

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2006-01-05** | Period of Report: **2005-12-28**
SEC Accession No. **0001144204-06-000465**

([HTML Version](#) on [secdatabase.com](#))

FILER

PARALLEL TECHNOLOGIES INC

CIK: **710846** | IRS No.: **133140715** | State of Incorpor.: **NV** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-19276** | Film No.: **06510891**
SIC: **6770** Blank checks

Business Address
211 WEST WALL
MIDLAND TX 79701
4326821761

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 28, 2005

PARALLEL TECHNOLOGIES, INC.

(Exact name of Registrant as specified in charter)

Nevada

0-19276

13-3140715

(State of Incorporation)

(Commission File No.)

(IRS Employer
Identification Number)

1 Shuang Qiang Road, Jinzhou, Dalian, People's Republic of China 116100

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (011)-86-411-8770-3333

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17CFR230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17CFR240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR240.14d-2(b))

TABLE OF CONTENTS

Item No.	Description of Item	Page No.
-----	-----	-----
Item 2.01	Completion of Acquisition or Disposition of Assets.....	3
Item 3.02	Unregistered Sale of Securities.....	4
Item 3.03	Modification of Rights of Security Holders.....	5
Item 5.02	Departure of Directors or Principal Officers; Election of Officers; Appointment of Principal Officers	7

Explanatory Note

On December 14, 2005, we filed a Current Report on Form 8-K to report on a series of transactions that occurred on December 13, 2005 in connection with the acquisition of substantially all the assets and business of Dalian Fushi Bimetallic Manufacturing Co., Ltd., a limited liability company organized under the laws of the People's Republic of China ("PRC"), by Dalian Diversified Product Inspections Bimetallic Cable Co., Ltd. ("Dalian DPI"), a wholly foreign-owned entity in the PRC. Dalian DPI is wholly-owned by Diversified Products Inspections, Inc. ("DPI"), a Delaware corporation all of whose outstanding capital stock we acquired on December 13, 2005 as one of the transactions described below.

On December 13, 2005, Dalian Fushi acquired approximately 50.96% of our outstanding common stock from Glenn A. Little, our then Chairman, President and controlling shareholder, and we issued shares of our series A convertible preferred stock to the former shareholders of DPI, principally the shareholders of Dalian Fushi, in exchange for all of the outstanding shares of DPI, and shares of our series B convertible preferred stock in a private placement offering to accredited investors for which an initial closing was held on that same date. A portion of the proceeds of the private placement offering were used by Dalian Fushi to purchase the shares of common stock from our former controlling shareholder.

At the time we issued the series A and series B convertible preferred stock, we did not have sufficient authorized but unissued shares of common stock for a full conversion of those series of preferred stock. Consequently, we agreed to promptly effect a 245.27-for-one reverse stock-split of our common stock, without reducing the 100,000,000 shares of our authorized common stock. Upon the effectiveness of the reverse stock-split and after giving effect to the additional closing under our series B convertible preferred stock private placement offering on December 28, 2005, the series A and series B convertible preferred stock will automatically convert into approximately 77.85% and 21.25%, respectively, of our approximately 20 million outstanding shares of our common stock. Following the reverse stock-split, Dalian Fushi and its shareholders will own approximately 74% of our then outstanding shares of common stock, and will

continue to control our company.

On January 5, 2005, we mailed an Information Statement to our shareholders advising them of the reverse stock-split and a change in our corporate name to "Fushi International, Inc.," each of which was approved on December 5, 2005 by our then sole director and holder of a majority of our then outstanding voting stock by written consent in lieu of meeting in accordance with Nevada law. Under applicable SEC regulations, corporate action taken pursuant to consents or authorizations of security holders may not take effect prior to the 20th day following the date upon which an Information Statement notifying shareholders of the action(s) to be taken is sent or given to shareholders. We expect that the reverse stock-split will occur by the end of January 2006. See Item 3.03 for additional information concerning the reverse stock-split.

Since under the laws of the PRC a foreign-owned entity, such as Dalian DPI, is unable to acquire a PRC entity, such as Dalian Fushi, by issuing our capital stock, and we did not have sufficient cash to purchase all of the assets of Dalian Fushi based on their appraised fair value, as required under the laws of the PRC, on December 13, 2005 Dalian DPI entered into a series of restructuring transactions with Dalian Fushi and its shareholders by which (i) it acquired substantially all the assets of Dalian Fushi with the net proceeds of the private placement offering and leased the remaining assets used in the business of Dalian Fushi for nominal consideration, and (ii) obtained control over the remaining operations and financial affairs of Dalian Fushi. Although we entered into agreements relating to the restructuring transactions on December 13, 2005, the restructuring transactions were not completed until December 28, 2005. On that date, we received gross proceeds of \$775,000 at a closing under the private placement offering, which together with the \$11,225,000 of gross proceeds we received at the initial closing on December 13, 2005, provided us with total gross proceeds of \$12 million. Except as stated above, the net proceeds of the offering will be used by Dalian DPI principally for the conduct of its business. See Item 3.02 for additional information on the issuance and sale of our series B convertible preferred stock and warrants at the closing on December 28, 2005.

In connection with these transactions, and prior to the closing of Dalian Fushi's purchase of the shares of Glenn A. Little, our former majority shareholder, Mr. Little resigned as a director and appointed Li Fu, Yue Mathus Yang and John D. Kuhns as directors of our company. Mr. Fu and Mr. Yang are also beneficial shareholders and officers of Dalian Fushi. The directors of DPI and Dalian DPI are identical to ours. Mr. Little also resigned all his officer positions with us effective immediately following the closing of the private placement offering. Contemporaneous with Mr. Little's resignation from his officer positions, our new directors appointed new officers with immediate effect. See Item 5.02 for information concerning our new directors and officers.

This Current Report is being filed to report on the completion of the restructuring transactions for the acquisition by DPI Dalian of the assets and business of Dalian Fushi, as well as the completion of the private placement offering of our series B convertible preferred stock. For additional information

concerning the transactions described above and the business of Dalian Fushi, see our Current Report on Form 8-K filed with the SEC on December 14, 2005.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On December 28, 2005, we completed the acquisition of substantially all of the assets and business of Dalian Fushi . The business of Dalian Fushi is now being operated by our indirect subsidiary, Dalian DPI, a wholly foreign-owned entity in the PRC. Dalian DPI is wholly-owned by us.

The business consists of manufacturing and selling copper clad aluminum and steel wire, both of which are bimetallic composite wire products that are principally used for network signal transmission cable, cable television wire, signal transmission cable, cable television subscriber lines, distribution lines, local area networks, inner conductor for access networks, telephone subscriber communication lines, patch cords for electronic components, power system grounding lines, conductor lines for electric railways and other applications.

The transactions relating to the acquisition of the assets and business of Dalian Fushi and the business previously conducted by Dalian Fushi are discussed in Items 1.01 and 2.01 of our Current Report on Form 8-K filed with the SEC on December 14, 2005.

As a result of the acquisition of DPI, and as set forth in the following diagram, DPI is now our direct, wholly-owned subsidiary and Dalian DPI is a wholly-owned subsidiary of DPI. Dalian DPI has acquired substantially all of the assets and business of Dalian Fushi and control over Dalian Fushi's remaining operations and financial affairs through the restructuring agreements. Consequently, we no longer are a shell company, as such term is defined under Rule 12b-2 of the Exchange Act.

Parallel Technologies,
Inc. (to be changed to
Fushi International, Inc.)

|
| -----
| 100%
| -----
v

Diversified Product
Inspections, Inc. (DPI)

|
| -----
| 100%
| -----

 Dalian Diversified
 Product Inspections
 Bimetallic Cable, Co.,
 Ltd. (Dalian DPI)

v----->	Dalian Fushi Bimetallic Manufacturing Co., Ltd. (Dalian Fushi) -----

 Restructuring Agreements

Item 3.02 Unregistered Sales of Equity Securities.

Issuance of Series B Convertible Preferred Stock and Warrants

On December 28, 2005, we completed our private placement offering of series B convertible preferred stock ("Series B Stock") and warrants, previously discussed in Item 3.02 of our Current Report on Form 8-K filed with the SEC on December 14, 2005, by selling the remaining 13,912.86 shares of Series B Stock, together with warrants, for \$775,000 to three accredited investors. We sold a total of 215,424.84 shares of Series B Stock in the private placement for a total purchase price of \$12,000,000. The Series B Stock is convertible automatically into approximately 4,250,000 shares of our common stock upon the occurrence of a 245.27-for-1 reverse stock-split of our common stock, which we expect will be effected before the end of January 2006. In addition to the Series B Stock, each investor received a warrant to purchase one share of common stock for every two shares of common stock that it will acquire upon the automatic conversion of the Series B Stock. For a discussion of the terms and conditions of our series B convertible preferred stock and warrants, see Item 3.03 and 2.01 (under the caption "Description of Our Securities") of our Current Report on Form 8-K filed with the SEC on December 14, 2005.

We sold the Series B Stock, together with the warrants, in a private placement (the "Private Placement") through Kuhns Brothers Securities Corporation ("Kuhns Brothers Securities"), an NASD and SEC registered broker-dealer. Kuhns Brothers Securities is a subsidiary of Kuhns Brothers, Inc. The issuance and sale of the shares of Series B Stock and warrants was exempt from registration under Rule 506 of Regulation D under the Securities Act. All of the investors were "accredited investors" within the meaning of Rule 501(c) of Regulation D.

Under the stock purchase agreements, we are required to register for resale each share of common stock into which the Series B Stock is convertible, as well as each share of common stock that may be acquired upon the exercise of each warrant.

In connection with the placement of our Series B Stock and warrants, Kuhns Brothers Securities, as placement agent, received the following compensation: (i) \$200,000 cash as a signing fee, documentation fee and purchase fee, (ii) 10% of the total cash paid for the Series B Stock and warrants, (iii) 38,321 shares of our series A convertible preferred stock, which will convert automatically into approximately 756,017 shares of our common stock, and (iv) a warrant to purchase 424,929 shares of common stock after the reverse split-split at an exercise price of \$3.1064 per share, exercisable within 5 years of the date of issue. In addition, Kuhns Brothers Securities is to receive 10% of the proceeds from the exercise of the warrants issued to the investors.

Item 3.03 Modification of Rights of Security Holders

Reverse Stock Split

On December 5, 2005, our sole director adopted a resolution to amend our Articles of Incorporation to effect a 245.27 for 1 reverse stock-split of our common stock and to change our name to "Fushi International, Inc." On that same date, we obtained the written consent of the holder of a majority of our then outstanding shares of voting stock approving the Reverse Split and the name change. The reverse stock-split and name change will occur upon the filing of a certificate of amendment to our Articles of Incorporation with the Office of the Secretary of State of Nevada, not less than 20 days after, but within 25 days of, the mailing of an Information Statement to our shareholders advising them of the reverse stock-split and the change in our corporate name.

On January 5, 2006, we mailed an Information Statement notifying our shareholders of the reverse stock-split and the change in our corporate name. Under applicable SEC regulations, corporate action(s) taken by consents or authorizations of security holders may not take effect prior to the 20th day after the date upon which an Information Statement notifying shareholders of those actions are sent or given to shareholders.

At the time of the reverse stock-split, holders of outstanding shares of common stock will receive one share of post-reverse stock-split common stock for each 245.27 shares of pre-reverse stock-split common stock held as of the close of business on the date the certificate of amendment is filed. No fractional shares of common stock will be issued in connection with the reverse stock-split. All fractional share amounts resulting from the reverse stock-split will be rounded up to the next whole new share. In connection with the reverse stock-split, our Board of Directors, in its sole discretion, may provide special treatment to shareholders to preserve round lot holders (i.e., holders owning at least 100 shares) after the reverse stock-split. In the event the Board determines to provide such special treatment, shareholders holding 24,500 or fewer shares of common stock, but at least 12,250 shares of common stock, will receive 100 shares of common stock after the reverse stock-split, and persons holding less than 12,250 shares of common stock would not be affected. The terms and conditions of special treatment afforded to our shareholders to preserve round lot shareholders, if any, including the record dates for determining which shareholders may be eligible for such special treatment, will be established in

the discretion of our Board of Directors.

Upon the filing of the certificate of amendment:

- o the 784,575.16 outstanding shares of series A convertible preferred stock will be converted automatically into approximately 15,475,595 shares of common stock, without any action on the part of shareholders
- o the 215,424.84 outstanding shares of Series B Stock will be converted automatically into approximately 4,250,000 shares of common stock, without any action on the part of shareholders
- o the 39,243,659 outstanding shares of common stock will be converted automatically into approximately 160,000 shares of common stock, without any action on the part of shareholders. Of these shares, 81,543 shares will be owned by Dalian Fushi, with the other existing shareholders owning in the aggregate only approximately 78,458 shares.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

In connection with the transactions relating to our acquisition of substantially all of the assets and business of Dalian Fushi and the change in control of our company resulting from the sale of 50.96% of our common stock by our former majority shareholder to Dalian Fushi and the issuance of shares of series A convertible preferred stock to Dalian Fushi and its shareholders in exchange for their shares of DPI, all as previously reported in Items 1.01, 2.01 and 5.01 of our Current Report on Form 8-K filed with the SEC on December 14, 2005, we report the following changes in our directors and executive officers:

On December 13, 2005, at the closing of the transactions, Glenn A. Little, our former director and president, appointed Messrs. Li Fu, Yue Mathus Yang and John D. Kuhns as directors and resigned as a director, and immediately following the initial closing of the private placement offering of our Series B Stock, resigned from all his positions with our company. The new board of directors appointed the individuals listed below to the offices set forth next to their respective names.

Directors and Executive Officers -----	Position/Title -----	Age ---
Li Fu	Chairman of Board and President	39
Yue Mathus Yang	Vice-President, Director	37
John D. Kuhns	Secretary, Director	55
Wenbing Chris Wang	Chief Financial Officer and Treasurer	34

The same persons also have been elected as directors of DPI and Dalian DPI and hold similar positions with each of these entities. Except for John D. Kuhns, each of our current executive officers and directors is a resident of the PRC. As a result, it may be difficult for investors to effect service of process within the United States upon them or to enforce court judgments obtained against them in the United States courts.

There are no family relationships among our directors or executive officers.

All our directors hold office until the next annual meeting of shareholders, and until their successors have been qualified after being elected or appointed. Officers serve at the discretion of our Board of Directors.

Under the terms of the stock purchase agreements for the private placement of our series B convertible preferred stock (the "Series B Stock Purchase Agreements"), within 90 days of the initial closing of the Series B Stock Purchase Agreements and after consultation with the parties to that agreement, we are required to nominate a seven person Board of Directors and take all actions and obtain all consents, authorizations and approvals which are required to be obtained in order to effect the election of such persons. Of such seven-member Board of Directors, (i) two members will be members of the current management of Dalian Fushi, which we expect will continue to be Mr. Fu and Mr. Yang, (ii) one member will represent Kuhns Brothers, which we expect will continue to be Mr. Kuhn, (iii) and at least four members will be independent directors as determined pursuant to the American Stock Exchange Company Guide, which may be waived if we are unable to obtain a listing on that exchange within a certain amount of time.

The Series B Stock Purchase Agreement also requires that we establish a five-member board of advisors.

Directors and Executive Officers of Dalian Fushi

Dalian Fushi's current executive officers and directors are as follows:

Directors and Executive Officers -----	Position/Title -----	Age ---
Li Fu	Executive Director	39
Yue Yang	General Manager	37
Wenbing Chris Wang	Chief Financial Officer	34
Xishan Yang	Chief Engineer and Executive Vice President of Research and Development	67
Chunyan Xu	Supervisor Director	49

Under Dalian Fushi's Articles of Association, Dalian Fushi's corporate governance consists of one Executive Director, one Supervisor Director and one

General Manager. The Executive Director is elected and appointed by the shareholders for a term of three years and can be re-elected for consecutive terms. During the terms of his service, the shareholders cannot discharge the Executive Director without cause. The appointment and termination of the General Manager is determined by the Executive Director. The Supervisor Director is elected by the shareholders for a term of three years and can be re-elected for consecutive terms.

The following is a description of the business experience for the last five years for each of the above named directors and executive officers of our company, DPI, Dalian DPI and Dalian Fushi.

Mr. Li Fu was appointed Chairman and President of our company on December 13, 2005. Mr. Fu is a founder of Dalian Fushi and has been the Executive Director of Dalian Fushi since he founded the company in 2001. Prior to founding Dalian Fushi and focusing his time on Dalian Fushi's management and operations, Mr. Fu had founded and managed Dalian Fushi Enterprise Group Co., Ltd., a holding company owning various subsidiaries in the hotel, process control instrumentation, international trade, automobile maintenance and education businesses. Mr. Fu graduated from PLA University of Science and Technology with a degree in Engineering.

Mr. Yue Yang was appointed Vice-President and a director of our company on December 13, 2005. He has served as the General Manager of Dalian Fushi since November 2004. Mr. Yang is the founder of Forward Investment Co., Ltd and has served as its Chairman since 2000. Prior to that, Mr. Yang worked for Liaoning Province Economic & Trade Collaboration Enterprise Group as an Executive VP from 1994 to 1998 and the Export Department of Liaoning Province Chemicals Import & Export Corporation as a Business Manager from 1990 to 1994. Mr. Yang graduated from Shenyang Finance University with a Bachelor's Degree in International Trade.

Mr. John D. Kuhns was appointed a director of our company on December 13, 2005. Mr. Kuhns has been a 45% shareholder, a director and chairman of Kuhns Brothers, Inc., a holding company founded in 1987 for its 100% subsidiary, Kuhns Bros. & Co., Inc., an investment banking firm specializing in providing financing for power technology ventures, and, more recently, manufacturing operations within the PRC. Additionally, Kuhns Brothers, Inc. owns 100% of Kuhns Brothers Securities Corporation, a broker dealer, registered with the Securities and Exchange Commission, in which Mr. Kuhns is the Chairman. Since March 2005, Mr. Kuhns has been a director and chairman of Deli Solar (USA), Inc., a U.S. reporting company with solar hot water heaters manufacturing operation in the PRC. Since 2002 Mr. Kuhns has been a director and chairman of Distributed Power, Inc., a public company that owns electric generating projects. Mr. Kuhns is also a director of China Sciences Conservational Power Limited, a company listed on the Hong Kong Stock Exchange. Neither of the foregoing Kuhns companies, nor Deli Solar (USA), Inc., Distributed Power, Inc. or China Sciences Conservational Power Limited are affiliated with the Company. Mr. Kuhns holds a bachelors degree in sociology and fine arts from Georgetown University, a master's degree in fine arts from the University of Chicago and an MBA degree from the Harvard

Mr. Chris Wenbing Wang has served as our Chief Financial Officer and Treasurer since December 13, 2005. From November 2004 to March 2005, Wang served as an Executive Vice President of Redwood Capital, Inc, with specific focus on providing strategic and financial advisory services to China based clients seeking access to the U.S. capital markets. Mr. Wang previously served as Assistant VP of Portfolio Management at China Century Investment Corporation from October 2002 to September 2004. Mr. Wang began his investment banking career at Credit Suisse First Boston (HK) Ltd in 2001. From 1999 to 2000, Mr. Wang worked for VCChina as Management Analyst. Fluent in both English and Chinese, Mr. Wang holds an MBA from Simon Business School of University of Rochester and is a Level III candidate of the Chartered Financial Analyst (CFA) Program.

Mr. Xishan Yang has served as the Executive Vice President of R & D and Chief Engineer of Dalian Fushi since its inception in 2001. Mr. Yang has more than 40 years of working experience in the communication electronics industry. He had held executive management positions with a number of electronic enterprises prior to joining our company. During his career, Mr. Yang has focused on the development, design, and processes of metallic and bimetallic cable production. He holds several patents for the design of the modified Cladding and Drawing processes for CCA and CCS production used by Dalian Fushi and has extensive experience in production management. Mr. Yang graduated from Harbin Industrial University with a graduate degree in engineering.

Ms. Chunyan Xu has served as the Supervisor Director of Dalian Fushi since 2001. She previously served as the Chief Accountant at the Dalian Personnel Bureau and served as a Finance Manager of a Chinese public company. Ms. Xu has many years of experience in industrial accounting, public company accounting and accounting management.

To our knowledge, during the last five years, none of our directors and executive officers (including those of our subsidiaries) has

- o Had a bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.
- o Been convicted in a criminal proceeding or been subject to a pending criminal proceeding, excluding traffic violations and other minor offenses.
- o Been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities.
- o Been found by a court of competent jurisdiction (in a civil action),

the SEC, or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 9.01 Financial Statements and Exhibits.

(b) The following exhibits are filed with this Current Report:

Exhibit No. -----	Description of Exhibit -----
4.1	Stock Purchase Agreement, dated as of December 13, 2005 by and among Parallel Technologies, Inc., Dalian Fushi, the management of Dalian Fushi, Chinamerica Fund, LP, and the other investors named therein.*
4.2	Form of Warrant.*
4.4	Form of Amendment No. 1 to Stock Purchase Agreement, dated as of December 13, 2005 by and among Parallel Technologies, Inc., Dalian Fushi, the management of Dalian Fushi, Chinamerica Fund, LP, and the other investors named therein.
4.5	Form of Stock Purchase Agreement, dated as of December 28, 2005 by and among Parallel Technologies, Inc., Dalian Fushi, the management of Dalian Fushi, Heller Capital Investments, LLC, and the other investors named therein.

* Incorporated by reference from the Registrant's Current Report on Form 8-K filed with the SEC on December 14, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 4, 2006

Parallel Technologies, Inc.
(Registrant)

By: /s/ Wenbing Cris Wang

Wenbing Chris Wang
Chief Financial Officer

STOCK PURCHASE AGREEMENT
AMENDMENT NO. 1

This Amendment (this "Amendment") is entered into as of December 14, 2005, by and among Parallel Technologies, Inc., a Nevada corporation (the "Company"), Dalian Fushi Bimetallic Manufacturing Company, Ltd., a company organized under the laws of the People's Republic of China ("Dalian Fushi"), the persons listed on the signature pages hereto as management of Dalian Fushi ("Management"), Chinamerica Fund, LP, a Texas limited partnership ("CA"), and the other investors listed on the signature pages hereto (CA and the other investors shall be referred to individually as an "Investor" and collectively as the "Investors"). The Investors, Dalian Fushi, Management and the Company are also referred to individually herein as a "Party" and collectively herein as the "Parties."

PRELIMINARY STATEMENTS

A. On December 14, 2005, the Company, Dalian Fushi, Management and the other parties thereto entered into a Stock Purchase Agreement (the "Agreement") pursuant to which the Company will issue and sell to the Investors, and the Investors will subscribe for and acquire from the Company, a substantial equity interest in the Company upon the terms and conditions set forth therein.

B. In entering into the Agreement, it was contemplated that Enable Growth Partners, L.P. and Enable Opportunity Partners, L.P. (together "Enable") would participate as investors. Enable has not signed the Agreement and will not be an Investor.

C. Certain other Investors desire to change the amount of equity interests to be received from the Company.

D. The Investors wish to proceed with an investment in the Company and accept any new Investors. The Investors hereby agree to amend the Agreement.

AGREEMENT

The Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS.

Unless otherwise set forth herein, the capitalized terms used herein shall have the same meanings as set forth in the Agreement.

2. AMENDMENTS.

(a) Amendment to Section 2(a). Section 2(a) and Section 2(a)(i) of the Agreement shall be deleted and the following shall be substituted therefor:

(a) Purchase and Sale of Shares. On the basis of the representations, warranties, covenants and agreements contained herein, and subject to the terms and conditions hereof, the Company agrees to issue and sell to the Investors, and the Investors, severally and not jointly, agree to purchase from the Company for an aggregate purchase price of \$11,225,000 (the "Purchase Price") (subject to escrow pursuant to Section 2(d)):

(i) at the Closing an aggregate of 201,511.98 shares of Series B Convertible Preferred Stock of the Company, par value \$.001 per share ("Series B"), having the rights, preferences and other terms set forth on Exhibit A, which Series B is convertible into 3,975,521 shares of common stock of the Company, par value \$.006 per share ("Common Stock") upon the occurrence of a contemplated reverse split (or such other amount reflecting no less than 20.15% of the outstanding voting capital stock at the time of conversion);

(b) Addition of Section 2(e). A new Section 2(e) shall hereby be added to the Agreement to read in its entirety as follows:

(e) Additional Investors. From time to time not later than 10 days following the Closing, the Company may sell additional Shares and/or Warrants to other investors ("Additional Investors"), at the same price per share as the Investors, at one or more additional closings and at such time and place as the Company and the Additional Investors shall agree, with the prior consent of CA but without obtaining the signature, consent or permission of any of the other Investors, Dalian Fushi or Management. Additional Investors may include persons or entities that are already Investors under the Agreement or this Amendment. Additional Investors shall execute an agreement to be bound with the Company, Dalian Fushi and Management in a form acceptable to CA. In the event of any such sale, the Company and CA shall revise Exhibit C accordingly.

(c) Amendment to Section 3(d). The reference to 785,858.51 shares of

Series A outstanding in Section 3(d) shall be changed to 784,575.16 shares.

(d) Addition of Section 6(o). A new Section 6(o) shall hereby be added to the Agreement to read in its entirety as follows:

(o) Series B Certificate of Designations, Preferences and Rights. The Company shall file an amended Series B Certificate of Designations, Preferences and Rights which changes the "Required Percentage" as defined in Section 4(a) of the Series B Certificate of Designations, Preferences and Rights filed with the Nevada Secretary of State of December 7, 2005 from 21.25% to 20.15%. The Investors hereby consent to such amendment and hereby agree that they shall not take any action, or seek any remedy, under the terms of the Series B Certificate of Designations, Preferences and Rights based on the Required Percentage, as defined therein, being less than 21.25%, but greater than or equal to 20.15%.

(e) Substitution of Exhibit C. Exhibit C ("Investors") of the Agreement shall be deleted and Exhibit C attached hereto shall be substituted therefor.

2

(f) Substitution of Exhibit J. Exhibit J ("Use of Proceeds") of the Agreement shall be deleted and Exhibit J attached hereto shall be substituted therefor.

(g) Substitution of Exhibit K. Exhibit K ("Funds Flow Statement") of the Agreement shall be deleted and Exhibit K attached hereto shall be substituted therefor.

(h) Substitution of Schedule 3(r)(iv) to Company Disclosure Schedule. Schedule 3(r)(iv) to Company Disclosure Schedule ("Capitalization and Reverse Split") shall be deleted and Schedule 3(r)(iv) attached hereto shall be substituted therefor.

3. MISCELLANEOUS.

(a) Amendments. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Agreement, but the Agreement is not otherwise modified or amended except as expressly set forth herein. The parties agree that the Agreement, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with its terms.

(b) Survival of Representations and Warranties. All representations and warranties made in the Agreement shall survive the execution and delivery of this Amendment for the term set forth in the Agreement.

(c) Headings. The section headings contained in this Amendment are for purposes of convenience only, and shall in no way bear upon the construction or interpretation of this Amendment.

(d) Entire Agreement. This Amendment, along with the Agreement and any Ancillary Agreements, constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(e) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his or its rights, interests, or obligations hereunder without the prior written approval of the other Party; provided, however, that any Investor may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases the Investor shall no longer remain responsible for the performance of all of its obligations hereunder).

(f) Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) Headings. The section headings contained in this Amendment are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Amendment.

(h) Controlling Law; Venue. This Amendment shall be governed by and construed in accordance with the laws of the State of Texas without regard to choice of law provisions, statutes, regulations or principles of this or any other jurisdiction. Each Party hereby irrevocably submits to the exclusive jurisdiction (including personal jurisdiction) of the state and federal courts of the State of Texas for any action, suit or proceeding arising in connection with this Amendment, and agrees that any such action suit or proceeding shall be

brought only in such court (and waives any objection based on forum non conveniens or any other jurisdiction to venue therein). Process in any Proceeding under this Amendment may be served on any Party anywhere in the world. Notwithstanding the foregoing, nothing in this Amendment shall preclude the Investors the right to commence Proceedings relating to this Amendment in any foreign jurisdiction, including the People's Republic of China.

3

(i) Amendments and Waivers. No amendment of any provision of this Amendment shall be valid unless the same shall be in writing and signed by the Company, CA and Investors representing a majority of the outstanding Shares then held by the Investors. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(j) Severability. Any term or provision of this Amendment that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. Furthermore, in lieu of such invalid or unenforceable provision, there shall be added automatically as part of this Amendment a provision as similar in terms to such invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(k) Construction. The Parties have participated jointly in the negotiation and drafting of this Amendment. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Amendment. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

(l) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Amendment are incorporated herein by reference and made a part hereof.

(m) Specific Performance. Each of the Parties acknowledges and agrees that the Investors would be damaged irreparably in the event any of the provisions of this Amendment are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the Investors shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Amendment and to enforce specifically this Amendment and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

4

(n) Ratification of Agreement. Each of the Parties hereby acknowledges and ratifies the Agreements, each of its rights and obligations thereunder and its entry into the Agreement. Each of the Parties agrees that it is bound by and shall comply with all of the provisions of the Agreement, as amended hereby.

(Remainder of page intentionally left blank)

(Signatures continue on following page)

5

The Parties have executed and delivered this Amendment as of the date indicated in the first sentence of this Amendment.

PARALLEL TECHNOLOGIES, INC.

By: _____

Name: Li Fu
Title: President

DALIAN FUSHI BIMETALLIC MANUFACTURING COMPANY, LTD.

By: _____

Name: Li Fu
Title: President

MANAGEMENT OF DALIAN FUSHI BIMETALLIC MANUFACTURING COMPANY, LTD.

Fu Li

Yang Yue

Yang Xishan

Chunyan Xu

Wenbing Chris Wang

(Signatures continue on following page)

6

THE INVESTORS

CHINAMERICA FUND, LP

By: _____

Name: _____

Title: _____

CHINAMERICA DALIAN FUSHI ACQUISITION, LLC

By: _____

Name: _____

Title: _____

(Signatures continue on following page)

7

BARRON PARTNERS LP

By: _____

Name: _____

Title: _____

(Signatures continue on following page)

8

RENAISSANCE US GROWTH INVESTMENT TRUST

By: _____
Name: _____
Title: _____

BFS US SPECIAL OPPORTUNITIES TRUST PLC

By: _____
Name: _____
Title: _____

(Signatures continue on following page)

9

LAKE STREET FUND LP

By: _____
Name: _____
Title: _____

FRED L. ASTMAN
WEDBUSH SEC. INC. CUST.
IRA ROLLOVER 10/13/92

Fred L. Astman

(Signatures continue on following page)

10

John Peter Selda

MIDSOUTH INVESTOR FUND LP

By: _____
Lyman O. Heidtke

Lyman O. Heidtke

(Signatures continue on following page)

11

POPE ASSET MANAGEMENT LLC

By: _____
Name: _____
Title: _____

12

EXHIBIT C

Investors

<TABLE>
<CAPTION>

Names of Investors	Purchase Price	Percentage Among Group	Shares of Series B Convertible Preferred Stock Purchased	Common Stock Issuable upon Conversion Post Reverse Split	Percentage of Outstanding Voting Capital Stock Post Reverse Split	Number of Shares Issuable upon Exercise of Warrant
<S> Chinamerica Fund, LP	<C> \$1,700,000	<C> 15.14%	<C> 30,518.52	<C> 602,083.36	<C> 3.05%	<C> 301,041.67
Chinamerica Dalian Fushi Acquisition, LLC	\$1,000,000	8.91%	17,952.07	354,166.68	1.79%	177,083.33
Pope Asset Management LLC	\$3,500,000	31.18%	62,832.25	1,239,583.39	6.28%	619,791.67
Renaissance US Growth Investment Trust	\$1,000,000	8.91%	17,952.07	354,166.68	1.79%	177,083.33
BFS US Special Opportunities Trust PLC	\$1,000,000	8.91%	17,952.07	354,166.68	1.79%	177,083.33
John Peter Selda	\$100,000	0.89%	1,795.20	35,416.53	0.179%	17,708.33
MidSouth Investor Fund LP	\$500,000	4.45%	8,976.04	177,083.34	0.897%	88,541.67
Lyman O. Heidtke	\$125,000	1.11%	2,244.01	44,270.86	0.224%	22,135.42
Lake Street Fund LP	\$700,000.00	6.24%	12,566.45	247,916.68	1.26%	123,958.33
Fred L. Astman Wedbush Sec Inc. Cust IRA Rollover 10/13/92	\$350,000.00	3.12%	6,283.22	123,958.34	0.63%	61,979.17
Barron Partners LP	\$1,250,000	11.14%	22,440.09	442,708.40	2.24%	221,354.17
Total	\$11,225,000	100.00%	201,511.99	3,975,520.83	20.15%	1,987,760

</TABLE>

C-1

EXHIBIT J

Use of Proceeds

The following schedule sets forth the use of proceeds of the Purchase Price paid by the Investors. It does not take into account the flow of funds between WOFE and Dalian Fushi necessary to accomplish the restructuring contemplated by the Restructuring Agreements.

Purpose	Amount
Investor Relations	\$500,000
Executive Search Fees	\$100,000
Working Capital for Existing Operations to be used for raw material purchases and to meet expenditures necessary to fulfill customer orders.	\$4,700,000
Purchases of New Machinery and Equipment	\$3,000,000

Marketing for expansion into new markets and obtaining new customers	\$1,000,000
Investment Banking Fees	\$975,000
Professional fees incurred by Dalian Fushi and by Investors in connection with the Agreement, Restructuring Agreements and Ancillary Agreements	Approx. \$400,000
Shell purchase price	\$550,000
Total	\$11,225,000

J-1

EXHIBIT K

Funds Flow Statement

(See attached)

SCHEDULE 3(r) (iv) TO COMPANY DISCLOSURE SCHEDULE

(See attached)

STOCK PURCHASE AGREEMENT

BY AND AMONG

PARALLEL TECHNOLOGIES, INC.,

DALIAN FUSHI BIMETALLIC MANUFACTURING COMPANY, LTD.,

THE PERSONS LISTED ON THE SIGNATURE PAGES HERETO AS MANAGEMENT OF
DALIAN FUSHI BIMETALLIC MANUFACTURING COMPANY, LTD.,

HELLER CAPITAL INVESTMENTS, LLC

AND

THE OTHER INVESTORS LISTED ON THE SIGNATURE PAGES HERETO

Dated as of December __, 2005

<TABLE>
<CAPTION>

TABLE OF CONTENTS

	Page
<S>	<C>
1. DEFINITIONS.....	1
2. PURCHASE AND SALE OF SHARES.....	6
(a) Purchase and Sale of Shares.....	6
(b) The Closing.....	7
(c) Performance Adjustment.....	8
(d) Public Relations and Executive Searches.....	9
3. REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY, ITS SUBSIDIARIES AND DALIAN FUSHI.....	10
(a) Organization and Standing.....	10
(b) Authorization of Transaction.....	10
(c) Noncontravention.....	11
(d) Capitalization.....	11
(e) Subsidiaries.....	11
(f) Disclosure Documents; Common Stock Trading.....	12
(g) Financial Statements.....	13
(h) Events Subsequent to Most Recent Form 10-QSB.....	13
(i) No Undisclosed Liabilities; No Guaranties.....	13
(j) Absence of Litigation.....	13
(k) Title to Assets.....	14
(l) Legal Compliance.....	14
(m) Contracts.....	14
(n) Employees; Employee Benefits.....	14
(o) Intellectual Property.....	15
(p) Notes and Accounts Receivables.....	16
(q) Tax Matters.....	16
(r) Dalian Fushi.....	17
(s) Books and Records.....	18
(t) Certain Business Relationships.....	18
(u) Private Offering.....	19

</TABLE>

-i-

<TABLE>
<CAPTION>

TABLE OF CONTENTS
(continued)

	Page
<S>	<C>
(v) Use of Proceeds.....	19
(w) Powers of Attorney.....	19
(x) Brokers' Fees.....	19
(y) Certain Business Practices.....	19
(z) Environmental and Safety Laws.....	19
(aa) Manufacturing and Marketing Rights.....	20
(bb) Employment of Wenbing Chris Wang.....	20
(cc) Disclosure.....	20
4. REPRESENTATIONS AND WARRANTIES OF THE INVESTORS.....	20
(a) Organization and Standing.....	20
(b) Authorization of Transaction.....	21
(c) Brokers' Fees.....	21
(d) No Registration.....	21
(e) Acquisition for Investment.....	21
(f) Risks of Investment.....	21
(g) Accredited Investor Status.....	21
(h) Disclosure of Information.....	21
(i) Investment Experience.....	22
5. REGISTRATION RIGHTS.....	22
(a) Registration by the Company.....	22
(b) Priority Registrations.....	23
(c) Registration Procedures.....	23
(d) Lock-up.....	25
(e) Indemnification.....	25
6. POST-CLOSING COVENANTS.....	26
(a) General.....	26
(b) American Stock Exchange.....	26
(c) Board of Directors.....	26
(d) Board of Advisors.....	26
(e) Chief Financial Officer.....	27

</TABLE>

-ii-

<TABLE>
<CAPTION>

TABLE OF CONTENTS
(continued)

	Page
<S>	<C>
(f) Name Change; Reverse Stock Split.....	27

(g)	Employee Stock Ownership Plan.....	27
(h)	Executive Search.....	27
(i)	Employment Agreements.....	27
(j)	Transfer of Dalian Fushi Employees.....	27
(k)	Compliance with Law.....	27
(l)	Completion of Restructuring.....	27
(m)	Filing of Registration Statement.....	28
(n)	Company Bylaws.....	28
7.	CONDITIONS TO OBLIGATION TO CLOSE.....	29
(a)	Conditions to Obligation of the Investors.....	29
(b)	Conditions to Obligation of the Company, Dalian Fushi and Management.....	30
8.	REMEDIES FOR BREACHES OF THIS AGREEMENT.....	31
(a)	Survival of Representations and Warranties.....	31
(b)	Indemnification Provisions for Benefit of the Investors.....	31
(c)	Matters Involving Third Parties.....	31
9.	MISCELLANEOUS.....	32
(a)	No Third Party Beneficiaries.....	32
(b)	Entire Agreement.....	32
(c)	Succession and Assignment.....	32
(d)	Counterparts.....	32
(e)	Headings.....	33
(f)	Notices.....	33
(g)	Controlling Law; Venue.....	33
(h)	Amendments and Waivers.....	34
(i)	Severability.....	34
(j)	Expenses.....	34
(k)	Construction.....	34
(l)	Incorporation of Exhibits and Schedules.....	34
(m)	Specific Performance.....	35
(n)	Disputes; Arbitration.....	35

</TABLE>

-iii-

HELLER STOCK PURCHASE AGREEMENT

This Heller Stock Purchase Agreement (this "Agreement") is entered into as of December __, 2005, by and among Parallel Technologies, Inc., a Nevada corporation (the "Company"), Dalian Fushi Bimetallic Manufacturing Company, Ltd., a company organized under the laws of the People's Republic of China ("Dalian Fushi"), the persons listed on the signature pages hereto as management of Dalian Fushi ("Management"), Heller Investments, LLC, a New Jersey limited liability company ("Heller"), and the other investors listed on the signature pages hereto (Heller and the other investors shall be referred to individually as an "Investor" and collectively as the "Investors"). The Investors and the Company are also referred to individually herein as a "Party" and collectively herein as the "Parties."

PRELIMINARY STATEMENTS

A. Dalian Fushi currently engages in the business of manufacturing bimetallic composite cable and wire products in China, which business will become the business of the Company and its Subsidiaries (defined below) through the restructuring and contractual arrangements with Dalian Fushi described below

(the "Business").

B. The Company has completed a share exchange with all of the stockholders of Diversified Product Inspections, Inc. ("DPI") resulting in the Company acquiring DPI and its wholly-owned subsidiary in China, Dalian Diversified Product Inspections Bimetallic Cable Co., Ltd. ("WFOE").

C. WFOE and Dalian Fushi have entered into a series of Restructuring Agreements and are in the process of completing the transactions contemplated in the Restructuring Agreements, which transactions upon completion will result in the Company, through its Subsidiaries, acquiring and/or leasing substantially all the assets of, and certain additional rights of and to, Dalian Fushi, and will have the effect of a reverse merger with Dalian Fushi (as more fully described herein).

D. Previous to the above described share exchange and related acquisition, the Company was a shell company without any significant assets.

E. The Company desires to raise a total of \$12,000,000 funds through a private placement offering.

F. On December 13, 2005, the Company issued and sold to certain investors approximately 19.87% of the voting capital stock in the Company for a total purchase price of \$11,225,000 pursuant to a stock purchase agreement, as amended, dated as of December 13, 2005, by and among the Company, Dalian Fushi and its Management, Chinamerica Fund, LP, and the other investors listed therein (the "December 13 Stock Purchase Agreement"). The investors that are parties to the December 13 Stock Purchase Agreement are hereinafter referred to as the "Initial Investors."

G. The Company desires to issue and sell to the Investors, and the Investors desire to subscribe for and acquire from the Company, approximately 1.37% of the voting capital stock in the Company for a total purchase price of \$775,000 upon the terms and conditions hereinafter set forth.

1

AGREEMENT

The Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS.

The following terms used in this Agreement shall have the meanings set forth below, provided that these definitions do not include terms used in Section 2(c) that are otherwise defined in that Section.

"2005 Performance Shortfall" means the difference obtained by subtracting the Actual Pre-Money Value from the Original Pre-Money Value.

"2006 Performance Shortfall" means the difference obtained by subtracting the 2006 Net Profit from the 2006 Target Profit.

"Actual Pre-Money Value" means six times the 2005 Net Profit plus \$1,000,000.

"Acquired Assets" has the meaning set forth in Section 3(r).

"Adverse Consequences" means all Proceedings, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, investigation and/or remediation costs, dues, penalties, fines, costs of defense and other costs, amounts paid in settlement, Liabilities, responsibilities, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Exchange Act.

"Agreement" means this Stock Purchase Agreement.

"Ancillary Agreements" means the Stock Escrow Agreement, as amended, the PR Escrow Agreement, the Stock Purchase Agreement between Dalian Fushi and Glenn Little and the amendment thereof, the Share Exchange Agreement between the Company and all of the stockholders of DPI resulting in the Company acquiring DPI and WFOE, and any other agreements or arrangements relating to the transactions contemplated by this Agreement.

"Arbitration Notice" has the meaning set forth in Section 9(o).

"Business" has the meaning set forth in the Preliminary Statements.

"Capital Report" has the meaning set forth in Section 6(n).

"CA" shall mean Chinamerica Fund, LP, the Initial Investor's representative under the terms of the December 13 Stock Purchase Agreement.

"Closing" has the meaning set forth in Section 2(b).

2

"Closing Date" has the meaning set forth in Section 2(b).

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" has the meaning set forth in Section 2(a).

"Company" has the meaning set forth in the preface.

"Company Intellectual Property" means all intellectual property currently used by the Company and its Subsidiaries (including Dalian Fushi) including, without limitation, (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, trade names, domain names, service marks, brand marks, brand names, service marks, trade dress, logos and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all mask works and all applications, registrations, and renewals in connection therewith, (e) all trade secrets and confidential business information (including ideas, research and development, know how, formulas, compositions, manufacturing and production processes and techniques, technical data, industrial or other designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (f) all computer software (including data and related documentation), (g) all other proprietary rights, and (h) all copies and tangible embodiments thereof (in whatever form or medium), and each license or contract relating thereto that is material to the conduct of the Business.

"Company Disclosure Schedule" has the meaning set forth in Section 3.

"Confidential IP Information" has the meaning set forth in Section 3(o).

"Dalian Assets" has the meaning set forth in Section 3(r).

"Dalian Fushi" has the meaning set forth in the preface.

"December 13 Stock Purchase Agreement" has the meaning set forth in the preface.

"Disclosure Documents" has the meaning set forth in Section 3(f).

"Dispute" has the meaning set forth in Section 9(o).

"DPI" has the meaning set forth in the Preliminary Statements.

"Dual Purposes Escrow Shares" has the meaning set forth in Section 2(c).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Encumbrance" means any claim, mortgage, servitude, easement, encroachment, restrictive covenant, right of way, survey defect, equitable interest, lease or other possessory interest, lien, option, pledge, security interest, preference, priority, right of first refusal, environmental use restriction or similar restriction.

3

"Entity" means any corporation (including any non profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, association, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

"Environmental Laws" has the meaning set forth in Section 3(dd).

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"GAAP" means United States generally accepted accounting principles as in effect as of the date of any document purported to be prepared in accordance with GAAP.

"Governmental Authorization" means any approval, consent, ratification, waiver, authorization, franchise, license, permit (including environmental permits) or registration issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Law.

"Governmental Body" means any (i) nation, region, state, province, county, municipality, city, town, village, district or other jurisdiction, (ii) federal, state, provincial, local, municipal, foreign or other government, (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department or other Entity and any court or other tribunal), (iv) multinational organization, (v) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power of any nature or (vi) official of any of the foregoing.

"Hazardous Materials" has the meaning set forth in Section 3(dd).

"Heller" has the meaning set forth in the preface.

"Indemnified Party" has the meaning set forth in Section 8(d).

"Indemnifying Party" has the meaning set forth in Section 8(d).

"Initial Investors" has the meaning set forth in the preface.

"Intangible Rights" has the meaning set forth in Section 3(o).

"Investor" and "Investors" have the meanings set forth in the preface.

"IRS" means the Internal Revenue Service or any successor agency and, to the extent relevant, the Department of Treasury.

"Law" means any foreign, federal, state and local statute, law, constitution, treaty, rule, regulation, by-law, ordinance, code, regulation, resolution, order, determination, writ, injunction, awards (including, without limitation, awards of any arbitrator), judgment, decree, binding case law, principle of common law or notice of any Governmental Body (for the avoidance of doubt, including, but not limited to, the Laws of the United States of America and the People's Republic of China).

4

"Liabilities" includes liabilities or obligations of any nature, whether known or unknown, whether absolute, accrued, contingent, choate, inchoate or otherwise, whether due or to become due, and whether or not required to be reflected on a balance sheet prepared in accordance with GAAP, including any Liability for Taxes.

"Management" has the meaning set forth in the preface.

"Material Contracts" has the meaning set forth in Section 3(m).

"Material" shall mean any event or circumstance that has, or is reasonably likely to have, a significant adverse effect on the assets, results, goodwill, business, operations or prospects of the Company or its Subsidiaries (including Dalian Fushi) taken as a whole.

"Most Recent Fiscal Month End" has the meaning set forth in Section 3(g).

"NASD" means the National Association of Securities Dealers, Inc.

"Net Profit" means the net profit of the Company as determined in the following manner: (i) promptly following the completion of the Company's audited financial statements, the Company shall deliver to CA the net profit calculation and the method for such calculation for the Company on a consolidated basis for the applicable time period, prepared in good faith and reviewed by the Company's auditors; (ii) following its receipt from the Company of the net profit calculation and method, CA shall have 15 days to review the net profit calculation and method and to inform the Company in writing of any disagreement that it may have with the net profit calculation and method, which objection shall specify in reasonable detail CA's disagreement with the net profit calculation and method, including its calculation of net profit; (iii) if the Company does not receive such objection within such 15 day period, the net profit calculation and method delivered by the Company shall be deemed to have been accepted by CA and shall become the Net Profit for purposes of the applicable provision of Section 2(c), and (iv) if CA does timely deliver an objection to the Company, then the provisions of Section 9(o) shall become applicable.

"Original Investment Price" means the price per share of the Common Stock (issuable upon conversion of the Preferred Stock) paid by the Investors under this Agreement, which amount is \$2.82 (as may be adjusted from time to time to

account for stock splits (as contemplated hereunder or otherwise), stock dividends, recapitalizations, reclassifications or similar events).

"Original Pre-Money Value" means six times the 2005 Target Profit plus \$1,000,000, which amount is \$41,500,000.

"Party" and "Parties" have the meanings set forth in the preface.

"Person" means an individual or an Entity, including a Governmental Body or any other body with legal personality separate from its equityholders or members, including if established by any Governmental Body.

5

"Plan" has the meaning specified in ERISA Section 3(3).

"PR Escrow Agreement" has the meaning set forth in Section 2(d).

"Preferred Stock" has the meaning set forth in Section 3(d).

"Proceeding" means any action, arbitration, audit, examination, investigation, claim, demand, inquiry, hearing, litigation, suit or appeal (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, and whether public or private) commenced, brought, conducted, heard by or before or otherwise involving any Governmental Body or arbitrator.

"Purchase Price" has the meaning set forth in Section 2(a).

"Registration Statement" has the meaning set forth in Section 5(a).

"Restructuring Agreements" means the documents annexed hereto as Exhibit I.

"Restructuring Completion Date" has the meaning specified in Section 6(1).

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Series B" has the meaning set forth in Section 2(a).

"Shares" has the meaning set forth in Section 2(a).

"Shortfall Percentage" means the quotient obtained by dividing the 2006 Percentage Shortfall by the 2006 Target Profit.

"Stock Escrow Agreement" has the meaning set forth in Section 2(c).

"Subsidiary" means any Entity with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors (or members of a similar supervisory group) and, with respect to the Company, expressly includes Diversified Product Inspections, Inc., a Delaware corporation, and WOFE.

"Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement required to be supplied to any governmental authority relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

6

"Third Party Claim" has the meaning set forth in Section 8(d).

"Warrants" has the meaning set forth in Section 2(a).

"WOFE" means Dalian Diversified Product Inspections Bimetallic Cable Co., Ltd, a company organized under the laws of the People's Republic of China and a wholly owned Subsidiary of the Company.

2. PURCHASE AND SALE OF SHARES.

(a) Purchase and Sale of Shares. On the basis of the representations, warranties, covenants and agreements contained herein, and subject to the terms and conditions hereof, the Company agrees to issue and sell to the Investors, and the Investors, severally and not jointly, agree to purchase from the Company for an aggregate purchase price of \$775,000 (the "Purchase Price"):

(i) at the Closing an aggregate of 13,912.85 shares of Series B Convertible Preferred Stock of the Company, par value \$.001 per share ("Series B"), having the rights, preferences and other terms set forth on Exhibit A, which Series B is convertible into 274,479.17 shares of common stock of the Company, par value \$.006 per share ("Common Stock") upon the occurrence of a contemplated reverse split (or such other amount reflecting no less than 1.37% of the outstanding voting capital stock at the time of conversion);

(ii) such number of additional shares of Common Stock, if any, issuable to the Investors pursuant to Section 2(c)(ii);

(iii) such number of additional shares of Common Stock, if any, issuable to the Investors pursuant to Section 5(c)(iii); and

(iv) warrants in the form of Exhibit B (the "Warrants").

The number of shares of Series B and Common Stock and the number of Warrants to be purchased by each Investor and the portion of the Purchase Price to be paid by each Investor (together with the equivalent information for each Initial Investor) is as set forth on Exhibit C. The shares of Series B and Common Stock (including the Common Stock into which the Series B is convertible) listed in (i)-(iii) are referred to as the "Shares."

(b) The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Guzov Ofsink, LLC in New York, New York, commencing at 10:00 a.m., local time, on the date hereof or at such other location, date and time as may be agreed upon between the Investors and the Company, on which date this Agreement is signed by all the Investors (the "Closing Date"). At the Closing, the Company shall issue and deliver to each Investor:

(i) a stock certificate or certificates in definitive form, registered in the name of such Investor, representing the Series B being purchased by such Investor as set forth on Exhibit C; and

(ii) a certificate or certificates in definitive form, registered in the name of such Investor, representing the Warrants being purchased by such Investor as set forth on Exhibit C.

7

At the Closing, the Investors shall make payment in full of the Purchase Price to the Company (or its designated person) for the Shares and the Warrants. At the Closing, the Investors and the Company shall deliver to each other all of the various certificates, instruments, and documents referred to in Section 7.

(c) Performance Adjustment.

(i) 2005 Performance Adjustment. The Company hereby represents to the Investors that the Company's after Tax Net Profit on a consolidated, pro forma basis, prior to costs directly attributed to this Agreement and the transactions contemplated hereby, as reported under GAAP and as prepared by an independent registered public accounting firm acceptable to the Investors for the fiscal year ending 2005 ("2005 Net Profit") shall be at least \$6,750,000 (the "2005 Target Profit"). The 2005 Net Profit shall be based upon the performance of the Business in the form which it exists as of Closing (assuming completion of the transactions contemplated by the Restructuring Agreements), and shall not include any amounts from any Subsidiary, business division, assets or contractual arrangement or other source of the Company acquired after the Closing. As the Investors are relying on such expected profit in making their investment hereunder, and in order to make whole the Investors in the event the 2005 Target Profit is not met and for the purposes of the indemnity provisions under Section 8 of this Agreement, the Company has placed 3,000,000 shares of Common Stock issuable upon the conversion of the Series A Convertible Preferred Stock of the Company (based on post reverse split shares, subject to applicable adjustment) which are owned by Management (the "Dual Purposes Escrow Shares") into an escrow account for the benefit of the Investors (as well as the Initial Investors) pursuant to an escrow agreement, dated as of December 13, 2005, by and among the Company, Dalian Fushi, certain holders of the Series A shares, the Initial Investors, and Gateway National Bank, N.A., as escrow agent, attached as Exhibit E(1) (the "Stock Escrow Agreement"), amended by an amendment no.1 to the Stock Escrow Agreement attached as Exhibit E(2) (the "Amendment to Stock Escrow Agreement"). In the event that the Company does not generate the 2005 Target Profit (as determined based on the Company's 2005 audited financial statements), a number of Dual Purposes Escrow Shares, which shall not be more than 3,000,000 (based on post reverse split shares, subject to applicable adjustment), shall be

retired to the Company treasury as set forth below in order to maintain the value of the Investors' investment in the Company (the "2005 Performance Adjustment") pursuant to the terms of the Stock Escrow Agreement, as amended. The 2005 Performance Adjustment shall be determined by (A) subtracting the Actual Pre-Money Value from the Original Pre-Money Value to obtain the 2005 Performance Shortfall and (B) dividing the 2005 Performance Shortfall by the Original Investment Price. The Company shall immediately redeem, retire or otherwise cancel such number of the Dual Purposes Escrow Shares equal to the 2005 Performance Adjustment, but no more than 3,000,000 shares (based on post reverse split shares, subject to applicable adjustment), as calculated pursuant to this Section 2(c)(i).

Sample Calculation:

If the 2005 Net Profit is reported to be \$6,250,000, the 2005 Performance Adjustment would be calculated as follows:

$$\begin{array}{r}
 1) \quad (\text{Original Pre-Money Value} - \text{Actual Pre-Money Value}) \\
 \hline
 \text{Original Investment Price} \\
 \\
 8 \\
 \\
 2) \quad (\$41,500,000 - \$38,500,000) \\
 \hline
 \$2.82 \\
 \\
 3) \quad \begin{array}{r} \$3,000,000 \\ \hline \$2.82 \end{array} = 1,063,829.8 \text{ Dual Purposes Escrow Shares}
 \end{array}$$

For avoidance of doubt, the 2005 Performance Adjustment under this Section C(i) is intended for the benefit of all Investors under this Agreement and all Initial Investors.

(ii) 2006 Performance Adjustment. The Company hereby represents to the Investors that the Company's after Tax Net Profit on a consolidated, pro forma basis, as reported under GAAP and as prepared by an accounting firm acceptable to the Investors ("2006 Net Profit") for the fiscal year ending 2006 shall be no less than \$10,700,000 (the "2006 Target Profit"). Except for the acquisition of Dalian Tongfa New Materials Science and Technology Co., Ltd., the 2006 Net Profit shall be based upon the performance of the Business in the form which it exists as of Closing (assuming completion of the transactions contemplated by the Restructuring Agreements), and shall not include any amounts from any Subsidiary, business division, assets or contractual arrangement or other source of the Company acquired after the Closing. In the event the 2006 Net Profit is not equal to or greater than 90% of the 2006 Target Profit, the Company agrees to issue a number of additional shares of Common Stock to the Investors (the "2006 Performance Shares") pro rata in accordance their original investment holdings as set forth on Exhibit C. The number of 2006 Performance Shares shall be calculated by (A) subtracting the 2006 Net Profit from the 2006 Target Profit to obtain the 2006 Performance Shortfall, (B) dividing the 2006 Performance Shortfall by the 2006 Target Profit to obtain the Shortfall Percentage and (C) multiplying the Shortfall Percentage by the number of shares of Common Stock (issuable upon conversion of the Series B) originally issued to the Investors under this Agreement. If the Shortfall Percentage is 10% or less, no 2006 Performance Shares shall be issued to the Investors. For avoidance of doubt, the 2006 Performance Adjustment under this Section C(ii) is intended for the benefit of all Investors under this Agreement and all Initial Investors.

Sample Calculation:

If the 2006 Net Profit is reported to be \$9,095,000, the number of 2006 Performance Shares would be calculated as follows:

$$\begin{array}{r}
 1) \quad 2006 \text{ Target Profit} - 2006 \text{ Net Profit} = 2006 \text{ Performance Shortfall} \\
 10,700,000 - 9,095,000 = 1,605,000 \\
 \\
 2) \quad \begin{array}{r} 2006 \text{ Performance Shortfall} \\ \hline 2006 \text{ Target Profit} \end{array} = \text{Shortfall Percentage} \\
 \\
 \begin{array}{r} 1,605,000 \\ \hline 10,700,000 \end{array} = 0.15
 \end{array}$$

$$3) \quad \text{Shortfall Percentage} \times \text{Shares} = 2006 \text{ Performance Shares}$$

(d) Public Relations and Executive Searches. The Investors acknowledge that \$600,000 of the purchase price under the December 13 Stock Purchase Agreement was delivered directly into escrow for the purpose of effecting an integrated investor and public relations campaign, of which \$500,000 of the escrow funds will apply, and executive search costs, for which \$100,000 of the escrow funds will be used pursuant to the terms of an escrow agreement, dated as of December 13, 2005, by and among Gateway National Bank, N.A., as escrow agent, the Company and the Initial Investors, attached as Exhibit F (the "PR Escrow Agreement"). The release of such portion of the Purchase Price from escrow will be effected in accordance with the terms of the PR Escrow Agreement.

3. REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY, ITS SUBSIDIARIES AND DALIAN FUSHI.

The Company, Dalian Fushi and Management, jointly and severally, represents and warrants to each Investor that the statements contained in this Section 3 are correct and complete as of the date of this Agreement except as set forth in the disclosure schedule delivered by the Company to the Investors on the date hereof (the "Company Disclosure Schedule"). The Company Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 3.

(a) Organization and Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada, with full and unrestricted corporate power and authority to own, operate and lease its assets, to carry on the Business (and any other business) as currently conducted (and proposed to be conducted), to execute and deliver this Agreement and the Ancillary Agreements and to carry out the transactions contemplated hereby and thereby. The Company has made available to the Investors complete and correct copies of the charter and by-laws of the Company, with all amendments thereto, as in effect on the date of this Agreement. The Company is duly qualified to do business and is in good standing (to the extent such concept is applicable in the relevant jurisdiction) in all jurisdictions in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to so qualify will not have a material adverse effect on the Business or financial condition of the Company and its Subsidiaries (including Dalian Fushi), taken as a whole. All Governmental Authorizations required under the Law of the People's Republic of China for the due and proper establishment and operation of Dalian Fushi have been duly obtained from all relevant People's Republic of China authorities and are in full force and effect. All filings and registrations with the People's Republic of China authorities required in respect of Dalian Fushi and their operations, including but not limited to the registrations with the delegated authority of Ministry of Commerce, the State Administration of Industry and Commerce, the State Administration for Foreign Exchange, tax bureau and customs authorities have been duly completed in accordance with applicable Laws. By the Restructuring Completion Date, all Governmental Authorizations required under the Law of the People's Republic of China for the due and proper establishment and operation of WOFE will be duly obtained from all relevant People's Republic of China authorities and are in full force and effect. By the Restructuring Completion Date, all filings and registrations with the People's Republic of China authorities required in respect of WOFE to commence and carry out its operations, including but not limited to the registrations with the delegated authority of Ministry of Commerce, the State Administration of Industry and Commerce, the State Administration for Foreign Exchange, tax bureau and customs authorities have been duly completed in accordance with applicable Laws.

10

(b) Authorization of Transaction. The Company has full corporate power and authority to execute and deliver this Agreement and any applicable Ancillary Agreement and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and any Ancillary Agreements by the Company and the consummation by the Company of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company, including any shareholder approval (including to complete the transactions required hereby). This Agreement constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms and conditions. The Company need not provide any notice to, make any filing with, or obtain any authorization, consent or approval of any Governmental Body or any other Person in order to consummate the transactions contemplated by this Agreement or any Ancillary Agreement, except as set forth in Section 3(b) of the Company Disclosure Schedule.

(c) Noncontravention. Except as set forth in Section 3(c) of the Company Disclosure Schedule, the execution, delivery and performance by the Company of this Agreement and any Ancillary Agreements, the fulfillment of and compliance with the respective terms and provisions hereof and thereof, and the consummation by the Company and any of its Subsidiaries (including Dalian Fushi) of the transactions contemplated hereby and thereby, do not and will not: (i)

conflict with, or violate any provision of, any Law having applicability to the Company, its Subsidiaries or Dalian Fushi, or any of their assets, or any provision of the charter or bylaws of the Company or any of its Subsidiaries (including Dalian Fushi); (ii) conflict with, or result in any breach of, or constitute a default under any agreement, contract or other arrangement (whether written or oral) to which the Company or any Subsidiary (including Dalian Fushi) is a party or by which the Company, its Subsidiaries or Dalian Fushi or any of their assets may be bound; or (iii) result in or require the creation or imposition of or result in the acceleration of any indebtedness, or of any Encumbrance of any nature upon, or with respect to any of the assets (including the Shares) of the Company or any Subsidiary (including Dalian Fushi).

(d) Capitalization. The entire authorized capital stock of the Company consists of (i) 100,000,000 shares of Common Stock, of which 39,243,659 shares are issued and outstanding, and (ii) 5,000,000 shares of preferred stock of the Company, par value \$.001 per share ("Preferred Stock"), with 785,000 designated as Series A, of which 784,575.16 shares are issued and outstanding, and 216,000 designated as Series B, of which no shares are issued and outstanding. No other capital stock or equity securities of or interests in the Company are authorized or outstanding, and there are no shares of capital stock or other securities of the Company reserved for future issuance. All of the issued and outstanding shares of Common Stock and Preferred Stock have been duly authorized, are validly issued, fully paid and nonassessable, were issued in compliance with all applicable federal and state securities Laws and any other applicable Laws, and are held of record by the respective stockholders as set forth in Section 3(d) of the Company Disclosure Schedule. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, rights of first refusal, pre-emptive rights, conversion rights, exchange rights or other contracts or commitments (whether written or oral) that could require the Company to issue, sell or otherwise cause to become outstanding any of its capital stock (including any instruments or securities convertible into capital stock). There are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to the Company. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of the Company.

11

(e) Subsidiaries. Section 3(e) of the Disclosure Schedule sets forth (i) the authorized capital stock of each direct and indirect Subsidiary of the Company and the number of issued and outstanding shares of each class of its capital stock (or other securities), the names of the holders thereof, and the number of shares held by each such holder, (ii) the number of shares of its capital stock held in treasury and (iii) the nature and amount of any such equity investment, other interest or advance. All of such shares of capital stock of Subsidiaries directly or indirectly held by the Company have been duly authorized, are validly issued and fully paid and nonassessable. All of the issued and outstanding shares (or other securities) of each Subsidiary were issued in compliance with all applicable federal and state securities Laws and any other applicable Laws. The Company directly, or indirectly through wholly owned Subsidiaries, holds of record and beneficially owns all such shares of capital stock of the direct or indirect Subsidiaries free and clear of all Encumbrances. Each Subsidiary is an Entity duly organized, validly existing and in good standing (to the extent such concept is applicable in the relevant jurisdiction) under the Laws of its state or jurisdiction of incorporation (as listed in Section 3(e) of the Company Disclosure Schedule) and in all jurisdictions in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification. Each Subsidiary has the full and unrestricted power and authority to own, operate and lease its assets and to carry on the Business (and any other business) as currently conducted (and proposed to be conducted). Dalian Fushi has the full and unrestricted power and authority to own, operate and lease its assets and to carry on the Business (and any other business) as currently conducted. Other than as contemplated by the Restructuring Agreements, there are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights or other contracts or commitments that could require any Subsidiary to issue, sell or otherwise cause to become outstanding any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to any Subsidiary. Other than as contemplated by the Restructuring Agreements, there are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of any Subsidiary (including Dalian Fushi). Other than as contemplated by the Restructuring Agreement, neither the Company nor any of its Subsidiaries (including Dalian Fushi) control directly or indirectly or has any direct or indirect equity participation in any corporation, partnership, trust, or other business association which is not a Subsidiary.

(f) Disclosure Documents; Common Stock Trading.

(i) The Company has timely filed with, or furnished to, the SEC each form, proxy statement or report required to be filed with, or furnished to, the SEC by the Company pursuant to the Exchange Act since July 6, 2005

(collectively, the "Disclosure Documents"), and no Disclosure Documents are required to be filed with, or furnished to, the SEC prior to such date that were not otherwise filed on a timely basis. The Disclosure Documents complied, as of the date of their filing with the SEC, in all respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder. The information contained or incorporated by reference in the Disclosure Documents was true, complete and correct in all respects as of the respective dates of the filing thereof with the SEC and, as of such respective dates, the Disclosure Documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent updated or superseded by any Disclosure Document subsequently filed by the Company with the SEC prior to the date hereof. To the knowledge of the officers of the Company, there is no event, fact or circumstance that would cause any certification signed by any such officer in connection with any Disclosure Document pursuant to the requirements of the Sarbanes Oxley-Act of 2002 to be untrue, inaccurate or incorrect in any respect.

12

(ii) The financial statements of the Company included in the Disclosure Documents have been prepared in accordance with the published rules and regulations of the SEC and in conformity with GAAP applied on a consistent basis throughout the periods indicated therein, except as may be indicated therein or in the notes thereto, and presented fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries as of the dates indicated, and the consolidated results of the operations and cash flows of the Company and its Subsidiaries for the periods therein specified (except in the case of quarterly financial statements for the absence of footnote disclosure and subject, in the case of interim periods, to normal year-end adjustments).

(iii) The Common Stock is validly, properly and effectively registered under the Exchange Act in accordance with all applicable federal securities laws and is quoted on the OTC Bulletin Board. The Company is currently in compliance with all applicable NASD and OTC Bulletin Board requirements and standards. There is no revocation order, suspension order, injunction or other Proceeding or Law (whether issued by the SEC, the NASD or other Governmental Body) affecting the effectiveness of the Company's Exchange Act registration or the trading of the Common Stock. The consummation of the transactions contemplated by this Agreement and the Ancillary Agreements do not conflict with, and will not result in any violation of, any NASD or OTC Bulletin Board trading requirement or standard applicable to the Company or its Common Stock.

(g) Financial Statements. Attached hereto as Exhibit H are the unaudited balance sheets and statements of income, changes in stockholders' equity and cash flow (the "Financial Statements") as of and for the month ended September 30, 2005 (the "Most Recent Fiscal Month End") for each of the Company and Dalian Fushi. The Financial Statements (including the notes thereto) have been prepared in accordance with the requirements for the financial statements included in the Company's Disclosure Documents. No Financial Statements are available for DPI and WOFE as they are newly formed entities and have not conducted any business as of the date hereof except for this Agreement, other Ancillary Agreements, and the Restructuring Agreements.

(h) Events Subsequent to Most Recent Form 10-QSB. Except as set forth in Section 3(h) of the Company Disclosure Schedule and as contemplated by this Agreement or as set forth in any Ancillary Agreement and the Restructuring Agreements, since the filing of the Company's Form 10-QSB for the quarterly period ended September 30, 2005, there has not been any change in the Business, capital structure, ownership, organizational documents, contractual relationships, financial condition, operations, results of operations or future prospects of the Company or any of its Subsidiaries (including Dalian Fushi).

(i) No Undisclosed Liabilities; No Guaranties. Except as set forth on Section 3(i) of the Company Disclosure Schedule, in the financial statements of the Company included in the Disclosure Documents and the financial statements attached as Exhibit H, the Company and its Subsidiaries (including Dalian Fushi) do not have any Liabilities. Except as set forth on Section 3(i) of the Company Disclosure Schedule, none of the Company nor any of its Subsidiaries (including Dalian Fushi) is a guarantor or otherwise liable for any Liability (including indebtedness) of any other Person. Neither the Company nor any of its Subsidiaries (including Dalian Fushi) is a party to, or has any commitment to become a party to, any agreement, contract or other arrangement associated with off balance sheet financing.

13

(j) Absence of Litigation. Except as set forth in the Disclosure

Documents, there is no Proceeding pending or threatened by or before any Governmental Body against the Company or any of its Subsidiaries (nor is there a basis for any of the foregoing). As of the date hereof, there is no Proceeding pending or, to the Company's knowledge, threatened by or before any Governmental Body (i) seeking to prevent, hinder, modify or challenge any of the transactions contemplated by this Agreement or any of the Ancillary Agreements, or (ii) that would cause any of the transactions contemplated by this Agreement or any of the Ancillary Agreements to be illegal, invalid, voidable or otherwise rescinded.

(k) Title to Assets. Except as set forth in Section 3(k) of the Company Disclosure Schedule, the Company or any of its Subsidiaries (including Dalian Fushi) have good and marketable title to, or a valid leasehold interest in, free and clear of all Encumbrances, all properties and assets (i) purportedly owned or used by them or located on their premises, or (ii) necessary or advisable for the conduct of the Business as currently conducted (or proposed to be conducted). All facilities, machinery, equipment, fixtures, vehicles and other assets and properties owned, leased or used by the Company or any of its Subsidiaries (including Dalian Fushi) are in good operating condition and repair (subject to ordinary wear and tear) and are reasonably fit and usable for the purposes for which they are being used.

(l) Legal Compliance. Each of the Company and its Subsidiaries (including Dalian Fushi) and their respective predecessors and Affiliates is currently in compliance and, except to the extent that noncompliance will not and could not reasonably be expected to have a material adverse effect upon the Business or the financial condition of the Company and any of its Subsidiaries (including Dalian Fushi) as currently conducted or proposed to be conducted, has been in compliance with all applicable Laws, and no Proceeding has been filed or commenced against any of them alleging any failure so to comply. Each of the Company and its Subsidiaries (including Dalian Fushi) and their respective predecessors and Affiliates will be in compliance with all applicable Laws after the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements.

(m) Contracts. Section 3(m) of the Company Disclosure Schedule lists all contracts and other agreements (whether written or oral) to which any of the Company or its Subsidiaries is a party (including Dalian Fushi) pursuant to which the Company or any of its Subsidiaries (including Dalian Fushi) is to receive, or is obligated to pay, more than \$100,000 ("Material Contracts") or which is otherwise Material to the Company and its Subsidiaries (including Dalian Fushi) taken as a whole, specifying for each its date and the parties thereto. The Company has made available to the Investors, a correct and complete copy of each written agreement or other documentation (as amended to date) listed in Section 3(m) of the Company Disclosure Schedule. With respect to each such agreement: (i) the agreement is legal, valid, binding, enforceable, and in full force and effect; (ii) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements; (iii) neither the Company nor its Subsidiaries (including Dalian Fushi) have provided or received notice of breach or default and no event has occurred which with notice or lapse of time could constitute a material breach or default, or permit termination, modification, or acceleration, under the agreement; and (iv) no party has repudiated any provision of the agreement. The contracts and other agreements listed in Section 3(m) of the Company Disclosure Schedule represent all Material Contracts required or necessary for the Company and its Subsidiaries (including Dalian Fushi) to own, operate and manage the Business as currently conducted (or as proposed to be conducted).

14

(n) Employees; Employee Benefits.

(i) Except as set forth in Section 3(n) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries (including Dalian Fushi) maintain any Plans (as defined in ERISA Section 3(3)) or any obligation, arrangement or customary practice, whether or not legally enforceable, to provide benefits, other than salary, as compensation for services rendered, to present or former directors, officers, employees or agents.

(ii) Section 3(n) of the Company Disclosure Schedule lists all current directors and officers of the Company and each Subsidiary (including Dalian Fushi), showing each such person's name, position, and annual remuneration, bonuses and fringe benefits for the current fiscal year. Other than as contemplated hereby, there are no employment agreements with any such Persons.

(iii) To the Company's knowledge, during the past 5 years no director or officer of the Company or any Subsidiary has: (i) been arrested or convicted for any crime material to an evaluation of such person's ability or integrity, including, without limitation, any violation of any federal or state law which currently or has previously regulated the types of business in which the Company is currently or has previously been engaged; (ii) filed a petition under federal bankruptcy or any state insolvency laws; or (iii) been a director

or officer of a business Entity which has filed a petition under federal bankruptcy or any state insolvency laws, or had a receiver or similar officer appointed by a court to administer the business or property of such Entity.

(iv) With regard to employment and staff or labor management, the Company and each Subsidiary (including Dalian Fushi) have complied with all applicable Laws in all material respects. Neither the Company, any of its Subsidiaries or Dalian Fushi is aware that any officer or key employee, or that group of key employees, intends to terminate their employment with them, nor does the Company, any of its Subsidiaries or Dalian Fushi have a present intention to terminate the employment of any of the foregoing.

(o) Intellectual Property.

(i) Except as set forth in Section 3(o) to the Company Disclosure Schedule, the Company and its Subsidiaries own or have a right to use all Company Intellectual Property, free and clear of any and all Encumbrances of any kind, except where the failure to own or have a right to use such property or such lien or encumbrance would not have a material adverse effect upon the Business or the financial condition of the Company and any of its Subsidiaries (including Dalian Fushi). All Company Intellectual Property and a listing of all names under which the Company and its Subsidiaries (including Dalian Fushi) have operated are set forth in Section 3(o) to the Company Disclosure Schedule. Except as set forth in Section 3(o) to the Company Disclosure Schedule, the use of the Company Intellectual Property by the Company and its Subsidiaries (including Dalian Fushi) does not conflict with, infringe upon, violate or interfere with or constitute an appropriation of any right, title, interest or goodwill, including, without limitation, any intellectual property right, trademark, trade name, domain name, patent, service mark, brand mark, brand name, database, industrial design, trade secrets, technology, software, customer lists, copyright or any pending application therefor of any other Person (collectively, "Intangible Rights"), and the Company and the directors and officers (and employees with responsibility for intellectual property matters) of the Company and its Subsidiaries (including Dalian Fushi) do not have knowledge of any claims thereof. Except as set forth in Section 3(o) to the Company Disclosure Schedule, the use of all Company Intellectual Property will not be adversely affected by the transactions contemplated in this Agreement.

15

(iii) The Company and its Subsidiaries (including Dalian Fushi) have taken all reasonable and practicable steps to protect and preserve the confidentiality of all Company Intellectual Property not subject to copyright or patent rights ("Confidential IP Information"). Use by the Company and its Subsidiaries (including Dalian Fushi) of Confidential IP Information not owned by the Company and its Subsidiaries (including Dalian Fushi) have been and is pursuant to the terms of a written agreement between the respective Company or Subsidiary (including Dalian Fushi) and the owner of such Confidential IP Information, or is otherwise lawful.

(p) Notes and Accounts Receivables. All notes and accounts receivable of the Company and its Subsidiaries are reflected properly on the Financial Statements and are valid receivables subject to no setoffs or counterclaims, are current and collectible within 90 days after the Closing, subject only to the reserve for bad debts set forth on the face of the balance sheet included in the Financial Statements (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company and its Subsidiaries.

(q) Tax Matters.

(i) Except as set forth in Section 3(q) of the Company Disclosure Schedule, each of the Company, its Subsidiaries and Dalian Fushi have timely filed all Tax Returns that it was required to file under applicable laws and regulations. All such Tax Returns were correct and complete in all respects at the time of filing and were prepared in substantial compliance with all applicable Laws. All Taxes due and owing by any of the Company, its Subsidiaries or Dalian Fushi (whether or not shown on any Tax Return) have been timely paid. None of the Company, its Subsidiaries, and Dalian Fushi currently is the beneficiary of any extension of time within which to file any Tax Return. No Proceeding has ever been commenced by any Governmental Body where any of the Company, any of its Subsidiaries or Dalian Fushi does not file Tax Returns asserting that the Company, its Subsidiaries, or Dalian Fushi was, is, or may be subject to taxation by that Governmental Body. There are no Encumbrances on any of the assets of any of the Company, its Subsidiaries or Dalian Fushi that arose in connection with any failure (or alleged failure) to pay any Tax or file any Tax Return.

(ii) Section 3(q) of the Company Disclosure Schedule lists all Tax Returns filed with respect to any of the Company, its Subsidiaries or Dalian Fushi for taxable periods ended on or after January 1, 2000, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit. Except as set forth in Section 3(u) of the Company

Disclosure Schedule, none of the Company, its Subsidiaries or Dalian Fushi has received from any Governmental Body any (A) written notice indicating an intent to open an audit or other review, (B) request for information related to Tax matters, or (C) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed against the Company, its Subsidiaries or Dalian Fushi. The Company has delivered to the Investors correct and complete copies of all Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by any of the Company, its Subsidiaries or Dalian Fushi since January 1, 2000.

(iii) Each of the Company, its Subsidiaries and Dalian Fushi have withheld and paid all Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder or other Person.

16

(iv) No director or officer (or employee responsible for Tax matters) of any of the Company, its Subsidiaries or Dalian Fushi expects any Governmental Body to assess any additional Taxes for any period for which Tax Returns have been filed.

(v) None of the Company, its Subsidiaries or Dalian Fushi has waived any statute of limitations in respect of Taxes or agreed to an extension of time with respect to a Tax assessment or deficiency.

(vi) None of the Company, its Subsidiaries or Dalian Fushi is a party to or bound by any Tax allocation or sharing agreement. None of the Company, its Subsidiaries or Dalian Fushi (A) has been a member of group of Entities filing a consolidated Tax Return (other than a group the common parent of which is the Company) or (B) has any liability for the Taxes of any Person as a transferee or successor, by contract, or otherwise.

(vii) The unpaid Taxes of each of the Company and its Subsidiaries did not, as of the Most Recent Fiscal Month End, exceed the reserve for Liabilities pertaining to Taxes (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Financial Statements for the Most Recent Fiscal Month End.

(r) Dalian Fushi.

(i) As of the Closing Date, the Company and its Subsidiaries are in the process of completing a series of transactions as set forth in the Restructuring Agreements. The Business is the only business that Dalian Fushi has been engaged in, and the Business is the only business currently engaged in by the Company.

(ii) As a result of the Restructuring Agreements, and by the Restructuring Completion Date, (A) WOFE shall have acquired, and Dalian Fushi legally, validly and irrevocably shall have transferred to WOFE, in accordance and compliance with all applicable Laws, the Business and all the properties and other assets of Dalian Fushi as specifically identified in Section 3(r) of the Company Disclosure Schedule (the "Acquired Assets") and as set forth in the Restructuring Agreements, except for those certain assets separately identified in Section 3(r) of the Company Disclosure Schedule, which assets shall remain the property of Dalian Fushi (the "Dalian Assets"), (B) WOFE shall have acquired those certain rights to such Dalian Assets as specified in Section 3(r) of the Company Disclosure Schedule and as set forth in the Restructuring Agreements, and (C) the Company is required as of the Closing Date to consolidate into its financial statements those of DPI, WOFE and Dalian Fushi in accordance with GAAP and as required under SEC Regulation S-X. The Acquired Assets and rights to the Dalian Assets to be acquired by WOFE are adequate and satisfactory for the conduct of the Business in the manner in which the Business is currently being conducted and proposed to be conducted. Except as set forth in Section 3(r) of the Company Disclosure Schedule, upon the Restructuring Completion Date, the WOFE shall have good, valid and marketable title to, or a valid leasehold interest in, all Acquired Assets and Dalian Assets free and clear of any and all Encumbrances.

(iii) As a result of the Restructuring Agreements, and by the Restructuring Completion Date, the Company shall have, directly or indirectly through WOFE, acquired all rights, whether directly or indirectly through its Subsidiaries, to the control, management and election of the Board of Directors (or similar supervisory group) of Dalian Fushi and to otherwise operate the Business. These rights include all rights with respect to the voting of any and all securities of Dalian Fushi entitled to, or otherwise having the right to, vote and to operate the Business, including any part remaining in Dalian Fushi.

17

(iv) As a result of the Restructuring Agreements and the

consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, the ownership structure and capitalization of Dalian Fushi and WOFE will be as set forth in Section 3(r) of the Company Disclosure Schedule, which includes for each of them its authorized/registered capital stock and the number of issued and outstanding shares of each class of its capital stock (or other securities), the names of the holders thereof, and the number of shares held by each such holder

(v) Copies of all Restructuring Agreements used to acquire or evidence the Acquired Assets and the rights to Dalian Assets by WOFE are attached as Exhibit I in their final executed form. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect under all applicable Laws; (B) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements; (C) neither the Company nor its Subsidiaries (including Dalian Fushi) have provided or received notice of breach or default and no event has occurred (or would occur) which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreement; (D) no party has repudiated any provision of the agreement; and (E) the agreement cannot be terminated, unwound, invalidated, voided or otherwise rescinded for any reason, event, action or circumstance, whether as a result of the consummation of the transactions contemplated by this Agreement or any Ancillary Agreement or otherwise.

(vi) Dalian Fushi has obtained from the Bank of China and the Industrial and Commerce Bank of China written consents that are required in connection with the contemplated transactions of this Agreement, including, but not limited to, the Restructuring Agreements. As such, the lease for the Leased Assets contemplated under the Restructuring Agreements will be effective at Closing.

(s) Books and Records. Except as set forth in Section 3(s) to the Company Disclosure Schedule, the books of account, minute books, equity record books and other records of the Company and its Subsidiaries (including Dalian Fushi), all of which have been made available to the Investors prior to Closing, are accurate and complete in all material respects and have been maintained in accordance with sound business practices including the maintenance of an adequate system of internal controls (including for purposes of making the certifications required by the Sarbanes Oxley Act of 2002 in connection with the Disclosure Documents). Except as set forth in Section 3(s) of the Company Disclosure Schedule, each transaction of the Company and its Subsidiaries (including Dalian Fushi) is properly and accurately recorded on the books and records of the respective Company or Subsidiary, and each document (including any contract or other agreement, invoice or receipt) on which entries in the Company's and its Subsidiaries' (including Dalian Fushi's) books and records are based is accurate and complete in all material respects. The minute books of the Company and its Subsidiaries contain accurate and complete records of all meetings held of, and corporate action taken by, the Company's and its Subsidiaries' stockholders, directors and directors' committees, respectively, and no such meeting has been held for which minutes have not been prepared and are not contained in such minute books.

18

(t) Certain Business Relationships. Except as set forth in Section 3(t) of the Company Disclosure Schedule, none of the Company, its Subsidiaries, Dalian Fushi nor any their respective employees, officers, directors, agents, representatives or Affiliates has been involved in any business arrangement or relationship with the Company and its Subsidiaries (including Dalian Fushi) within the past 36 months, and none of the Company, its Subsidiaries, Dalian Fushi nor any their respective employees, officers, directors, agents, representatives or Affiliates own any asset, tangible or intangible, which is used in, or required or necessary for the conduct of, the businesses of the Company and its Subsidiaries (including Dalian Fushi and the Business). There are no loan, guarantee, cross-guarantee, pledge, credit or other similar agreements, monies due, advances made or other funds transferred, between the Companies or any of its Subsidiaries and Dalian Fushi, except those contemplated in the Restructuring Agreements. Except as disclosed in Schedule 3(t), to the best of Management's knowledge, none of the respective employees, officers, directors, agents, representatives of the Company, any of its Subsidiaries or Dalian Fushi has any direct or indirect ownership interest in any firm or corporation with which the Company or any of its Subsidiaries (including Dalian Fushi) is affiliated or with which the Company or any of its Subsidiaries (including Dalian Fushi) has a business relationship, or any firm or corporation that competes with the Company or any of its Subsidiaries (including Dalian Fushi).

(u) Private Offering. Based on the representations provided by each Investor in Section 4, the offer and sale of the Shares to each Investor is, and the offer and sale of any Common Stock to each Investor pursuant to Section 2(c)(ii) will be, exempt from the registration and prospectus delivery

requirements of the Securities Act and any other securities Laws. Neither the Company nor any Person acting on its behalf has offered or sold or will offer or sell any securities, or has taken or will take any other action (including, without limitation, any offering of securities of the Company under circumstances that would require, under the Securities Act, the integration of such offering with the offer and sale of the Shares) which would subject the offer and sale of the Shares to the registration provisions of the Securities Act.

(v) Use of Proceeds. The Company shall use the proceeds from the sale of the Shares for the purpose(s) set forth in the use of proceeds schedule attached hereto as Exhibit J.

(w) Powers of Attorney. Except as set forth in Section 3(w) of the Company Disclosure Schedule, there are no outstanding powers of attorney executed on behalf of any of the Company or its Subsidiaries (including Dalian Fushi).

(x) Brokers' Fees. Except as set forth in Section 3(x) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries (including Dalian Fushi), not any of their shareholders, employees, officer or directors) has any Liability to pay any fees or commissions or other consideration to any broker, finder, or agent with respect to the transactions contemplated by this Agreement, including any Liability or obligations for which the Investors can become liable or obligated. Except as set forth in Section 3(x) of the Company Disclosure Schedule, any such Liability will be paid by the Company prior to the Closing.

(y) Certain Business Practices. None of the Company, its Subsidiaries, Dalian Fushi, their officers, directors (or Persons in similar positions), agents or employees or their respective representatives or Affiliates has (a) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended (if applicable to such Person), or (b) violated any of the provisions of Section 999 of the Code or Section 8 of the Export Administration Act, as amended (if applicable to such Person).

19

(z) Environmental and Safety Laws. Since their inception, neither the Company, its Subsidiaries nor Dalian Fushi have been, in violation of any applicable Law relating to the environment or occupational health and safety, where such violation would have a material adverse effect on the Business or financial condition of any of the Company, any of its Subsidiaries or Dalian Fushi. Each of Company, its Subsidiaries and Dalian Fushi have operated all facilities and properties owned, leased or operated by it in material compliance with the Environmental Laws and no Hazardous Materials have been stored, used, disposed of, treated, released or discharged by any of the Company, its Subsidiaries or Dalian Fushi in violation of Environmental Laws. As used herein, "Environmental Laws" means all applicable, Laws governing, regulating or otherwise affecting the environment, health or safety. As used herein, the term "Hazardous Materials" means the existence in any form of polychlorinated biphenyls, asbestos or asbestos containing materials, urea formaldehyde foam insulation, oil, gasoline, petroleum, petroleum products and petroleum-derived substances (other than in vehicles operated in the ordinary course of business), pesticides and herbicides, and any other chemical, material or substance regulated under any Environmental Laws.

(aa) Manufacturing and Marketing Rights. Except for the Restructuring Documents, neither the Company, any of its Subsidiaries or Dalian Fushi has granted rights to manufacture, produce, assemble, license, market or sell its products or services to any other Person nor is bound by any agreement that affects their exclusive right to develop, manufacture, assemble, distribute, market or sell its products and services. There are no agreements, understandings, instruments, contracts, proposed transactions, judgments, orders, writs or decrees to which the Company, any of its Subsidiaries or Dalian Fushi is a party or by which it or any its assets is bound that may involve (A) provisions restricting or affecting the development, manufacture or distribution of any their products or services, or (B) agreements not to compete with any person or entity or not to engage in any particular line of business.

(bb) Employment of Wenbing Chris Wang. Wenbing Chris Wang shall remain in the employ of Dalian Fushi in his current position for a period of one year following December 13, 2005 and shall use his best efforts to enter into an employment agreement with the Company pursuant to Section 6(i) and the Investors hereby acknowledge that the employment agreement shall be in form and with such terms as acceptable to the Company and CA.

(cc) Disclosure. The representations and warranties and statements made by the Company, Dalian Fushi and Management in this Agreement are true, accurate, correct and complete in every respect and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained herein not false or misleading.

4. REPRESENTATIONS AND WARRANTIES OF THE INVESTORS.

Each Investor, severally and not jointly, represents and warrants to the Company that the statements contained in this Section 4 are correct and complete as of the date of this Agreement.

20

(a) Organization and Standing. Heller represents and warrants for itself that it is a limited liability company duly organized and validly existing under the laws of the State of New Jersey, holding corporate power and authority to own, operate and lease its assets to carry on its business as currently conducted, to execute and deliver this Agreement and the Ancillary Agreements and to carry out the transactions contemplated hereby and thereby. Each other Investor represents and warrants for itself that it is a Entity duly organized and validly existing under the laws of its jurisdiction of organization, holding power and authority to own, operate and lease its assets to carry on its business as currently conducted, to execute and deliver this Agreement and the Ancillary Agreements and to carry out the transactions contemplated hereby and thereby.

(b) Authorization of Transaction. Each of the Investors has full corporate or partnership power and authority, as applicable (or capacity, if an individual), to execute and deliver this Agreement and any applicable Ancillary Agreement and to perform its obligations hereunder and thereunder. This Agreement constitutes the valid and legally binding obligation of the Investor, enforceable in accordance with its terms and conditions except to the extent that such enforcement may be limited by bankruptcy, reorganization, insolvency and other similar Laws and court decisions relating to or affecting the enforcement of creditors rights generally and by the application of general equitable principles. Except as otherwise required by applicable federal or state securities Laws, the Investors need not provide any notice to, make any filing with, or obtain any authorization, consent, or approval of any Governmental Body of any other Person in order to consummate the transactions contemplated by this Agreement or any Ancillary Agreement.

(c) Brokers' Fees. No Investor has any Liability to pay any fees or commissions or other consideration to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Company or any of its Subsidiaries could become liable or obligated.

(d) No Registration. Other than as contemplated herein, each Investor understands that the Shares and the shares of Common Stock issuable on the exercise of the Warrants have not been registered under the Securities Act or any state securities laws and will be issued in reliance upon exemptions contained in the Securities Act or interpretations thereof and in the applicable state securities laws, and cannot be offered for sale, sold or otherwise transferred unless the Shares and the shares of Common Stock issuable on the exercise of the Warrants subsequently are so registered or qualify for exemption from registration under the Securities Act.

(e) Acquisition for Investment. The Shares and Warrants are being acquired under this Agreement by each Investor in good faith solely for its own account, for investment and not with a view toward distribution within the meaning of the Securities Act. The Shares and Warrants will not be offered for sale, sold or otherwise transferred by the Investor without either registration or exemption from registration under the Securities Act and any applicable state securities laws.

(f) Risks of Investment. Each Investor understands and is able to bear any economic risks associated with such investment (including, without limitation, holding the Shares and the shares of Common Stock issuable on the exercise of the Warrants until the effectiveness of a registration statement covering the Shares filed under the Securities Act).

(g) Accredited Investor Status. Each Investor is an "accredited investor" within the meaning of Rule 502 of Regulation D promulgated under the Securities Act.

(h) Disclosure of Information. Each Investor has had full access to all the information they consider necessary or appropriate to make an informed investment decision with respect to the Shares and Warrants to be purchased under this Agreement. Each Investor further has had an opportunity to ask questions and receive answers from the Company and Dalian Fushi regarding the Business and of the Company regarding the terms of the offering of the Shares and Warrants and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify any information furnished to any Investor or to which such Investor had access. Each Investor has not relied on any oral representation made by the Company, Dalian Fushi or any Subsidiary or any officer, director, employee or agent of any of them.

(i) Investment Experience. Each Investor understands the risks of investing in companies domiciled in the People's Republic of China and that the purchase of the Shares and Warrants involves substantial risk.

5. REGISTRATION RIGHTS.

(a) Registration by the Company.

(i) Mandatory Registration. In addition to the registration statement filed by the Company under the Securities Act for the registration of the Common Stock issuable upon conversion of the Series B acquired by the Investors at Closing (as required by Section 6(m)):

(A) in the event additional shares of Common Stock are issuable pursuant to Section 2(c)(ii) the Company shall file a registration statement (or a post-effective amendment to the registration required by Section 6(m)) to register such additional Shares) with the SEC under the Securities Act for the registration of the Shares as promptly as practicable, but in no event later than 30 days, after the determination of the issuance of the Shares pursuant to Section 2(c)(ii); and

(B) any Investor acquiring shares of Common Stock (including issuable upon conversion of shares of Series A) pursuant to Section 8(b) under the Stock Escrow Agreement may request registration of such securities and the Company shall file a registration statement (or a post-effective amendment to the registration required by Section 6(m)) to register such additional securities) with the SEC under the Securities Act for the registration of the securities as promptly as practicable, but in no event later than 30 days after receipt of the Investor's request.

(ii) Registration Statement Form. The Investors hereby acknowledge that registrations under this Section 5(a) shall be on Form SB-2 or such other appropriate registration form of the SEC as shall be reasonably selected by the Company and approved by CA, which approval shall not be unreasonably withheld. The Company shall provide drafts of the Registration Statement proposed to be filed by it to the Investors in advance of the filing thereof and provide the Investors with a reasonable amount of time to review and comment on the same prior to its filing

(iii) Effective Registration Statement. A registration required pursuant to this Section 5(a) shall not be deemed to have been effected unless the Registration Statement has been declared effective by the SEC and has remained effective in compliance with the provisions of the Securities Act with respect to the disposition of all of the Shares covered by such Registration Statement until such time as all of the Shares have been disposed of in accordance with the intended methods of disposition by each Investor set forth in such Registration Statement (unless the failure to so dispose of such Shares shall be caused solely by reason of a failure on the part of the Investors).

22

(iv) Expenses; Taxes. All expenses (other than fees of counsel to the Investors) incurred in connection with registrations, filings or qualifications of Shares pursuant to this Section 5, including (without limitation) all registration, filing, and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, shall be borne by the Company.

(b) Priority Registrations. Notwithstanding anything else set forth herein and subject to the limitations set forth below, the Registration Statement may include, in addition to the Shares, the shares of Common Stock that may be acquired by Glenn A. Little pursuant to the exercise of a warrant acquired by him under that certain Consulting Agreement, dated November 18, 2005, which shares shall constitute no more than 0.4% of the capitalization of the Company as set forth in Section 3(r) of the Company Disclosure Schedule; provided, however, (i) that any such inclusion shall not affect the rights of the Investors pursuant to this Section 5; and (ii) if the Company fails to provide Mr. Little sufficient notice regarding, or take appropriate actions to include Mr. Little's shares in, the Registration Statement, such failure shall in no way affect, change or delay, and Mr. Little shall have no rights regarding, the registration procedures described in this Section 5.

(c) Registration Procedures. The Company shall, as expeditiously as possible:

(i) use its best efforts to cause the Registration Statement filed pursuant to Section 6(m) to be declared effective by the SEC within 90 days and not later than 120 days from the date of the initial filing;

(ii) prepare and file with the SEC any other requisite Registration Statement pursuant to Section 5(a) and thereafter use its best efforts to cause such Registration Statement to be declared effective by the SEC within 90 days and not later than 120 days from the date of the initial filing;

(iii) with regard to (i) and (ii), after the 120th day after the date of the initial filing, and for each 30-calendar day period thereafter in which the Registration Statement fails to be declared effective, the Company shall issue to each Investor a number of shares of Common Stock equal to 3% of such Investor's Shares covered by such Registration Statement at that time, which Shares shall be included in the Registration Statement and used in the calculation of any additional issuance pursuant to this Section 5(c)(iii);

(iv) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all the Shares covered by such Registration Statement until the earlier of the time as all of such Shares have been disposed of in accordance with the intended methods of disposition by the Investors set forth in such Registration Statement or the date that the Shares are eligible for resale pursuant to the provisions of Rule 144 under the Securities Act;

(v) furnish to the Investors' counsel copies of any correspondence between the Company and the SEC with respect to such Registration Statement or amendments or supplements thereto filed pursuant to this Section 5.

(vi) furnish such number of conformed copies of such Registration Statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such Registration Statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as the Investors may reasonably require.

23

(vii) use its best efforts to (A) register or qualify the Shares under such other securities or blue sky laws of such states and jurisdictions where an exemption is not available and as the Investors shall reasonably request, (B) keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and (C) take any other action which may be reasonably necessary or advisable to enable the Investors to consummate the disposition in such jurisdictions of the securities to be sold by the Investors, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (vii) be obligated to be so qualified or to consent to general service of process in any such jurisdiction;

(viii) use its best efforts to cause all Shares covered by such Registration Statement to be registered with or approved by such other federal or state governmental agencies or authorities as may be necessary in the opinion of counsel to the Company and counsel to the Investors to enable the Investors to consummate the disposition of such Shares;

(ix) notify the Investors at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances under which they were made, and at the request of the Investors promptly prepare and furnish to it a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(x) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC;

(xi) provide and cause to be maintained a transfer agent and registrar for all the Shares covered by such Registration Statement from and after a date not later than the effective date of such registration;

(xii) provide a CUSIP number for all Shares covered by such Registration Statement not later than the effective date of the Registration Statement;

(xiii) use its best effort to avoid the issuance of, or if issued,

to obtain the withdrawal of, any order enjoining or suspending the use or effectiveness of such Registration Statement or suspending the qualification (or exemption from qualification) of any of the Shares for sale in any jurisdiction, as promptly as reasonably practicable; and

(xiv) use its best efforts to list the Shares on the American Stock Exchange or any other national securities exchange on which the shares of the same class covered by such Registration Statement are then listed or for which the Shares and the Company qualifies, and, if no such shares are so listed, on any national securities exchange on which the Common Stock is then listed.

24

Each Investor agrees by acquisition of the Shares that, upon receipt of any notice from the Company of the happening of any event of the kind described in subdivision (ix) of this Section 5(c), such holder will forthwith discontinue such disposition of the Shares pursuant to the Registration Statement until Investor's receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (ix) of this Section 5(c) and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies of the prospectus then in such holder's possession relating to the Shares current at the time of receipt of such notice, other than permanent file copies.

(d) Lock-up. After the Closing Date of this Agreement and prior to the effectiveness of a Registration Statement pursuant to Section 6(m), each Investor agrees to enter into standard lock-up agreement restricting the sale of 50% of each Investor's Shares covered by the Registration Statement for a period of 6 months commencing from the Closing Date of this Agreement. The terms and form of the lock-up agreement shall be mutually agreeable among the Investors and the Company.

(e) Indemnification.

(i) Indemnification by the Company. With regard to any Registration Statement, the Company, Dalian Fushi and Management will, and hereby do, jointly and severally, indemnify and hold harmless each Investor and its respective directors, officers, partners, agents and Affiliates, against any Adverse Consequences, joint or several, to which such Investor or any such director, officer, partner, agent, Affiliate or controlling person may become subject under the Securities Act or otherwise, including, without limitation, the fees and expenses of legal counsel, insofar as such any Adverse Consequences arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein in light of the circumstances in which they were made not misleading, and the Company will reimburse such Investor and each such director, officer, partner, agent, Affiliate and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such any Adverse Consequences; provided, however, that the Company shall not be liable in any such case to the extent that any such Adverse Consequences arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Investor, specifically stating that it is for use in the preparation thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Investor or any such director, officer, partner, agent, Affiliate or controlling person and shall survive the transfer of such securities by the Investor.

(ii) Indemnification by the Investors. As a condition to including the Shares in the Registration Statement, each Investor will, and hereby does, indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 5(e)(i)) each other Investor, the Company, and each director of the Company and each officer of the Company, with respect to any statement or alleged statement in or omission or alleged omission from such Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Investor specifically stating that it is for use in the preparation of such Registration Statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement; provided, however, that the Liability of such indemnifying party under this Section 5(e)(ii) shall be limited to the amount of net proceeds actually received by such indemnifying party giving rise to such Liability.

25

(v) Other Indemnification. Indemnification and contribution similar to that specified in the preceding subdivisions of this Section 5(e) (with appropriate modifications) shall be provided by the Company and each Investor with respect to any required registration or other qualification of securities under any federal or state law or regulation of any governmental authority other than the Securities Act.

(vi) Indemnification Payments. The indemnification and contribution required by this Section 5(e) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Adverse Consequence is incurred.

6. POST-CLOSING COVENANTS.

The Parties agree as follows with respect to the period following the Closing.

(a) General. In case at any time after the Closing any further action is reasonably necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under this Agreement).

(b) American Stock Exchange. Promptly following Closing, the Company (which will be assisted by CA pursuant to the December 13 Stock Purchase Agreement) shall prepare and submit a listing application to the American Stock Exchange and use its reasonable best efforts to have such listing approved and effective as soon as practicable after the effectiveness of the Registration Statement filed pursuant to Section 6(m).

(c) Board of Directors. Within 90 days following Closing, the Company and the current management and stockholders of Dalian Fushi after consultation with the Investors (and the Investors acknowledge that similar consultation with CA and the Initial Investors is required under the December 13 Stock Purchase Agreement), shall nominate a seven person Board of Directors of the Company and take all actions and obtain all consents, authorizations and approvals which are required to be obtained in order to effect the election of such Persons. Of such seven member Board of Directors, (i) two members shall be members of the current management of Dalian Fushi, (ii) one member shall represent Kuhns Brothers, Inc., the Company's investment bankers, pursuant to an existing agreement, (iii) and at least four members shall be independent directors as determined pursuant to the American Stock Exchange Company Guide (the Investors hereby acknowledge that this requirement may be waived or amended by Investors and the Initial Investors representing a majority of the outstanding Shares then held by Investors and the Initial Investors if the Company is unable to obtain a listing of its Common Stock on the American Stock Exchange within six months following the Closing or such other period of time as acceptable to CA). The Investors further acknowledge that the member to be elected chairman of the audit committee and the member to be elected vice-chairman of the board (who will also serve as chairman of the corporate governance committee) must be approved in advance by CA, which approval not to be unreasonably withheld. Each director's compensation shall be determined after consultation with the Investors and the Initial Investors..

26

(d) Board of Advisors. Promptly following Closing, and in addition to its Board of Directors, the Company shall establish a five-member board of advisors consisting of the individuals set forth in Section 6(d) of the Company Disclosure Schedule. The Investors hereby acknowledge that if for any reason one or more of these individuals is unable or unwilling to serve on the initial board of advisors, the Company shall consult with CA as to substitute member(s) and any substitute member(s) must be approved in advance by CA, which approval not to be unreasonably withheld.

(e) Chief Financial Officer. The Investors acknowledge that, promptly following Closing, the Company shall retain a chief financial officer acceptable to, and after consultation with, CA; provided, however, that retention of Dalian Fushi's current chief financial officer as the Company's chief financial officer under an employment agreement pursuant to Section 6(i) shall satisfy this Section 6(e).

(f) Name Change; Reverse Stock Split. Promptly following Closing, the Company shall take all actions and obtain all consents, authorizations and approvals, including any Governmental Authorizations, which are required to be obtained in order to (i) change the name of the Company to Fushi International, Inc., and (ii) effect a reverse stock split of the Common Stock so that the Company has a sufficient number of authorized and unissued shares of Common Stock, the details of which are set forth in Section 6(f) of the Company Disclosure Schedule, to permit the conversion of all outstanding shares of

Series B acquired by the Investors pursuant to this Agreement.

(g) Employee Stock Ownership Plan. The Company shall reserve for issuance 20,000,000 shares of Common Stock under an approved and qualified employee stock ownership plan, terms of which shall be determined by the compensation committee of the Board of Directors of the Company (as constituted pursuant to Section 6(c)).

(h) Executive Search. The Investors acknowledge that, promptly following the Closing, the Company shall retain one or more independent professional executive search firm, each as acceptable to CA and selected from a list of proposed firms provided by CA, to assist in the recruitment for the members to be added to the Board of Directors of the Company pursuant to Section 6(c)

(i) Employment Agreements. The Company shall use its best efforts to promptly enter into employment agreements with Wenbing Chris Wang and the other members of Management (and the Investors acknowledge that the other members of Management will be designated and by CA and the employment agreements will be with such terms as acceptable to CA).

(j) Transfer of Dalian Fushi Employees. The Company, WOFE and Dalian Fushi shall use their best efforts to promptly transfer the employment of all employees of Dalian Fushi to WOFE in accordance with applicable Laws. WOFE will enter into an employment agreement with each such transferred employee (the terms of which shall be acceptable to CA) and pay all social security, insurance, housing and other applicable fees and costs required under applicable Law.

(k) Compliance with Law. The shareholder(s) of the WOFE shall comply with Bulletin No. 75 Notice issued by the PRC State Administration of Foreign Exchange, including but not limited to, the obligation to file disclosure forms with respect to their ownership status in the Company on or before March 31, 2006, and the obligation to transfer any dividends or profits they received offshore to the PRC within 180 days upon the receipt of such dividends or profits.

27

(l) Completion of Restructuring. Commencing at the Closing, the Company, WOFE and Dalian Fushi shall use their best efforts to complete in all respects the restructuring and related transactions contemplated by the Restructuring Agreements, including without limitations, by taking the following actions and obtaining the following approvals and certificates under applicable Laws, all of which shall be completed within 15 days of the Closing (the "Restructuring Completion Date"):

(i) WOFE shall obtain an audit of its registered capital by an accounting firm duly qualified to conduct such audits in the People's Republic of China and a capital verification report from such firm (the "Capital Report");

(ii) WOFE shall file the Capital Report with the PRC State Administration for Industry and Commerce in Dalian, People's Republic of China;

(iii) Immediately following the registered capital verification process is completed, WOFE shall transmit to Dalian Fushi the full purchase price for the assets to be purchased by it under the Restructuring Agreements and upon receipt of the purchase price, the title for the Acquired Assets will be transferred to WOFE;

(iv) WOFE shall arrange for, and have completed, an environmental report and inspection with respect to the machinery and equipment purchased by the WOFE pursuant to the Restructuring Agreements and as required under applicable Laws;

(v) Dalian Fushi shall commence the patent transfer procedure as contemplated in the Restructuring Agreements, which procedure is estimated to take three to five months to complete; prior to the effectiveness of the patent transfer, the Company and its Subsidiaries shall have the exclusive legal right, royalty free, to use all of the patents specified in the Restructuring Agreements. Dalian Fushi shall execute any license agreements required by the Company that the Company deems necessary or advisable;

(vi) WOFE shall obtain a new business license allowing it to conduct the Business;

(vii) Dalian Fushi shall arrange for, and have completed, the granting of a secondary lien on the Leased Assets to WOFE (only up to the amount permissible under applicable Laws);

(viii) Dalian Fushi shall send a written notice to its existing customers seeking consent to the assignment of all contracts of Dalian Fushi to WOFE. Dalian Fushi shall use its best efforts to obtain such consent. To the

extent that customers agree to the assignment, Dalian Fushi shall assign and transfer all such contracts to WOFE; to the extent that customers do not agree to assign the contracts to WOFE, Dalian Fushi shall perform the contracts with WOFE's assistance as specified under the Restructuring Agreements and continue to seek such consents;

(ix) As soon as the new business license for WOFE is obtained, WOFE and Dalian Fushi shall complete for WOFE the tax registration with, and obtain a tax certificate from, the tax bureau;

28

(x) As soon as the new business license for WOFE is obtained, WOFE and Dalian Fushi shall complete the registration with customs authorities, if applicable; and

(xi) WOFE and Dalian Fushi shall complete other registrations and filings with such competent authorities that are necessary for the conduct of the Business by the Company and its Subsidiaries and required by applicable Laws.

(m) Filing of Registration Statement. The Company shall file a Registration Statement with the SEC under the Securities Act for the registration of the Common Stock issuable upon conversion of the Series B acquired by the Investors within 5 days after the Closing Date under this Agreement.

(n) Company Bylaws. The Company shall use its best efforts to obtain shareholder approval for, and take all steps necessary to adopt, amended and restated bylaws (and the Investors acknowledge that the bylaws must be acceptable to CA) within 60 days after the Closing, and prepare and file a preliminary Schedule 14C information statement relating to the adoption and amendment of the Company bylaws within 15 days from the Closing Date.

7. CONDITIONS TO OBLIGATION TO CLOSE.

(a) Conditions to Obligation of the Investors. The obligation of each of the Investors to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3 shall be true and correct in all material respects;

(ii) the certificate of designation containing the terms of the Series B as set forth in Exhibit A shall be filed;

(iii) the certificate of designation containing the terms of the Series A Preferred Stock of the Company as set forth in Exhibit A shall be filed;

(iv) the Company shall have completed an audit on the Company and its Subsidiaries (including Dalian Fushi) conducted by Jimmy H. Cheung & Co. for the fiscal years ended December 31, 2004 and December 31, 2003, and the Company shall have received an unqualified audit opinion;

(v) the Company shall have completed a share exchange with all of the stockholders of DPI, whereby the Company shall become the sole owner of DPI and sole indirect owner of WOFE;

(vi) the Company, Dalian Fushi and Management shall have delivered to the Investors a certificate to the effect that each of the conditions specified in Section 7(a) (i)-(v) is satisfied in all respects; all actions to be taken by the Company in connection with consummation of the transactions contemplated by this Agreement and all certificates and other documents reasonably required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Investors.

29

The Investors may waive any condition specified in this Section 7(a) if they execute a writing so stating at the Closing.

(b) Conditions to Obligation of the Company, Dalian Fushi and Management. The obligation of the Company, Dalian Fushi and Management to consummate the transactions to be performed by them in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 4 shall be true and correct in all material respects (for purposes of this Section, any representation or warranty that is qualified by a materiality standard shall be read without regard to any such materiality qualification as if such

qualification were not contained therein);

(ii) the Investors shall have delivered to the Company a certificate to the effect that the condition specified above in Section 7(b) (i) is satisfied in all respects;

(iii) the Company shall have received the Ancillary Agreements executed by the Investors, as applicable; and

(iv) all actions to be taken by the Investors in connection with consummation of the transactions contemplated hereby and all certificates, instruments, and other documents reasonably required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Company.

The Company may waive any condition specified in this Section 7(b) if it executes a writing so stating at the Closing.

8. REMEDIES FOR BREACHES OF THIS AGREEMENT.

(a) Survival of Representations and Warranties. All the representations, warranties, covenants, indemnities and other agreements contained in this Agreement shall survive two years from the effective date of the Registration Statement filed pursuant to Section 6(m).

(b) Indemnification Provisions for Benefit of the Investors. In addition to any indemnification under Section 5, in the event the Company, Dalian Fushi or Management breaches any of its representations, warranties and covenants contained herein, the Company, Dalian Fushi and Management, jointly and severally, agree to indemnify, defend and hold harmless the Investors and any of their directors, officers, employees, agent, representatives or Affiliates (each, an "Indemnified Party") from and against the entirety of any Adverse Consequences the Investors may suffer through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of, or caused by the breach (or the alleged breach). The aggregate Liability of the Company and Dalian Fushi under this Section 8(b) shall be limited as to each Investor to the amount of the Purchase Price paid by such Investor as set forth on Exhibit C; provided, however, that this limitation on Liability shall not apply to any indemnification of the Investors pursuant to Section 5. To satisfy any rights to indemnification pursuant to this Section 8 or Section 5, claims by the Indemnified Party may be made for (i) cash or (ii) Dual Purposes Escrow Shares pursuant to the terms and provisions of the Stock Escrow Agreement, as amended, in each case at the option and in the sole discretion of the Indemnified Party. Notwithstanding anything to the contrary in this Agreement, none of the Indemnified Parties shall be entitled to assert any right to indemnification under this Section 8(b) until the aggregate Liability relating to any Adverse Consequences claimed by one or more of the Indemnified Parties exceeds \$100,000 (whether resulting from one claim or a series of claims, separate or related), and in such event the Indemnified Parties shall be entitled to recover the full amount of all such Liability from the first dollar without regard to the \$100,000 minimum threshold and this minimum threshold shall not apply to any subsequent claims by the Indemnified Parties under this Section 8(b).

30

(c) Matters Involving Third Parties.

(i) If any third party shall notify any Indemnified Party with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under Section 5 or this Section 8, then each Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is actually and materially prejudiced.

(ii) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within 15 days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (C) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (D) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely

to establish a precedential custom or practice adverse to the continuing business interests of the Indemnified Party, and (E) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(iii) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 8(d)(ii), (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably).

(iv) In the event any of the conditions in Section 8(d)(ii) is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate (and the Indemnified Parties need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Parties will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses), and (C) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in Section 5 or this Section 8, as applicable.

31

9. MISCELLANEOUS.

(a) No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(b) Entire Agreement. This Agreement (including any Ancillary Agreements) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(c) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his or its rights, interests, or obligations hereunder without the prior written approval of the other Party; provided, however, that any Investor may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases the Investor shall no longer remain responsible for the performance of all of its obligations hereunder).

(d) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(e) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Notices. All notices, consents, waivers and other communications under this Agreement must be in writing and will be deemed given to a Party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid), (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment, or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested; in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the individual (by name or title) designated below (or to such other address, facsimile number, e-mail address or individual as a party may designate by notice to the other parties):

If to the Investors:

Heller Capital Investments, LLC
700 East Palisades Avenue
Englewood Cliffs, NJ 07632
Attention: Ronald I. Heller
Telephone No.: 201-816-4235
Facsimile No.: 201-569-5014
E-mail: smallcap777@yahoo.com

32

If to the Company, Dalian Fushi or Management:

Parallel Technologies, Inc.
558 Lime Rock Road
Lakeville, Connecticut 06039
Attention: John D. Kuhns
Telephone No.: 860-435-7000
Facsimile No.: 860-435-6540
E-mail: jdkuhns@kuhnsbrothers.com

with a copy (which shall not constitute notice) to:

Guzov Ofsink, LLC
600 Madison Avenue, 14th Floor
New York, New York 10022
Attention: Darren L. Ofsink
Telephone No.: (212) 371-8008
Facsimile No.: (212) 688-7273
E-mail: dofsink@golawintl.com

(g) Controlling Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to choice of law provisions, statutes, regulations or principles of this or any other jurisdiction. Each Party hereby irrevocably submits to the exclusive jurisdiction (including personal jurisdiction) of the state and federal courts of the State of New York for any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other jurisdiction to venue therein). Process in any Proceeding under this Agreement may be served on any Party anywhere in the world. Notwithstanding the foregoing, nothing in this Agreement shall preclude the Investors the right to commence Proceedings relating to this Agreement in any foreign jurisdiction, including the People's Republic of China.

(h) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Company and Heller. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(i) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. Furthermore, in lieu of such invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(j) Expenses. The Company shall bear all costs and expenses relating to the acquisition of assets of, and certain additional rights of and to, Dalian Fushi, provided that the Company shall not bear any Investors' costs and expenses in connection with the transactions contemplated by this Agreement and any Ancillary Agreement (including legal fees and expenses of legal counsel to the Investors). Except as otherwise provided elsewhere in this Agreement, each of the Parties will bear his or its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

33

(k) Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

(l) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a

part hereof.

(m) Specific Performance. Each of the Parties acknowledges and agrees that the Investors would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the Investors shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

(n) Disputes; Arbitration. Subject to Section 9(n), any issue, dispute, Proceeding or controversy arising out of or relating to this Agreement (or any Ancillary Agreement), its alleged breach or its subject matter (a "Dispute") shall be resolved pursuant to this Section 9(o).

(i) Any Dispute shall first be referred to Heller as a representative of the Investors and a representative of the Company who has authority to settle the controversy for resolution between such Parties, if possible. Those Persons may, if they desire, consult outside experts or a mutually respected disinterested Person for assistance in arriving at a resolution.

(ii) If any Dispute cannot be resolved after good faith negotiation, either Party or the Indemnifying Party or its applicable Affiliate, may, by written notice ("Arbitration Notice") to the other, demand to have the claim finally and exclusively settled by confidential and binding arbitration in New York, New York, governed by the laws of the State of New York and in accordance with the commercial rules of arbitration of the American Arbitration Association in effect at that time. A total of three arbitrators shall be appointed. Within 10 days after dispatch of the Arbitration Notice, each of the applicable Investors and the Company shall appoint one arbitrator, and the two so chosen shall select a third within 15 days of the expiration of the 10-day period. Each arbitrator shall have at least 10 years of experience in an industry or profession related to the subject matter involved in the Dispute, and all arbitration proceedings shall be held, and a transcribed record thereof shall be prepared, in English. Neither Party involved in the arbitration shall have the right to conduct discovery of the other (except as the arbitrators may so order on the application of either Party), but shall furnish to the arbitrators such information as the arbitrators may reasonably request to facilitate the resolving of the Dispute. The arbitrators shall announce the award and the reason therefor in writing within three months from the date of the selection of the third arbitrator, or such later date as the Parties may agree upon in writing. The losing Party on a specific claim or counterclaim shall bear all expenses of the arbitration, including those relating to the arbitrators, and attorney's fees, experts and presentation of proof with respect to that claim or

counterclaim. Any award granted by the arbitrators shall be final and binding upon the Parties and shall constitute the sole and exclusive remedy for any dispute between the Parties. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The Parties expressly submit to the non-exclusive jurisdiction of the courts of the United States of America for the enforcement of any arbitration award.

(Remainder of page intentionally left blank)

The Parties have executed and delivered this Agreement as of the date indicated in the first sentence of this Agreement.

PARALLEL TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____

DALIAN FUSHI BIMETALLIC MANUFACTURING COMPANY, LTD.

By: _____
Name: _____

Title: -----

MANAGEMENT OF DALIAN FUSHI BIMETALLIC
MANUFACTURING COMPANY, LTD.

Fu Li

Yang Yue

Yang Xishan

Chunyan Xu

Wenbing Chris Wang

(Signatures continue on following page)

A-1

THE INVESTORS
HELLER CAPITAL INVESTMENTS, LCC

By: -----
Name: Ronald I. Heller
Title: -----

(Signatures continue on following page)

A-2

HAYDEN COMMUNICATIONS, INC.

By: -----
Name: Matt Hayden
Title: -----

(Signatures continue on following page)

A-3

Brett Maas

A-4

EXHIBIT A

Certificates of Designations, Preferences and Rights
for Series A and Series B Convertible Preferred Stock

(See attached)

A-5

EXHIBIT B

Form of Warrant

B-1

EXHIBIT C

Investors

Names of Investors	Purchase Price	Percentage Among All Investors (based on \$12,000,000 total)	Shares of Series B Convertible Preferred Stock Purchased	Common Stock Issuable upon Conversion Post Reverse Split	Percentage of Outstanding Voting Capital Stock Post Reverse Split	Number of Shares Issuable upon Exercise of Warrant
Initial Investors under December 13 Stock Purchase Agreement						
<S> Chinamerica Fund, LP	<C> \$1,700,000	<C> 0.141666667	<C> 30,518.52	<C> 602,083.36	<C> 3.01%	<C> 301,041.67
Chinamerica Dalian Fushi Acquisition, LLC	\$1,000,000	0.083333333	17,952.07	354,166.68	1.77%	177,083.33
Pope Asset Management LLC	\$3,500,000	0.291666667	62,832.25	1,239,583.39	6.198%	619,791.67
Renaissance US Growth Investment Trust	\$1,000,000	0.083333333	17,952.07	354,166.68	1.77%	177,083.33
BFS US Special Opportunities Trust PLC	\$1,000,000	0.083333333	17,952.07	354,166.68	1.77%	177,083.33
John Peter Selda	\$100,000	0.008333333	1,795.20	35,416.53	0.17%	17,708.33
MidSouth Investor Fund LP	\$500,000	0.041666667	8,976.04	177,083.34	0.885%	88,541.67
Lyman O. Heidtke	\$125,000	0.010416667	2,244.01	44,270.86	0.22%	22,135.42
Lake Street Fund LP	\$700,000.00	0.058333333	12,566.45	247,916.68	1.24%	123,958.33
Fred L. Astman Wedbush Sec Inc. Cust IRA Rollover 10/13/92	\$350,000.00	0.029166667	6,283.22	123,958.34	0.62%	61,979.17
Barron Partners LP	\$1,250,000	0.104166667	22,440.09	442,708.40	2.21%	221,354.17
Sub-Total	\$11,225,000	94%	201,511.98	3,975,520.83	19.87%	1,987,760
Investors under this Agreement						
Heller Capital Investments, LLC	\$650,000	0.052083333	11,220.04	221,354.17	1.107%	110,677.08
Hayden Communications, Inc.	\$100,000	0.008333333	1,795.21	35,416.67	0.18%	17,708.33
Brett Maas	\$50,000	0.004166667	897.60	17,708.33	0.089%	8,854.17
Sub-Total	\$775,000	6%	13,912.85	274,479.17	1.37%	137,240
Total	\$12,000,000	100%	215,424.84	4,250,000.00	21.25%	2,125,000

C-1

EXHIBIT D

Intentionally Omitted

D-1

EXHIBIT E(1)

Stock Escrow Agreement

(See attached)

EXHIBIT E(2)

Amendment to Stock Escrow Agreement

(See attached)

E-1

EXHIBIT F

PR Escrow Agreement

(See attached)

F-1

EXHIBIT G

(Intentionally Omitted)

G-1

EXHIBIT H

Financial Statements

(See attached)

H-1

EXHIBIT I

Restructuring Agreements

(See attached)

I-1

EXHIBIT J

Use of Proceeds

(See attached)

J-1