

WEE POH HOLDINGS LIMITED

**Half Year Financial Statement And Dividend Announcement for the Period Ended 31/12/2004**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	6 months ended 31/12/2004 S\$'000	The Group 6 months ended 31/12/2003 S\$'000	% Change
<b>Revenue</b>	1,141	13,592	(91.6)
<b>Cost of sales</b>	(2,032)	(21,890)	90.7
<b>Gross loss</b>	(891)	(8,298)	89.3
Other operating income	497	112	343.8
Administrative expenses	(2,859)	(2,376)	(20.3)
Impairment loss on / Allowance for:			
Property, plant and equipment	(635)	-	N/m
Doubtful trade receivables	(235)	-	N/m
Doubtful other receivables and deposits	(225)	-	N/m
Allowance for legal claims	(119)	-	N/m
<b>Loss from operations</b>	(4,467)	(10,562)	57.7
Finance costs	(240)	(357)	32.8
<b>Loss before share of results of associates</b>	(4,707)	(10,919)	56.9
Share of results of associates	(7)	(21)	66.7
<b>Loss before income tax</b>	(4,714)	(10,940)	56.9
Income tax	(43)	-	N/m
<b>Loss after income tax</b>	(4,757)	(10,940)	56.5
Minority interest	-	-	N/m
<b>Loss for the year attributable to shareholders</b>	<b>(4,757)</b>	<b>(10,940)</b>	<b>56.5</b>

	6 months ended 31/12/2004 S\$'000	<u>The Group</u> 6 months ended 31/12/2003 S\$'000	% Change
<u>Other disclosures requirements:</u>			
Interest income included in other operating income	18	5	260.0
Interest on borrowings	(240)	(357)	32.8
Depreciation	(300)	(674)	55.5
Impairment loss on property, plant and equipment	(635)	-	N/m
Allowance for doubtful trade receivables	(235)	-	N/m
Allowance for doubtful other receivables	(225)	-	N/m
Allowance for legal claims	(119)	-	N/m
Gain/(Loss) on disposal of property, plant and equipment	93	(24)	487.5

Note: N/m = not meaningful

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<u>The Group</u>		<u>The Company</u>	
	31/12/2004 S\$'000	30/06/2004 S\$'000	31/12/2004 S\$'000	30/06/2004 S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank balances	2,454	4,709	2,205	3,829
Trade receivables	1,506	1,803	-	-
Other receivables, deposits and prepayments	708	525	554	6,353
<b>Total current assets</b>	<b>4,668</b>	<b>7,037</b>	<b>2,759</b>	<b>10,182</b>
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	647	647
Investment in associates	328	335	-	-
Other investments	1	1	-	-
Property, plant and equipment	2,660	6,987	12	7
<b>Total non-current assets</b>	<b>2,989</b>	<b>7,323</b>	<b>659</b>	<b>654</b>
<b>Total assets</b>	<b>7,657</b>	<b>14,360</b>	<b>3,418</b>	<b>10,836</b>

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2004</u>	<u>30/06/2004</u>	<u>31/12/2004</u>	<u>30/06/2004</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>LIABILITIES AND (CAPITAL DEFICIENCY) EQUITY</b>				
<b>Current liabilities</b>				
Bank loans and overdrafts	5,255	9,531	-	-
Trade payables	3,911	3,958	-	-
Other payables and accruals	13,361	12,568	2,595	2,671
Billings on construction contracts work-in-progress in excess of costs	210	1,790	-	-
Income tax payable	607	708	-	-
<b>Total current liabilities</b>	<b>23,344</b>	<b>28,555</b>	<b>2,595</b>	<b>2,671</b>
<b>Non-current liabilities</b>				
Deferred income tax	1	1	1	1
<b>Total non-current liabilities</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>CAPITAL AND RESERVES</b>				
Issued capital	12,194	10,499	12,194	10,499
Share premium	11,278	9,708	11,278	9,708
Assets revaluation reserve	-	812	-	-
Currency translation reserve	(3)	(3)	-	-
Accumulated losses	(39,157)	(35,212)	(22,650)	(12,043)
<b>Total (Capital deficiency)/ equity</b>	<b>(15,688)</b>	<b>(14,196)</b>	<b>822</b>	<b>8,164</b>
<b>Total liabilities and equity</b>	<b>7,657</b>	<b>14,360</b>	<b>3,418</b>	<b>10,836</b>

#### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

<u>31/12/04</u>		<u>30/06/04</u>	
<u>Secured (S\$'000)</u>	<u>Unsecured (S\$'000)</u>	<u>Secured (S\$'000)</u>	<u>Unsecured (S\$'000)</u>
5,255	-	9,531	-

Amount repayable after one year

<u>31/12/04</u>		<u>30/06/04</u>	
<u>Secured (S\$'000)</u>	<u>Unsecured (S\$'000)</u>	<u>Secured (S\$'000)</u>	<u>Unsecured (S\$'000)</u>
-	-	-	-

#### Details of any collateral

The above borrowings are secured by mortgage on the subsidiary's property and corporate guarantees granted by the Company.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>The Group</b>	
	<b>6 months ended 31/12/2004 S\$'000</b>	<b>6 months ended 31/12/2003 S\$'000</b>
<b>Cash flows used in operating activities</b>		
Loss before income tax and share of result of associates	(4,707)	(10,919)
Adjustments for :		
Depreciation expense	300	674
Impairment loss on property, plant and equipment	635	-
Allowance for doubtful trade receivables	235	-
Allowance for doubtful other receivables	225	-
Allowance for legal claims	119	-
Profit on sale of other investments	-	(21)
(Gain)/loss on disposal of property, plant and equipment	(93)	24
Interest income	(18)	(5)
Interest expense	240	357
Operating loss before working capital changes	(3,064)	(9,890)
Trade receivables	62	2,786
Other receivables, deposits and prepayments	(421)	(326)
Inventories	-	4,695
Trade payables	(47)	(2,615)
Other payables and accruals	674	(1,735)
Cost of contract work-in-progress	(1,580)	-
<b>Cash used in operations</b>	<b>(4,376)</b>	<b>(7,085)</b>
Interest paid	(240)	(357)
Income tax paid	(131)	-
<b>Net cash used in operating activities</b>	<b>(4,747)</b>	<b>(7,442)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property, plant and equipment	3,492	1,792
Purchase of property, plant and equipment	(7)	(36)
Disposal of other investment	-	101
Purchase of other investment	-	(1)
Interest received	18	5
<b>Net cash from investing activities</b>	<b>3,503</b>	<b>1,861</b>
<b>Cash flows from financing activities:</b>		
Issue of shares, net of expenses	3,265	11,496
Bank loans	-	166
Trust receipts	(38)	(337)
Finance leases	-	(781)
<b>Net cash from financing activities</b>	<b>3,227</b>	<b>10,544</b>
<b>Net effect of exchange rate changes in consolidating subsidiaries</b>	<b>-</b>	<b>14</b>
Net increase in cash and cash equivalents	1,983	4,977
Overdrawn at beginning of period	(4,784)	(9,369)
<b>Overdrawn at end of period (Note A)</b>	<b>(2,801)</b>	<b>(4,392)</b>

**Note A**

<b>The Group</b>	
<b>6 months ended</b>	<b>6 months ended</b>
<b><u>31/12/2004</u></b>	<b><u>31/12/2003</u></b>
<b>S\$'000</b>	<b>S\$'000</b>

**Cash overdrawn at end of the year comprised of:**

Cash and cash equivalents	2,454	5,133
Bank overdrafts	(5,255)	(9,525)
<b>Cash overdrawn at end of year</b>	<b>(2,801)</b>	<b>(4,392)</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Share capital S\$'000</b>	<b>Share premium S\$'000</b>	<b>Assets revaluation reserve S\$'000</b>	<b>Currency translation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
<b><u>Group</u></b>						
Balance at 30 Jun 2004	10,499	9,708	812	(3)	(35,212)	(14,196)
Issue of shares by way of placement	1,695	1,695	-	-	-	3,390
Share issue expenses	-	(125)	-	-	-	(125)
Transfer to accumulated losses	-	-	(812)	-	812	-
Loss attributable to shareholders	-	-	-	-	(4,757)	(4,757)
Balance at 31 Dec 2004	<u>12,194</u>	<u>11,278</u>	<u>-</u>	<u>(3)</u>	<u>(39,157)</u>	<u>(15,688)</u>
Balance at 30 Jun 2003	600	6,112	2,000	(12)	(16,078)	(7,378)
Currency translation differences	-	-	-	13	-	13
Issue of shares pursuant to the Strategic Issue	7,500	-	-	-	-	7,500
Issue of shares pursuant to the Best Effort Debts Conversion exercise	400	3,596	-	-	-	3,996
Loss attributable to shareholders	-	-	-	-	(10,940)	(10,940)
Balance at 31 Dec 2003	<u>8,500</u>	<u>9,708</u>	<u>2,000</u>	<u>1</u>	<u>(27,018)</u>	<u>(6,809)</u>

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Share premium S\$'000</b>	<b>Assets revaluation reserve S\$'000</b>	<b>Currency translation reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
Balance at 30 Jun 2004	10,499	9,708	-	-	(12,043)	8,164
Issue of shares by way of placement	1,695	1,695	-	-	-	3,390
Share issue expenses	-	(125)	-	-	-	(125)
Loss attributable to shareholders	-	-	-	-	(10,607)	(10,607)
<b>Balance at 31 Dec 2004</b>	<b>12,194</b>	<b>11,278</b>	<b>-</b>	<b>-</b>	<b>(22,650)</b>	<b>822</b>
Balance at 30 Jun 2003	600	6,112	-	-	(10,911)	(4,199)
Issue of shares pursuant to the Strategic Issue	7,500	-	-	-	-	7,500
Issue of shares pursuant to the Best Effort Debts Conversion exercise	400	3,596	-	-	-	3,996
Loss attributable to shareholders	-	-	-	-	(166)	(166)
<b>Balance at 31 Dec 2003</b>	<b>8,500</b>	<b>9,708</b>	<b>-</b>	<b>-</b>	<b>(11,077)</b>	<b>7,131</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Since 1 July 2004, the issued capital was increased as follows:

	<b>No of shares</b>	<b>Issued Capital (S\$'000)</b>
Balance at 1 July 2004	2,099,744,862	10,499
Share Placement	339,000,000	1,695
Balance at 31 Dec 2004	2,438,744,862	12,194

Except for the share placement issued on 19 July 2004 of 339,000,000 ordinary share of \$0.005 each, there was no change in the Company's share capital during the six months ended to 31 December 2004.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation for the current period as those adopted for the audited financial statements for the financial year ended 30 June 2004.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	6 months ended	
	31/12/04 (Cents)	31/12/03 (Cents)
(a)Based on weighted average number of ordinary shares in issue	(0.20)	(0.91)
(b)On a fully diluted basic	(0.20)	(0.91)

The basic earning per share for six months ended 31 December 2004 and 31 December 2003 are based on the Group's loss attributable to shareholder divided by the adjusted number of ordinary shares of 2,405,581,819 and 1,201,871,476 respectively.

There is no dilution as there were no outstanding options.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	The Group		The Company	
	As at 31/12/2004 (Cents)	As at 30/06/2004 (Cents)	As at 31/12/2004 (Cents)	As at 30/06/2004 (Cents)
Net assets / (liabilities) value per ordinary shares based on issued share capital at end of the period reported on	(0.64)	(0.68)	0.03	0.39

The net asset backings per ordinary share as at 31 December 2004 and 30 June 2004 are based on the issued share capital of 2,438,744,862 and 2,099,744,862 shares in issue as at that date respectively.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

For the half year ended 31 December 2004 ("1H2004"), as part of its rationalisation efforts, the Group has significantly reduced its construction activities. Currently, the Group is servicing its existing construction projects until completion with no new tendering of projects. The revenue has reduced by 91.6% from \$13.6 million for the half-year ended 31 December 2003 ("1H2003") to \$1.1 million for 1H2004. Accordingly, the gross loss has reduced by 89.3% from \$8.3 million in 1H2003 to \$0.9 million in 1H2004 and the loss for the period has reduced by 56.5% from \$10.9 million in 1H2003 to \$4.8 million in 1H2004.

The Group has made a provision for impairment in respect of its freehold land and building of \$635,000 in line with the weak property market. The Group has also provided for the non-recoverability of its other receivables of \$225,000 and trade receivables of \$235,000.

The finance cost has continued to decline with the efforts made to bring down the outstanding bank borrowings through a placement of shares in July 2004 and sale of certain properties.

Overall, the loss per share has reduced from 0.91 cents in 1H2003 to 0.20 cents in 1H2004.

The total liabilities of the Group has reduced by \$5.2 million as at 31 December 2004 compared to 30 June 2004 mainly due to the Group's efforts to reduce the outstanding bank borrowings and the reduction in the work-in-progress liabilities.

The total assets of the Group has decreased from \$14.4 million as at 30 June 2004 to \$7.7 million as at 31 December 2004 as a result of the sales of its property, plant and equipment and the utilisation of its cash and bank balances.

Overall, the net liabilities position of the Group has increased from \$14.2 million to \$15.7 million. The net asset position of the Company has decreased from \$8.2 million to \$0.8 million resulted substantially from the provision against amounts owing of \$9.1 million by Wee Poh Construction Co. (Pte) Ltd and other subsidiaries.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.



**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

During the half-year ended 31 December 2004, the Group announced it had entered into a sale and purchase agreement with Winning International Ltd (the "Winning Group"). Since then, the Group has been actively liaising with Winning Group on the reverse takeover.

Upon completion of the reverse takeover, the Group would have successfully diversified from a construction company that is dependent on the construction industry in Singapore to a business involving the distribution of watches and watch movements in the People's Republic of China and Hong Kong.

Whilst the above process is ongoing, the Company has been continually working with the Scheme Administrator on its subsidiary, Wee Poh Construction Co (Pte) Ltd to implement the Scheme of Arrangement.

The Company will also be issuing the debt restructuring shares to the banks for debts owing by Wee Poh Construction Co (Pte) Ltd as part of the bank restructuring undertaken by the Company by 31 March 2005.

Given the cash-strapped position of the Group, the Group may consider further equity or fund-raising exercises in the near future. The Group has announced on 27 September 2004 it intended to further undertake a rights issue amounting to approximately \$3.5 million and a placement amounting to approximately \$1 million.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period report on? None

Name of Dividend	Not applicable.
Dividend Type	-
Dividend Rate	-
Par value of shares	-
Tax Rate	-

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period if the immediate preceding financial year?  
None

Name of Dividend	Not applicable.
Dividend Type	-
Dividend Rate	-
Par value of shares	-
Tax Rate	-

***(c) Date payable***

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect**

Not applicable

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

**15. A breakdown of sales**

Not applicable

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable

*Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)*

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary		
Preference		
Total	0	0

**BY ORDER OF THE BOARD**

Wong Teck Kui, Chairman

8 March 2005