Wei Yao	(appointed on 28 July 2004)
Teo Yi Jing	(appointed on 28 July 2004)

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The interests of the directors who held office at the end of the financial period in the shares or debentures of the Company and related corporations, according to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act were as follows:

	Shareholdings registered in name of director or nominee		Shareholdings in which a director is deemed to have an interest	
	At 28 July 2004	At 30 June 2005	At 28 July 2004	At 30 June 2005
Shao Jian Jun	1	1	—	—
Wang Wei Yao	1	1	—	—

Directors' Contractual Benefits

Since the date of incorporation, no director has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from a related corporation) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT (Continued)

Share options

During the financial period, no option to take up unissued shares of the Company or its subsidiaries was granted.

Option Exercised

During the financial period, there were no shares of the Company or its subsidiary issued by virtue of the exercise of an option to take up unissued shares.

Unissued Shares Under Option

At the end of the financial period, there were no unissued shares of the Company or its subsidiary under option.

Auditors

First Trust Partnership (previously known as TKH & Company) has expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

Shao Jian Jun
Director

Wang Wei Yao
Director

Singapore
15 December 2005

STATEMENT BY DIRECTORS

In the opinion of the directors of Bright World Precision Machinery Pte Ltd, the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages H-6 to H-29 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the results, changes in equity and cash flows of the Group for the financial period then ended, and at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Shao Jian Jun
Director

Wang Wei Yao
Director

15 December 2005

Auditors' Report to the Members of Bright World Precision Machinery Pte Ltd

First Trust Partnership
Certified Public Accountants
(formerly known as TKH & Company)

1 Raffles Place
#29-01 OUB Centre
Singapore 048616

Tel: (65) 6221 0338
Fax: (65) 6221 1080

We have audited the accompanying financial statements of Bright World Precision Machinery Pte Ltd set out on pages H-6 to H-29 for the financial period from date of incorporation 28 July 2004 to 30 June 2005, comprising the balance sheet of the Company and the consolidated financial statements of the Group. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the accompanying balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act, (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the results, changes in equity and cash flows of the Group for the financial period then ended; and

(b) the accounting and other records (excluding registers) required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

First Trust Partnership
Certified Public Accountants

Singapore
15 December 2005

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Incorporated in Singapore)

AND ITS SUBSIDIARY

BALANCE SHEET
AS AT 30 JUNE 2005

[Amounts in thousands of Chinese Renminbi ("RMB")]

	Note	Group 2005	Company 2005
		RMB 000	RMB 000
Shareholders' equity			
Share capital	3	^	^
Statutory reserves	4	11,873	—
Retained profits/(accumulated loss)		67,130	(149)
		79,003	(149)
Fixed assets	5	117,878	—
Investment in subsidiary	6	—	83,309
Current assets			
Stocks	7	60,163	—
Trade debtors	8	68,935	—
Other debtors, deposits and prepayments	9	21,177	3,122
Due from related parties (non-trade)	13	13,999	—
Cash and cash equivalents	10	22,531	^
		186,805	3,122
Current liabilities			
Trade creditors		39,107	—
Other creditors and accruals	11	61,397	149
Short-term bank loan	12	20,000	—
Due to related parties (trade)		18,745	—
Due to related parties (non-trade)	13	86,431	86,431
		225,680	86,580
Net current liabilities		(38,875)	(83,458)
Net assets/(liabilities)		79,003	(149)

^ Amount less than RMB 1,000.

The accompanying notes are an integral part of the financial statements.

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Incorporated in Singapore)

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005

[Amounts in thousands of Chinese Renminbi ("RMB")]

	Note	Group 28 July 2004 to 30 June 2005
		RMB 000
Turnover	14	276,027
Cost of sales		(185,879)
Gross profit		90,148
Other operating income	15	7,101
Distribution and selling expenses		(12,949)
Administrative expenses		(4,034)
Other operating expenses, net	16	(822)
Profit from operations	17	79,444
Financial expenses, net	18	(441)
Profit before taxation		79,003
Taxation	19	—
Profit after taxation, representing profit retained for the financial period		79,003

The accompanying notes are an integral part of the financial statements.

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Incorporated in Singapore)

AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005
[Amounts in thousands of Chinese Renminbi ("RMB")]

	Share Capital	Retained Profits	Statutory Reserves	Total
	RMB 000	RMB 000	RMB 000	RMB 000
Balance as at the date of incorporation, 28 July 2004	^	—	—	^
Profit for the financial period	—	79,003	—	79,003
Transfer to reserves	—	(11,873)	11,873	—
Balance as at 30 June 2005	^	67,130	11,873	79,003

^ Amount less than RMB 1,000

The accompanying notes are an integral part of the financial statements.

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Incorporated in Singapore)

AND ITS SUBSIDIARY

CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005
[Amounts in thousands of Chinese Renminbi ("RMB")]

	Group 28 July 2004 to 30 June 2005
	RMB 000
Cash flows from operating activities	
Profit before taxation	79,003
Adjustment for:	
Depreciation of fixed assets	7,437
Interest expense	482
Interest income	(100)
Profit on disposal of fixed assets	(36)
Operating profit before working capital changes	86,786
Stocks	3,552
Trade debtors	(41,563)
Other debtors, deposits and prepayments	(14,699)
Trade creditors	13,016
Other creditors and accruals	18,198
Due to related parties (trade)	18,745
Cash deposits pledged (Note A)	(16,000)
Cash generated from operations	68,035
Interest expense paid	(482)
Interest income received	100
Net cash generated from operating activities	67,653
Cash flows from investing activities	
Purchase of fixed assets	(33,864)
Proceed from disposal of fixed assets	98
Net cash inflow from acquisition of subsidiary (Note 6)	24,166
Net cash used in investing activities	(9,600)

The accompanying notes are an integral part of the financial statements.

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Incorporated in Singapore)

AND ITS SUBSIDIARY

CONSOLIDATED CASH FLOW STATEMENT (Continued)
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005
[Amounts in thousands of Chinese Renminbi ("RMB")]

	Group 28 July 2004 to 30 June 2005
	RMB 000
Cash flows from financing activities	
Repayment to related parties (non-trade)	(39,522)
Repayment of short-term bank loans	(12,000)
Net cash used in financing activities	(51,521)
Net increase in cash and cash equivalents	6,531
Cash and cash equivalents at beginning of the financial period	^
Cash and cash equivalents at end of the financial period (Note 10)	6,531

^ Amount less than RMB 1,000

Note A

During the financial period ended 30 June 2005, cash deposits amounting to RMB 16,000,000 was pledged to banks to secure notes payables amounting to RMB40,000,000 (Note 10 & 11).

The accompanying notes are an integral part of the financial statements.

BRIGHT WORLD PRECISION MACHINERY PTE LTD

(Incorporated in Singapore)
AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM THE DATE OF INCORPORATION,
28 JULY 2004 TO 30 JUNE 2005
[AMOUNTS IN THOUSANDS OF CHINESE RENMINBI (“RMB”)]

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a limited private exempt company incorporated in Singapore. The principal place of business of the Company is located at Picheng Town Danyang City Jiangsu Province 212311, the People’s Republic of China (“PRC”) and its registered office is at 6 Battery Road #39-01 Singapore 049909.

The principal activities of the Company are those relating to investment holding.

The principal activities of its subsidiary stated in Note 6 to the financial statements.

The consolidated financial statements of the Company and its subsidiary (the “Group”) for the financial period from the date of incorporation, 28 July 2004 to 30 June 2005 were authorised for issue in accordance with a directors’ resolution dated 15 December 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, which are expressed in the Chinese Renminbi (“RMB”) which is also the functional currency, are prepared in accordance with Singapore Financial Reporting Standards and under the historical cost convention.

Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and its subsidiary made up to 30 June each year. All significant intercompany balances and transactions are eliminated on consolidation. The equity and net profit attributable to minority shareholders’ interests are shown separately in the consolidated balance sheet and consolidated profit and loss account respectively. The interest of minority shareholders is stated at the minority’s proportion of the fair values of the assets and liabilities recognised.

Subsidiary are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The financial statements of foreign subsidiary are translated at exchange rates approximating to those ruling at the balance sheet date. The profit and loss items are translated at the average exchange rate during the financial year. Exchange differences arising from translation of the opening net investments are taken to currency translation reserve account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiary

A subsidiary is a company or enterprise controlled by the Company. Control is achieved when the Company have the power to govern the financial and operating policies of the investee company, so as to obtain benefits from its activities.

Investment in subsidiary is stated in the financial statements of the Company at cost less any impairment in net recoverable amount.

Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and any impairment loss.

Fixed assets are depreciated using the straight-line method to write-off the cost of the fixed assets less estimated residual value over their estimated useful lives. The estimated useful lives and residual values have been taken as follows:

	Useful lives (years)	Estimated residual value as a percentage of cost
Buildings and leasehold properties	25	5%
Machinery	10	5%
Electrical fittings	5	5%
Tools and equipment	5	5%
Motor vehicles	5	5%

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction in progress includes all costs of construction and other direct costs. No depreciation is provided on construction in progress until such time as it is completed and ready for use.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets. An assessment of the carrying value of fixed assets is made when there are indications that the assets have been impaired or the impairment losses recognised in prior years no longer exist.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. Value in use is the present value of estimated future cash flows expected from the continuing use of an asset and from its disposal at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss accounts in the period in which it arises.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss accounts in the period in which it occurs.

Stocks

Stocks are valued at the lower of cost and net realisable value. Raw material comprises purchase cost accounted for on a weighted average basis. Work-in-progress and finished goods comprise materials, all direct expenditure and an attributable proportion of manufacturing overheads.

Net realisable value is the estimated normal selling price, less estimated costs to completion and costs to be incurred for selling and distribution.

Allowance is made for deteriorated, damaged, obsolete and slow-moving stocks.

Trade and other debtors

Trade debtors, which generally are on normal credit terms, are recognised and carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest rate method, less specific allowance for doubtful debts. Specific allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Other debtors are recognised and carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method, less specific allowance for doubtful debts.

Trade and other creditors

Trade creditors, which generally are on normal credit terms, are carried at carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method.

Other creditors and amounts due to related parties are carried at fair values, plus transaction costs and subsequently accounted for at amortised costs using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Amount due from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

Amount due to related parties are carried at cost.

Provisions

A provision is recognised when there is a present obligation, legal or constructive, as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed regularly and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

Employee benefits

(i) Retirement benefits

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company makes contribution to the Central Provident Fund (CPF) Scheme in Singapore, a defined contribution pension schemes.

PRC

The subsidiary incorporated and operating in the PRC is required to provide certain retirement plan contribution to their employees under existing PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies which are responsible for administering these amounts for the subsidiary's employees.

Obligations for contributions to defined contribution retirement plans are recognised as an expense in the income statement as and when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to balance sheet date.

Cash and cash equivalents

Cash and cash equivalents are carried at fair value.

Cash and cash equivalent comprises cash on hand and in banks, cash deposits pledged within period of less than three months and fixed deposits. Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subjected to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. The following specific recognition criteria must be met before revenue is recognised.

(a) Sale of goods

Revenue is recognised when the significant risks and rewards have been transferred to the buyer which generally coincides the delivery and acceptance of the goods sold. It is recorded net of returns, trade allowances and duties and taxes.

(b) Government subsidies

Income is recognized on a receipt basis.

(c) Interest income

Income is recognized on an accrual basis

Government subsidies

Government subsidies are recognised where there is reasonable assurance that the grant will be received and all terms and conditions relating to the subsidies have been complied with. When the subsidies relates to an expense item, it is recognized in the statement of profit and loss over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Borrowing costs

Borrowing costs are expensed in the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

PRC corporate income tax is provided at rates applicable to enterprises in the PRC on income for financial reporting purposes, as adjusted for income and expense items, which are not assessable or deductible for income tax purposes.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial periods when the asset is realised or the liability is settled, based on the tax rates that have been enacted at the balance sheet date or subsequently enacted.

Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and bank balances, trade and other debtors, trade and other creditors including related parties' balances. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

Foreign currency transactions and balances

The functional and reporting currency of the Group is RMB. As the receipts and expenditures from operations are primarily denominated in RMB, the directors are of the opinion that the RMB reflects the economic substance of the underlying events and circumstances relevant to the RMB.

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at these dates. Exchange differences are dealt with in the unaudited proforma consolidated profit and loss statements.

Adoption of new and revised Financial Reporting Standards

With effect from 1 January 2005, the Group changed its accounting policy to adopt the new and revised Financial Reporting Standards ("FRS") that is relevant to its operations and effective for accounting periods beginning on or after 1 January 2005:

FRS 103	:	Business Combinations
FRS 36 (Revised)	:	Impairment of Assets
FRS 38 (Revised)	:	Intangible Assets
FRS 39 (Revised)	:	Financial Instruments: Recognition and Measurement

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of new and revised Financial Reporting Standards (Continued)

FRS 103 Requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. The adoption of FRS 103 also requires the adoption of FRS 36 (Revised) and FRS 38 (Revised).

FRS 36 (Revised) requires the Group to assess at each balance sheet date if there is any objective evidence that a financial asset or group of financial assets is impaired.

FRS 39 (Revised) requires all financial assets and liabilities to be classified into approximate categories at initial recognition and re-evaluates this designation at every reporting date. The classification depends on the purpose of which the financial assets or liabilities were acquired or incurred.

The accounting policies to adopt the above standards are stated in the respective notes. There is no material financial impact on the Group as a result of the adoption of the above standards. Apart from the changes in accounting policies arising from the adoption of new FRS as mentioned above, the Group continue to adopt the same accounting policies as in financial period ended 30 June 2005.

3. PAID UP CAPITAL

	Group and Company
	30 June 2005 RMB 000
Registered and paid up capital	
At date of incorporation, 28 July 2004	
— 2 ordinary shares of S$1.00 each (amounting to S$2.00)	^
At end of the financial period	^

^ Amount less than RMB 1,000.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. STATUTORY RESERVES

(a) Statutory common reserve

In accordance with relevant PRC regulations, the Company is required to transfer 10% of its net profit of each financial year to the statutory common reserve. The transfer will continue until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory common reserve can only be used to set off against losses, to expand the Company production operations or to increase the capital of the Company. The Company may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the registered capital.

The amount transferred to this reserve represents 10% of the net profit of the Company.

(b) Enterprise expansion fund

In accordance with relevant PRC regulations, the Company is required to transfer a portion of its net profit each financial year to the enterprise expansion fund.

The enterprise expansion fund can only be used for expanding the capital base of the Company by means of capitalisation issue.

The amount transferred to this reserve represents 5% of the net profit of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. FIXED ASSETS

Group	Buildings and leasehold properties	Machinery	Electrical Fittings	Tools and Equipment	Motor Vehicles	Construction in progress	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
Cost							
At 28.7.2004	—	—	—	—	—	—	—
Arising from the acquisition of subsidiary during the financial period	35,355	34,579	809	7,937	741	21,777	101,198
Additions	4	1,010	108	5,647	1,044	26,051	33,864
Disposals	—	(68)	(80)	—	—	(148)	
Transfers	5,085	17,239	—	809	—	(23,133)	—
At 30.6.2005	40,444	52,760	837	14,393	1,785	24,695	134,914
Accumulated depreciation							
At 28.7.2004	—	—	—	—	—	—	—
Arising from the acquisition of subsidiary during the financial period	2,947	4,232	354	1,900	252	—	9,685
Charge for the financial period	1,328	4,042	137	1,677	253	—	7,437
Disposals	—	(24)	(62)	—	—	—	(86)
At 30.6.2005	4,275	8,250	429	3,577	505	—	17,036
Net book value							
At 30.6.2005	36,169	44,510	408	10,816	1,280	24,695	117,878

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVESTMENT IN SUBSIDIARY COMPANY

	Company 30 June 2005
	RMB 000
Unquoted equity shares, at cost	83,309

Details of subsidiary are as follow:

Name	Principal activities/ Country of incorporation and place of business	Cost of investment	Effective equity interest held by the Company
		30 June 2005 RMB 000	30 June 2005 %
World Precise Machinery (China) Co., Ltd*	Manufacture and supply of stamping machines and metal parts/Republic of China	83,309	100

* Audited by 江苏立信会计师事务所有限公司for local statutory purposes whose auditors' report dated 7 March 2005 on the subsidiary was not subject to any qualification.

For the purpose of the reporting requirements under Singapore Exchange Securities Trading Limited Listing Manual, First Trust Partnership, were engaged as auditors to re-audit the financial statements of World Precise Machinery (China) Co., Ltd for the financial period from date of incorporation, 27 May 2004 to 31 December 2004 and for the financial period from 1 January 2005 to 30 June 2005. The auditors' report of First Trust Partnership on the subsidiary was not subject to any qualification.

Acquisition of subsidiary

Pursuant to an Equity Transfer Agreement dated 18 August 2004 and Payment Agreement dated 6 September 2005, the Company acquired its subsidiary World Precise Machinery (China) Co., Ltd on 18 August 2004 by the issue and allotment of 17,392,270 new shares to Kim Pan (a company incorporated in the BVI) each credited as fully paid on 6 September 2005 (see Note 25).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. INVESTMENT IN SUBSIDIARY COMPANY (Continued)

Acquisition of subsidiary (Continued)

The attributable net assets acquired are as follows:

	Total
	RMB 000
Fixed assets	91,513
Cash and bank balances	24,166
Trade debtors	27,372
Stocks	63,715
Other debtors, deposits and prepayments	6,478
Trade creditors	(26,091)
Other creditors and accruals	(43,199)
Short term loan	(32,000)
Due to related parties (non-trade)	(28,645)
Net assets acquired	83,309
Total purchase consideration via shares issue on 6 September 2005	(83,309)
Less: Cash and bank balances assumed	24,166
Amount due to related parties (non-trade)	83,309
Net cash inflow from the acquisition	24,166

7. STOCKS

	Group 30 June 2005	Company 30 June 2005
	RMB 000	RMB 000
At cost		
Raw materials	7,840	—
Work-in-progress	22,826	—
Finished goods	30,133	—
Less allowance for stock obsolescence	(636)	—
	60,163	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. STOCKS (Continued)

Movements in allowance for stock obsolescence during the financial period are as follows:

	Group 30 June 2005	Company 30 June 2005
	RMB 000	**RMB 000**
At beginning of the financial period	—	—
Arising from the acquisition of subsidiary during the financial period	1,610	—
Write back of allowance to profit and loss	(974)	—
At end of the financial period	636	—

8. TRADE DEBTORS

	Group 2005	Company 2005
	RMB 000	**RMB 000**
Trade debtors	71,166	—
Notes receivable (trade)	849	—
Less: allowance for doubtful debts	(3,080)	—
	68,935	—

Movements in allowance for doubtful debts during the financial period are as follows:

	Group 2005	Company 2005
	RMB 000	**RMB 000**
At beginning of the financial period	—	—
Arising from the acquisition of subsidiary during the period	1,951	—
Allowance for the financial period	1,129	—
At end of the financial period	3,080	—

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group 30 June 2005	Company 30 June 2005
	RMB 000	RMB 000
Other debtors	5,080	—
Less: allowance for other debtors	(228)	—
	4,852	—
Prepayments	3,458	3,122
Advances paid to suppliers	11,567	—
Deposits	1,300	—
	21,177	3,122

Movements in allowance for other debtors during the financial period are as follows:

	Group 30 June 2005	Company 30 June 2005
	RMB 000	RMB 000
At beginning of the financial period	—	—
Arising from the acquisition of subsidiary during the financial period	416	—
Write back of allowance to profit and loss	(188)	—
At end of the financial period	228	—

10. CASH AND CASH EQUIVALENTS

	Group 30 June 2005	Company 30 June 2005
	RMB 000	RMB 000
Cash on hand	88	^
Cash at bank	6,443	—
Cash and cash equivalents as stated in statement of cash flows	6,531	^
Pledged cash deposits (Note 11)	16,000	—
Cash and cash equivalents as stated in balance sheet	22,531	^

^ Amount less than RMB 1,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. OTHER CREDITORS AND ACCRUALS

	Group 30 June 2005	Company 30 June 2005
	RMB 000	RMB 000
Other creditors	3,077	149
Accrued operating expenses	12,643	—
Advances from customers	5,677	—
Notes payables (non trade)	40,000	—
	61,397	149

As at 30 June 2005, the notes payables are secured by cash deposits amounting to RMB 16,000,000 (See Note 10).

12. SHORT-TERM BANK LOAN

Short-term bank loan is as follows:

Group 30 June 2005	Interest rates per annum	Security Mortgage/Guarantee	Repayment date
RMB 000			
20,000	6.138%	Joint guarantee by related party, independent third party and director	18April2006

13. DUE FROM/(TO) RELATED PARTIES (NON-TRADE)

These amounts are unsecured, interest free and repayable on demand.

14. TURNOVER

Turnover comprises mainly the sale of stamping machines and metal parts.

15. OTHER OPERATING INCOME

	Group 28 July 2004 to 30 June 2005
	RMB 000
Sales of scrap metal	6,046
Commission	429
Government subsidies	200
Profit on disposal of fixed assets	43
Others	383
	7,101

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. OTHER OPERATING EXPENSES, NET

	Group 28 July 2004 to 30 June 2005
	RMB 000
Stock obsolescence written back	(974)
Allowance for doubtful debts written back (non-trade)	(188)
Allowance for doubtful debts (trade)	1,129
Others	855
	822

17. PROFIT FROM OPERATIONS

This is determined after charging/(crediting) the following:

	Group 28 July 2004 to 30 June 2005
	RMB 000
Bad debts written off	108
Depreciation of fixed assets	7,437
Director's remuneration	55
Operating lease expense	275
Profit on disposal of fixed assets	(36)

18. FINANCIAL EXPENSES, NET

	Group 28 July 2004 to 30 June 2005
	RMB 000
Loss on foreign exchange	31
Interest expense on bank loans	482
Interest income on bank balances	(100)
Others	28
	441

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. TAXATION

A reconciliation of the tax expense and the product of accounting profit multiplied by the applicable rate is as follows:

	Group 28 July 2004 to 30 June 2005
	RMB 000
Profit before taxation	79,003
Tax at applicable rate of 24%	18,961
Less: tax effect of income exempted from tax	(18,961)
	—

The Company

The Company, incorporated in Singapore, did not derive any assessable income from their respective dates of incorporation to 30 June 2005. The statutory income tax rate applicable to the Company for year of assessment 2006 is 20%.

World Precise Machinery (China) Co., Ltd

On 27 May 2004, the Subsidiary was incorporated as a foreign-owned enterprise ("WFOE"). From this date, in accordance with the "Income Tax Law of the PRC applicable to Enterprises with Foreign Investment and Foreign Enterprises", the subsidiary, being a WFOE established in the city of the coastal open economic zone, is entitled to a PRC preferential corporate tax rate of 24%, as compared to the statutory tax rate for PRC companies of 33%.

The subsidiary is further entitled to an exemption from the PRC state and local corporate income tax for the first two profitable financial years of their operations and thereafter a 50% relief from the state corporate income tax of the PRC for the following three financial years (the "Tax Holiday"). The first profitable year of the subsidiary is the financial period from date of incorporation 27 May 2004 to 31 December 2004, Accordingly, there is no tax expense for the current financial period.

The first profitable year of the subsidiary is the financial year ending 31 December 2004.

No deferred tax has been provided, as the Company did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PERSONNEL EXPENSES

	Group 28 July 2004 to 30 June 2005
	RMB 000
Wages, salaries and bonuses*	19,444
Pension contributions	309
Other personnel expenses	760
	20,513
Number of employees at end of the financial period	1,638

* Includes amount disclosed as director's remuneration in Note 17.

21. RELATED PARTY INFORMATION

In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

	Group 28 July 2004 to 30 June 2005
	RMB 000
Income	
Sales to related companies	159
Cost of sales	
Purchases from related companies	3,034

22. COMMITMENTS

(a) Non-cancellable operating lease commitments

As at balance sheet dates, the Group had operating lease commitments in respect of the factory premise payable as follows:

	Group 30 June 2005
	RMB 000
Future minimum lease payments	
— not later than 1 year	3,350
— between 2 to 5 years	13,400
— later than 5 years	10,200
	26,950

Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. COMMITMENTS (Continued)

(b) Capital expenditure commitments

	Group 30 June 2005
	RMB 000
Capital expenditure not provided for in the financial statements	
— commitments in respect of the construction of fixed assets	12,083

23. FINANCIAL RISKS AND MANAGEMENT POLICIES

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:

Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Company's operations. Committed credit facilities will be obtained from local reputable banks in the event that funding is required.

Interest rate risk

The Group has obtained bank loan from a local reputable financial institution. The interest rates are disclosed in Note 12.

The Company constantly monitors its interest rate risk and does not utilise forward contracts or other arrangements for trading or speculative purposes. As at balance sheet dates, there were no forward contracts or other such arrangements, interest rate swap contracts or other derivative instruments outstanding.

Surplus funds are placed with reputable banks that are approved by the Board of Directors.

Credit risk

The carrying amounts of cash and bank balances, trade and other debtors represent the Company's maximum exposure to credit risk in relation to financial assets.

Cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises mainly from the inability of its customers to make payments when due. The management mitigates the risk by extending credit only to creditworthy customers. Customers on credit terms are regularly monitored and therefore, the management does not expect the Company to incur significant credit losses.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. COMMITMENTS (Continued)

Fair values

Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The fair values of cash and bank balances, trade and other debtors, trade and other creditors including related parties' balances, approximate their carrying amounts in the financial statements due to the relatively short-term maturity of these financial instruments.

Disclosure of the nature of financial instruments and their significant terms and conditions that could affect the amount, timing and certainty of future cash flow is presented in the respective notes to the financial statements, where applicable.

24. SEGMENT INFORMATION

No information by business segments is presented as the principal operation of the Company relates mainly to the manufacture and supply of stamping machines and metal parts. In addition, as the business of the Company is engaged entirely in the PRC, no reporting by geographical location of the operation is presented.

25. SUBSEQUENT EVENTS

On 6 September 2005, the Company issued and alloted 17,392,270 new ordinary shares of par value S$1.00 each in the capital of the Company to Kim Pan (a company incorporated in the BVI) pursuant to and in accordance with the proposed Payment Agreement in satisfaction of the Purchase Consideration of the acquistion of World Precision Machinery (China) Co., Ltd.

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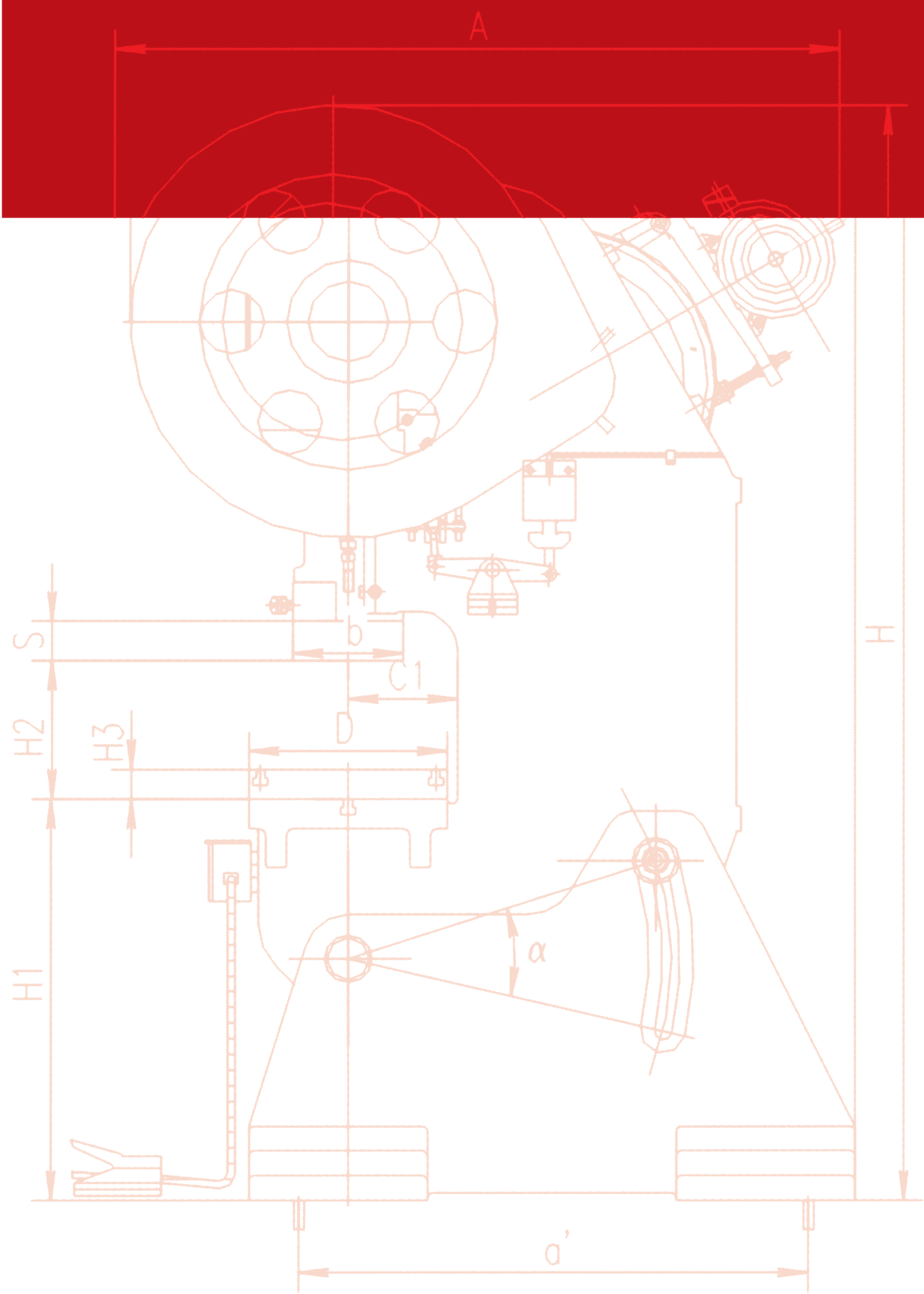
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WORLD

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