



**Bright World  
Precision  
Machinery  
Limited**

(Company Registration No: 200409453N)

Picheng Town, Danyang City,  
Jiangsu Province,  
People's Republic of China  
Postal Code 212311  
Tel: 86-511-6342198  
Fax: 86-511-6342767

## **MEDIA RELEASE**

**(For Immediate Release)**

# **BRIGHT WORLD RECORDS IMPRESSIVE 77.2% JUMP IN THIRD QUARTER NET PROFIT**

- Bright World's 3Q06 net profit equals to 1H06's net profit
- The Group witnessed a tremendous year-on-year surge of 77.2% in 3Q06 net profit from RMB 22.6 million to RMB 40.1 million

<b>Financial Highlights (RMB'm)</b>	<b>3 months ended 30 Sept</b>			<b>9 months ended 30 Sept</b>		
	<b>3Q 06</b>	<b>3Q 05</b>	<b>% Change</b>	<b>3Q 06</b>	<b>3Q 05</b>	<b>% Change</b>
<b>Turnover</b>	<b>129.5</b>	<b>82.8</b>	<b>+56.4</b>	<b>322.3</b>	<b>226.8</b>	<b>+42.1</b>
<b>Gross Profit</b>	<b>51.9</b>	<b>32.6</b>	<b>+59.1</b>	<b>118.9</b>	<b>77.0</b>	<b>+54.3</b>
<b>Taxation</b>	<b>(11.4)</b>	<b>-</b>	<b>N/A</b>	<b>(5.7)</b>	<b>-</b>	<b>N/A</b>
<b>Net Profit</b>	<b>40.1</b>	<b>22.6</b>	<b>+77.2</b>	<b>80.2</b>	<b>58.9</b>	<b>+36.2</b>

**Singapore, 8 November 2006** – Mainboard listed PRC-based Bright World Precision Machinery Limited (“Bright World” and together with its subsidiary, the “Group”), a manufacturer of stamping machines and related components, today announced strong financial performance for the 3 months ended 30 September 2006 (“3Q06”), whereby net profit after tax surged 77.2% to RMB 40.1 million from RMB 22.6 million. For the nine months of 2006, the net profit after tax improved 36.2% from the previous corresponding period to RMB 80.2 million.

The Group saw a robust growth in the sales volume for both conventional and high performance models of stamping machines.

Gross profit for 3Q06 rose 59.1% from RMB 32.6 million to RMB 51.9 million as compared to the previous corresponding period. The Group's gross margins for this third quarter climbed from 39.4% in 3Q05 to 40.1% in 3Q06 in tune with the increased in turnover and also mainly due to the increased sales volume of high performance machines which commanded higher selling prices.

The stellar turnover and gross profit performance for 3Q06 led to a 54.3% year-on-year increase to the Group's gross profit for nine months, to RMB 118.9 million from RMB 77.0 million. Correspondingly, gross profit margins for 9 months FY2006 also rose 2.9% to 36.9% from 34.0%, boosted by strong profit margins in 3Q06.

Mr Shao Jian Jun (邵建军), the Group's Chief Executive Officer said: *"The Group's sterling performance in turnover and profit margins is in line with our plans to manufacture higher performance machines which continue to attract strong demand. In tandem with the growing manufacturing industries in the PRC, we are confident of continuing this strong momentum."*

For the 3 months and 9 months FY2006, distribution and selling expenses increased 68.6% and 96.0% year-on-year respectively due to a rise in sales incentives to sales personnel in line with expansion of our marketing activities.

The Group also saw an increase in the administrative expenses from RMB 1.8 million in 3Q05 to RMB 3.1 million in 3Q06, which translates to an increase of 76.7% year-on-year. This is due largely to the higher operating expenses as part of the Group's continual listing obligations, such as directors' remuneration and fees, and ongoing audit fees. In addition, further expense was incurred in traveling costs, depreciation and additional workers' insurance policies taken up by the Group.

As at 30 September 2006, the Group's current asset value increased by 92.7% to RMB 402.3 million from RMB 208.8 million as compared to 31 December 2005, firstly from an increase in cash and cash balances arising from recent IPO proceeds and secondly, the rise in stocks of raw materials reserved for use in new production facilities.

Having enjoyed full tax exemption since 26 May 2004, WPM (China) a wholly-owned subsidiary of the Group, has reached the end of its tax holiday. Starting from January 2006, the Group currently enjoys an effective corporate tax rate of 12%. This is a 50% tax exemption from the preferential corporate tax of 24% granted to WPM (China), being a wholly-owned foreign enterprise (“WFOE”) established in the city of coastal open economic zone. No deferred tax has been provided, as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at the balance sheet. As a result, of taxation incurred for 3Q06 was RMB 5.6 million.

### **Looking Ahead**

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 industry group expects that 2006 would see another 15% growth on top of the current figures. Bouyed by the PRC’s low operating cost advantage, the Group believes that the PRC will continue to be the world’s factory and production base for all forms of manufacturing. The stamping machines industry forms the backbone of many manufacturing industries and enables the Group to reap strong performance from fast-growing sectors such as automobiles, home electrical appliances and electronics.

The Group believes that the stamping industry will continue to look rosy with the burgeoning of the automobile manufacturing industry as the automobile manufacturers are the largest purchasers of stamping machines. For example, it was announced in April 2005 that Daimler Chrysler AG, the world’s fifth-largest vehicle manufacturer, announcing their plans to build Chrysler compact cars for export to the United States.

*“We are confident about the growth in sales across the key manufacturing hubs of the PRC, namely Jiangsu, Zhejiang, Shanghai, Guangdong and Fujian provinces. The northern and central provinces of the PRC will also continue to witness higher sales as more manufacturing activities locate themselves in these regions.”* Mr Shao concluded.

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**About Bright World Precision Machinery Limited**

*Based in Danyang City, Jiangsu Province, PRC, Bright World Precision Machinery Limited (“Bright World” and together with its subsidiary, the “Group”) is a manufacturer of stamping machines and related components. The Group manufactures both standard and customized stamping machines to suit the different needs of its customers. With vertically integrated facilities, customers are assured of quality products and timely reactions to changes in their demands. Bright World is located in close proximity to numerous manufacturing companies located in the Jiangsu Province which provides the Group with opportunities to expand its customer base.*

*Bright World’s stamping machines are marketed under two brands – AOTU and World trademarks. Its products have been recognized in 2005 as “Jiangsu Trustworthy Quality Products”, while its subsidiary World Precise Machinery (China) Co., Ltd has been awarded “Trustworthy to Consumers for 2004” by the Danyang Consumer Association. It was awarded the ISO 9001:2000 for its quality management efforts since 2004.*

**Issued on behalf of Bright World Precision Machinery Limited by Cogent Communications Pte Ltd**

Tel: (65) 6323-1060, Fax: (65) 6222-1210

Ms Celine Ooi, [celine@cocentcomms.com](mailto:celine@cocentcomms.com) (DID: 6323-1193; HP: 98203845)

Mr Roger Poh, [roger@cocentcomms.com](mailto:roger@cocentcomms.com) (DID: 6323-3178; HP: 94552690)

**Note:** The initial public offering of the shares in the capital of Bright World Precision Machinery Limited was sponsored by Oversea-Chinese Banking Corporation Limited (“OCBC”). OCBC assumes no responsibility for the contents of this announcement.