



# Wonder Auto Technology, Inc.

(NASDAQ: WATG)

December, 2007



# Safe Harbor Statement



## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation includes or incorporates by reference statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our 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. These statements include, but are not limited to, information or assumptions about revenues, gross profit, expenses, income, capital and other expenditures, financing plans, capital structure, cash flow, liquidity, management's plans, goals and objectives for future operations and growth. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, levels of activity, performance or achievements.

We do not intend or assume any obligation to update any of these forward-looking statements.

# Company Overview



## Leading Automotive Parts Supplier

- Established in 1996 with continuous growth, we are the 2nd largest alternators and starters manufacturer in China
- China is now the 2nd largest automotive market in the world and approaching to the largest market

## High Quality Products

- Target mid to small engine market – the largest high growth vehicle segment in China
- Offer over 150 different models of alternators and over 70 different models of starters

## Customers

- Our customer base is continuously expanding, which include Beijing Benz-Daimler Chrysler, Beijing Hyundai, Nanjing Fiat, Nanjing MG, Shanghai General Motor, Shenyang Mitsubishi, etc

## Facilities

- 50,000 square meters occupied area in Jinzhou City
- Four alternator assembly lines and four starter assembly lines
- Annual capacity of 1.7 million alternators and 1.8 million starters

## Employees

- 513 employees out of which 71 in R&D with nearly 50 patents

*\* As of December 31, 2006 except for Facilities which is as of October 2007*

# Key Investment Highlights



**#1**

- Large and Growing Chinese Automotive Market Opportunity

**#2**

- Leading Market Position

**#3**

- Strong Collaborative Relationships with Top Tier Customers

**#4**

- Proven Track Record of Growth and Profitability

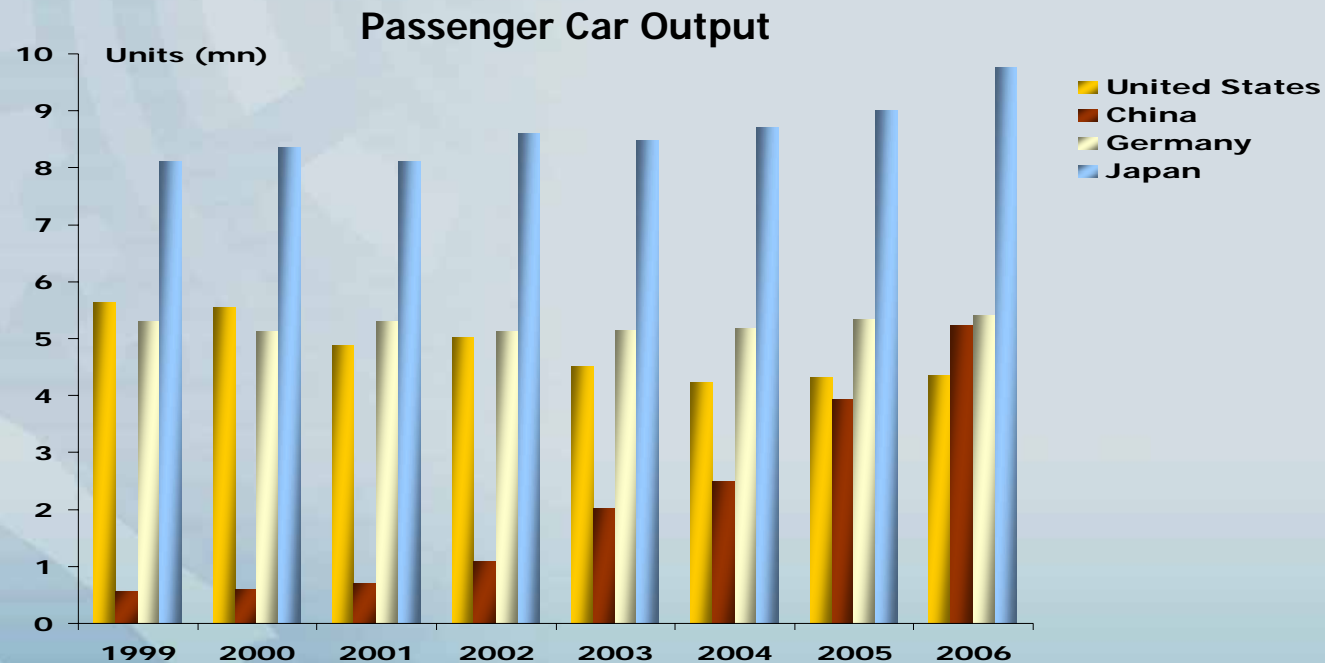
**#5**

- Experienced Management Team

# Attractive Industry Dynamics



- China is now the 2nd largest auto market in the world
- Passenger car output in China has been growing at 37.4% CAGR from 1999 to 2006
- There were 257m vehicles in the U.S. representing more than 650 cars among 1000 people; while there were 37m vehicles in China, representing less than 30 cars among 1000 people in 2006



Source: International Organization of Motor Vehicle Manufacturers

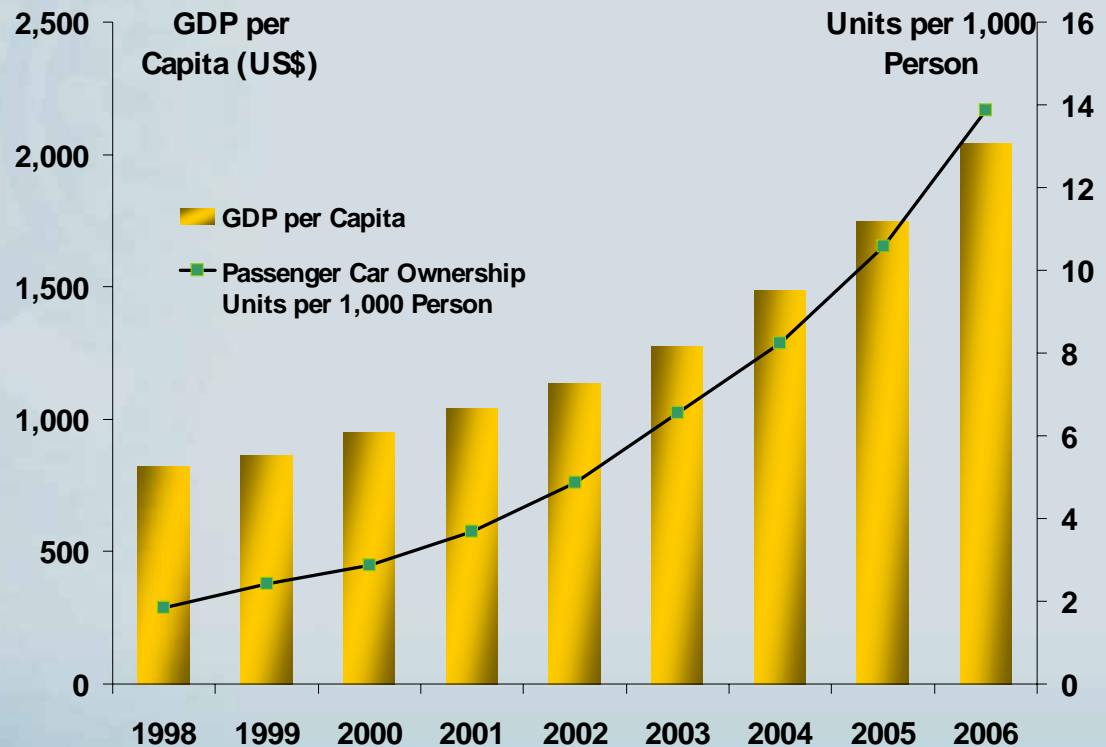
# Sustainable Long-term Growth



## Key Market Growth Drivers

- Growing GDP per capita
- Increasing urbanization
- Growth of highway infrastructure
- The developing automotive financing system
- Favorable government policies

## Low Vehicle Ownership is Poised for Growth



Source: National Bureau of Statistics of China

Note: RMB/US\$ exchange rate as of the last trading day of each fiscal year

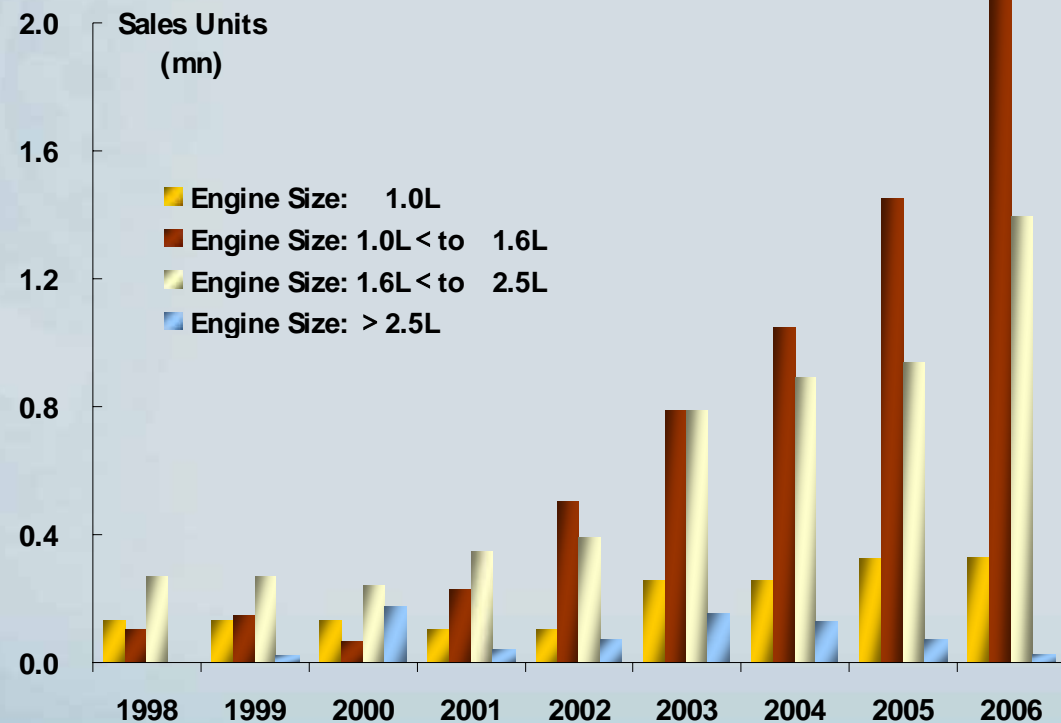
# Focus on Higher Growth Segments



## Small Engine Market

- Rapidly growing sales of small engine passenger cars:
  - ✓ General affordability
  - ✓ Rising fuel prices
  - ✓ Government incentives
  - ✓ Environmental concerns

## Passenger Car Market Dominated by Vehicles with Small-Mid Sized Engines in China



Source: China Automotive Technology & Research Center

# Leading Market Position



## Mission Statement

Same Performance with the Lower Price;  
Same Price with the Better Performance

### Advantages over Local Competitors

- ▶ Well recognized brand name
- ▶ Larger scale and critical mass
- ▶ Stronger R&D capabilities

### Advantages over Foreign Competitors

- ▶ Developed low-cost supplier network
- ▶ Competitive local cost structure
- ▶ China-based R&D efforts, closer to the end market

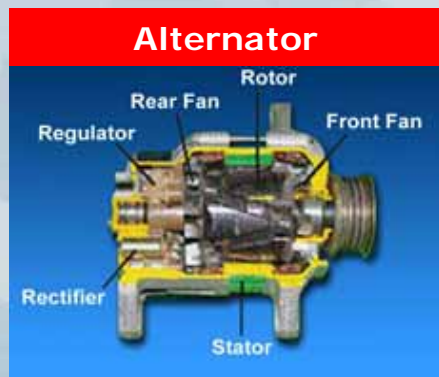
# Mission Critical Products



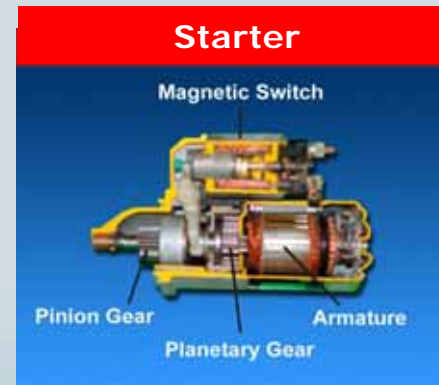
## Mission critical automotive components

Key Products  
Features

- High power output / weight ratio
- Long product service life
- Durability and reliability under harsh operating environments



- Over 150 models
- 5 different series



- Over 70 models
- 5 different series

# Established Low-cost Supply Chain Network



- The majority of our suppliers are located within 300 km of our manufacturing facilities
  - Shorter lead times
  - Lower shipping costs
  - Ease of quality control and monitoring
- Long-term relationships and exclusivity arrangements with key suppliers
- Meeting rigorous quality assurance standards and demanding delivery schedule
- Multiple sources exist for most raw materials and components



**Sourcing Stability**  
**Competitive Raw Materials & Components Cost**

# Proprietary Manufacturing Processes



## Competitive Manufacturing Cost

- Automotive manufacturing capabilities accumulated over the last 10 years
- Developed customized assembly lines and equipment, to provide
  - Manufacturing flexibility
  - Process optimization
  - Overall quality assurance



- ✓ Shorter lead times
- ✓ Reduced overhead and equipment downtime
- ✓ Reduced material wastage
- ✓ Ability to handle frequent product change-over



# Strong R&D and Customer Relationships



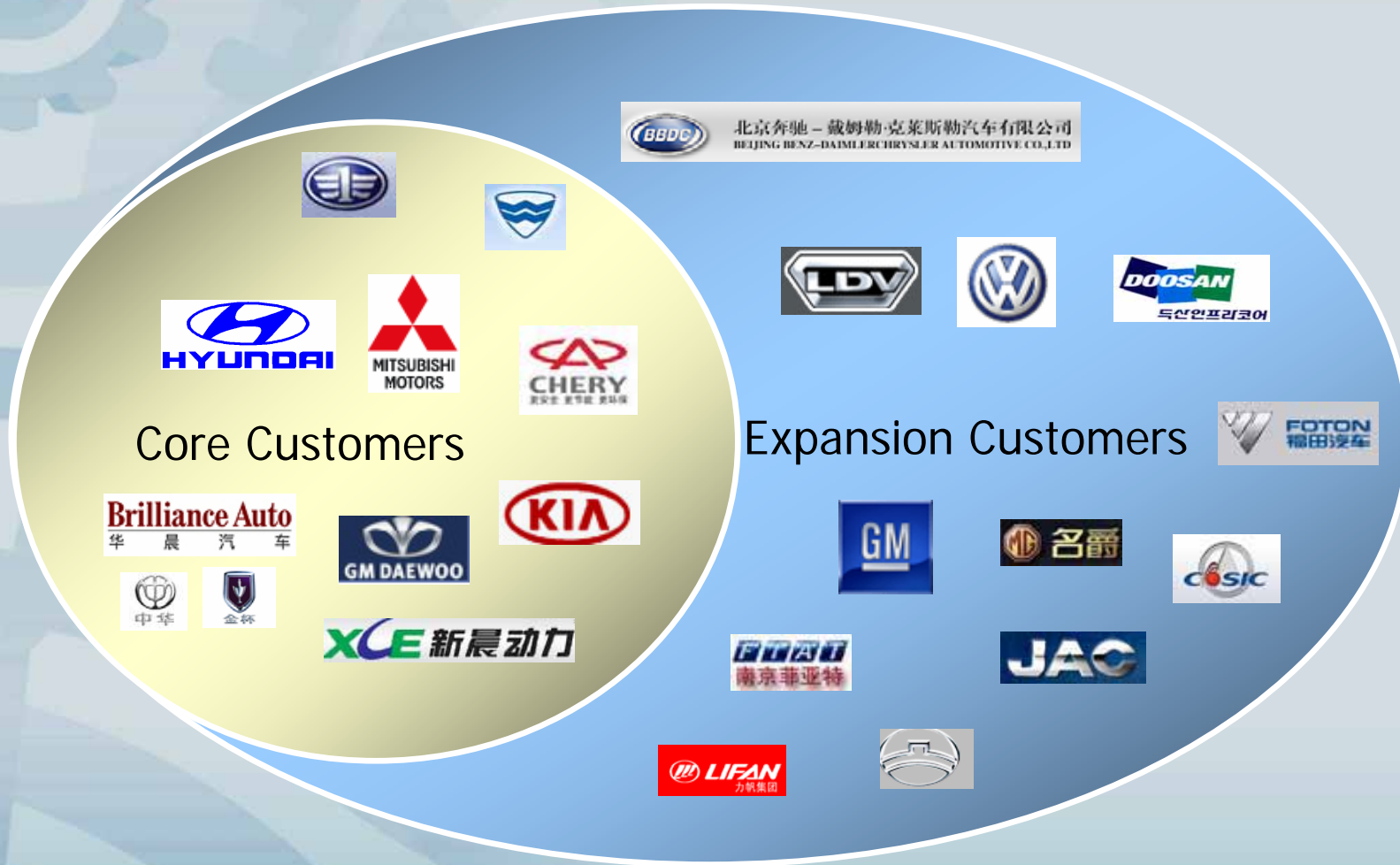
- 2 R&D centers with 71 professionals including 8 foreign experts – 14% of our staff
  - Jinzhou – enhancement of existing products and testing of new products
  - Beijing – product development and future technologies



- Actively involved in the customers' product development cycle, from initial design to sample delivery and mass production
  - Early access to customers and designs
  - Sustainable long-term collaborative customer relationship
- 21 joint development programs in 2006



# Expanding Customer Base



# Growth Strategy



**Vertical  
Integration**

**Expand Sales  
into  
International  
Markets**

**Continue Focus  
on Low-  
Emission  
Vehicles**



**Increase  
Production  
Capacity**

**Develop New  
Products**

**Strengthen  
R&D  
Capabilities**

# Experienced Management Team



Name	Title	Age	# of Years at Wonder
<b>Qingjie Zhao</b>	<b>Chairman, CEO and President</b>	<b>50</b>	<b>10</b>
<b>Meirong Yuan</b>	<b>Director, CFO and Treasurer</b>	<b>36</b>	<b>5</b>
<b>Seuk Jun Kim</b>	<b>VP New Product Development</b>	<b>51</b>	<b>10</b>
<b>Robert Forreider</b>	<b>VP Sales and Marketing in North America</b>	<b>53</b>	<b>1</b>

# Financial Overview

# Financial Highlights

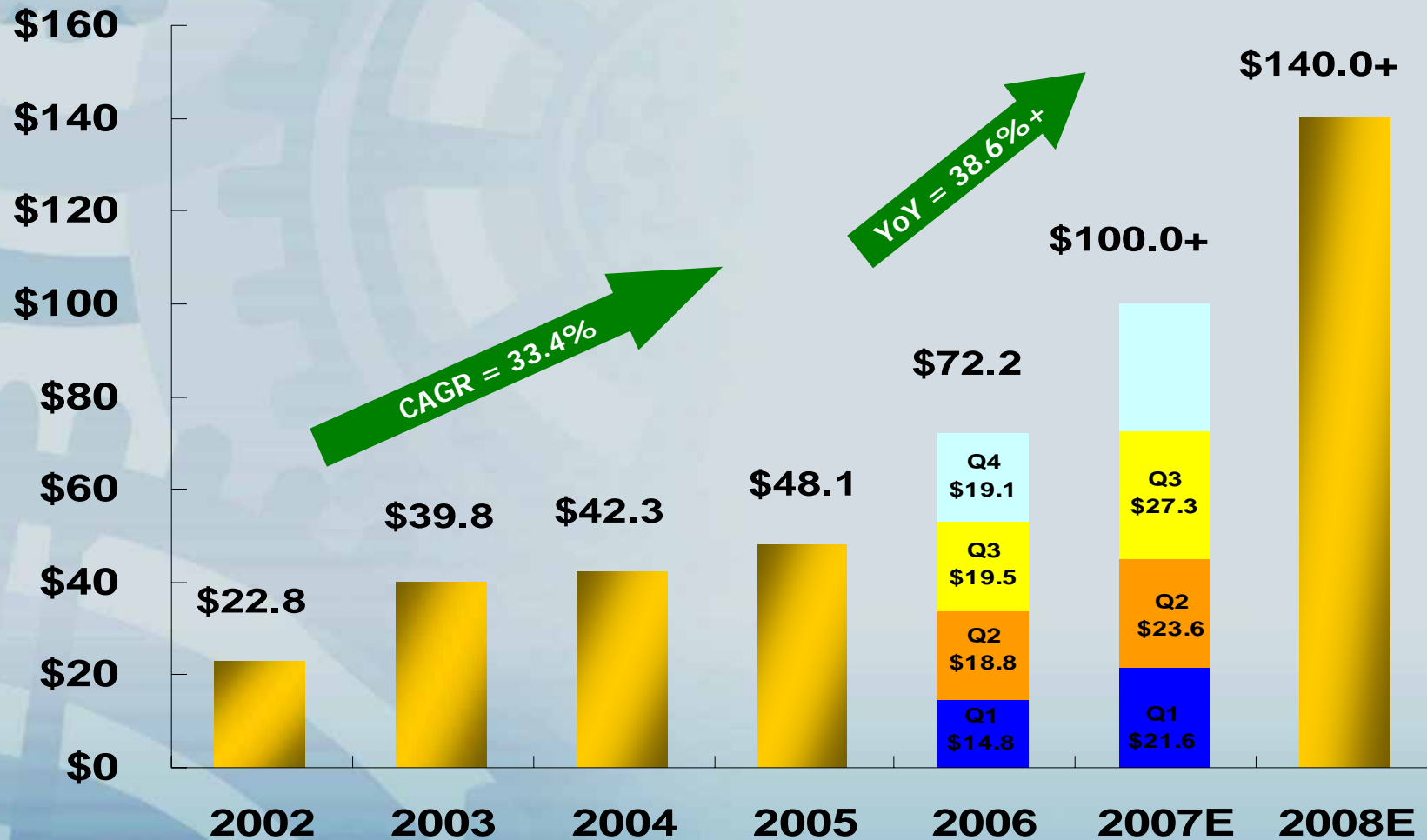


- ✓ Robust revenue growth
- ✓ Industry leading operating margin
- ✓ Strong balance sheet providing financial flexibility
- ✓ Clear visibility of future performance

# Robust Top Line Growth



(\$ in Millions)

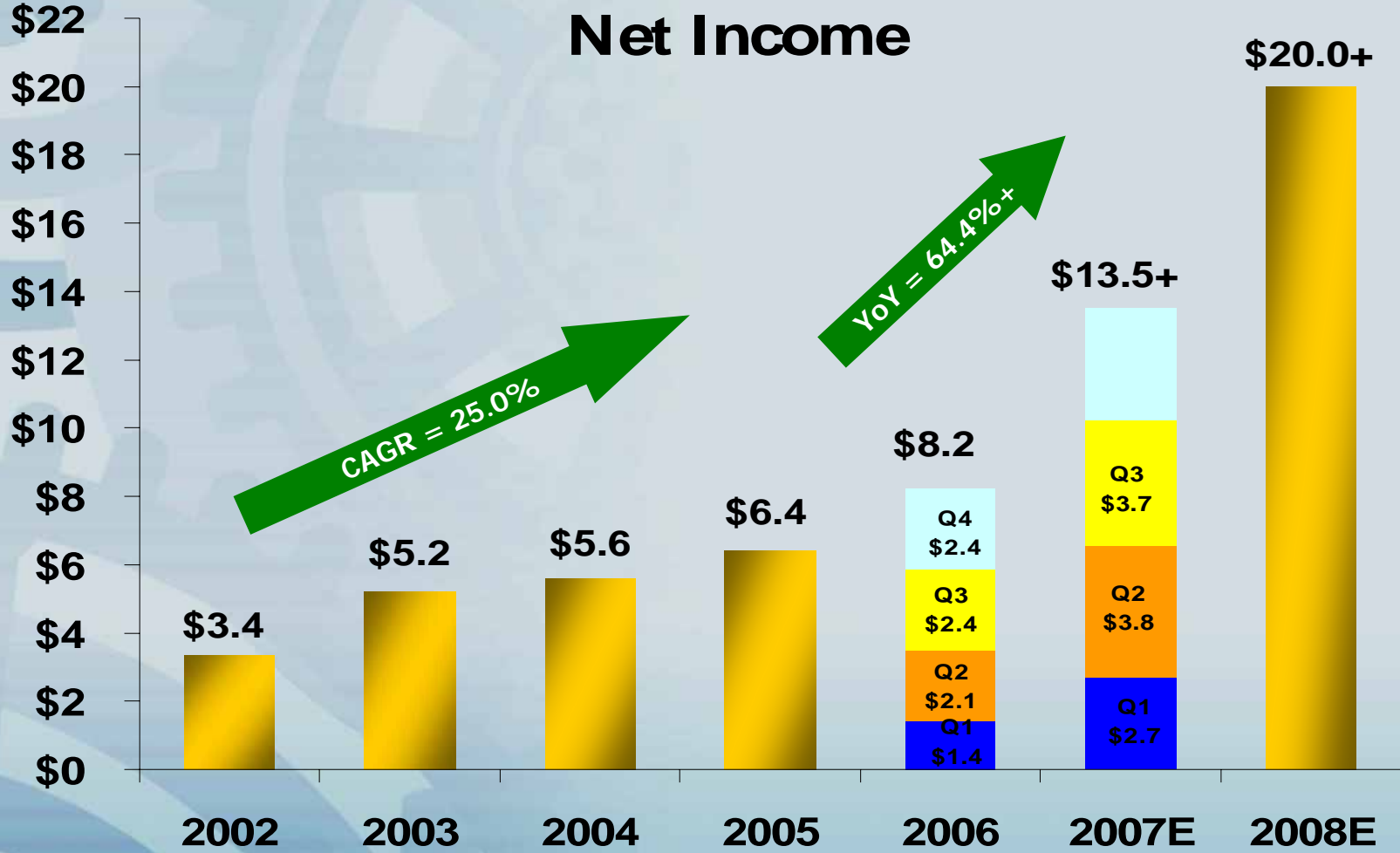


Source: Public Filings

# Strong Net Income Generation

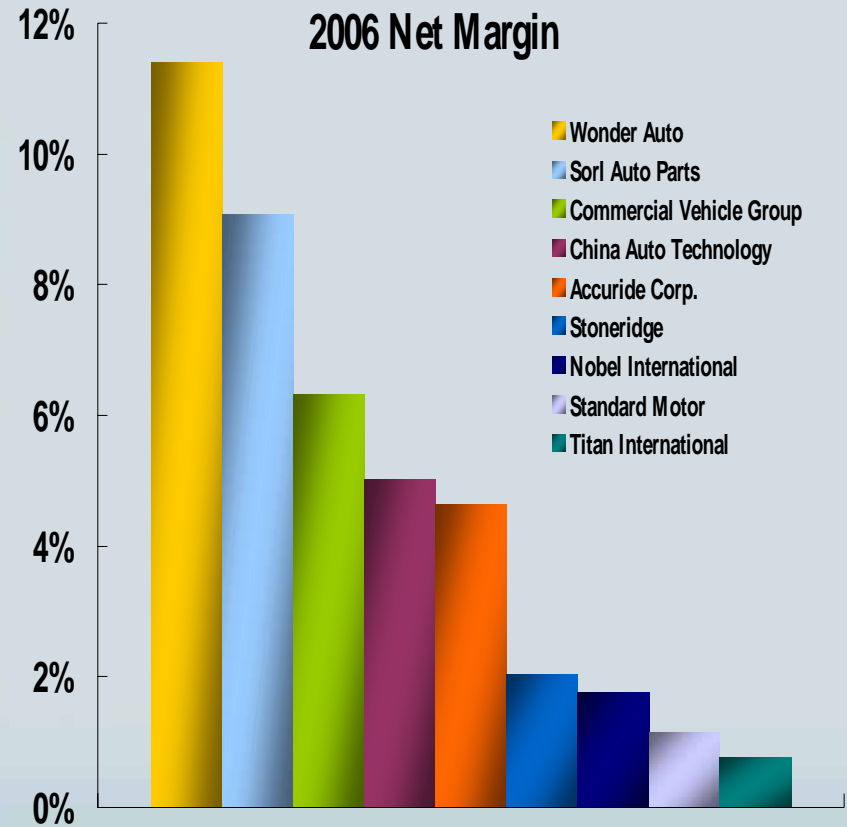
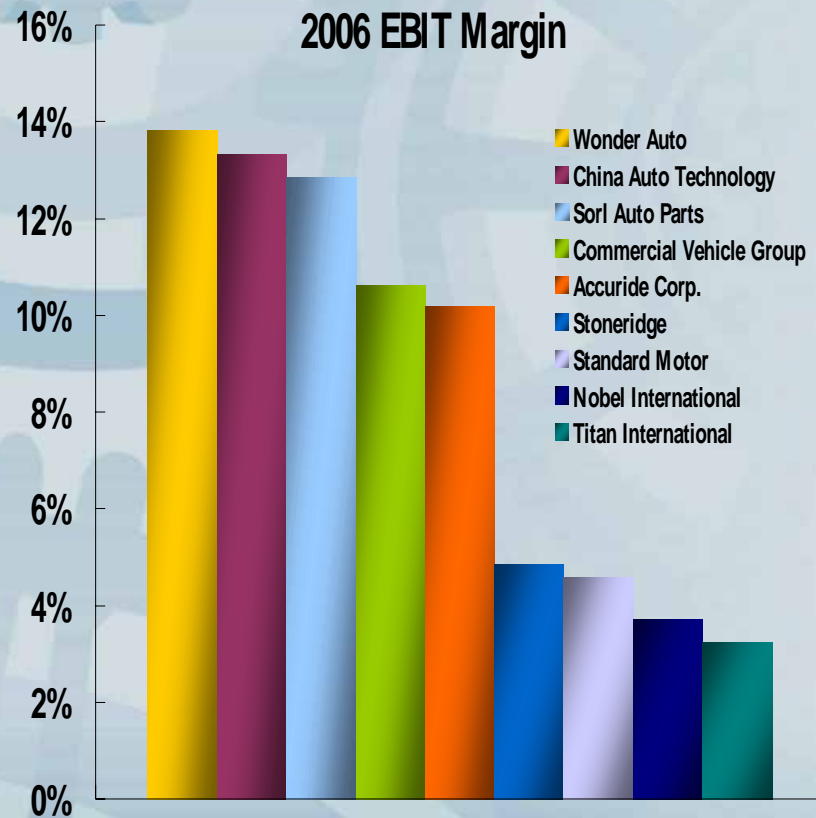


(\$ in Millions)



Source: Public Filings

# Industry Leading Margin Profile



Source: Bloomberg, Public Filings

# Healthy Balance Sheet



(\$ in Millions)

	31-Dec-06 Audited	30-Sep-07 Unaudited
<b>Current Assets</b>	<b>56.1</b>	<b>81.2</b>
Cash and Restricted Cash	13.1	9.0
<b>Non-Current Assets</b>	<b>21.9</b>	<b>33.1</b>
<b>Total Assets</b>	<b>78.0</b>	<b>114.3</b>
<b>Current Liabilities</b>	<b>37.2</b>	<b>44.3</b>
Secured Short-Term Debt	14.3	13.3
<b>Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
Secured Long-term Debt	-	17.1
<b>Shareholders' Equity</b>	<b>38.2</b>	<b>50.1</b>
<b>Total Liabilities and Equity</b>	<b>78.0</b>	<b>114.3</b>
<b>Current Ratio</b>	<b>1.5</b>	<b>1.8</b>

Source: Public Filings

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**THANK YOU!**

