



TWT Group Limited

A unique opportunity to invest in the quality growth story of China

ACN 121 044 531

2007 Prospectus

Prospectus for the issue offer of 10 million ordinary shares at an offer price of \$0.50 each to raise \$5 million.

Minimum capital raising under this prospectus is \$4 million. The company may accept an additional \$1 million in over-subscriptions to a maximum of \$6 million.

Important Information

This is an important document that should be read in its entirety. If you do not understand any component of this prospectus you should consult your professional advisors.

Sponsoring Broker: Taylor Collison Limited ABN 53 008 172 450

CORPORATE DIRECTORY

Office Holders

Hainan Xu
(Executive Chairman and Managing Director)

Yajun Lian
(Executive Director and Deputy Managing Director)

Jianpeng Yao
(Executive Director and Joint Company Secretary)

Alice McCleary
(Independent Non-Executive Director)

Xiyao Jin
(Independent Non-Executive Director)

Fai-Peng Chen
(Independent Non-Executive Director)

David Garry
(Joint Company Secretary)

Registered Office

TWT Group Ltd.
Level 1, 215 Greenhill Road
Eastwood, South Australia 5063

Telephone: 1300 880 963
Facsimile: 1300 880 953
Website: www.TWToutdoor.com
Email: info@tianwaitian.com

Principal Office

TWT Group Ltd.
Umbrella District
Songxia Town, Shangyu City
Zhejiang Province
China

Telephone: +86 575 2065005
Facsimile: +86 575 2060053
Website: www.TWToutdoor.com
Email: info@tianwaitian.com

Share Registrar

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000

Auditors and Investigating Accountant

Grant Thornton
South Australian Partnership
Chartered Accountants
67 Greenhill Road
Wayville South Australia 5034

Solicitors to the Offer

Tindall Gask Bentley
76 Light Square
Adelaide, South Australia 5000

Solicitors to the Company on China Law

Allbright Law Offices
Suite E, 18/F, New Century Building
No. 15, Midugjiao Road
Hangzhou City, Zhejiang,
P. R. China

Sponsoring Broker

Taylor Collison Limited
Level 2, 12 Pirie Street
Adelaide, South Australia 5000

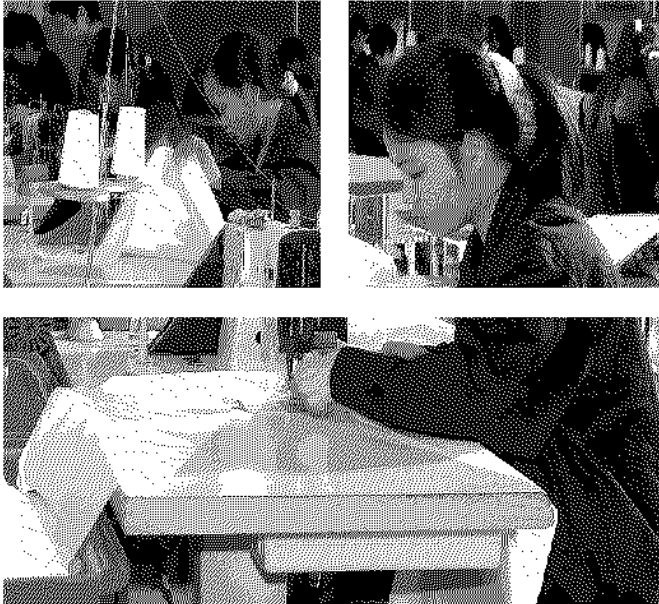
China Financial Advisor

Hangzhou Puhua Investment and Management Ltd.
16 Floor, Zhejiang Jiangong Building
20 Wenshan Road
Hangzhou City, Zhejiang,
P. R. China

Stock Exchange

The Company will apply to have its securities quoted on the official list of ASX under the Code of TWT

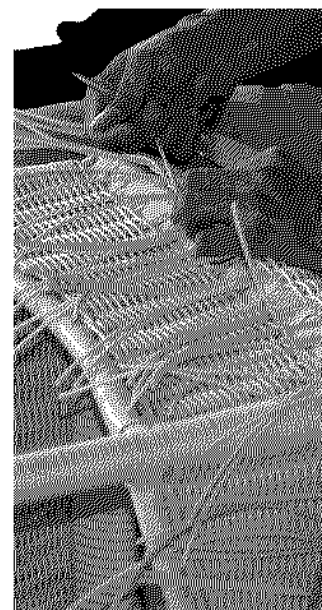
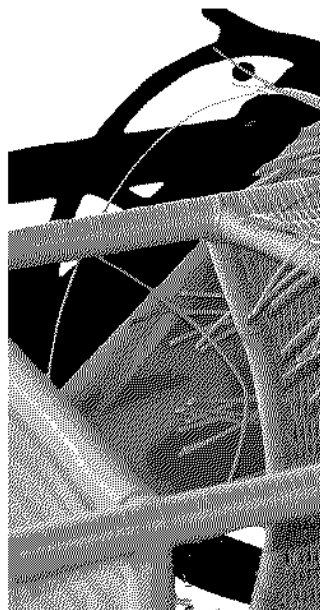
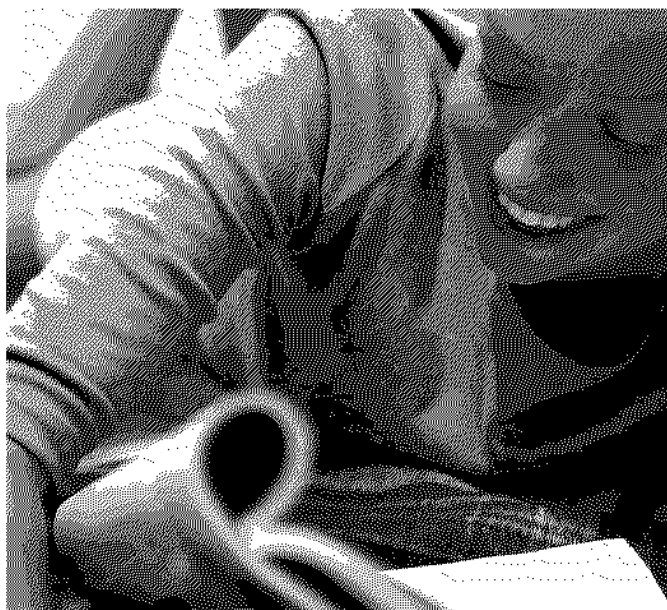
TWT – a fully integrated manufacturer.



CONTENTS

1. Chairman's Letter	05	4. Directors' Financial Forecast	12
2. Important Information	06	5. Directors and Corporate Governance	16
3. Offer Details	07	5.1 Board of Directors	16
3.1 Description of the Offer	07	5.2 Corporate Governance	17
3.2 Opening and Closing Dates	07	6. The Company	19
3.3 Indicative Timetable	07	6.1 Corporate Overview	19
3.4 Purpose of the Issue	08	6.2 The Business	21
3.5 Minimum Subscription	08	6.3 Competitive Strengths	24
3.6 Over-subscriptions	08	7. The Industry	26
3.7 Applications for Shares	08	8. Risks of Investing	27
3.8 How to Apply	08	8.1 Introduction	27
3.9 Proforma Capital Structure	08	8.2 General Risks	29
3.10 Allotment and Allocation of Shares	10	8.3 Business Risk	29
3.11 Sponsoring Broker	10	8.4 Summary	33
3.12 Condition Precedent	10	9. Independent Accountant's Report	37
3.13 ASX Listing	10	10. Independent Accountant's Report on Financial Forecast	50
3.14 CHES	10	11. Taxation Report	52
3.15 Overseas Investors	11	12. Additional Information	55
3.16 Privacy Act	11	Directors' Responsibility Statement and Consent Application Form and Instructions to Applicants	
3.17 Taxation	11		
3.18 Restricted Securities	12		
3.19 Investment Risks	12		
3.20 Dividend Policy	12		
3.21 Financial Forecasts	12		

Outdoor leisure is a growing international trend.



THE OFFER AT A GLANCE

The Offer	An initial public offer to raise up to \$5 million through the offer of 10 million shares.
Offer Price	\$0.50 per share
Minimum Investment	4,000 shares, and thereafter in multiples of 1,000 shares.
Minimum Subscription	The Offer is conditional upon a minimum level of subscription of \$4 million. The Offer is not underwritten.
Purpose of Offer	The net proceeds of the offer will be used for international marketing, product development and working capital.
Timetable	<p>Offer opens 20 February 2007</p> <p>Offer closes 20 March 2007</p> <p>Allotment of shares 23 March 2007</p> <p>Shares quoted at ASX 30 March 2007</p>

*These dates are indicative only. The Company and the Sponsoring Broker reserve the right at any time to change the timetable as set out in this Prospectus without prior notice. Refer to Section 3.3 for further timetable details.

ASX Code: TWT

REASONS TO INVEST

- TWT is a solid company with proven manufacturing together with international marketing and distribution capabilities in leisure outdoor furniture and umbrellas. TWT products are currently sold through global mass merchants and wholesalers in the US and Europe including Wal-Mart, Carrefour, Metro, and Rite Aid.
- TWT is experiencing significantly increased demand for its outdoor furniture and expansion from new growth markets of China, Australasia, South America and Europe.
- TWT's competitive strengths are:
 - Experienced and dedicated management team and workforce.
 - Fully integrated manufacturer with versatile outsourcing capabilities.
 - In-house design and R&D capabilities.
 - Competitive production cost and readily available supply of skilled labour.
 - Solid international customer base.
 - Quality company accredited with ISO: 9001:2000 and ISO:14001:2000.
 - Strategically located on Hangzhou Bay – the manufacturing and export hub of Eastern China.
 - Favorable relationships with the Governments in China.



TWT plans to increase sales within China through marketing alliances and domestic sales network.

- TWT is committed to provide attractive dividends. The dividend forecast for financial 2007 is expected to be 7% and the first dividend is expected to be paid in November, 2007.
- TWT is led by a dynamic, responsible and balanced Board of Directors and management team with a shared vision to make TWT a global manufacturer of leisure outdoor furniture.

	2007	2008
Market Capital(\$)	25,000,100.00	-
Offer Price(\$)	0.50	-
EPS(\$)	0.08	0.13
PE	5.9	3.7

NB AUD – RMB conversion rate AUD \$1.00 – RMB 6.00

*Based on the Directors Financial Forecast in Section 4 and assuming subscription of the Offer at \$5million, total capital of 50,000,201 shares and the total market capital of \$25,000,100.

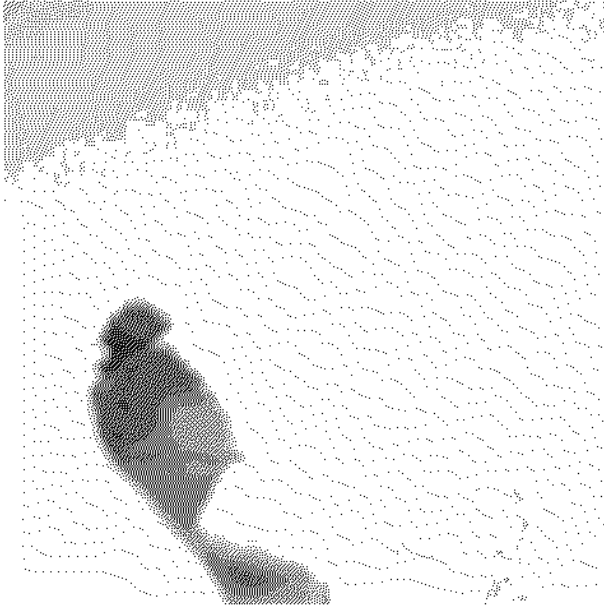
PURPOSE OF THE OFFER

TWT is experiencing robust growth in revenue and earnings. TWT expects that to continue. Its planned Listing on the ASX is to provide the necessary capital to pursue its expansion and international strategy.

The purpose of the Offer is to achieve the following objectives:

- Expansion of production capacity.
- Expanding and broadening of the customer base.
- Establishing an international marketing office in Australia.
- R&D and new products development.
- Increasing penetration into the Chinese market.

Outdoor furniture exports continue to grow.



TWT is experiencing robust growth in revenue and earnings. TWT expects growth will continue. Its planned Listing at the ASX is aimed to provide the needed capital to pursue its growth and international strategy.

1. CHAIRMAN'S LETTER

Dear Investors,

TWT started in 1989, at a time when China under Deng Xiaoping was unveiling the economic reform that has made China what it is today. Our corporate history and growth mirrors the economic reforms of modern China over the last two decades.

Starting as a family enterprise employing a handful of contractor workers, Ms Yajun Lian and I began making umbrellas. We knew umbrella making because it was the cottage industry our farming community in Shangyu has been engaged in for generations. Umbrella making was a folk craft and a cottage industry but has since grown to become the mainstream industry in Shangyu, supporting more than 1,000 enterprises in a county of 700,000 people.

Twenty seven years later, TWT has emerged to become a successful private enterprise that makes not only umbrellas but also leisure outdoor furniture for a variety of important export markets. Our products are sold in well-known department stores and large retailers across the US, Europe and 100 other countries. We employ more than 500 staff. TWT's revenue and earnings are projected to escalate in the next few years.

Our company has grown rapidly in a short time.

TWT represents the new generation of successful Chinese enterprises that look beyond China and see the challenge of transforming our enterprises into world-class companies. We understand the imperative to move up the economic value chain and to come out of China and into the world.

We chose to list on the ASX because our long term strategy must be underpinned with the drive to become a truly international enterprise – a dynamic company tempered with sound governance and with access to the advanced Australian capital market. We are committed to making TWT a successful and well managed corporation that meets the expectation of the Australian public. We are equally committed to our long term presence here in Australia.

Our dividend policy will reward our investors. With our forecasted growth, we believe investors will also benefit from our capital growth.

I believe this is a unique opportunity for Australians to invest in the remarkable growth story of China.

On behalf of the Company, it gives me great honour to invite you to become investors in TWT's growth and future.

Yours sincerely



Hainan Xu
Executive Chairman and Managing Director



2. IMPORTANT INFORMATION

This Prospectus for TWT Group Ltd ("TWT" or "the Company") is dated 8 February 2007. It was lodged for registration on 8 February 2007 with the Australian Securities and Investments Commission ("ASIC"). Neither ASIC nor Australian Securities Exchange Limited ("ASX") takes any responsibility for the contents of this Prospectus.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application for Quotation

Application will be made to ASX within 7 days after the date of this Prospectus for the Shares offered to be listed for Quotation.

Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the internet at www.TWToutdoor.com. The offer of Shares pursuant to the electronic Prospectus is only available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act 2001 (Cth) prohibits any person passing onto another person the Application Form unless it is attached to, or accompanied by the complete and unaltered version of the Prospectus. During the Offer Period, any person may obtain hard copy of this Prospectus by contacting the Company by email at info@tianwaitian.com.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any place in which, or to persons to whom, it would not be lawful to

make an offer. Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No Authority

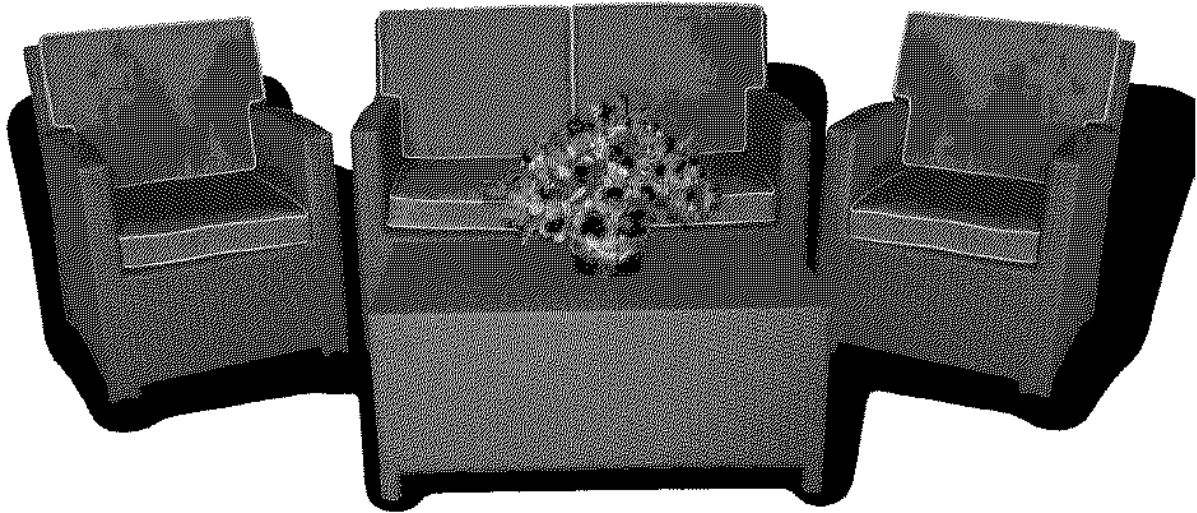
No person is authorised to give any information or to make any representation regarding the Offer. Any information or representation in relation to the Offer which is not contained in this Prospectus may not be relied upon as having been authorised by TWT.

Exposure Period

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with Section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received in the exposure period will be treated as if they were simultaneously received on the Opening Date.

Speculative Investment

The Shares offered by this Prospectus are of a speculative nature. Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisers



TWT is a solid company with proven manufacturing, international marketing and distribution capabilities

before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Privacy

When you apply to invest in the Company, you will provide the company and the Share Registrar with certain personal information to: (i) facilitate the assessment of the Application; (ii) enable the Company to assess the needs of applicants and provide appropriate facilities and services for applicants; and (iii) carry out appropriate administration. The Company and the Share Registrar may be required to disclose this information to: (i) third parties who carry out functions on behalf of the Company; and (ii) other third parties to whom disclosure is required by law. Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

Conditions Precedent

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Section 3.12. Refer to Section 3.12 of this Prospectus for further information in respect to the above conditions.

Definitions

Throughout this Prospectus abbreviations and defined terms are used. The definitions are set out in Section 12 of this Prospectus (defined terms are generally identified by the uppercase first letter).

3. OFFER DETAILS

3.1 Description of the Offer

This Prospectus invites subscriptions for 10 million Shares at an issue price of \$0.50 per Share to raise \$ 5 million (if the Offer is fully subscribed). A further 2 million Shares may be issued as oversubscriptions at the issue price of \$0.50 per Share, to raise an additional \$1million. All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 12.10.

3.2 Opening and Closing Dates

Subscription lists will open on the Opening Date and will remain open until 5.00 pm CST on the Closing Date subject to the right of the Company (with the sponsoring brokers' approval) to either close the Issue at an earlier time and date or to extend the closing time and date without prior notice. Applicants are encouraged to submit their Applications as early as possible.

3.3 Indicative Timetable

- Opening Date 20 February 2007
- Closing Date 5pm 20 March 2007
- Despatch of Statements of Shareholding 23 March 2007
- Quotation of Shares on ASX expected to commence 30 March 2007

The above dates are indicative only

3.4 Purpose of the Issue

The purpose of the Issue is to:

- Expand TWT's production capacity
- Establish an international marketing office in Australia
- Undertake R&D and new product development
- Increase penetration into the China market

Proceeds of the Offer will be utilized in the following manner assuming the three scenarios of Offer being subscribed at \$4 million, \$5 million and \$6 million respectively:

Utilisation	\$4million	\$5million	\$6million
Australian sales /marketing office	400,000	500,000	600,000
International marketing, R&D	717,000	1,000,000	1,272,000
Working Capital	800,000	1,000,000	1,200,000
New Plant and machinery	1,360,000	1,700,000	2,040,000
IPO cost	723,000	800,000	888,000
Total(\$)	4,000,000	5,000,000	6,000,000

Following the completion of the Offer, the Directors believe the Company will have sufficient capital to carry out its stated objectives.

3.5 Minimum Subscription

The offer of the Shares is not underwritten. The minimum subscription for this Offer is 8,000,000 shares to raise \$4.0 million before expenses of the Issue. If the minimum subscription has not been raised within 4 months after the date of this Prospectus, all Applications will be refunded in accordance with the Corporations Act.

3.6 Over-subscriptions

The Company reserves the right to accept over-subscriptions of up to \$1 million through the issue of a further 2 million Shares at an issue price of \$0.50 per Share. The maximum amount which may be raised under this Prospectus is therefore \$6 million by the issue of a maximum of 12 million Shares.

3.7 Applications for Shares

Applications must be for a minimum of 4,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares and can only be made by completing the Application Form attached to this Prospectus. The Company in conjunction with the Sponsoring Broker, reserves the right to reject any Application or to allocate any investor fewer Shares than the number for which they applied.

3.8 How to Apply

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus;
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of the Prospectus, both of which can be found at and can be downloaded from www.TWToutdoor.com.

Paper Application Forms, whether accompanying a paper copy of the Prospectus or which have been downloaded from www.TWToutdoor.com must be accompanied by a personal cheque or a bank draft payable in Australian dollars, drawn on an Australian branch of an Australian registered bank for an amount equal to the number of Shares for which you wish to apply multiplied by the Application Price of \$0.50 per Share. Cheques or bank drafts should be made payable to "TWT Group Ltd." and crossed "Not Negotiable".

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected.

Applicants should return their completed Application Forms to Computershare Investor Services Pty Limited at Level 5, 115 Grenfell Street, Adelaide, 5001 S.A. by no later than 5.00 pm (CST) on 20 March, 2007. All Applications must be received no later than 5.00 pm (CST) on 20 March, 2007 unless the timing is varied.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form. TWT Group Ltd. reserves the right to reject any Application (including where an Application has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

3.9 Pro forma Capital Structure

The proposed capital structure of TWT Group Ltd. is set out below to reflect the issues and paid capital structure of the Company assuming the Offer is subscribed at \$4 million, \$5 million and \$6 million respectively:

Solid international customer base.



The proposed capital structure assuming the minimum offer of \$4 million is subscribed:

Issued Ordinary Shares and Paid up Capital	Number	Amount \$	% of Issued Capital
Existing Shares	201	101	0
Shares Issued to Existing TWT Shareholders	40,000,000	6,993,905	83.3
Minimum subscription Issued Pursuant to this Prospectus	8,000,000	4,000,000	16.7
Total	48,000,201	10,994,006	100
Unlisted 2007 Options *	2,000,000	Nil	
Unlisted 2008 Options *	2,000,000	Nil	

The proposed capital structure assuming the offer of \$5 million is fully subscribed:

Issued Ordinary Shares and Paid up Capital	Number	Amount \$	% of Issued Capital
Existing Shares	201	101	0
Shares Issued to Existing TWT Shareholders	40,000,000	6,993,905	80
The total subscription Issued Pursuant to this Prospectus	10,000,000	5,000,000	20
Total	50,000,201	11,994,006	100
Unlisted 2007 Options *	2,000,000	Nil	
Unlisted 2008 Options *	2,000,000	Nil	

The proposed capital structure assuming the maximum offer of \$6 million is fully subscribed:

Issued Ordinary Shares and Paid up Capital	Number	Amount in \$	% of Issued Capital
Existing Shares	201	101	0
Shares Issued to Existing TWT Shareholders	40,000,000	6,993,905	77
Maximum subscription Issued Pursuant to this Prospectus	12,000,000	6,000,000	23
Total	52,000,201	12,994,006	100
Unlisted 2007 Options *	2,000,000	Nil	
Unlisted 2008 Options *	2,000,000	Nil	

* The unlisted 2007 Options and 2008 Options are detailed in Section 12.11



3.10 Allotment and Allocation of Shares

Subject to the ASX granting approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offer is closed, following which statements of Share holdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statements will do so at their own risk. Pending the issue of the Shares or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Company in consultation with the Sponsoring Broker has the right to allocate the Shares under the Offer. The Company may reject any Application or allocate any investor fewer Shares than applied for under the Offer. If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

3.11 Sponsoring Broker

Taylor Collison Limited has agreed to act as the Sponsoring Broker for the Issue. The terms under which it has agreed to act are set out in Section 12 of this Prospectus.

3.12 Condition Precedent

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon the minimum subscription offer of \$4 million. If the condition set out above is not satisfied on or before the day immediately preceding the proposed allotment date of Shares under the Offer, the Issue will not proceed and no Shares will be allotted pursuant to this Prospectus.

3.13 Stock Exchange Listing

Within seven days after the date of this Prospectus application will be made to the ASX for the Company to be admitted to the Official List and for the Shares offered by this Prospectus to be granted Quotation. If approval for Quotation is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer and will repay all Application Monies without any interest as soon as practicable. The fact that the ASX may admit TWT to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

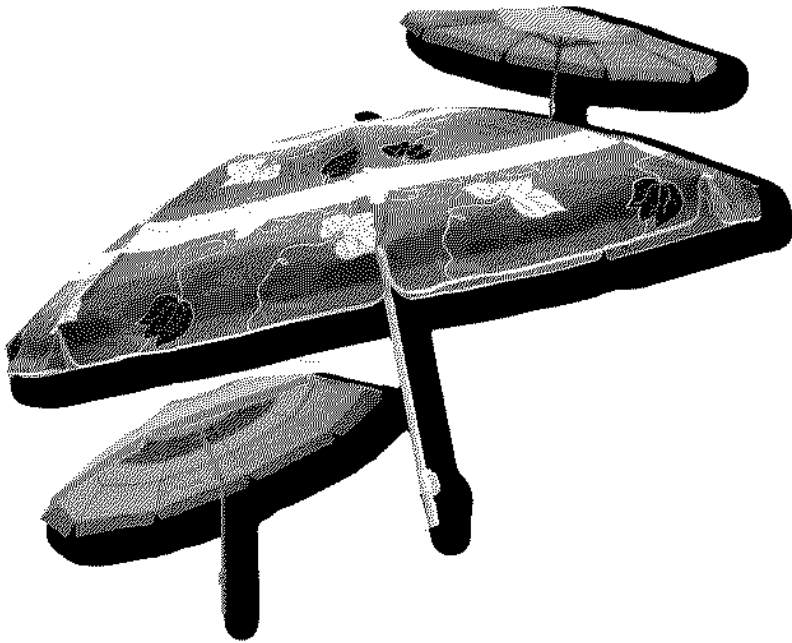
3.14 CHES

TWT will apply to participate in the Clearing House Electronic Sub-register System ("CHES"), operated by ASX Settlement and Transfer Corporation Pty Ltd ("ASTC") a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASTC Settlement Rules. Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company.

If an investor is broker sponsored, ASTC will send them a CHES statement. The CHES statement will set out the number of Shares allotted to the investor under the Prospectus, give details of the Shareholder's holder identification number (HIN) and give the participant identification number of the sponsor.

Alternatively, if an investor is registered on the issuer sponsored sub register, the statement will be dispatched by the Share Registrar and will contain the number of Shares allotted under the Prospectus and the Shareholder's security holder reference number (SRN).

TWT is experiencing robust growth.



Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Lodgement of a duly completed Application Form will be taken by the Company as to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

3.16 Privacy Act

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Share holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the

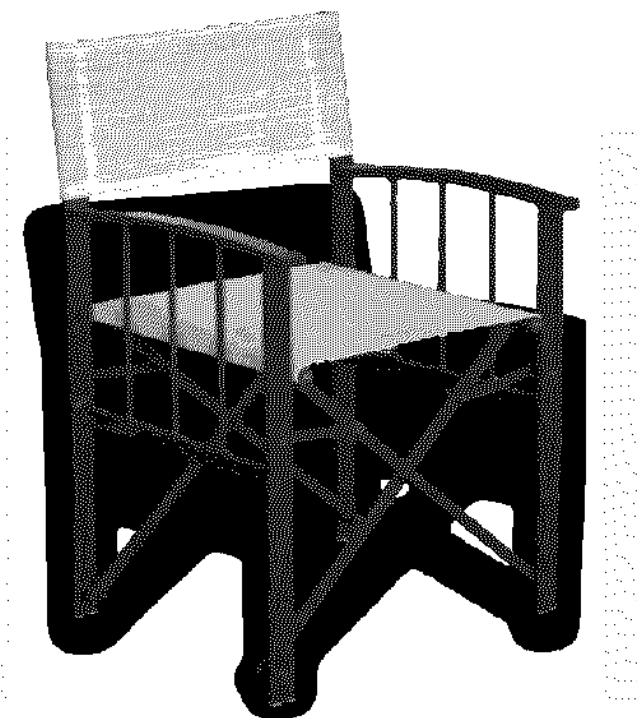
Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

When an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public register. This information must remain in the register even if that person ceases to be a Shareholder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

3.17 Taxation

The Australian taxation consequences of any investment in Shares will depend upon the investor's particular circumstances. KPMG has prepared a Taxation Report in Section 11 of this Prospectus as a general guide for Australian investors contemplating investing in the Company. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company as the tax consequence that apply to an investor may differ from the general comments provided in the Taxation Report. If you are in doubt as to the course of action you should take, you should consult your professional advisers.



3.18 Restricted Securities

As a condition of admitting the Company to the Official List, certain Shares and options held prior to the date of this Prospectus may be classified as escrowed securities. Prior to Quotation it will be necessary for these shareholders to enter into restriction agreements with the Company. The effect of the restriction agreements will be that the restricted securities cannot be dealt with for a period specified in the restriction agreement. Details of such escrowed securities will be released to the market prior to commencement of trading in the Shares.

3.19 Investment Risks

The investment offered herein is speculative. Further information on risk is provided in Section 8 of this Prospectus.

3.20 Dividend Policy

The Directors favour a strong dividends policy for its shareholders. The dividend forecast for financial 2007 is expected to be 7% and the first dividend is expected to be paid in November, 2007.

3.21 Financial Forecasts

An Independent Report on the Financial Forecast made by the Company prepared by Grant Thornton is set out in Sections 9 and 10 of this Prospectus.

4. DIRECTORS FINANCIAL FORECAST

Directors' Financial Forecasts

This section contains a summary of TWT's historical results for the financial years ended 31 December 2005 and the 6 months ended 30 June 2006, and the Directors' Forecast Statement of Financial Performance for the financial years ending 30 June 2007 and 30 June 2008 (Forecast Financial Information). The Forecast Financial Information should be read in conjunction with the assumptions underlying its preparation as set out in this section of the Prospectus, the Historical Financial Information as set out in Section 9, the Independent Accountant's Report as set out in Section 9, the Report on Directors' Forecasts as set out in Section 10, and the risk factors as described in Section 8.

The Forecast Financial Information for the year ending 30 June 2007 and 30 June 2008 is based on the Directors' assessment of present economic and operating conditions and on a number of assumptions regarding future events and actions which, at the date of the Forecast Financial Information were prepared, the Directors expect to take place. These events or actions may, or may not take place.

The Forecast Financial Information is, by its very nature, subject to uncertainties and unexpected events, many of which are outside the control of the Company and its Directors. Events and circumstances often do not occur as anticipated and, therefore, actual results are likely to differ from the Forecast Financial Information and these differences may be material. Accordingly, no guarantee is given that the Forecasts will be achieved.

Summary of Historical Financial Performance and Directors' Financial forecast

	12 Months Ended 31 December 2005 ¹	6 Months Ended 30 June 2006 ²	12 Months Ended 30 June 2007 ³	12 Months Ended 30 June 2008
	Actual Results (\$)		Forecast Results (\$)	
Revenue	12,059,236	9,669,673	26,903,275	39,383,967
– Cost of sales	(8,717,701)	(7,031,676)	(19,132,700)	(27,423,691)
– Distribution costs	(559,166)	(395,520)	(1,338,230)	(1,683,589)
– Administrative costs	(577,206)	(473,190)	(900,152)	(1,129,804)
EBITDA	2,205,163	1,769,287	5,532,193	9,146,883
Depreciation and amortisation	(56,046)	(48,851)	(340,505)	(855,203)
EBIT	2,149,117	1,720,436	5,191,688	8,291,680
Net interest	(186,690)	(82,631)	(339,614)	(497,165)
Profit/(loss) before tax	1,962,427	1,637,805	4,852,074	7,794,515
Tax expense	(253,653)	(221,299)	(640,474)	(1,028,876)
Profit/(loss) attributable to members of the parent entity	1,708,774	1,416,506	4,211,600	6,765,639
Earnings per share (EPS) ⁴	–	–	0.08	0.13

Note 1. Audited consolidated results for the year ended 31 December 2005.

Note 2. Audited consolidated results for the 6 months ended 30 June 2006.

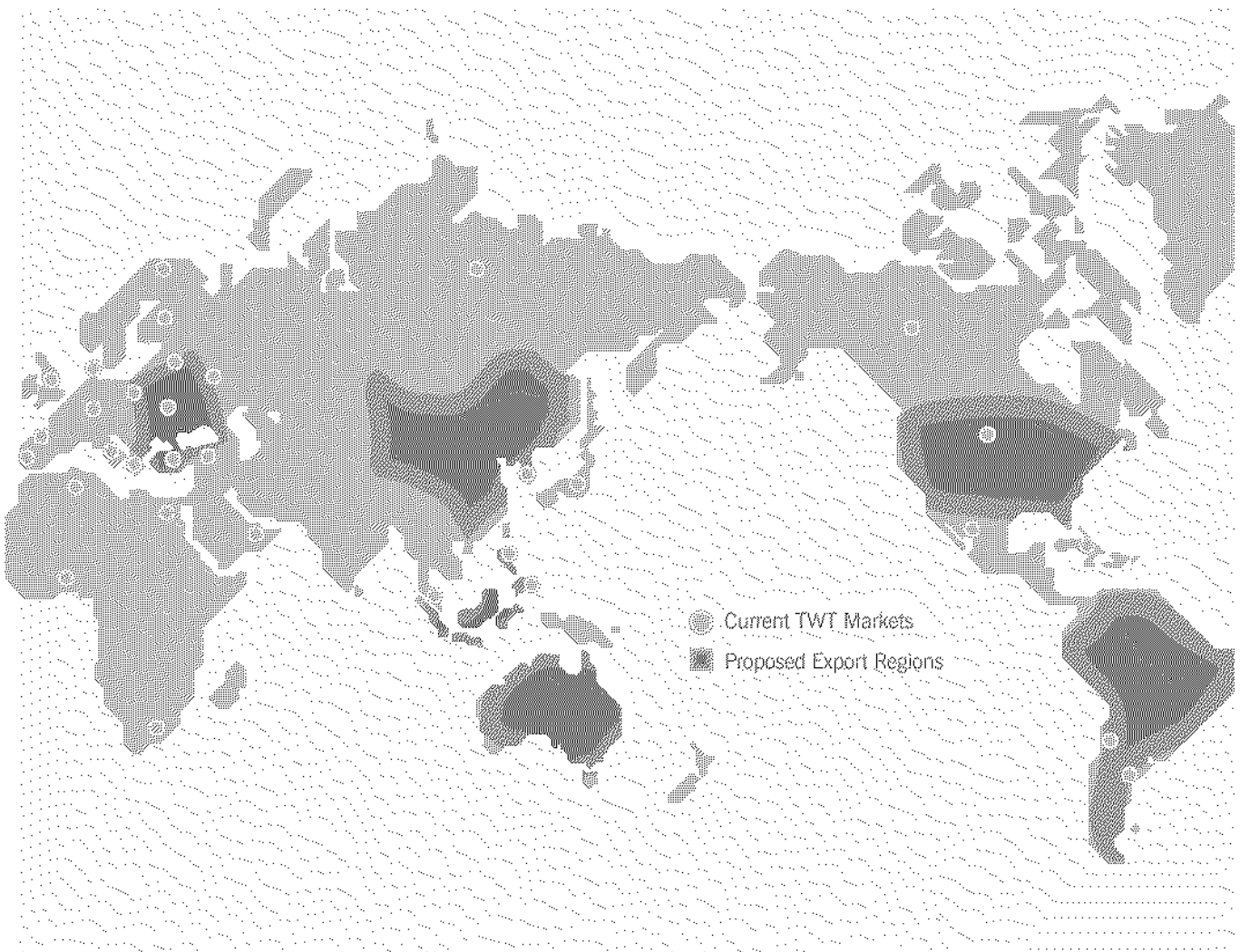
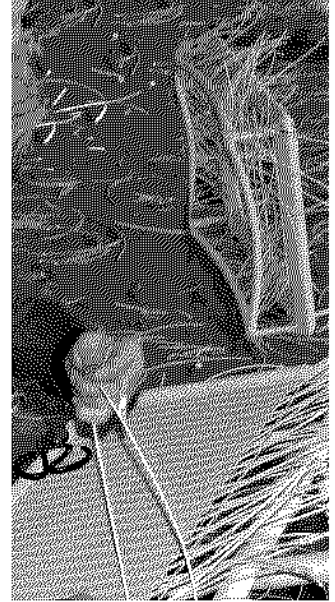
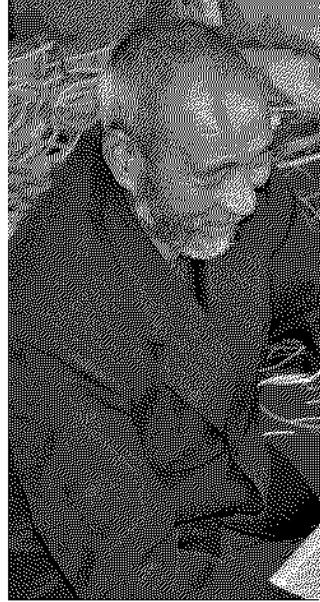
Note 3. Assumed that there are 50 million shares issued on 1 July, 2007.

The Directors' Forecasts are based on various assumptions, including the following, which should be read in conjunction with the risk factors described in Section 8.

General Assumptions

- The Offer is fully subscribed and the gross proceeds of \$5,000,000 before float costs are received by no later than 30 March, 2007. In the event that the Offer does not reach the minimum subscription of \$4million, the IPO will not proceed.
- The Company issues Shares as disclosed in the pro-forma Statement of Financial Position and there is no further public issue of shares.
- There are no material beneficial or adverse effects arising from the actions of competitors.
- There are no changes in statutory or regulatory requirements that have a material adverse effect of the Company's operations or trading.
- There are no changes in related laws and regulations in China which may affect the company as well as any impact on the social environment of the locality which may have effect on the company.
- There are no serious shortages of raw materials or changes in business costs which may affect the company's level of production or profitability.
- There are no significant changes in the overseas and domestic markets.
- There are no changes in current tax legislation in the relevant operating jurisdictions, particularly with respect to corporate and withholding tax rates.
- There are no material changes in Australian Accounting Standards, Statements of Accounting Concepts or other mandatory professional reporting requirements, Urgent Issues Group Consensus Views and the Corporations Act, which would have a material effect on the financial results of TWT.
- There is no material amendment to any material agreement regarding the business of the TWT.
- There are no marked and sustained changes to the prevailing foreign exchange rates.
- Interest rates do not materially change within the forecast period.
- There are no significant events that will affect the general business environment.
- TWT's accounting policies remain consistent with previous years, as disclosed in the independent Accountant's Report in Section 9.

Exporting to the US, Europe and North-East Asia.



100% of the company's sales are generated through its wholly owned subsidiaries and are derived from the sale of its products in the US, Europe and North-East Asia. The company's sales are derived from the sale of its products in the US, Europe and North-East Asia.

Specific Assumptions

Revenue

Operating revenue is forecast to increase to approximately \$27 million in the year ending 30 June 2007 and \$39 million in the year ending 30 June 2008 as a result of:

- Continued expansion of the market share of TWT and its products;
- The Company's strategies and ability to penetrate the European and American markets and to expand the Australian market; and
- Increased production capacity and increased product diversification.

The revenue forecasts adopted by the Board of Directors have been based on previous trading history with existing customers.

Depreciation and Amortisation

- Plant and equipment will continue to be depreciated at rates that write off the cost of each item over its estimated useful life.
- Research and development expenditure will continue to be recognised as an expense when incurred.

Interest

- TWT has a range of facilities made available to it by its bankers. Average interest rates are forecast to remain unchanged over the forecast period.

Taxation

- The group structure and applicable taxation jurisdictions and rates are as follows:
 - TWT Group Ltd is subject to Australian Taxation Law and has a current taxation rate of 30%;

- China TWT Holdings Co., Ltd was incorporated in and is currently domiciled in a tax exempt country and is therefore not subject to taxation; and
- Shaoxing Gaobo Tourism Products Co., Ltd has a 3 year 50% tax holiday from the People's Republic of China (PRC). The current taxation rate in the PRC is 26.4%, however as a result of the 3 year tax holiday the Company is subject to a taxation rate of 13.2%.

Foreign Exchange

- It has been assumed that there will be no significant changes in the US/RMB and AUS/RMB exchange rate. TWT continues to monitor its exposure to exchange rates and adopts appropriate strategies to mitigate the impact on profitability.

IPO Costs

- IPO costs of approximately \$828,000 are forecast to be incurred pursuant to the Offer, assuming full subscription of 5 million Offer shares.

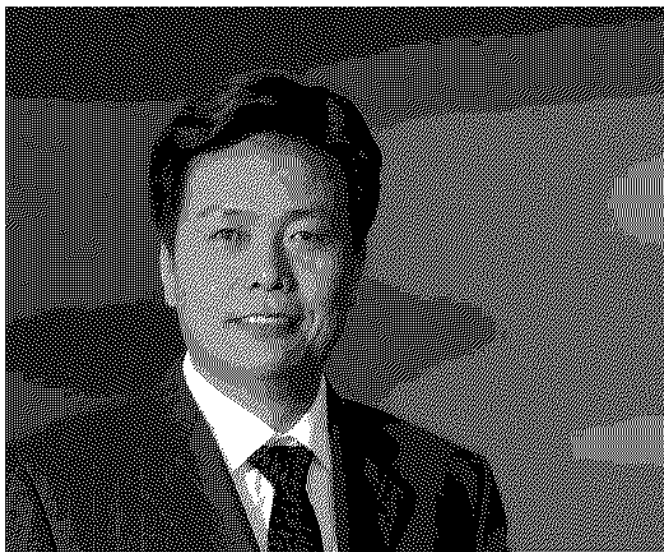
Sensitivity Analysis

The Forecast Financial Information is based on certain macro-economic and business assumptions about future events. TWT's expenditure and EBIT is sensitive to movements in a number of key variables.

Set out below is a summary of the sensitivity of the Forecast Financial Information to variations in a number of these key assumptions. Care should be taken in interpreting these sensitivities. The sensitivity analysis treats each movement in the variables in isolation from the others, whereas in most cases movements will be interdependent. In practice, TWT management would be expected to respond to any adverse changes in variables by taking action to minimise the net effect on TWT's earnings.

Variable	Change	Impact on EBIT 30 June 2007 \$'000	Impact on EBIT 30 June 2008 \$'000
Raw material costs	10 %/(10%)	1,528/(1,528)	2,215/(2,215)
Exchange rate (USD/RMB)	10 %/(10%)	1,695/(1,695)	2,482/(2,482)
Labour costs	10 %/(10%)	119/(119)	174/(174)
Research & development costs	10 %/(10%)	20/(20)	22/(22)
Non achievement of forecast revenue	10 %/(10%)	747/(747)	1,116/(1,116)
Fluctuation of gross margin	10 %/(10%)	753/(753)	1,103/(1,103)
Exchange rate (RMB/AUD)	10 %/(10%)	64/(78)	104/(126)

Experienced and dedicated management team.



Hainan Xu



Yajun Lian

5. DIRECTORS AND CORPORATE GOVERNANCE

5.1 Board of Directors

The Company's Board of Directors is entrusted with the responsibility of the overall management and governance of TWT.

The board will review the composition of the board of directors and may appoint another Australian board director in the near term. Details of the Board members are as following:

- **Hainan Xu Executive Chairman and Managing Director**

Mr Hainan Xu is the founder of the business. Mr Xu has over 25 years experience in the business and under his leadership, the business has established itself as a solid company in leisure outdoor furniture and umbrella manufacturing. He is the Deputy Chairman of the China Association of Consumer Goods Manufacturers. Mr Xu graduated with an Executive MBA from Zhejiang University and accredited as a senior economist by the PRC Ministry of Personnel. He is an elected member of both the National Peoples' Congress of the Shaoxing City and Zhejiang Province and the Deputy of the Standing Committee of the People's Congress of Shangyu City, Zhejiang Province. He is a resident of Shangyu City.

- **Yajun Lian Executive Director and Deputy Managing Director**

Ms Yajun Lian cofounded the business with Mr Hainan Xu. She is general manager of the business and is directly responsible for the day to day operation of the business and its international marketing. Ms Lian graduated with an Executive MBA from Fudan University. Ms Lian is a Committee member of the Political Consultative Council of Shangyu City where she resides.

- **Prof. Jianpeng Yao Executive Director and Joint Company Secretary**

Prof Jianpeng Yao graduated with a PhD from Shanghai Jiaotong University and an MA from Shanghai East China University. He joined the Company as a consultant in corporate communication and international marketing. Prof. Yao is planning to relocate to South Australia where the Company plans to set up its international marketing office.

- **Alice McCleary Independent Director**

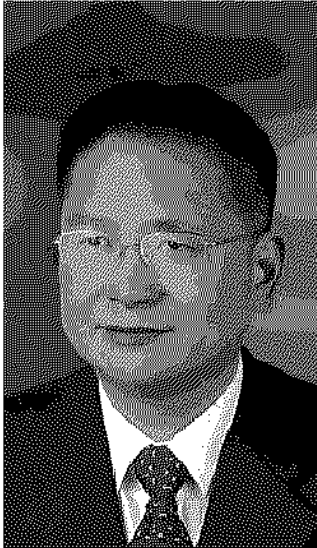
Alice McCleary is a Chartered Accountant and Company Director. She is Deputy Chancellor of the University of South Australia, and a Director of Great Southern Plantations Ltd, Uranium SA, Adelaide Community Healthcare Alliance Inc (ACHA) and the Child, Youth and Women's Health Service, SA. She is a resident of South Australia and is currently learning Mandarin.

- **Xiyao Jin Independent Director**

Mr Xiyao Jin graduated from the University of International Business and Economics with B. S. in China. With over 20 years of banking experience, he is an expert in corporate finance, foreign trade and investment. He is a resident of Ningbo, Zhejiang.

- **Fai-Peng Chen Independent Director**

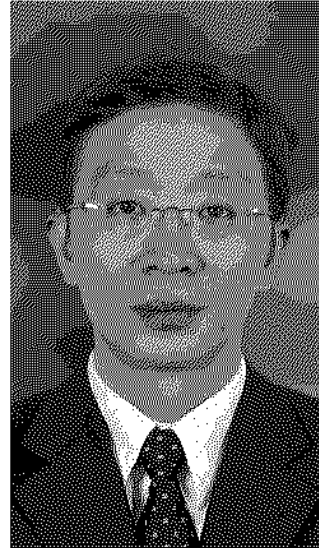
Fai-Peng Chen is a commercial lawyer and company director. He graduated with an LL.B from the University of Adelaide and an MBA (International Management) from RMIT University, Melbourne. Fai-Peng is also a Fellow of the Taxation Institute of Australia and director of private companies in Malaysia, Australia and Bermuda. He is a resident of South Australia.



Prof. Jianpeng Yao



Alice McCleary



Xiyao Jin



Fai-Peng Chen

5.2 Corporate Governance

The Board of Directors of TWT Group Ltd. will be responsible for the corporate governance of the Company including its strategic development.

In formulating its' corporate governance policies TWT is guided by the ASX Corporate Governance Council's best practice recommendations.

With the exception of the departures from the Corporate Governance Council recommendations in relation to the independence of the Board, the independence of the Chairman, the establishment of the nomination committee and the audit, risk and compliance committee as detailed below, the corporate governance practices of the Company are compliant with the Council's best practice recommendations.

(a) Board Responsibilities

The Board will be accountable to the Shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, will be formally delegated by the Board to the Managing Director.

The key responsibilities of the Board will include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- reviewing the performance of the Managing Director;
- overseeing the establishment and maintenance of

adequate internal controls and effective monitoring systems;

- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules Board meetings on a regular basis and other meetings as and when required.

(b) Size and Composition of the Board

The Directors consider the size and composition of the Board to be appropriate given the size and status of the Company. However the composition of the Board will be subject to review in a number of ways.

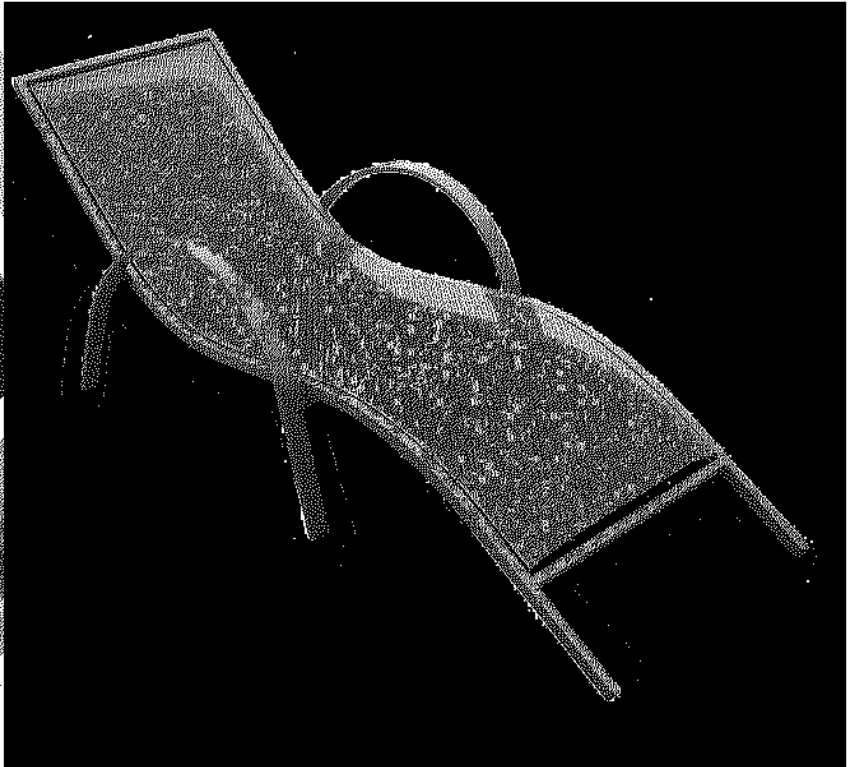
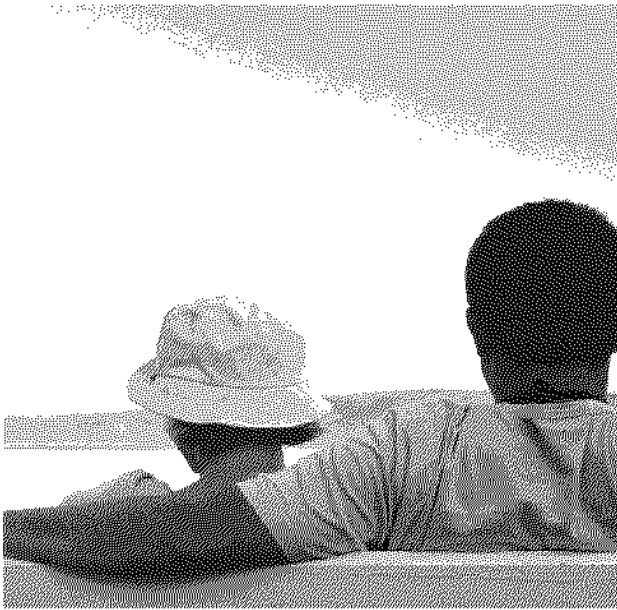
The Constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election. Board composition will be reviewed periodically either when a vacancy arises or if it is considered the Board would benefit from the services of a new director.

(c) Ethics and Independence

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when carrying out their duties.

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the

TWT has emerged as a leading manufacturer and exporter.



relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions will not receive Board papers related to those transactions or potential transactions, will not participate in any part of a Directors' meeting which considers those transactions or potential transactions, will not be involved in the decision making process in respect of those transactions or potential transactions, and will be asked not to discuss those transactions or potential transactions with other Directors.

Corporate Governance Council Recommendation 2.1 suggests a majority of the Board should be independent directors. In addition, Recommendation 2.2 suggests the chairperson of the Company should be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

In accordance with this definition Alice McCleary, Xiyao Jin and Fai-Peng Chen are independent. The following Directors and proposed Director are not considered to be independent:

Name	Position
Hainan Xu	(Executive Chairman and Managing Director)
Yajun Lian	(Executive Director and Deputy Managing Director)
Jianpeng Yao	(Executive Director)

and therefore believes that the composition of the Board is appropriate given the size and development of the Company at the present time. In addition, Mr Xu's role as founder of the Company makes him a suitable candidate as the Executive Chairman. The board will monitor both the situations closely.

(d) Board Committees

At the present time no other committees will be established because of the size of the Company and the close involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including financial and risk management and remuneration of Directors and executives and nominations to the Board.

(e) Shareholder Communication

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual and half-yearly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals as required under the law; and
- continuous disclosure to ASX of material matters to shareholders.

The auditor will be invited to attend the annual general meeting of Shareholders. Shareholders may ask questions about the conduct of the audit and the preparation and content of the audit report.

(f) Identification and Management of Business Risk

The Board has identified the significant areas of potential business and legal risk of the Company.

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Managing Director and the Board.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts will be prepared and reviewed with the Managing Director at Board meetings. Budgets are prepared and compared against actual results.

(g) Remuneration

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is \$500,000. This amount cannot be increased without the approval of the Company's shareholders. A detailed explanation of the basis and quantum of Directors remuneration is set out in Section 12.4.

(h) Securities Trading Disclosure

The Company will establish a formal policy for dealing in the Company's securities by Directors, employees and contractors. This will set out their obligations regarding disclosure of dealing in the Company's securities.

The Constitution permits Directors to acquire securities in the Company. However Company policy prohibits Directors and senior management from dealing in the Company's securities at any time whilst in possession of price sensitive information and for 24 hours after:

- any major announcements;
- the release of the Company's annual financial results to the ASX; and
- the annual general meeting.

Directors must advise the Chairman of the Board before buying or selling securities in the Company. In accordance with the provisions of the Corporations Act and the Listing Rules, the Company must advise the ASX of any transaction conducted by Directors in the securities of the Company.

6. THE COMPANY

6.1 CORPORATE OVERVIEW

(a) History

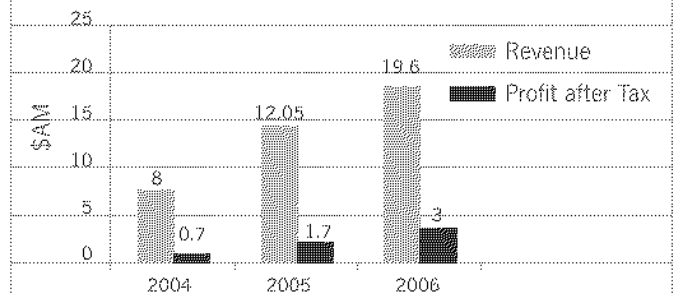
TWT was founded by Hainan Xu and Yajun Lian in 1989. It started as a small-scale manufacturer of umbrellas but has

since grown to be a major manufacturer and exporter of various types of umbrellas and leisure outdoor furniture.

The company's principal office and factory is located in Songxia Town, Shangyu City, in the Zhejiang Province. Adjacent to Hangzhou Bay, Shangyu is in an industrial and manufacturing region in Eastern China.

Songxia is known as the Umbrella City of China, because it is famed to be the birth place of umbrellas. Songxia is home to about 1100 enterprises engaged in umbrella manufacturing. About 80% of the world umbrellas are manufactured in this locale.

The Company has emerged as a leading manufacturer and exporter of mainstream and contemporary outdoor furniture and umbrellas. It employs about 500 staff.

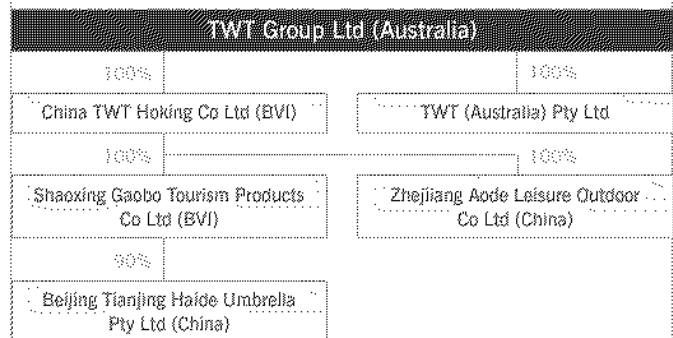


The company's annual sales and net profits in the calendar years 2004–2006 are set out in the graph below.

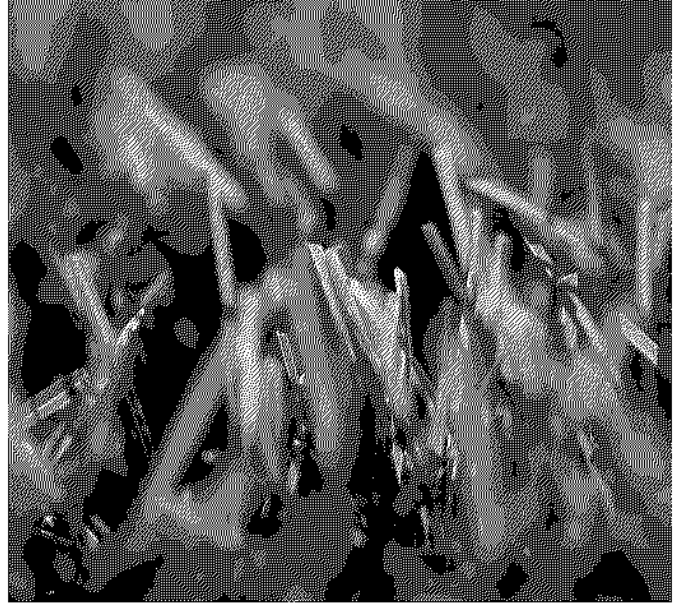
- Jan – Jun 06 Actual Revenue \$ 9.6 million
- Jun – Dec 06 Forecast

(b) Corporate Structure

TWT Group Ltd is incorporated in Australia as a public company limited by shares. The corporate structure of TWT Group Ltd is as follows:



TWT's range of products covers some 20 product lines.



The company's product range includes a wide range of industrial machinery and equipment, such as distillation columns, heat exchangers, and storage tanks. The company also provides a full range of engineering services, including design, construction, and maintenance.



6.2 THE BUSINESS

(a) Products

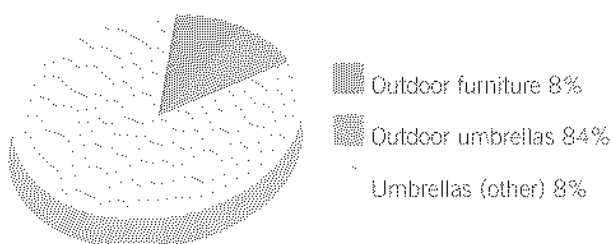
The company started manufacturing a wide range of umbrellas but has since grown to be a mainstream and contemporary outdoor leisure furniture and outdoor umbrella manufacturer for export markets in the USA and Europe.

TWT's range of products covers some 20 product lines divided into the following:

- Umbrellas – for beach, tent, golf, advertising, arts and crafts, gifts and children's.
- Outdoor umbrellas – courtyard, cantilever, garden, patio, market, hanging and beach.
- Beach shelters – polyester beach shelter tents.
- Leisure outdoor furniture – tables, chairs, cushions and accessories in metal, aluminium and rattan finish.

TWT's "Fengyu" (风雨) (tm) brand of umbrellas is a recognized brand in China and has won a number of prestigious national awards.

Sales mix by product category 2006 in percentage is as follows:

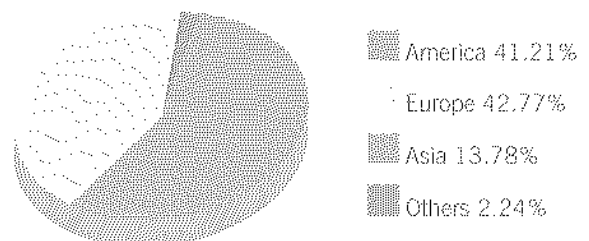


TWT products are exported to about 100 countries including the USA, Europe and Southeast Asia through mass merchants, wholesalers and importers. TWT products are also sold within China.

(b) Customers and Suppliers

To date, about 95% of TWT products are exported to the international market and the balance are sold in the domestic market in the PRC. These international customers are major retailers, department stores, wholesalers and importers in the USA and Europe such as Wal-Mart, Carrefour, Metro, Rite Aid and O.B.I.

The graph shows the distribution and sales of TWT products in the USA, Europe and China markets in 2006:



(c) TWT Facilities

TWT's factories are located in Songxia Town, Shangyu City, Zhejiang Province, occupying a land area of 80,000 sq. m. The facilities and the land are owned by the Company through Gaobo Leisure Products Co. Ltd. The existing facilities are sufficient to meet the immediate and foreseeable needs of the Company.

As a fully integrated manufacturer, TWT sources in raw materials and intermediate parts for its manufacturing process. Because of its location in the manufacturing region of Hangzhou Bay, TWT is easily and cost effectively able to access raw and intermediate materials and parts for its products.

(d) Manufacturing Process

TWT is a fully integrated manufacturer with versatile outsourcing capabilities. The company undertakes every stage of the manufacturing and production process from the procurement of raw materials to manufacturing of the end product.

TWT outsource the supply of parts and components from the clustered industry in Shangyu City. This outsourcing strategy reduces inventory cycles, unit cost for parts and improves overall efficiency.

The skilled manufacturing processes such as weaving and stitching are performed by versatile workers drawn from farming communities who are equipped with the capacity to weave, sew, stitch and weld.

(e) Information Technology

TWT has developed an IT plan for its internal business process, operation, marketing and communications.

- **Enterprise Resource Planning (ERP)**
TWT has developed a proprietary ERP system to manage its enterprise resource planning and operation in procurement, planning, manufacturing, financial information, human resources, credit control, logistics, inventory, customer service and customer relationship management.
- **E-commerce**
In conjunction with Zhejiang Provincial Department of Science and Technology, TWT is developing E-commerce business application software and web-based systems for the supply and procurement of parts and components for the umbrella and outdoor furniture industry. Once developed, the E-commerce system will enable more efficient supply chain management of TWT's inventories and stock control.
- **Website**
TWT's website in Chinese is e-commerce enabled (www.tianwaitian.com) and when fully developed its English website (www.TWToutdoor.com) will be e-commerce enabled as well. The website generates enquiries and is extensively linked and referenced to other popular aggregation search engines and sites such as google.cn, sohu.com, Chinaonline and Alibaba.
- **Other software and IT systems**
TWT also operates other IT software and systems for its R&D, marketing and communication systems.

(f) Marketing

TWT products are sold through the following channels:

- Direct export to overseas mass merchants, wholesalers, importers and department stores.
- Through buying agents and wholesalers for the export markets.
- Agents, wholesalers and retailers in China.
- Directly to retail buyers in China.

The company promotes its products via:

- International trade fairs and exhibitions including the Chinese Export Commodities Fair, Cologne Trading Fair, Las Vegas Trading Fair and Australia Commodities Fair.
- International Marketing Office in Australia

As part of its international expansion, TWT is in the process of establishing an international marketing office in South Australia.

- **Internet Marketing**
TWT's products are also marketed through its websites as well as links to search engines (google, yahoo, sohu, chinaonline, alibaba) and more than 3,000 other internet links.
- **Relationship with TWT Customers**
TWT maintains close relationships with its key customers through discussion about new products, market trends and consumers preference. TWT uses information it collates for its marketing, production and products development.
- **Advertising in print and electronic media**
TWT's products are advertised in print and electronic media in China such as newspapers, magazines and radio and TV stations including through national and local TV and radio stations and in some international trade magazines.
- **Corporate sponsorship**
TWT is the official sponsor and supplier of the Chinese national diving team. Corporate sponsorship is beneficial to TWT within the domestic market.

(g) Awards and Achievements

Since 1989, TWT has received numerous awards and certificates in China. These awards and certificates relate to both the products and TWT as a business enterprise and were awarded by the governments of China and other trade and industry bodies.

(h) Intellectual Property

- TWT owns the following trademarks or is taking steps to register such trademarks in the PRC:

TWT maintains close relationships with its key customers.



TWT's products are advertised in print and electronic media in China such as newspapers, magazines and radio and TV stations including national and local TV and radio stations and in some international trade magazines.



Fengyu风雨

The Fengyu trademark has been registered in China, Australia, Japan, Korea, Sweden, United Kingdom, and USA and in ten other countries all over the world.

TWT天外天

- TWT's trademark is a registered trademark in China.
- TWT currently owns 2 other industrial patents, with 4 more patents pending.
- The company also has in place an intellectual property protection strategy.

(i) In-house Design and R&D Capabilities

The Company has invested about RMB 60 million in research and development of products, design, and production processes. The company has 10 technical personnel in R&D; 20 employees in manufacturing and production process and 50 other employees in quality assurance.

(j) Clustered Industry Group

TWT's location within the industrial hub of Zhejiang/ Hangzhou Bay with access to the supply of light industrial products from the clustered industry group provides many competitive advantages such as the "one-stop" supply chain cost competitiveness for TWT's components and parts.

6.3 COMPETITIVE STRENGTHS

The leisure outdoor and umbrella manufacturing industry in the PRC is highly fragmented, with manufacturers concentrated in the provinces of Guangdong, Jiangsu, Zhejiang and Fujian. Increasingly, foreign manufacturers are relocating their manufacturing base in the PRC to take advantage of the cheaper manufacturing costs.

Zhejiang is experiencing rapid growth in this sector of light industry because of its favorable governmental policies, geographical location and infrastructure.

In spite of market fragmentation and increasing competition, TWT differentiates itself from the other manufacturers:

- TWT is a fully integrated manufacturer with versatile outsourcing capability.
- International market share – TWT is a manufacturer of mainstream and contemporary leisure outdoor furniture with an established international market share. The outdoor furniture section of the company has grown at an even more rapid rate than the umbrella section which also continues to grow rapidly.
- TWT with its international growth strategy – By seeking ASX listing, establishing an international marketing office in Australia and expanding into new markets, TWT aspires to broaden its' international sales penetration.

The company sees its competitive strengths in the following ways:

(a) Strong International Sales

TWT's products are sold to customers in more than 100 cities and regions of the USA, Europe, China and North East Asia. Its major customers are the mass merchants such as Wal-Mart, Carrefour, Metro, Rite Aid and O.B.I.

TWT will strengthen its marketing network in to its existing markets of the USA and Europe by increasing sales volume. TWT will also expand its sales and marketing to the new markets and the rapidly expanding domestic Chinese market. Chinese growth and the resultant emergence of a wealthier population are fueling an increased spending capacity and the desire for leisure products such as the outdoor furniture manufactured by TWT. TWT sees China as a significant growth target for our outdoor leisure products.

(b) Skilled and Dedicated Workforce

TWT is committed to the development of its human capital to drive productivity and render its enterprise competitive. TWT has established a Skills' Training School that provides continuing training and skills improvement for its workers. Together with a progressive remuneration and workers' welfare system, TWT is recognized in Shangyu as a model employer with high employees' retention rate.



TWT's location within the industrial hub of Zhejiang/Hangzhou Bay with access to the supply of light industrial products from the clustered industry group provides many competitive advantages.



Job creation for the rural population.



(c) Fully-integrated Manufacturer with Versatile Outsourcing Capabilities

TWT is a fully integrated manufacturer with versatile outsourcing capabilities. The company has the capacity to undertake every stage of the manufacturing and production process—from the procurement of raw materials, through to the processing and assembly of finished products. The company also sources for parts and components from cheaper sources. Outsourcing reduces inventory costs and promotes the 'just-in-time' supply chain.

(d) Quality Assurance

TWT is certified with the ISO: 9001:2000 Quality Management Certification and ISO: 14001 Environment System Certification. The quality certifications and TWT's ability to produce products of acceptable international standard are critical to its international sales. TWT differentiates itself from other competitors because of its quality certifications. TWT makes quality products and guards its reputation. It has a large quality control team by comparison with its competitors.

(e) Favorable Relationships with the Governments in PRC

The leisure outdoor furniture and umbrella industry forms part of the light industry supported by the various levels of the Chinese governments. The Chinese governments encourage establishment of light industry in Shangyu City because of:

- Job creation for the rural population
- Economic growth for the local economy
- Export earnings.

TWT has established good and favorable working relationships with the PRC governments. Mr Hainan Xu is

an elected member of the National People's Congress in Shaoxing Municipality and Zhejiang Province. Ms Yajun Lian is a member of the People's Political Consultative Council of Shangyu City.

7. THE INDUSTRY

Statistics from the China Chamber of Commerce for Import and Export of Light Industrial Products and Arts and Crafts show that Guangdong and Zhejiang are the main provinces for the production of leisure outdoor furniture and umbrellas. There are indications that Zhejiang is emerging as the main province with more manufacturers relocating to that area.

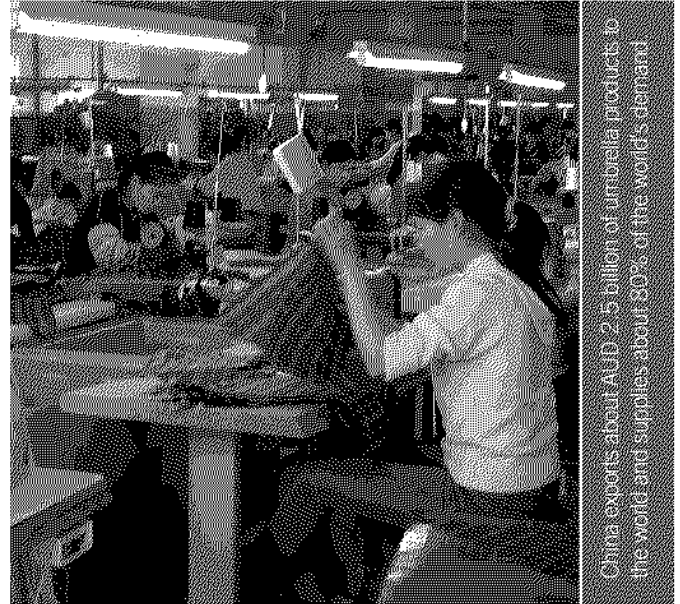
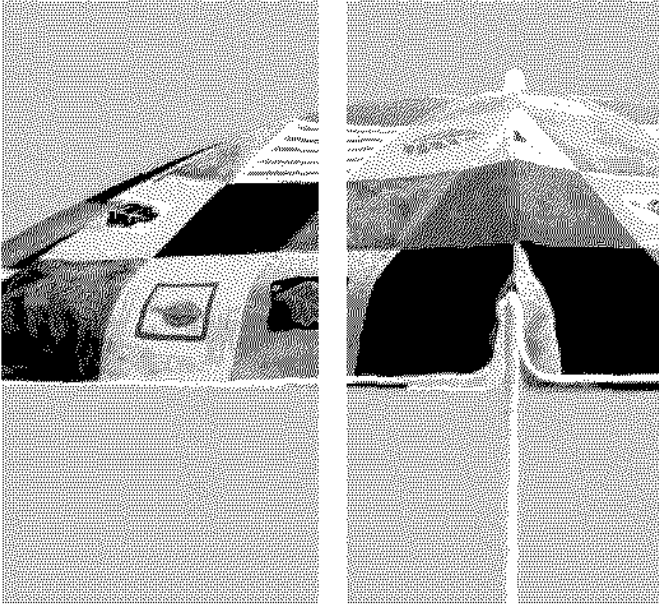
The data from China Customs indicates that export of leisure outdoor furniture has been growing at 30% per annum since 2001. The main export markets are the USA, European Union and Asia Pacific Countries. The US market is the single largest market.

China exports about AUD 2.5 billion of umbrella products to the world and supplies about 80% of the world's demand for umbrellas.

China is the major manufacturer for the world in umbrellas and leisure outdoor furniture and will continue to dominate for some years to come.

The following are observable industry trends:

- Consolidation
The industry within China is expected to undergo consolidation. This consolidation trend will exert cost pressures. Large manufacturers with export markets will continue to dominate the important export markets as overseas buyers will turn to fewer manufacturers for economies of scale.



Smaller manufacturers will emerge to become OEM or suppliers of parts for these larger manufacturers with international markets.

- **Global market trends**
The outlook for global demand is favorable. The improvements in the standard of living in advanced and emerging economies have led to increased consumer demands. Particularly noted is the international trend towards more leisure and recreational and outdoor activities and a robust growth in the hospitality industry that drives demand for umbrellas and leisure outdoor furniture.
- **Development of new markets**
With the growth in affluence and increase in both domestic and international consumption, it is expected that there will be an increase in demand for leisure outdoor products in new markets such as China, the Asia Pacific region, Australia and South America.

TWT sees the following as the market drivers for the industry, both internationally and domestically:

- Demands from new markets in Europe, Asia Pacific and South America;
- Growth in demands within China due to the more affluent lifestyle and robust growth of its hospitality industry;
- Consumers' trends for outdoor lifestyle furniture with the themes for "Leisure, Green and Outdoor";
- Growth of novelty and gift umbrellas for major events such as the Beijing Olympics and the World Expo in Shanghai.
- Proliferation and growth of café culture globally.

8. RISKS OF INVESTING

8.1 Introduction

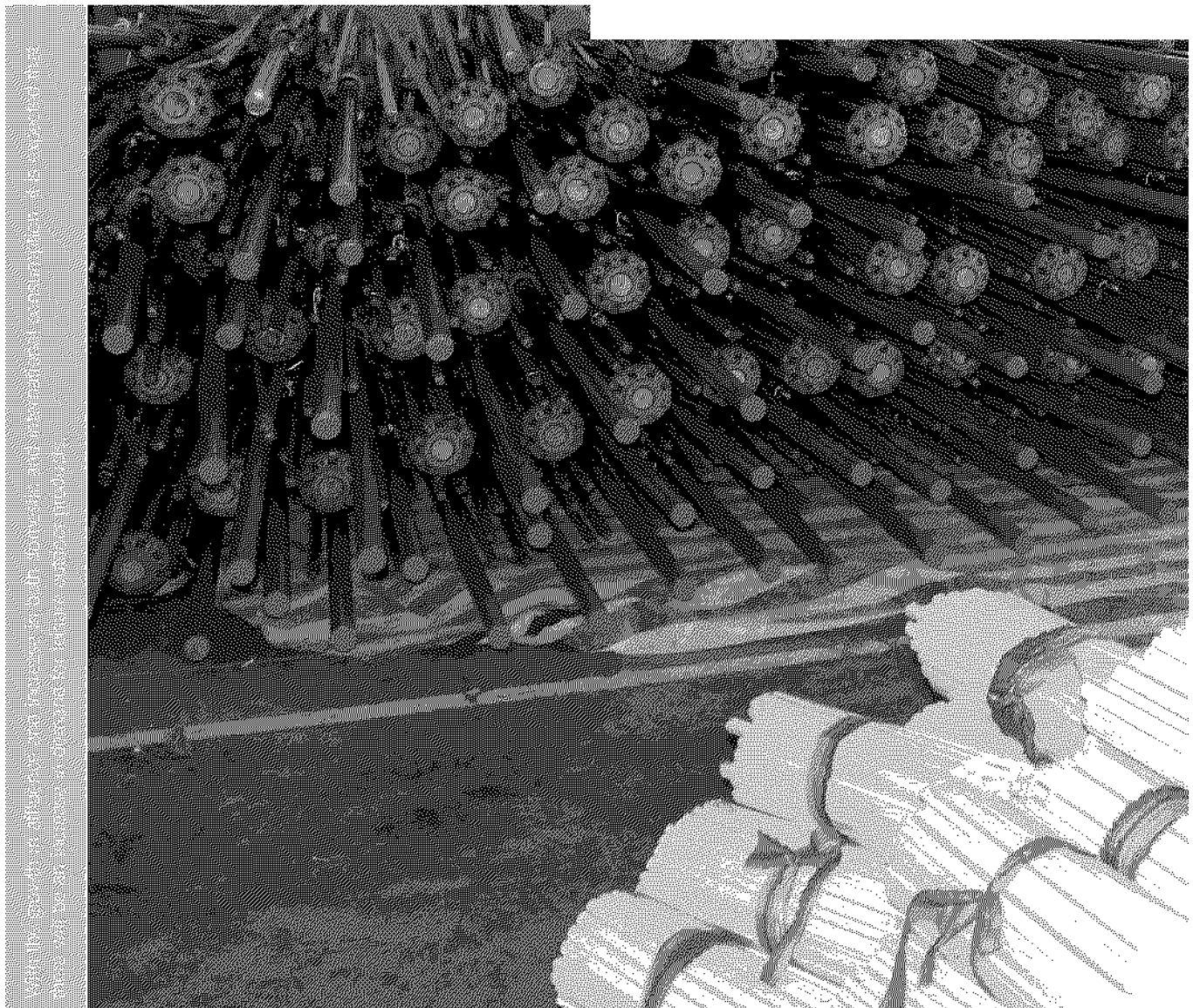
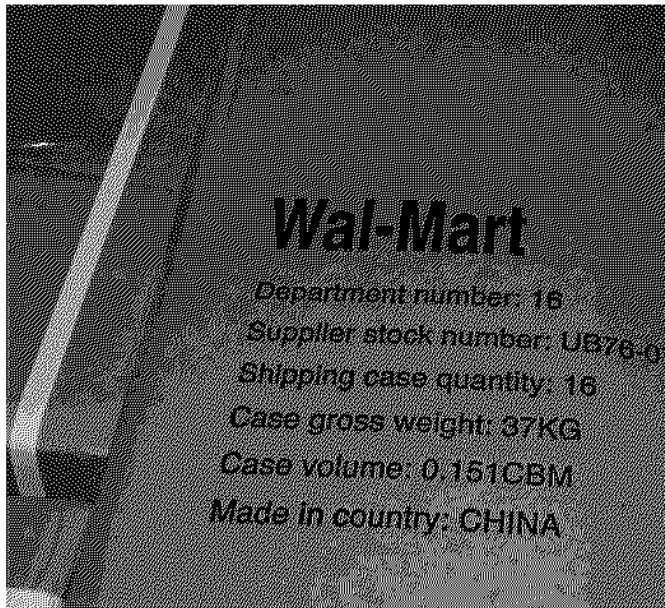
The Shares offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors commend the Offer, potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's business and its business in China and elsewhere. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed business of the Company.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Shares. Prospective investors should consider whether the Shares offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisers before deciding whether to apply for Shares.

The following, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Company's Shares.

Increased consumer demands.



8.2 General Risks

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Some of these factors can be mitigated. However, many are outside the control of the Board and the Company. Prior to making any decision to accept the Offer, investors should carefully consider the following general and specific risk factors applicable to the Company:

8.2.1 Governments

The introduction of new legislation or amendments to existing legislation by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its securities.

Any adverse changes in political and regulatory conditions in China, the US, the European Union and other countries where the Company exports its products could markedly affect the Company's prospects. Political changes such as changes in both monetary and fiscal policies, taxation, methods of taxation and currency exchange could affect the prospectus of the Company as a whole.

8.2.2 Taxes

Industry profitability can be affected by changes in government taxation policies or in the interpretation or application of those policies.

8.2.3 Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Both domestic and world economic conditions may affect the performance of the Company. Factors such as rising or slowing demand for goods, inflation or interest rates could impact on sales, revenues and costs. In addition, exchange rate movements will affect revenues and expenses incurred in other currencies. The Company's future possible revenues and Share price can be affected by these factors which are beyond the control of the Company and its Directors.

8.2.4 Share Market

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- a) general economic outlook;
- b) movements in, or outlook on, interest rates and inflation rates;
- c) currency fluctuations;
- d) commodity prices;

e) changes in investor sentiment towards particular market sectors; and

f) the demand for, and supply of, capital.

Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many other factors will also affect the price of the Shares, including general fluctuations in the performance of local and international stock markets, movements in interest rates and exchange rates, general economic conditions and investor sentiment.

8.3 Business Risk

There are a range of specific risks associated with the Company's business and its involvement in the manufacturing industry. The following list of specific risk factors ought not to be taken as exhaustive. The risk factors referred to in this Section, and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

8.3.1 Competition

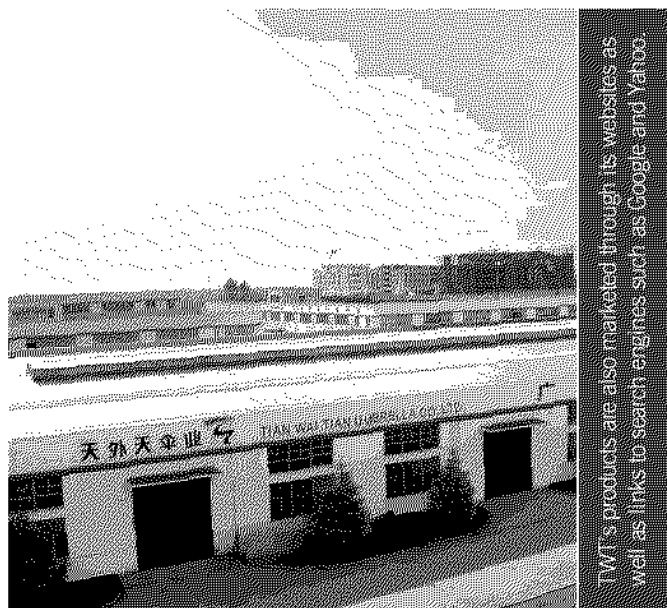
The markets in which the Company sells its products are highly competitive and characterised by the existence of other competitors, as well as continuous pricing pressure. The Company faces competition from established domestic and international competitors and the threat of future competition from new and emerging companies in all aspects of its business. The competitive threat is exacerbated by the overall trend towards increased commoditisation of traditionally generic consumer products. To remain competitive in both the current and future business climates, the Company believes it must maintain a substantial commitment to expand its international and domestic market.

8.3.2 Reliance on the US and European Markets

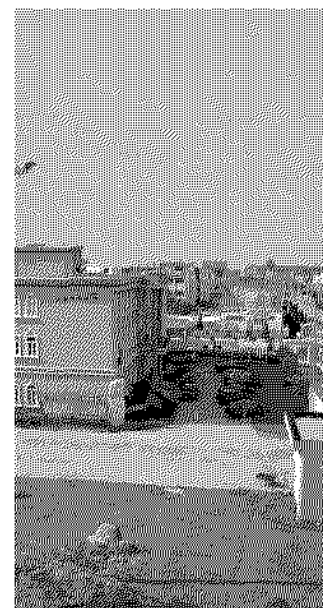
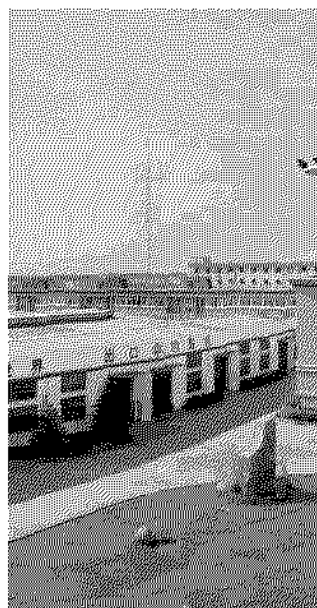
Although the Company is pursuing a diversification strategy to widen and broaden its markets, its sales are largely dependent on the US and the European market. Any decline in the sales to these markets due to economic and other reasons will adversely impact the performance of the Company.

8.3.3 Retention of Key Business

Although the Company is widening and broadening its key buyers, its existing sales are still dependent on major buyers such as Walmart, Carrefour, Rite Aid, etc. The failure of the Company to retain these key accounts will adversely impact the performance of the Company.



TWT's products are also marketed through its websites as well as links to search engines such as Google and Yahoo.



8.3.4 Dependence on Key Personnel

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, each of whom would be difficult to replace. The loss of service from these or other executive officers or key personnel or the inability to continue to attract qualified personnel could have a material adverse effect on the Company's business.

8.3.5 Current Funding and Future Capital Needs

The Company believes the net proceeds of the Offer should be adequate to provide sufficient working capital to enable the Company to generate a positive cash flow from operations. However, that may prove not to be the case in which event further funding would be required.

Furthermore, capital funding may not be available on commercially acceptable terms, or may not be available at all. Any inability to obtain additional finance, as required, would have a materially adverse effect on the Company's business and financial prospects.

8.3.6 Operating Risks

The Company's success depends upon its ability to deliver high quality products on time to its customers at acceptable cost. As a manufacturing company, the Company constantly encounters quality, volume and cost concerns. These factors could cause considerable

strain on its production capabilities and customer relations and if not corrected, the Company could lose revenue opportunities due to these concerns. If it does not improve its performance in all of these areas, the Company's operating results will be harmed, the commercial viability of its products may be challenged and its customers may choose to reduce their purchases of its products or purchase additional products from its competitors.

The Company's manufacturing operations may be adversely affected by various factors, including:

- failure to achieve production;
- mechanical failure or plant breakdown;
- unanticipated manufacturing problems (including delays, disruptions or quality control problems in the Company's manufacturing operations);
- industrial and environmental accidents;
- industrial disputes;
- delays due to government actions;
- infrastructure availability and unexpected shortages or increases in the costs of consumables, spare parts, labour, plant and equipment;
- interruption or delay in supply of critical components for products or inability to obtain these components from alternate sources at acceptable prices within a reasonable period.

In addition, failure to accurately predict manufacturing requirements or achieve acceptable manufacturing yields in a cost effective manner, or to achieve sufficient product reliability, could lead to an inability to meet scheduled product deliveries to customers or require the Company to develop new manufacturing processes.



The Company is required to meet technical specifications on the quality of its products and variations from specification or defects, incompatibilities or other problems with the Company's products may result in loss of customers, damage to the Company's reputation and substantial costs. Customer demands may change over time and no assurance can be given that future customer demands regarding product specifications will be able to be met. Similarly, no assurance can be given that future demand for the Company's products will continue to grow

The Company is continually working to reduce its overall cost structure. The Company cannot be certain that cost reduction initiatives will be successful or completed as and when anticipated. These programs are costly, and the Company will continue to incur expenses to complete the same. In addition, these programs are risky, as they are time-consuming and disruptive to its operations, employees, customers (most significantly, its end of life programs) and suppliers, with no guarantee that the expected results (particularly cost savings and profitability expectations) will be achieved as and when projected, or that the costs to complete these program will not increase above expected levels.

8.3.7 Financial Risks

(a) Foreign Currency Risks

A significant proportion of the Company's revenues are denominated in USD and its costs and expenses are predominantly denominated in RMB. Hence, the depreciation and/or the appreciation of the RMB relative to the USD would result in the exchange loss or gain in the Company's financial performance.

China adopts the practice of managed float in its foreign exchange policies that enable RMB to fluctuate within a

narrow band against the USD and other currencies. Until recently and due to the government regulations, it was impractical to hedge against foreign exchange exposure. These regulations are now being relaxed and limited hedging is now permitted. The company is currently reviewing its position on foreign exchange management

(b) Tax Risk

The Company is subject to the tax regimes of the PRC and Australia. Changes in the tax laws and regulations on their interpretation as applications could adversely affect the tax liabilities of the Company. There is also no assurance that current concessions or incentives or exemptions of the Company will be renewed upon their expiry date.

(c) Trade Finance Risk

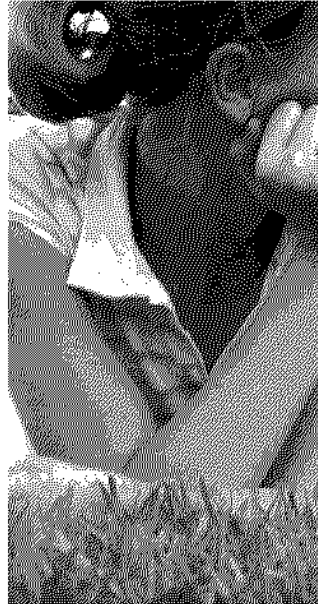
The Company uses trade finance and bank borrowings to conduct its operations. Each of the trade finance and banking facilities is provided at the bank's discretion and may be withdrawn as terminated with any sums owing made due and payable. The loss of these trade finance and banking facilities without timely replacement could have an adverse effect on the Company's operations and profit.

8.3.8 Intellectual Property Rights

Various risks associated with protection of the Company's intellectual property rights and proprietary technology include:

- reliance on patent laws and restrictions to protect the Company's intellectual property rights;
- the risk that the Company's patents may be challenged by third parties, or that other parties may independently develop similar or competing technology or design around any patents issued to the Company;

TWT customers are located throughout the world.



- potential for misappropriation of the Company's intellectual property, particularly in countries such as China where the laws may not protect the Company's proprietary rights as fully as in other jurisdictions such as Australia and the United States;
- potential difficulties in obtaining third party licences which may be required to develop new products and product enhancements on commercially reasonable terms;
- risk of becoming subject to litigation as a result of an alleged infringement of others' intellectual property rights causing the Company to incur significant costs, regardless of the outcome, and if the Company is unsuccessful, subjecting the Company to significant liability for damages and invalidation of proprietary rights;
- the Company may also initiate action against third parties for infringement of its proprietary rights which could result in costly litigation.

8.3.9 Country Risk

The Company's manufacturing facility is located in China, such that the Company's operations will be subject to:

- the risk of political and economic instability in China;
- the possible imposition of restrictive trade regulations and tariffs;
- reduced protection for intellectual property rights under Chinese law;
- reduced legal protection and remedies under Chinese commercial laws;
- risks of foreign exchange currency fluctuations (as referred to above);

- unexpected changes in regulatory requirements (such as those relating to taxation, import and export tariffs, environmental obligations and other matters).

The Company's customers are located throughout the world. In addition, it has significant offshore operations, including sales and marketing operations. Its operations outside Australia include North America and Europe. TWT's international presence exposes it to certain risks, including the following:

- Its ability to comply with customs, import/export and other trade compliance regulations;
- difficulties in establishing and enforcing its intellectual property rights;
- tariffs and other trade barriers;
- political, legal and economic instability in foreign markets;
- difficulties in staffing and management;
- language and cultural barriers;
- seasonal reductions in business activities in the countries where its international customers are located;
- longer payment cycles;
- greater difficulty in accounts receivable collection;
- currency fluctuations;
- potential adverse tax consequences.

8.3.10 Regulation of Activities

While significant amounts of regulation currently applies to the Company's activities (as well as other laws applicable to businesses generally), it is possible



that new specific laws will be introduced in China and/or Australia and/or overseas countries which may have a material adverse effect on the Company's business.

8.3.11 Defective Products

The Company's products are rigorously tested for quality and supply. Nevertheless, its products do, and may continue to, fail to meet customer expectations from time-to-time. Also, not all defects are immediately detectable. Under its current export arrangements, the Company's products are sold and exported on a private labels basis. The Company deems that it is impractical and cost prohibitive to take up insurance for products' liability. For various reasons, the Company's products may fail to perform as expected long after customer acceptance. Failures could result from faulty design or problems in manufacturing. In either case, the Company could incur significant costs to repair and/or replace defective products under warranty. Any significant product failure could also result in lost future sales of the affected products, as well as severe customer relations problems, litigation and damage to its reputation.

8.3.12 Uninsured Risks

While the Company carries standard insurance, it may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If the Company incurs uninsured losses or liabilities, the value of the Company's assets may be at risk.

8.3.13 Competition Networks

The Company's future success as a manufacturer of outdoor furniture and umbrellas ultimately depends on the continued growth in global demand.

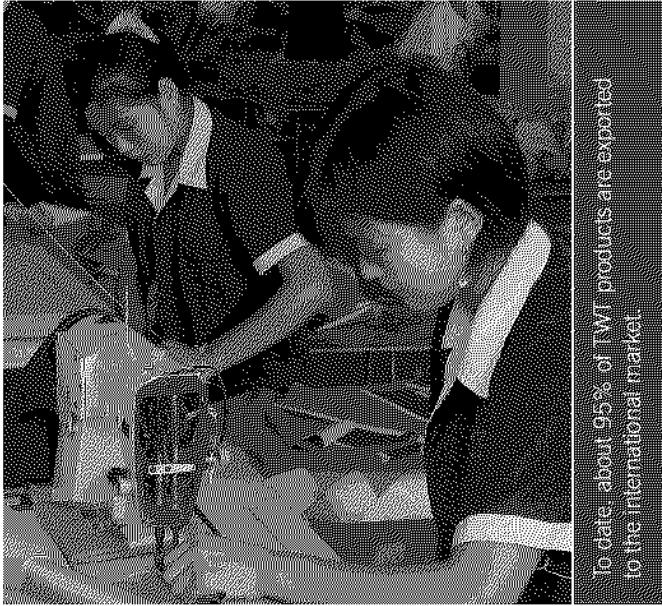
8.4 Summary

This investment is regarded as speculative. Neither the Company nor its Directors nor any other party associated with the preparation of this Prospectus warrants that any specific objective of the Company will be achieved or that any particular targets of the Company will be achieved.

In addition, to the extent that statements in this Prospectus constitute forward looking statements, these statements involve known and unknown risks, uncertainties and other factors that may cause the Company's or the industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward looking statements. Although the Company believes that the expectations reflected in the forward looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements and the Company does not assume responsibility for the accuracy and completeness of the statements.

An active outdoor lifestyle is a big p

e.



9. INDEPENDENT ACCOUNTANT'S REPORT

The Board of Directors
TWT Group Ltd
C/- Tindall Gask Bentley
76 Light Square
ADELAIDE SA 5000

5 February 2007

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT ON REVIEWED HISTORICAL FINANCIAL INFORMATION

Introduction

We have prepared this Independent Accountant's Report (Report) on the historical information of TWT Group Ltd (the Company) and its Controlled Entities for inclusion in a Prospectus to be dated on or about 8 February 2007 relating to the following proposed transaction:

- Pursuant to this Prospectus, the Company offers for subscription 10,000,000 shares in the Company at an issue price of \$0.50 per share to raise \$5,000,000 (Full Subscription). The Company has a right to accept oversubscriptions up to a further \$1,000,000 (Maximum Subscription) with a minimum subscription of \$4,000,000. Subscription moneys are payable in full on application.

Expressions referred to in the Prospectus have the same meaning in this Report.

Background

The Company was incorporated in South Australia on 4 August 2006 as an unlisted public company limited by shares. The Company was established as the Australian holding company of the TWT Group of companies who are global manufacturers of mainstream and contemporary outdoor furniture and umbrellas.

Since its incorporation the company has entered into the following transactions:

(a) Subsequent to 4 August, 2006:

- Pursuant to a resolution of the board of directors on 5 February 2007, the issue of 2,000,000 performance based share options (2007 options) to the founding directors. Each of the 2007 options are unlisted and have an exercise price of \$0.05, and only become exercisable on condition that the profits in the Directors Financial Forecast for the 12 months ended 30 June 2007 in Section 4 as audited are achieved. The options expire on 5 February 2012.
- Pursuant to a resolution of the board of directors on 5 February 2007, the issue of 2,000,000 performance based share options (2008 options) to the founding directors. Each of the 2008 options are unlisted and have an exercise price of \$0.05, and only become exercisable on condition that the profits in the Directors Financial Forecast for the 12 months ended 30 June 2008 in Section 4 as audited are achieved. The options expire on 5 February 2012.

(b) Contingent upon the successful listing of the Company on the Australian Stock Exchange (ASX):

- Pursuant to a share sale and purchase agreement dated 31 August 2006, the Company will acquire 100% of the issued capital of China TWT Holdings Co., Ltd (TWT China) (a British Virgin Islands corporation) for purchase consideration satisfied by the issue of 40,000,000 shares in the Company.

Historical and Pro-forma information

The historical and pro-forma financial information (together referred to as the "financial information") set out on pages 35 to 47 of this Report comprises:

- The historical Income Statement as at 4 August 2006 being date of incorporation;
- The historical Balance Sheet as at 4 August 2006;
- The historical Cash Flow Statement as at 4 August 2006 being date of incorporation;
- The Consolidated Pro-Forma Balance Sheet as at 4 August 2006, based on the assumption that the transactions contemplated in this Prospectus had been completed at 4 August 2006; and
- Notes to the historical and pro-forma Financial Information.

Scope

You have requested Grant Thornton prepare a report covering the following information:

- (a) The historical performance of the Company, and
- (b) The historical Balance Sheet and Consolidated Pro-forma Balance Sheet as at 4 August 2006, which assumes completion of the contemplated transactions disclosed in this Prospectus and the transactions which have occurred subsequent to 4 August 2006.

The historical information set out on pages 35 to 49 have been extracted from the unaudited books and records of the Company.

The Directors of the Company are responsible for the preparation and presentation of the financial information. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial information.

We have conducted our review of the financial information in accordance with the Australian Auditing Standard ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity." We have made such enquiries and performed such procedures as we in our professional judgement, consider reasonable in the circumstances including:

- analytical procedures on the reviewed financial performance of the Company for the relevant historical period;
- a review of accounting records, work papers and other documents;
- a review of the assumptions used to compile the pro-forma Balance Sheet;
- a review of adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards, other mandatory professional reporting requirements in Australia and the accounting policies adopted by the Company; and
- enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit and accordingly we do not express an audit opinion.

Review Statement of Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- (a) the historical financial information set out on pages 35 to 51 does not present fairly the historical financial position of the Company as at 4 August 2006 and its historical performance and cash flows for the period since incorporation in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards, other mandatory professional reporting requirements and accounting policies adopted by the Company; and
- (b) the Consolidated Pro-Forma Balance Sheet as at 4 August 2006 has not been properly prepared on the basis of the pro-forma transactions.

Subsequent Events

Since the 4 August 2006 and to the date of this Report the Company has incurred costs associated with the production of this Prospectus and managing of the Company's assets. The Company and its controlled entities have received revenues and incurred costs associated with the operation of its business between the pro-forma acquisition date of 30 June 2006 and the date of this report.

Apart from the matters dealt with in this Report and having regard to the scope of our review, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Company have come to our attention that require comment on or adjustment to the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence and Disclosure of Interest

Grant Thornton does not have any interest in the outcome of this issue other than for the preparation of this Report and for acting as auditors of the Company for which normal professional fees will be received.

Yours faithfully
GRANT THORNTON
South Australian Partnership



S J GRAY
Partner

**REVIEWED INCOME STATEMENT
AS AT 4 AUGUST 2006 (THE COMPANY WAS INCORPORATED ON 4 AUGUST 2006)**

	Reviewed \$
Revenue from ordinary activities	—
Expenses	
Cost of goods sold	—
Other expenses from ordinary activities	—
Distribution	—
Marketing	—
Occupancy	—
Administration	—
Other	—
Profit from ordinary activities before income tax expense	—
Income tax expense relating to ordinary activities	—
Profit/(Loss) from ordinary activities after income tax expense	—

The above income statement should be read in conjunction with the accompanying notes.

**REVIEWED BALANCE SHEET AND CONSOLIDATED PRO FORMA BALANCE SHEET
AS AT 4 AUGUST 2006**

	Note	Reviewed 4 August 2006 \$	Unaudited Pro-forma Minimum Subscription 4 August 2006 \$	Unaudited Pro-forma Full Subscription 4 August 2006 \$	Unaudited Pro-forma Maximum Subscription 4 August 2006 \$
CURRENT ASSETS					
Cash	4	101	5,271,837	6,211,837	7,151,837
Trade and other receivables	5	-	6,827,537	6,827,537	6,827,537
Inventories		-	1,793,737	1,793,737	1,793,737
Other assets		-	73,023	73,023	73,023
TOTAL CURRENT ASSETS		101	13,966,134	14,906,134	15,846,134
NON CURRENT ASSETS					
Property, plant & equipment	6	-	3,646,549	3,646,549	3,646,549
TOTAL NON CURRENT ASSETS		-	3,646,549	3,646,549	3,646,549
TOTAL ASSETS		101	17,612,683	18,552,683	19,492,683
CURRENT LIABILITIES					
Trade and other payables	7	-	3,707,277	3,707,277	3,707,277
Borrowings	8	-	3,548,333	3,548,333	3,548,333
Tax liabilities		-	131,066	131,066	131,066
TOTAL CURRENT LIABILITIES		-	7,386,676	7,386,676	7,386,676
TOTAL LIABILITIES		-	7,386,676	7,386,676	7,386,676
NET ASSETS		101	10,226,007	11,166,007	12,106,007
SHAREHOLDERS EQUITY					
Issued capital	9	101	6,115,091	7,073,091	8,031,091
Reserves		-	1,000,792	1,000,792	1,000,792
Retained earnings		-	3,103,718	3,085,718	3,067,718
Minority interest		-	6,406	6,406	6,406
TOTAL SHAREHOLDERS EQUITY		101	10,226,007	11,166,007	12,106,007

	Note	Reviewed 4 August 2006 \$	Unaudited Pro-forma Minimum Subscription 4 August 2006 \$	Unaudited Pro-forma Full Subscription 4 August 2006 \$	Unaudited Pro-forma Maximum Subscription 4 August 2006 \$
CURRENT ASSETS					
Cash	4	101	5,271,837	6,211,837	7,151,837
Trade and other receivables	5	-	6,827,537	6,827,537	6,827,537
Inventories		-	1,793,737	1,793,737	1,793,737
Other assets		-	73,023	73,023	73,023
TOTAL CURRENT ASSETS		101	13,966,134	14,906,134	15,846,134
NON CURRENT ASSETS					
Property, plant and equipment	6	-	3,646,549	3,646,549	3,646,549
TOTAL NON CURRENT ASSETS		-	3,646,549	3,646,549	3,646,549
TOTAL ASSETS		101	17,612,683	18,552,683	19,492,683
CURRENT LIABILITIES					
Trade and other payables	7	-	3,707,277	3,707,277	3,707,277
Borrowings	8	-	3,548,333	3,548,333	3,548,333
Tax liabilities		-	131,066	131,066	131,066
TOTAL CURRENT LIABILITIES		-	7,386,676	7,386,676	7,386,676
TOTAL LIABILITIES		-	7,386,676	7,386,676	7,386,676
NET ASSETS		101	10,226,007	11,166,007	12,106,007
SHAREHOLDERS EQUITY					
Issued capital	9	101	6,115,091	7,073,091	8,031,091
Reserves		-	1,000,792	1,000,792	1,000,792
Retained earnings		-	3,103,718	3,085,718	3,067,718
Minority interest		-	6,406	6,406	6,406
TOTAL SHAREHOLDERS EQUITY		101	10,226,007	11,166,007	12,106,007

The above balance sheet and consolidated pro-forma balance sheets should be read in conjunction with the accompanying notes.

**REVIEWED STATEMENT OF CASH FLOWS
AS AT 4 AUGUST 2006 (THE COMPANY WAS INCORPORATED ON 4 AUGUST 2006)**

	Reviewed \$
Operating activities	
Receipts from customers	–
Payments to suppliers	–
Interest received	–
Cash inflows/(outflows) from operating activities	–
Investing activities	
Payments for property, plant and equipment	–
Cash inflows/(outflows) from investing activities	–
Financing activities	
Proceeds from share issues	101
Payments for share issue costs	–
Cash inflows/(outflows) from financing activities	101
Net increase/(decrease) in cash	101
Cash at incorporation	–
Cash at 4 August 2006	101

The above cashflow statement should be read in conjunction with the accompanying notes.

**REVIEWED STATEMENT OF CHANGES IN EQUITY
AS AT 4 AUGUST 2006 (THE COMPANY WAS INCORPORATED ON 4 AUGUST 2006)**

	Consolidated Entity				
	Ordinary Shares \$	Statutory Reserve	Share Option Reserve \$	Retained Earnings \$	Minority Interest \$
Balance at Incorporation	—	—	—	—	—
Shares issued on incorporation	101	—	—	—	—
Balance at 4 August 2006	101	—	—	—	—
Pro-forma transactions					
Issue of the 2007 options, which have a fair value of \$266,000	—	—	266,000	(266,000)	—
Issue of the 2008 options, which have a fair value of \$266,000	—	—	266,000	(266,000)	—
Issue of 40,000,000 shares to the existing members of China TWT Holdings Co., Ltd	2,520,990	—	—	—	—
Equity recognised as a result of a Reverse Acquisition – Refer Note 3.	—	468,792	—	3,997,718	6,406
Issue of 8,000,000 shares to the public in accordance with this prospectus	4,000,000	—	—	—	—
Expenses of the offer	(580,000)	—	—	(188,000)	—
Deferred tax assets associated with the expenses of the offer written off – Refer Note 2	174,000	—	—	(174,000)	—
Pro-forma transactions at 4 August 2006					
Minimum Subscription	6,115,091	468,792	532,000	3,103,718	6,406
Issue of an additional 2,000,000 shares to full subscription	1,000,000	—	—	—	—
Additional expenses of the offer	(60,000)	—	—	—	—
Deferred tax assets associated with the additional expenses of the offer written off – Refer Note 2	18,000	—	—	(18,000)	—
Pro-forma transactions at 4 August 2006					
Full Subscription	7,073,091	468,792	532,000	3,085,718	6,406
Issue of an additional 2,000,000 new shares to maximum subscription	1,000,000	—	—	—	—
Additional costs of the offer	(60,000)	—	—	—	—
Deferred tax assets associated with the additional expenses of the offer written off – Refer Note 2	18,000	—	—	(18,000)	—
Pro-forma transactions at 4 August 2006					
Maximum subscription	8,031,091	468,792	532,000	3,067,718	6,406

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the International Financial Reporting Interpretations Committee (IFRIC) interpretations with the exception of some of the disclosure requirements. In the view of the Directors of TWT Group Ltd, the omitted disclosures would provide no further relevant information to potential investors.

Accounting Policies

(a) New Accounting and UIG Interpretations

Certain new accounting standards and IFRIC interpretations have been published that are not mandatory for current reporting periods. The Directors assessment of the impact of these new standards and interpretations is that there would be no material impact on the reported results of the Company.

(b) Principles of Consolidation

The Company and its controlled entities are together referred to in this financial report as the Consolidated Entity.

Controlled entities are all those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

All inter-company balances and transactions between entities, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is

realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Incorporation

The Company was incorporated on 4 August 2006.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

- Sale of goods – on delivery of the goods to the customer; and
- Interest – on a time proportion basis using the effective interest method.

(g) Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

(h) Business Combination

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(i) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The purposes of assessing impairment, assets are grouped

at the lowest levels for which they are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

(l) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(m) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	20 years
Plant and Machinery	10 years
Motor Vehicles	5 years
Office Equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect to those assets to retained earnings.

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

(p) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares and options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

NOTE 2 – BASIS OF PREPARATION OF THE CONSOLIDATED PRO FORMA BALANCE SHEET

The Consolidated Pro Forma Balance Sheet has been prepared from the Reviewed Balance Sheet adjusted for the following transactions as if they had taken place on 4 August 2006:

- The issue of 40,000,000 shares with a fair value of \$6,993,906 to the existing shareholders of China TWT Holdings Co., Ltd (TWT China) as consideration for 100% of the share capital of that entity. \$2,520,990 has been recognised as share capital with a fair value adjustment being accounted for as described in Note 3. The Pro Forma transaction has been prepared using the audited financial statements of the target entity at 30 June 2006;
- The issue of the 2007 options to the founding directors. It has been assumed that all conditions attaching to these options as set out in Section 12.11 of the Prospectus will be satisfied and therefore 100%

of the fair value of the options, \$266,000, has been recognised in the pro forma balance sheet;

- The issue of the 2008 options to the founding directors. It has been assumed that all conditions attaching to these options as set out in Section 12.11 of the Prospectus will be satisfied and therefore 100% of the fair value of the options, \$266,000, has been recognised in the pro forma balance sheet;
- The differences between Chinese Generally Accepted Accounting Principles and Australian Accounting Standards; and
- The conversion of the adjusted audited accounts of TWT China which were denominated in Chinese Renminbi to Australian Dollars using an exchange rate of AUS\$1 = RMB\$5.9323.

2.1 Assuming Minimum Subscription

- The issue of 8,000,000 shares at an issue price of \$0.50 per share to raise \$4,000,000, less associated capital raising costs estimated to be \$768,000, of which \$580,000 has been directly off-set against raised capital (\$406,000 net of tax).

2.2 Assuming Full Subscription

- The issue of an additional 2,000,000 shares to full subscription at an issue price of \$0.50 per share to raise an additional \$1,000,000, less additional capital raising costs estimated to be \$60,000 (\$42,000 net of tax).

2.3 Assuming Maximum Subscription

- The issue of a further 2,000,000 shares to maximum subscription at an issue price of \$0.50 per share to raise a further \$1,000,000, less additional capital raising costs estimated to be \$60,000 (\$42,000 net of tax).

NOTE 3 – BUSINESS COMBINATION

At the date of allotment of the shares, the subject of this Prospectus, China TWT Group Co., Ltd (TWT China) will become a wholly owned subsidiary of TWT Group Ltd (TWT Group).

Through this transaction effective control of TWT Group will pass to the shareholders of TWT China. The transaction is one referred to in AASB 3 Business Combination as a reverse acquisition, where the acquirer is TWT China (ie. the entity whose equity interests have been acquired) and TWT Group is seen to be the acquiree (ie. the issuing entity).

As TWT Group was incorporated specifically for the purpose of this transaction and the equity raising outlined in this prospectus, the fair value of the equity instruments issued has been estimated by reference to the fair value of the acquirer's (TWT China's) net assets.

	Fair Value \$
Fair value of the ordinary shares issued to TWT China shareholders in exchange for control	6,993,906
The assets and liabilities of TWT China as at 30 June 2006 are:	
Cash and cash equivalents	2,039,737
Trade and other receivables	6,827,537
Inventories	1,793,737
Other assets	73,023
Property, plant and equipment	3,646,549
Trade and other payables	(3,707,278)
Borrowings	(3,548,333)
Tax liabilities	(131,066)
Total net assets acquired	6,993,906
Accounted for as:	
Share Capital	2,520,990
Reserves	468,792
Retained Earnings	3,997,718
Minority Interest	6,406
	6,993,906

	Reviewed 4 August 2006 \$	Unaudited Pro-forma Minimum Subscription 4 August 2006 \$	Unaudited Pro-forma Full Subscription 4 August 2006 \$	Unaudited Pro-forma Maximum Subscription 4 August 2006 \$
--	------------------------------	---	--	---

NOTE 4 – CASH ASSETS

Cash on hand and at bank	101	5,271,837	6,211,837	7,151,837
--------------------------	-----	-----------	-----------	-----------

NOTE 5 – TRADE & OTHER RECEIVABLES

Trade receivables	–	1,171,441	1,171,441	1,171,441
Less provision for doubtful debts	–	(16,451)	(16,451)	(16,451)
		1,154,990	1,154,990	1,154,990
Advances to				
– director related entities	–	3,829,827	3,829,827	3,829,827
– directors	–	16,663	16,663	16,663
– third parties	–	970,522	970,522	970,522
– suppliers	–	679,001	679,001	679,001
– employees	–	85,688	85,688	85,688
		5,581,701	5,581,701	5,581,701
Notes receivable	–	84,283	84,283	84,283
Other receivables	–	6,563	6,563	6,563
		90,846	90,846	90,846
Total Trade and Other Receivables	–	6,827,537	6,827,537	6,827,537

Advances to directors, director related entities, third parties, suppliers, and employees are unsecured and interest free, and are repayable on demand.

Notes receivable mature at varying dates between 8 September 2006 and 17 November 2006.

	Reviewed 4 August 2006 \$	Unaudited Pro-forma Minimum Subscription 4 August 2006 \$	Unaudited Pro-forma Full Subscription 4 August 2006 \$	Unaudited Pro-forma Maximum Subscription 4 August 2006 \$
--	------------------------------	---	---	---

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Buildings	-	1,451,918	1,451,918	1,451,918
Less accumulated depreciation	-	(68,270)	(68,270)	(68,270)
		1,383,648	1,383,648	1,383,648
Plant and equipment	-	541,310	541,310	541,310
Less accumulated depreciation	-	(78,424)	(78,424)	(78,424)
		462,886	462,886	462,886
Land rights usage	-	1,116,583	1,116,583	1,116,583
Less accumulated depreciation	-	(3,579)	(3,579)	(3,579)
		1,113,004	1,113,004	1,113,004
Capital work in progress	-	687,011	687,011	687,011
Total Property, Plant & Equipment	-	3,646,549	3,646,549	3,646,549

NOTE 7 – TRADE AND OTHER PAYABLES

CURRENT

Trade payables	-	2,448,373	2,448,373	2,448,373
Accrued expenses	-	79,051	79,051	79,051
Advances from customers	-	448,576	448,576	448,576
Advances from third parties	-	26,104	26,104	26,104
Notes payable	-	699,553	699,553	699,553
Other payables	-	5,620	5,620	5,620
		3,707,277	3,707,277	3,707,277

Advances from third parties and customers are unsecured and interest free, and are repayable on demand.

Notes payable mature at varying dates between 8 September 2006 and 17 November 2006.

NOTE 8 – BORROWINGS

Term loan 1	-	2,865,637	2,865,637	2,865,637
Term loan 2	-	682,696	682,696	682,696
		3,548,333	3,548,333	3,548,333

Term loan 1 has been provided by the China Citic Bank and is denominated in Chinese Renminbi. The loan is repayable by 16 December, 2007 and is secured by the land use rights of TWT Umbrella Co., Ltd, a director related party. The annual interest rate is 6.73%.

Term loan 2 has been provided by the Commercial Bank and is denominated in Chinese Renminbi. The loan is repayable by 15 September 2007 and is secured by the buildings, factory and land use rights of Shaoxing Sanma Hosiery Co., Ltd, a director related entity. The annual interest rate is 7.95%.

	Number of shares issued	\$
NOTE 9 – ISSUED CAPITAL		
Paid up capital		
Shares issued on incorporation	201	101
Pro-forma transactions		
Issue of 40,000,000 shares to the existing members of China TWT	40,000,000	2,520,990
Shares issued pursuant to this Prospectus – Minimum Subscription	8,000,000	4,000,000
Less capital raising costs (net of tax effect)	–	(406,000)
At minimum subscription	48,000,201	6,115,091
Additional shares issued pursuant to this Prospectus – Full Subscription	2,000,000	1,000,000
Less additional capital raising costs (net of tax effect)	–	(42,000)
At full subscription	50,000,201	7,073,091
Additional shares issued pursuant to this Prospectus – Maximum subscription	2,000,000	1,000,000
Less additional capital raising costs (net of tax effect)	–	(42,000)
At maximum subscription	52,000,201	8,031,091
NOTE 10 – CONTROLLED ENTITIES		
The pro-forma financial statements incorporate the assets, liabilities, results and equity of the following entities in accordance with Note 2 – Pro-Forma Transactions, Note 3 – Business Combination and Note 1(b) Principles of Consolidation:		
Name of Entity	Country of Incorporation	Equity Holding
China TWT Holdings Co., Ltd	British Virgin Islands	100%
Shaoxing Gaoba Tourism Products Co., Ltd	People's Republic of China	100%
Zhejiang Aode Leisure Products Co., Ltd	People's Republic of China	100%
Beijing Tianjing Haide Umbrella Pty Ltd	People's Republic of China	90%
TWT (Australia) Pty Ltd	Australia	100%
NOTE 11 – COMMITMENTS		
The TWT group leases various equipment and factory facilities from a director related entity, TWT Umbrella Co., Ltd, under non cancellable operating leases expiring on 31 December 2006.		
Lease payments are payable as follows:		\$
Within one year		52,787
Later than one year but less than five years		–
Later than five years		–
		52,787

10. INDEPENDENT ACCOUNTANT'S REPORT ON FINANCIAL FORECAST

The Board of Directors
TWT Group Ltd
C/- Tindall Gask Bentley
76 Light Square
ADELAIDE SA 5000

5 February 2007

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT ON DIRECTORS' FINANCIAL FORECAST

We have prepared this Independent Accountant's Report (Report) on the forecast financial information of TWT Group Ltd (the Company) for the financial years ending 30 June 2007 and 30 June 2008 for inclusion in a Prospectus to be dated on or about 8 February 2007.

Expressions defined in the Prospectus have the same meaning in this Report.

Scope

You have requested Grant Thornton prepare a Report covering the forecast financial performance of the Company for the years ending 30 June 2007 and 30 June 2008 (the Forecast) as set out in Section 4 of the Prospectus.

The Directors are responsible for the preparation and presentation of the Forecasts, including the best-estimate assumptions (disclosed as general and specific assumptions in Section 4 of the Prospectus), which include the pro-forma transactions on which they are based. The Forecasts have been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Forecasts to which it relates for any purposes other than for which it was prepared.

Review of Directors' Best-Estimate Assumptions

Our review of the best-estimate assumptions underlying the Forecasts was conducted in accordance with the Australian Auditing and Assurance Standard ASRE 2410 "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity." Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary. These procedures included discussion with the Directors and the management of the Company and have been undertaken to form an opinion as to whether anything has come to our attention, which causes us to believe that:

- (a) the best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecasts;
- (b) in all material respects, the Forecasts are not properly prepared on the basis of the best-estimate assumptions; and
- (c) the Forecasts are not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Company disclosed in Section 9 of the Prospectus, and are not inconsistent with our understanding of the Company's past, current and future operations.

The Forecasts have been prepared by the Directors to provide investors with a guide to the Company's potential future financial performance, based upon the achievement of certain economic, operating, developmental and trading assumptions and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecasts. Actual results may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Section 8 of the Prospectus and the Sensitivity Analysis set out in Section 4 of the Prospectus.

Our review of the Forecasts, which are based on best-estimate assumptions, is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion of the Forecasts included in the Prospectus.

Statement

Based on our review of the Forecasts as set out in Section 4 of the Prospectus, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the prospective financial information, nothing has come to our attention which causes us to believe that:

- (a) the Directors' best-estimate assumptions set out in Section 4 of the Prospectus do not provide a reasonable basis for the preparation of the Forecasts; and

(b) the Forecasts are not properly compiled on the basis of the Directors' best-estimate assumptions and are not presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia applicable to pro-forma forecasts in prospectuses and explanatory memoranda, and the accounting policies adopted by the Company which are disclosed in Section 9 of the Prospectus.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Company and the Directors. If events do not occur as assumed, actual results achieved by the Company may vary significantly from the Forecasts. Accordingly, we do not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation. Investors should have regard to the Sensitivity Analysis and Risk Factors detailed in Sections 4 and 8 of the Prospectus, respectively.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred in our Report or that should cause such information to be misleading or deceptive.

Independence or Disclosure of Interest

Grant Thornton does not have any interest in the outcome of this issue other than for the preparation of this Report and for acting as auditors of the Company for which normal professional fees will be received.

Yours faithfully
GRANT THORNTON
South Australian Partnership



S J GRAY
Partner

11. TAXATION REPORT



Tax
151 Pirie Street
Adelaide SA 5000

GPO Box 2499
Adelaide SA 5001
Australia

ABN: 51 194 660 183
Telephone: +61 8 8236 3111
Facsimile: +61 8 8236 3299
DX: 456 Adelaide
www.kpmg.com.au

The Board of Directors
TWT Group Ltd
C/- Tindall Gask Bentley
76 Light Square Adelaide SA 5000

5 February 2007

Taxation Report

This Taxation Report ('Report') has been prepared by KPMG for inclusion in a Prospectus in relation to an offer to the public to subscribe for shares in TWT Group Ltd ('the Company') to be dated on or about 8 February 2007.

The Report represents a general outline of the Australian income tax and indirect tax consequences of buying, holding and disposing of shares in the Company by an investor that is an Australian resident for tax purposes. Accordingly, it does not address all the possible taxation consequences of ownership of ordinary shares in the Company.

The Report does not address the taxation treatment for investors that are not Australian residents for tax purposes and it does not comment on the tax consequences for investors that are in the business of trading or dealing in shares. Nor does this report provide an opinion on the taxation laws that may apply to the Company itself in either Australia or the People's Republic of China. In particular, KPMG has not reviewed the comments made in the Prospectus in relation to the Applicable Foreign Enterprises Tax Law.

The tax consequences that apply to an investor may differ from the general comments provided below, as the particular circumstances of each investor may vary. We strongly recommend that investors seek independent tax advice to determine the tax outcomes arising upon investment in the Company, based on their own particular circumstances.

Terms and expressions used in this Report are as defined in the Prospectus or otherwise take on their ordinary meaning.

Limited scope of this Report

This Report is based upon the current drafting and interpretation of the Australia taxation law and associated regulations.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG

Liability limited by a scheme approved under international, a Swiss cooperative. Professional Standards Leg

The Report should be read in conjunction with the Prospectus and has been given on the basis that the activities of the Company will be carried out in the manner described in the Prospectus and other associated documents. In providing this Report we have relied on the facts set out in the Prospectus. These facts have not been independently verified by KPMG.

Investors should be aware that the Australian taxation laws are complex and hence the comments provided in this Report are, of necessity, general in nature. Investors should also be cognisant that any changes to the Australian taxation laws or judicial interpretation of the Australian taxation laws may affect their investment. Investors should therefore seek independent taxation advice in relation to their personal circumstances.

General

We are advised that the Company is a company incorporated in Australia that owns, directly and indirectly, a number of subsidiaries located in jurisdictions outside of Australia.

Australian investor

An investor that is a tax resident of Australia is generally required to include in their assessable income all income derived directly or indirectly from all sources, whether in or out of Australia, for the relevant income year. This will include dividend income and capital gains, regardless of the source of such income. This is subject to any exemption that may be available to a particular investor under Australian taxation laws.

Distribution on ordinary shares

The ordinary shares offered pursuant to the Prospectus should be an equity interest for Australian tax purposes.

Investors should include any dividends received in relation to the ordinary shares in their assessable income. As the dividends are in relation to an equity interest, they may be franked, partly franked or unfranked by the Company.

The level of franking of dividends paid by the Company shall ultimately depend upon the level of franking credits available to the Company. Generally, dividends received by an Australian resident company from a foreign resident company are exempt from tax in Australia and do not generate franking credits. Based upon the information contained in the Prospectus, it appears that the majority of income to be derived by the Company will be exempt from Australian tax. In these circumstances, it is unlikely that the Company will pay franked dividends in the immediate future.

Franked dividends

If a dividend is fully franked, subject to the holding period rule outlined below, the assessable income of each investor should be calculated by 'grossing-up' the amount of the dividend.

The gross-up amount included in the investor's assessable income is calculated by multiplying the cash dividend received by 30/70 (based on a 30% company tax rate and assuming the dividend is fully franked) to take account of the tax already paid by the Company. This is referred to as a franking credit. The amount of the franking credit will be shown on the dividend statement issued by the Company at the time that a dividend is paid.

The assessable income of the investor includes the grossed-up distribution amount including the franking credit. The investor may be entitled to a tax (franking) offset equal to the amount of the franking credit included in their assessable income.

If a dividend is partially franked, subject to the holding period rule outlined below, the dividend should be grossed-up by the level of franking credits that are attached to the dividend to take account of the tax already paid by the Company. The amount of the grossed-up dividend should be included in the investor's assessable income. The investor may be entitled to a tax (franking) offset equal to the amount of the franking credit included in their assessable income.

Unfranked dividends

If the dividend paid by the Company is unfranked, there is no franking gross-up and only the cash dividend received should be included in the investor's assessable income. The investor will not be entitled to a tax (franking) offset in these circumstances.

Holding period rule

The Australia taxation law previously contained rules requiring a taxpayer to hold a share 'at risk' for 45 days, for the taxpayer to obtain the benefit of the tax (franking) offset.

The legislation containing these rules was repealed as at 1 July 2002 and the Federal Government has announced it will be reviewing the 'at risk' period. At the date of this Report no further announcements have been made and we understand that the Commissioner of Taxation is administering the law on the basis that the 45 day holding period rule continues to apply.

Broadly, the holding period rule requires the investor to retain 30% or more of the risks and benefits associated with holding the ordinary shares for a continuous period of at least 45 days. This 45 day period does not include the day on which the investor acquires the ordinary shares and also does not include the day on which the investor disposes of the ordinary shares.

Investors who are individuals may qualify for the small shareholder exemption that is available under the holding period rule. If the sum of the tax (franking) offsets to which the investor would be entitled, from all sources, does not exceed \$5,000 in an income year, the investor should be considered to be a qualified person for the purpose of the holding period rule without the need to satisfy the minimum 45 day holding period. The small shareholder exemption does not apply if the individual investor has made or is likely to make a 'related payment' in respect of the dividend.

If an investor does not satisfy the holding period rule in relation to the dividend, the franking credit attached to the dividend is not included in the investor's assessable income, and the investor will not be entitled to the tax (franking) offset.

The above is a general summary of the holding period rule and it may apply differently depending on each investor's particular circumstances. In addition, where an investor or associate has made or may make a 'related payment' in respect of the dividend, different rules may apply to that investor to deny the benefit of franking. An investor or an associate is taken to have made a related payment where they have done anything that has the effect of passing the benefit of the dividend to one or more other persons.

Given the complexity of these taxation laws, investors should obtain their own advice to confirm the application of the holding period and related payment rules to their particular circumstances.

Australian Business Number and Tax File Number withholding tax

We understand that investors will be provided with the opportunity to disclose their tax file number ('TFN') or Australian Business Number ('ABN') to the Company. Although disclosure of their TFN or ABN is not compulsory at law, investors should be aware that unless they are exempt from the TFN or ABN provisions, failure to disclose their TFN or ABN may result in tax being deducted from the unfranked portion of any dividends paid by the Company at the top marginal tax rate (currently 45%) plus the Medicare Levy (i.e. 46.5% in total).

Sale of ordinary shares

Australian resident investors

If the investor disposes of ordinary shares, a CGT event will occur.

The investor will generally make a taxable capital gain to the extent that the capital proceeds from the sale of the ordinary shares exceed the cost base of the ordinary shares sold. Similarly, a capital loss will arise to the extent that the reduced cost base of the ordinary shares exceeds the capital proceeds from sale.

An investor who is an individual may be entitled to discount the amount of capital gain arising from the disposal of the ordinary shares (i.e. reduce the amount of the taxable capital gain included in their assessable income). This discount is only available if the disposal occurs at least 12 months after the date of acquisition of the ordinary shares. The discount percentage for individuals is 50%, while the discount percentage for complying superannuation funds is 33% (these rates will also apply where the individual or complying superannuation fund holds its investment via certain types of trusts). Corporate investors are not eligible for the CGT discount.

Other taxation related matters

Pay As You Go ('PAYG')

The PAYG provisions require investors to include dividends in their Business Activity Statements.

Goods and services tax ('GST')

The GST implications for investors are dependent on the specific GST position of the investor, however the acquisition, holding and disposal of shares in Australia are input taxed for GST purposes.

Accordingly, there are no GST implications for an investor that is not registered or required to be registered for GST as there is no GST on the supplies that the investor makes and no entitlement to input tax credits on acquisitions by the investor.

For an investor that is registered or required to be registered for GST, generally there will be no GST on the supplies made by the investor and there will be no entitlement to input tax credits in relation to the subscription for shares.

The specific GST implications for an investor will depend on the nature of the supplies it makes, the nature of the related acquisitions and the investor's position with regard to the financial acquisitions threshold (which is determined by reference to the *A New Tax System (Goods and Services Tax) Act 1999*).

Furthermore, investors that are denied input tax credits on acquisitions relating to these subscriptions may be entitled to reduced input tax credits. This includes certain acquisitions made by superannuation funds that are related to the fund's investment activities. Investors should seek specific taxation advice in relation to the availability of reduced input tax credits.

Other taxes

Under current Australian law, there are no estate duties or other inheritance taxes payable in respect of the transfer of ordinary shares upon the death of the investor.

This Report does not constitute an endorsement of the investment or recommendation by KPMG of any participation in the offer to the public to subscribe for shares in TWT Group Ltd. KPMG is not required to hold an Australian Financial Services License under the Corporations Act 2001.

KPMG has given its consent to the inclusion of this Report in the Prospectus. However, it gives no assurance or guarantee in respect of the performance of the ordinary shares of TWT Group Ltd, and its consent should not be taken as an endorsement or recommendation.

Yours faithfully



Peter Siebels
Partner

12. ADDITIONAL INFORMATION

12.1 Incorporation

TWT Group Ltd was incorporated as a public company on 4th August 2006.

12.2 Tax Status and Financial Year

TWT Group Ltd's Australian income (if any) will be taxed in Australia as a public company at the prevailing corporate tax rate which is currently 30%. The financial year of the Company will end on 30 June annually. Investors are asked to refer to Section 3.17 and the Taxation Report in Section 11 for a detailed discussion on taxation.

12.3 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

12.4 Directors' Relevant Interests

(a) Interest of Directors

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with the formation or promotion of the Company or the Offer of the Shares.

(b) Interests in Securities

Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Hainan Xu	Nil	32,712,201	2,000,000	Nil
Yajun Lian	Nil	4,888,000	2,000,000	Nil
Total	-	37,600,201	4,000,000	-

Further information on the terms and conditions of these options is set out in Section 12.10 of this Prospectus.

Further detail on the expected capital structure of the Company is set out in Section 3.9 of this Prospectus.

(c) Remuneration of Directors

- Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of the non-executive Directors has been fixed at a maximum of \$500,000 per annum (allowing the appointment of future directors) to be apportioned among the non-executive Directors in such manner as they determine. Each non-executive director will receive Director's fees of \$40,000 per annum (exclusive of GST). Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.
- The remuneration of Hainan Xu, the Executive Chairman and Managing Director is set out in Section 12.8
- The remuneration of Yajun Lian, the Executive Director and Deputy Managing Director is set out in Section 12.8

12.5 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
- the Offer under this Prospectus.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, options or otherwise) have been paid or given or agreed to be paid or given to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Taylor Collison Limited. (Taylor Collison) has acted as sponsoring broker to the Offer. On completion of the Offer, the Company estimates that it will pay brokerage commission of 5% and management fees of 1% on the funds raised (exclusive of disbursements and GST) in respect of this work.

Grant Thornton South Australian Partnership (GT) has acted as independent accountants in relation to the Offer. As independent accountants, GT have been involved

in undertaking due diligence in relation to financial and taxation matters and preparing pro-forma financial accounts, and have prepared the Investigating Accountant's Report which has been included in this Prospectus. In respect of this work the Company has agreed to pay GT a total of \$30,000 for these services. GT are the auditors to the Company. In addition, a member of Grant Thornton International being Kon Tan Grant Thornton of Singapore has rendered audit services for the Subsidiaries of TWT under normal terms and conditions.

Tindall Gask Bentley (TGB) have acted as the solicitors to the Company in relation to the Offer, and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, TGB have been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer. In respect of this work, the Company has agreed to pay TGB \$150,000 for these services up to the date of this Prospectus. TGB has or may receive professional fees at their normal rates for other legal work for the Company.

AllBright Law Offices (AllBright) have acted as solicitors to the Company on China Law in relation to the Offer, and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, AllBright have been involved in undertaking certain due diligence enquiries in relation to legal matters and the provision of a summary of the Chinese legal system in Section 12.14. In respect of this work, the Company has agreed to pay AllBright \$100,000 for these services up to the date of this Prospectus.

KPMG as the author of the Taxation Report has acted to provide the Taxation Report which has been included in this Prospectus. In respect of this work, the Company will pay a total of \$5,000 to KPMG.

Computershare Investor Services Pty Limited has agreed to provide share registry services to the Company in accordance with a detailed schedule of fees listed in its "proposal to TWT for Share Registry Services", dated 25 August 2006.

12.6 Expenses of the Offer

Actual and estimated expenses connected with the Offer are payable by the Company assuming full subscription of the Offer at \$5million; these expenses are as follows:

Broker – fees and expenses	\$300,000
Investigating Accountants' Report	\$30,000
Legal Expenses including fees for solicitors to company on China Law	\$250,000
Printing, posting, Share Registry, travelling and other miscellaneous Offer costs	\$195,000
ASX listing fees	\$48,000
KPMG Tax Report	\$5,000
Total	\$828,000

12.7 Consents

Each of the parties referred to in this Section 12.7:

- does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section 12.7; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 12.7.

GT have given their written consent to the inclusion in Sections 9 and 10 of this Prospectus of their Investigating Accountant's Report and Independent Accountant Report on Financial Forecast and to all statements referring to those reports in the form and context in which they appear and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

TGB have given their written consent to be named as the Solicitors to the Company and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

AllBright have given their written consent to be named as the Solicitors to the Company on China Law and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Taylor Collison has given and at the time of lodgment of this Prospectus, has not withdrawn its consent to be named as Sponsoring Broker to the offer of securities under this Prospectus, in the form and context in which it is named. Taylor Collison was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Taylor Collison makes no express or implied representation or warranty in relation to the Company, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Taylor Collison. To the maximum extent permitted by law, Taylor Collison expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

KPMG has given its' written consent to the inclusion in Section 11 of this Prospectus of their Taxation Report and to all statements referring to that report in the form and context in which they appear and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Furthermore, each of the following has consented in writing to being named in the Prospectus in the capacity as noted below and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- Grant Thornton as Auditors and Investigating Accountant;
- Tindall Gask Bentley as the Solicitors to the Company;
- AllBright as the Solicitors to the Company on China Law;
- KPMG as the Accountant of the Taxation Report;
- Taylor Collison Limited as the Lead Manager; and
- Computershare Investor Services Pty Limited as the Share Registrar

Copies of the consents to the issue of this Prospectus are available for inspection, without charge, at the registered office of the Company.

12.8 Material Contracts

Set out below is a brief summary of the material contracts which have been entered into by the Company, all of which have been identified as material and relevant to an investor. A copy of each of these contracts may be inspected during normal business hours at the registered office of the Company.

- By a contract dated 31 August 2006 Hainan Xu and Yajun Lian as the vendors agreed to sell the entire paid up capital of China TWT Holding Co., Ltd. to TWT Group Ltd at the price and upon the terms contained therein.
 - Share Transfer Agreement dated 22 December 2005 between Chengqing (Hong Kong) Co., Ltd (Chengqing) and China TWT Holding Co., Ltd. (China TWT) Chengqing transferred 49.1% of the registered capital interest in Shaoxing Gaobo Tourism Products Co., Ltd to China TWT at the total purchase price of USD 667,000.
 - Share Transfer Agreement dated 12 January 2006 between Hainan Xu and China TWT Holding Co, Ltd. (China TWT). Hainan Xu transferred 23.2% of the registered capital interest in Shaoxing Gaobo Tourism Products Co., Ltd to China TWT at the total purchase price of USD310,600.
 - Share Transfer Agreement dated 12 January 2006 between Tian Wai Tian Umbrella Co., Ltd. (Tian Wai Tian) and China TWT Holding Co., Ltd. (China TWT); Tian Wai Tian transferred 27.7% of the registered capital interest in Shaoxing Gaobo Tourism Products Co., Ltd to China TWT at the total purchase price of USD310,000.
 - Contract for the leasing of certain manufacturing facility (plants and machinery) dated 30 November 2006 between Shaoxing Gaobo Tourism Products Co., Ltd. (Shaoxing) and Tian Wai Tian Umbrella Co., Ltd. (Tian Wai Tian) where Tian Wai Tian leased the facilities for umbrella manufacturing to Shaoxing from 1 January to 31 December 2007 at the total rent of RMB 854,400 and with 5 years renewal at the rent to be fixed at market rate.
 - Three contracts for the leasing of three parcels of Real Property together with the Granted Land Use Rights referred to in paragraph (h) below dated 30 November 2006 between Shaoxing Gaobo Tourism Products Co., Ltd. (Shaoxing) and Tian Wai Tian Umbrella Co., Ltd. (Tian Wai Tian) where Tian Wai Tian leased the Real Property located at Songxia County, Shangyu City measuring 16,625.35; 6848.25 and; 6799.26 sq metres respectively to Shaoxing from 1 January to 31 December 2006 at the total rent of RMB 352,000; RMB 144,640; and RMB144,000 respectively.
- Land Grant Contract for the transfer of Granted Land Use Rights dated 23 June, 2006 between Shaoxing Gaobo Tourism products Co., Ltd (Shaoxing) and Tian Wai Tian Umbrella Co., Ltd. (Tian Wai Tian) for transfer of the industrial land (with the right of use expiring on 28 February, 2032) located in Songxia Industrial Development Zone at Shangyu City measuring an area of 15,404.6 square metres at the price of RMB6,623,978. The transaction was completed on 30 June, 2006 with Shaoxing issued with the "Land Use Rights Certificate" numbered SYSGY (2006)03207403.
 - Contract for the sale and purchase of Real Property dated 25 June 2006 between Shaoxing Gaobo Tourism Products Co.,Ltd (Shaoxing) and Tian Wai Tian Umbrella Co.,Ltd. (Tian Wai Tian) for the transfer of the Real Property together with the Granted Land Use Rights referred to in paragraph (h) above in respect of five blocks of buildings (identified as Songxia County Real Property Certificate No 00111935, 00111936 and 00111937) located in Songxia Industrial Development Zone at Shangyu City with a total built area of 10,087.86 square metres at the total purchase price of RMB8,613,305. The transaction was completed on 30 June, 2006 with Shaoxing issued with the Real Property Certificate numbered SYSFQZSXZ00111936 and SYSFQZSXZ00111937.
 - Contract dated 1 July 2006 between Shaoxing Gaobo Tourism products Co., Ltd (Shaoxing), and Tian Wai Tian Umbrella Co., Ltd. (Tian Wai Tian) for the assignment of the licensing rights for two patents and all the intellectual properties related thereto from Tian Wai Tian to Shaoxing for: (i) variable function beach umbrella and, (ii) multifunctional solar energy parasol. A nominal consideration of RMB1 was paid by Shaoxing to Tian Wai Tian. The contract provides, among others, that Shaoxing will continue to have the exclusive right and use of the patents and all the intellectual properties related thereto. Tian Wai Tian applied for the patent for the variable function beach umbrella and the multifunctional solar energy parasol on 31 December and 30 October, 2004 respectively with the relevant China patent registration authority. The patents were issued with registration numbers ZL 20042 0121287.5 and ZL 2004 2 0107680.9.. The currency and validity of both patents are 10 years.
 - Contract dated 27 June 2006 between Shaoxing Gaobo Tourism products Co., Ltd. (Shaoxing) and Tian Wai Tian Umbrella Co., Ltd. (Tian Wai Tian) for the assignment of the registered trademark of "Fengyu" (registered number 1325574 for 18 species of products with validity period from 21 October, 1999 to 20 October, 2009) together with all licensing rights related thereto from TWT to Shaoxing. The nominal consideration of RMB1 was paid by Shaoxing to Tian Wai Tian. The contract provides, among others, that Shaoxing will continue to have the exclusive right and use of the trademark and all the intellectual properties related thereto.

- k) Contract dated 27 June 2006 between Shaoxing Gaobo Tourism products Co., Ltd. (Shaoxing) and Tian Wai Tian Umbrella Co., Ltd. (TWT) for the assignment of the licensing rights of trademark for No. 18 Species Products (registered number 1325574 and with validity period from 21 October, 1999 to 20 October, 2009) and all intellectual properties related thereto (the valid period of the trade mark is from 21 October 1999 to 20 October 2009) from TWT to Shaoxing. The nominal consideration of RMB1 was paid by Shaoxing to TWT. The contract provides, among others, that Shaoxing have been having and will continue to have the exclusive right and use of the trademark and TWT is not permitted to deal with the patents.
- l) Hainan Xu and Yajun Lian are the executive directors of the Company. Hainan Xu is provided with the total annual remuneration including non-cash benefits of \$90,000 p.a and Yajun Lian is provided with total annual remuneration including non-cash benefits of \$70,000 p.a. In addition, both Hainan Xu and Yajun Lian are provided with 2 million options. These options have a value of \$266,000 to each of them, and are subject to the terms and conditions of the Options in Section 12.11.

12.9 Details of Existing Shareholders

The holders of Shares in the Company prior to this Offer are as follows:

Shareholder	Number of Shares	% Issued Capital
Full Power Global Co., Ltd. (BVI)	37,600,201	94
Channel Best Enterprises Ltd (BVI)	1,600,000	4
Chengyu Zhou	800,000	2
Total	40,000,201	100

12.10 Rights Attaching To Shares

The Shares to be issued under this Prospectus will rank equally with the fully paid ordinary shares in the Company. The rights attaching to shares are set out in the Company's Constitution, and, in certain circumstances, are regulated by the Corporations Act, the ASX Listing Rules and general law. The Constitution of the Company may be inspected during normal business hours at the registered office of the Company.

The following is a summary of the more significant rights of the holders of ordinary shares of the Company. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's members. The summary assumes that the Company is admitted to the Official List of the ASX.

(a) General Meeting

Each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at, general meetings of the Company and to receive all financial statements, notices, and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the Listing Rules.

(b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each fully paid share held. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

(c) Issues of Further Shares

The Directors may, on behalf of the Company, issue shares or other securities to any person on the terms, with such preferred or deferred or other special rights, obligations or restrictions, and at the times that the Directors may determine. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the ASX Listing Rules, the Corporations Law and any rights for the time being attached to the shares in special classes of shares.

(d) Variation of Rights

At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Company's Constitution, the Corporations Act, the ASTC Settlement Rules and the ASX Listing Rules, ordinary shares are freely transferable.

The shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act. The Company may decline to register a transfer of shares in the circumstances described in the Company's Constitution and where permitted to do so under the ASX Listing Rules. The Directors must decline to register a transfer of shares when required by law, by the ASX Listing Rules or by the ASTC Settlement Rules.

(f) Partly Paid Shares

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the

ASX Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) Dividends

Subject to any special terms and conditions of issue of shares, the profits of the Company which the Board from time to time determines to distribute by way of dividend are divisible amongst the members in proportion to the amounts paid up on the shares held by them. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends.

(h) Winding Up

If the Company is wound up at any time, the liquidator may divide, among all or any of the contributories (as defined by the Corporations Act) as the liquidator thinks fit, any part of the assets of the Company. In so dividing, the liquidator may give any class of shares special or preferential treatment or exclude any class altogether or in part.

If the Company has issued preference shares, those shares carry a right in a winding up to payment in cash in priority to all other classes of shares of the amount paid (or agreed to be considered as paid) on each of the preference shares and the amount (if any) equal to any accrued but unpaid dividends referable to those shares.

(i) Dividend Plans

The Directors may establish, maintain, suspend or terminate dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.

(j) Directors

The Company's Constitution states that the minimum number of directors is three.

(k) Powers of the Board

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's Constitution.

12.11 Existing Options

The Options which have already been issued to Hainan Xu and Yajun Lian amounting to 2 million options each prior to the date of this Prospectus were granted on the following terms and conditions:

- (a) Subject to para (b) below, the Optionholder is entitled on payment of 5 cents per share ("the Exercise Price") to be allotted one ordinary fully paid share in the Company for each Option exercised (subject to possible adjustments referred to below).

- (b) The Company will apply for waiver of condition 11 of Listing Rule 1.1 of the ASX's Listing Rules and in the event that the waiver is refused or if ASX requires the Exercise Price to be more than 5 cents per share, the Company may either accept the Exercise Price imposed by the ASX or cancel the Options.

- (c) The Options held by the Optionholder are exercisable in whole or in part at any time on or before midnight on 6 February, 2012 ("Exercise Period"). Options not exercised before the expiry of the Exercise Period will lapse.

- (d) The 2007 Options of 1 million Options each are exercisable by Hainan Xu and Yajun Lian respectively on condition that the profits in the Directors Financial Forecast for 12 months ended 30 June, 2007 in Section 4 as audited are achieved.

- (e) The 2008 Options of 1 million Options each are exercisable by Hainan Xu and Yajun Lian respectively on condition that the profits in the Directors Financial Forecast for 12 months ended 30 June, 2008 in Section 4 as audited are achieved.

- (f) Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds. Options shall be deemed cancelled if the conditions of para. (d) or (e) are not met or if the Company cancelled it pursuant to para (b).

- (g) The Company will not apply for official quotation on ASX of the Options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the Options. Those Shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the Options will qualify for dividends declared after the date of their allotment.

- (h) Unless the Board determines otherwise due to extenuating circumstances of the Optionholder, Options are not transferable except that if at any time before expiry of the Exercise Period the Optionholder dies, the legal personal representative of the deceased Optionholder may:

- elect to be registered as the new holder of the Options,
- whether or not he becomes so registered, exercise those Options in accordance with the terms and conditions on which they were granted, and
- if the deceased has already exercised Options, pay the exercise price in respect of those Options.

- (i) An Optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the Option has been exercised and shares allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give prior notice to the Optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.

- (j) If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares

which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

- (k) If the Company makes a rights issue (other than a bonus issue), the exercise price of Options on issue will be reduced according to the following formula:

$$A = \frac{O - EIP - (S + D)}{N + 1}$$

Where:

A = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying ordinary shares into which one Option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the 5 trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (l) If, during the currency of the Options the issued capital of the Company is reorganised, those Options will be reorganised to the extent necessary to comply with ASX Listing Rules.

12.12 Employee Share Option Plan

The Company has established The TWT Employee Share Option Plan ("Plan") to assist in the attraction, retention and motivation of employees of the Company and its related bodies corporate ("Group"). No options have been granted under the Plan as at the date of this Prospectus.

A summary of the Rules of the Plan is set out below.

- All employees (full and part-time) will be eligible to participate in the Plan after a qualifying period of 12 months' employment by a member of the Group, although the Board may waive this requirement.
- The allocation of options to each employee is in the discretion of the Board.
- If permitted by the Board, options may be issued to an employee's nominee (for example, a spouse or family company).
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue.
- Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the

Company's shares at the time the Board resolves to offer those options. The total number of shares the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.

- If, prior to the expiry date of options, a person ceases to be an employee of a Group company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) must be exercised within 1 month thereafter otherwise they will automatically lapse. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Optionholders may only participate in new issues of securities by first exercising their options.
- If there is a bonus share issue to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the optionholder would have received if the option had been exercised before the record date for the bonus issue.
- If there is a pro rata issue (other than a bonus share issued) to the holders of shares, the exercise price of an option will be reduced to take account of the effect of the pro rata issue as per the formula in (h) of Section 10.10 of this Prospectus.
- If there is a reorganisation of the issued capital of the Company, unexercised options will be reorganised in accordance with the Listing Rules.
- The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

12.13 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the issue of securities in response to an electronic application form subject to compliance with certain provisions.

If you have received this Prospectus as an electronic prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@TWToutdoor.com and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

TWT reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form,

it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with Section 722 of the Corporations Act.

12.14 Summary of Relevant PRC Laws and Regulations by AllBright Lawyers

(a) 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 including the power to amend the PRC Constitution and to enact and amend primary laws.

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.

At the regional level, the people's congresses of provinces and municipalities and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. 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.

(b) Judicial System

The People's Courts are the judicial organs of the PRC and comprise the local people's courts, military courts and other special 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.

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.

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.

(c) Arbitration and Enforcement of Arbitration Awards

Under the Arbitration Law, an arbitration 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 party seeking to enforce an arbitration 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 arbitration 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.

(d) 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 following:

(i) Income tax on foreign investment enterprises

Under 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 26.4% of their taxable income and a local income tax at a rate of 3% 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 income tax for the first two profit-making years and a 50% reduction in the income tax payable for the next three years.

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 reduced local income tax for a foreign investment enterprise engaged in an industry or a project encouraged by the State.

(ii) Value added tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax provides that 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 services in the same financial year.

(iii) Business tax

Businesses that provide services (except entertainment businesses), or assign intangible assets or sell immovable property became liable to business tax at a rate ranging from 3% to 5% of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

(iv) Tax on dividends from PRC enterprise with foreign investment

Under the Applicable Foreign Enterprises Tax Law, income such as dividends and profits distribution from the PRC derived from a foreign enterprise which has no establishment in the PRC is subject to a 10% withholding tax. Such withholding tax may be reduced 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 tax according to the Applicable Foreign Enterprises Tax Law.

(v) Profit distribution

The Foreign Enterprise Law provides that after payment of taxes, a wholly foreign-owned enterprise must make contributions to a reserve 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% 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 enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

(e) Land Ownership

Under the Chinese Constitution, the ownership of all urban lands in China is held by the State. Individuals, companies and other entities can, however, acquire for valuable consideration the land use rights (Called "Granted Land Use Rights") for a fixed period of up to 70 years. Article 3 of the Land Grant Regulations provide the legal basis for foreign as well as domestic PRC entities/individuals to acquire granted Land Use Rights for the purposes of development, use and operation. Article 11 of the Land Grant Regulations provide that the maximum term of land use for residential purposes is 70 years; 50 years for industrial, and 40 years for commercial, tourist and entertainment use.

The Granted Land Use Rights can be acquired through means of agreement, tendering and auction. The grantees are required to enter into a land use rights

grant contract ("Land Grant Contract") with the local land administration authorities.

"Real property" refers to the land use rights together with buildings and structures on the land subject to the restriction of land ownership and duration of land use, private ownership (By individuals and corporate entities) of real property is allowed in China, Building ownership is generally evidenced by a building ownership certificate.

"Real property" can be transferred, leased or charged.

(f) Environmental Protection Regulations

In accordance with the Environmental Protection Law of the PRC, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The people's 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.

12.15 Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances; any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporate Act.

Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge Applications prior to the expiry of the Exposure Period.

12.16 Definitions

In this Prospectus, unless the context otherwise requires:

"A\$" and "\$" means Australian dollars, unless otherwise stated.

"Applicant" means a person who submits an Application.

"Application" means a valid application to subscribe for Shares.

"Application Form" means the application form contained in this Prospectus or a copy of the application form contained in this Prospectus or a direct derivative of the application form which is contained in this Prospectus.

"Application Monies" means \$0.50 being the amount payable in respect of each Share under the Offer.

"ASIC" or "Commission" means Australian Securities and Investments Commission.

"ASTC" means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

"ASX" means Australian Securities Exchange Limited (ACN 008 624 691).

"Board of Directors" and "Board" means Board of Directors of TWT unless the context indicates otherwise.

"Business" means the manufacturing of outdoor furniture and umbrellas conducted by the Company.

"Business Day" means a day on which the trading banks are open in Adelaide, South Australia.

"BVI" means the British Virgin Islands.

"CHESS" means ASX Clearing House Electronic Subregistry System.

"Closing Date" means the date on which the Offer closes.

"Company" means TWT Group Ltd (ACN 121 044 531).

"Completion of the Offer" means the allotment of all the Shares offered under this Prospectus.

"Corporations Act" means the Corporations Act 2001 of Australia.

"CST" means Central Summer Time as applicable in Adelaide, South Australia and references to time in this Prospectus are references to CST.

"Directors" mean directors of TWT unless the context indicates otherwise.

"Email" means an electronic mail service that allows users to send and receive messages via the Internet.

"HIN" means holder identification number.

"ISO" means International Organization for Standardisation, a worldwide federation of national standards bodies whose mission is to develop industrial standards.

"Issue" means the issue of Shares pursuant to this Prospectus.

"Issuer Sponsored" means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

"Listing Rules" means listing rules of the ASX.

"Offer" means the invitation to apply for Shares pursuant to this Prospectus.

"Offer Period" means the period commencing on the Opening Date and ending on the Closing Date.

"Official List" means the Official List of the ASX.

"Opening Date" means the date immediately following the expiry of the exposure period referred to in Section 2 of this Prospectus.

"Optionholder" means a holder of any Options.

"Options" means the Options referred to in Section 12.11 of this Prospectus.

"%" or "percent" = Percentage

"PRC" means the People's Republic of China, excluding Taiwan, Hong Kong SAR and Macau PRC for the purpose of this prospectus.

"Proper SCH Transfer" has the same meaning given in the Corporations Act.

"Prospectus" means this disclosure document

"Quotation" means quotation of the Shares on the Official List.

"RMB" means the legal currency of PRC

"SCH Business Rules" means the SCH Business Rules issued by ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

"Share" means a fully paid ordinary share in the capital of TWT.

"Shareholders" means the holders of Shares in TWT.

"sqm" means square metre

"Subsidiaries" means the same as that term is defined under Section 9 of the Corporations Act.

"TWT" means TWT Group Ltd (ACN 121 044 531).

"US\$" means United State's Dollar, the legal currency of USA.

"USA" or "US" means United State of America

Directors' Responsibility Statement and Consent

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements by the Directors in this Prospectus are not misleading or deceptive and that with respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making those other statements were competent to make such statements and each of those persons have given their consent to the issue of this Prospectus and have not withdrawn that consent, before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus. The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director Hainan Xu, Yajun Lian, Jianpeng Yao, Alice McCleary, Xiyao Jin and Fai-Peng Chen has consented in writing to the lodgement of the Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of TWT International Ltd



Hainan XU
Executive Chairman and Managing Director

Public Offer and Guide to the Application Form



Application Form

TWT Group Ltd
ACN 121 044 531

This Application Form is important. It accompanies a prospectus issued by TWT ("the Company") dated 8 February, 2007 and lodged with ASIC on that date (Prospectus). If you are in doubt as to how to deal with the Prospectus contact your stockbroker or professional adviser before applying for Shares. You should read the entire Prospectus carefully before applying for Shares as it contains information about investing in the Shares. The Application Form must not be handed on unless it is attached to or accompanied by a complete and unaltered copy of the prospectus and any relevant supplementary prospectus. A person who gives another person access to this Application Form must at the same time and by the same means give that other person

access to the Prospectus and any relevant supplementary prospectus. By applying for Shares, Applicants declare that they have received the entire Prospectus to which this Application Form relates.

A	Number of Shares applied for At \$0.50 per share Minimum 4,000 Shares and then multiples of 1,000 Shares	B	Total amount payable A\$ Cheque or bank draft to equal this amount		
C	Individual/Joint applications – refer to naming standards overleaf for correct forms of registrable title(s)				
	Title or Company Name	Given name(s)			
	Surname/Company ACN				
	Joint applicant or account designated				
	Joint applicant or account designated				
D	Enter your postal address – include State and postcode				
	Unit/Street number	Street name or PO Box/Other information			
	City/Suburb/Town	State	Postcode		
E	Enter your contact details				
	Contact name	Telephone – business hours			
	Email address	Telephone – after hours			
F	CHESS participant				
	Holder identification number (HIN)				
G	Payment details – Payment will only be accepted by cheque or bank draft payable to "TWT Share Offer Account".				
	Drawer	Cheque number	BSB number	Account number	Amount of cheque A\$

By submitting this Application Form, I/we declare that this application is completed and lodged according to the prospectus and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines.

Guide to the Application Form

A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 4,000 Shares and thereafter in multiples of 1,000 Shares.

B Application Money

Enter the amount of Application Money. To calculate the amount, multiply the number of Shares by the price per Shares.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 Joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Sub register System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHES

TWT (the Company) will apply to the ASX to participate in CHES operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Stock Exchange Limited. In CHES, the Company will operate an electronic CHES Sub register of security holdings and an electronic Issuer Sponsored Sub register of security holdings. Together the two Sub registers will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Sub register, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Security holder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to "TWT Share Offer Account" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Pin (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read the Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in TWT is upon and subject to the terms of the prospectus and the Constitution of TWT agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received at the Adelaide office of Computershare Investor Services Pty Limited by no later than 5pm Adelaide time on the Closing Date. Return the Application Form with cheque(s) attached to:

TWT Group Ltd Share Offer
Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5000

or Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street
Adelaide SA 5001

Privacy Statement

Personal information is collected on this form by Computershare, as registrar for securities issuers ("the issuer") for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Computershare, or you would like to correct information that is inaccurate, incorrect or out of date, please contact Computershare. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting Computershare. You can contact Computershare using the details provided on the front of this form or via email www.computershare.com.au.

If you have any enquiries concerning your application, please contact Computershare Investor Services Pty Limited on 1300 556 1612.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporation Act. At least one full given name and the surname are required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account

designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual • Use given name(s) in full, not initials	Mr John Alfred Smith	J A Smith
Joint • Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company • Use company title, not abbreviation	ABC Pty Ltd	ABC PA., ABC Co
Trusts • Use trustee(s) personal name(s) • Do not use the name of the trust	Ms Penny Smith <- Penny Smith Family A/C >	Penny Smith Family Trust
Deceased Estates • Use executor(s) personal name(s) • Do not use the name of the deceased	Mr Michael Smith <- Est John Smith A/C >	Estate of Iain John Smith
Minor (a person under the age of 18) • Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <- Peter Smith A/C >	Peter Smith
Partnerships • Use partners personal name(s) • Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <- John Smith & Son A/C >	John Smith & Son
Clubs/Unincorporated Bodies/Business Names • Use office bearer(s) personal name(s) • Do not use the name of the club etc.	Mrs Janet Smith <- ABC Tennis Association A/C >	ABC Tennis Association
Superannuation Funds • Use the name of the trustee of the fund • Do not use the name of the fund	John Smith Pty Ltd <- Super Fund A/C >	John Smith Pty Ltd Superannuation Fund

DESIGN AND PRODUCTION CORPORATE PROFILE PTY LTD



TWT Group Ltd
Level 1, 215 Greenhill Road
Eastwood, South Australia 5063

Telephone: 1300 880 463
Facsimile: 1300 880 953
Website: www.TWToutdoor.com
Email: info@TWToutdoor.com