



CHINA PRECISION TECHNOLOGY LIMITED

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

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

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

China Precision Technology Limited (the “Company”) is incorporated in Singapore on 17 May 2004 as a private limited company under the name of China Precision Technology Pte. Ltd.. The Company was incorporated for the purpose of acquiring the shares in the companies pursuant to the Restructuring Exercise as described in the Prospectus dated 25 April 2006.

On 8 May 2006, the Company was admitted to the Official List of SGX-ST.

The Restructuring Exercise under common control, as described in the Prospectus dated 25 April 2006, has been accounted for using the “pooling-of-interest” method. Accordingly, the Group’s consolidated financial statements for the financial year ended 31 December 2005 and its comparative figures have been prepared as if the Group has been in existence prior to the Restructuring Exercise. The results of the Group for the financial year ended 31 December 2004 have been accounted for since 1 January 2004. The assets and liabilities are brought into the consolidated balance sheet at their existing carrying amounts.

In our Prospectus dated 25 April 2006, we have presented the financial information for the nine-month financial period ended 30 September 2005. For completeness of disclosure, we have presented the financial information for the three months ended 31 December 2005 together with the full year financial information in this announcement.

Phillip Securities Pte Ltd (“PSPL”) is the issue manager and the sponsor of the Company’s initial public offering. This announcement has been prepared and released by the Company. PSPL is not required to and has not been involved in the preparation and release of this announcement and has not verified the accuracy, completeness or adequacy of the information contained herein. Accordingly, no representation, warranty, covenants, or recommendation, expressed or implied, is made by PSPL or any of its affiliates as to the accuracy, completeness or adequacy of the information contained in this announcement. PSPL does not accept responsibility for, and disclaim any liability with respect to, the accuracy of the information contained in this announcement or incorporated by reference herein.

CONSOLIDATED INCOME STATEMENT

| Note | Group For the 3 months ended | | | Group For the 12 months ended | | |
|---|---------------------------------|---------------|-------------|----------------------------------|---------------|-------------|
| | 31-Dec-05 | 31-Dec-04 | Changes | 31-Dec-05 | 31-Dec-04 | Changes |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Sales | 130,477 | 93,277 | 39.9 | 422,501 | 309,097 | 36.7 |
| Cost of sales | (86,026) | (62,010) | 38.7 | (276,030) | (199,945) | 38.1 |
| Gross profit | 44,451 | 31,267 | 42.2 | 146,471 | 109,152 | 34.2 |
| Other gains | 4,086 | 5,530 | (26.1) | 9,820 | 9,087 | 8.1 |
| Expenses | | | | | | |
| - Distribution | (5,387) | (4,425) | 21.7 | (16,683) | (14,641) | 13.9 |
| - Administrative | (14,417) | (7,701) | 87.2 | (54,757) | (33,801) | 62.0 |
| - Finance | (980) | (897) | 9.3 | (3,285) | (1,546) | 112.5 |
| - Others | (910) | (3,047) | (70.1) | (2,850) | (5,433) | (47.5) |
| Share of loss of an associated company | (c) - | (418) | (100.0) | (137) | (418) | (67.2) |
| Profit before income tax | (d) 26,843 | 20,309 | 32.2 | 78,579 | 62,400 | 25.9 |
| Income tax expense | (e) (3,583) | (168) | 2,032.7 | (8,336) | (1,170) | 612.5 |
| Profit for the financial period/year | 23,260 | 20,141 | 15.5 | 70,243 | 61,230 | 14.7 |
| Attributable to: | | | | | | |
| Equity holders of the Company | 23,264 | 20,141 | 15.5 | 70,299 | 61,230 | 14.8 |
| Minority interest | (4) | - | N.M | (56) | - | N.M |
| | 23,260 | 20,141 | 15.5 | 70,243 | 61,230 | 14.7 |

N.M: Not meaningful

Notes to Consolidated Income Statement

(a) Cost of Sales

Cost of sales comprises direct manufacturing costs such as direct labour, direct material and depreciation expenses and indirect manufacturing costs such as indirect labour and consumables.

(b) Other gains

| | Group | | | Group | | |
|---|------------------------|--------------|---------------|-------------------------|--------------|------------|
| | For the 3 months ended | | | For the 12 months ended | | |
| | 31-Dec-05 | 31-Dec-04 | Changes | 31-Dec-05 | 31-Dec-04 | Changes |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Subsidy income * | 1,539 | 3,767 | (59.1) | 3,486 | 5,923 | (41.1) |
| Scrap sales | 1,222 | 1,874 | (34.8) | 3,306 | 2,622 | 26.1 |
| Gain on disposal of an associated company | 423 | - | N.M | 423 | - | N.M |
| Interest income | 46 | 81 | (43.2) | 133 | 95 | 40.0 |
| Others | 856 | (192) | (545.8) | 2,472 | 447 | 453.0 |
| | <u>4,086</u> | <u>5,530</u> | <u>(26.1)</u> | <u>9,820</u> | <u>9,087</u> | <u>8.1</u> |

* Certain subsidiaries of the Group enjoy certain local government subsidies, at discretionary amounts as determined by the local government, as support for their development and expansion. There is no assurance that the subsidiaries could continue to enjoy such benefits in the future.

(c) Share of loss of an associated company

On 28 October 2005 the Group disposed its 50% equity interest in Suzhou Sunrise Communication Co., Ltd to a third party for a consideration of US\$750,000 (RMB 6,075,000).

(d) Profit before income tax

Profit before income tax is arrived at after charging (crediting) the following items:

| | For the 3 months ended | | | For the 12 months ended | | |
|---|------------------------|-----------|---------|-------------------------|-----------|---------|
| | 31-Dec-05 | 31-Dec-04 | Changes | 31-Dec-05 | 31-Dec-04 | Changes |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Depreciation of property, plant and equipment | 7,653 | 5,514 | 38.8 | 24,344 | 18,817 | 29.4 |
| Amortisation of intangible assets | 187 | 46 | 306.5 | 558 | 184 | 203.3 |
| Loss/(Gain) on disposal of property, plant and equipment | 51 | 40 | 27.5 | 113 | (79) | (243.0) |
| Allowance for impairment of trade receivables | - | 152 | (100.0) | 44 | 152 | (71.1) |
| Preliminary expenses written off | 287 | - | N.M | 287 | - | N.M |
| Allowance for impairment in inventories | - | 198 | (100.0) | - | 198 | (100.0) |
| Foreign exchange loss - net | 140 | 30 | 366.7 | 1,087 | 145 | 649.7 |
| | | | | | | |
| The following items were written off against the respective allowances made in prior year | | | | | | |
| Bad debts | 44 | - | N.M | 44 | - | N.M |
| Inventories obsolescence | - | - | N.M | - | - | N.M |

(e) Income tax expense

The Group effective tax rate for the financial year ("FY") ended 31 December 2005 was 10.6% which was higher than the effective tax rate of 1.9% for FY2004 as one of the subsidiaries, Ningbo Sunrise Electronics Co., Ltd, transitioned from fully tax exempt status to a 50% reduction in the applicable tax rate of 26.4%, resulting in an increase in income tax expense.

The income tax expense for FY2004 included an under-provision of current income tax in the preceding financial years of approximately RMB 1.0 million.

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

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 31-Dec-05 RMB'000 | 31-Dec-04 RMB'000 | 31-Dec-05 RMB'000 | 31-Dec-04 RMB'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and bank balances | 42,065 | 25,410 | 262 | 6,251 |
| Trade receivables | 123,234 | 79,945 | - | - |
| Prepayments and other receivables | 12,230 | 12,178 | 896 | 10 |
| Inventories | 51,656 | 33,883 | - | - |
| | <u>229,185</u> | <u>151,416</u> | <u>1,158</u> | <u>6,261</u> |
| Non-current assets | | | | |
| Investment in an associated company | - | 3,717 | - | - |
| Investment in subsidiaries | - | - | 65,273 | 64,789 |
| Property, plant and equipment | 162,268 | 94,875 | 5 | 15 |
| Intangible assets | 2,765 | 1,644 | - | - |
| Deferred income tax assets | 1,747 | - | - | - |
| | <u>166,780</u> | <u>100,236</u> | <u>65,278</u> | <u>64,804</u> |
| Total assets | <u>395,965</u> | <u>251,652</u> | <u>66,436</u> | <u>71,065</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Notes and trade payables | 76,568 | 39,667 | - | - |
| Other payables | 19,747 | 23,825 | 2,799 | 6,090 |
| Current income tax liabilities | 3,357 | 141 | - | - |
| Dividend payable | 5,629 | 13,735 | - | - |
| Borrowings | 85,624 | 13,866 | - | - |
| Redeemable convertible loan stocks | 33,898 | 35,460 | 33,898 | 35,460 |
| | <u>224,823</u> | <u>126,694</u> | <u>36,697</u> | <u>41,550</u> |
| Non-current liability | | | | |
| Borrowings | - | 33,600 | - | - |
| Deferred subsidy income | 6,667 | - | - | - |
| | <u>6,667</u> | <u>33,600</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>231,490</u> | <u>160,294</u> | <u>36,697</u> | <u>41,550</u> |
| Net assets | <u>164,475</u> | <u>91,358</u> | <u>29,739</u> | <u>29,515</u> |
| EQUITY | | | | |
| Capital and reserves attributable to the Company's equity holders | | | | |
| Share capital | 39,431 | 33,659 | 39,431 | 33,659 |
| Share premium | 159 | 159 | - | - |
| Translation reserve | (109) | (1,618) | (138) | (1,618) |
| Statutory reserve | 29,896 | 22,966 | - | - |
| Retained earnings/(Accumulated losses) | 94,689 | 36,192 | (9,554) | (2,526) |
| | <u>164,066</u> | <u>91,358</u> | <u>29,739</u> | <u>29,515</u> |
| Minority interest | 409 | - | - | - |
| Total equity | <u>164,475</u> | <u>91,358</u> | <u>29,739</u> | <u>29,515</u> |

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

- Amount repayable in one year or less, or on demand
- Amount repayable after one year

| | Group 31-Dec-05 | | Group 31-Dec-04 | |
|--|----------------------------|------------------------------|----------------------------|------------------------------|
| | Secured RMB'000 | Unsecured RMB'000 | Secured RMB'000 | Unsecured RMB'000 |
| Redeemable convertible loan stock | - | 33,898 | - | 35,460 |
| Bank loans | 52,024 | - | 13,866 | - |
| Entrusted loans due to a related party | - | 33,600 | - | 33,600 |
| | 52,024 | 67,498 | 13,866 | 69,060 |
| Of which: | | | | |
| Amount due within 1 year | 52,024 | 67,498 | 13,866 | 35,460 |
| Amount due after 1 year | - | - | - | 33,600 |
| | 52,024 | 67,498 | 13,866 | 69,060 |

As at 31 December 2005, bank loans were secured by corporate guarantees from subsidiaries, corporate guarantees from and leasehold land and buildings of, a related party, Zhejiang Zhongxing Precision Industry Co., Ltd, personal guarantees from our Executive Director, Mr Zhang Zhongliang and his spouse and leasehold land of our Group.

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2005

| | Note | Group | |
|--|------|-----------------|-----------------|
| | | 2005 RMB'000 | 2004 RMB'000 |
| Cash flows from operating activities | | | |
| Profit before income tax | | 78,579 | 62,400 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 24,344 | 18,817 |
| Interest expense | | 3,285 | 1,546 |
| Amortisation of intangible assets | | 558 | 184 |
| Gain on disposal of an associated company | | (423) | - |
| Share of loss of an associated company | | 137 | 418 |
| Net loss/(gain) on disposal of property, plant and equipment | | 113 | (79) |
| Interest income | | (133) | (95) |
| Effects of foreign exchange on translation | | (47) | (1,618) |
| Operating cash flow before working capital changes | | 106,413 | 81,573 |
| Change in operating assets and liabilities | | | |
| Pledged bank deposits | | (7,328) | (582) |
| Receivables | | (47,253) | (22,607) |
| Inventories | | (17,773) | (14,529) |
| Payables | | 45,540 | 7,920 |
| Cash generated from operations | | 79,599 | 51,775 |
| Interest income received | | 133 | 95 |
| Income tax paid | | (6,867) | (3,004) |
| Net cash provided by operating activities | | 72,865 | 48,866 |
| Cash flows from investing activities | | | |
| Net receipt from repayment of advances to related parties | | 77 | 12,050 |
| Acquisition of subsidiaries, net of cash acquired | | - | (24,159) |
| Investment in an associated company | | (2,072) | (4,135) |
| Purchase of property, plant and equipment, net of deferred subsidy income received | | (85,547) | (54,100) |
| Proceeds from disposal of property, plant and equipment | | 358 | 5,647 |
| Purchase of intangible asset | | (1,679) | - |
| Net cash used in investing activities | | (88,863) | (64,697) |
| Cash flows from financing activities | | | |
| (Repayment of advances)/Advances from related parties | | (8,540) | 4,620 |
| Proceeds from disposal of an associated company | | 2,835 | - |
| Proceeds from borrowings, net of repayments | | 38,158 | 28,997 |
| Dividends paid to former shareholders | | - | (36,086) |
| Proceeds from issuance of redeemable convertible loan stocks | | - | 35,460 |
| Proceeds from issuance of new ordinary shares | | 1,453 | 4,190 |
| Share issue expenses | | (5,782) | (2,220) |
| Contribution of capital by a minority shareholder of a subsidiary | | 465 | - |
| Interest expenses paid | | (3,264) | (1,546) |
| Net cash provided by financing activities | | 25,325 | 33,415 |
| Net increase in cash and cash equivalents | | 9,327 | 17,584 |
| Cash and cash equivalents at beginning of the financial year | | 20,930 | 3,346 |
| Cash and cash equivalents at end of the financial year | A | 30,257 | 20,930 |

The reconciliation of the cash and bank balances as disclosed in the consolidated balance sheet to the cash and cash equivalent as disclosed in the consolidated cash flow statement is as follows:

| Note A | Group | |
|---------------------------|-----------------|----------------|
| | 2005 | 2004 |
| | RMB'000 | RMB'000 |
| Cash and bank balances | 42,065 | 25,410 |
| Less: Restricted deposits | (11,808) | (4,480) |
| Cash and cash equivalent | 30,257 | 20,930 |

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

| Group | Attributable to equity holders of the Company | | | | | | Minority interest | Total equity |
|---|---|---------------|---------------------|---------------------|----------------|---|-------------------|----------------|
| | Share capital | Share premium | Translation reserve | Statutory reserve## | Merger reserve | Retained earnings/ (Accumulated losses) | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2005 | 33,659 | 159 | (1,618) | 22,966 | - | 36,192 | - | 91,358 |
| Contribution of capital by a minority shareholder of a subsidiary | - | - | - | - | - | - | 465 | 465 |
| Issue of new ordinary shares by the Company | 5,772 | 910 | - | - | - | - | - | 6,682 |
| Current translation differences | - | - | 1,509 | - | - | - | - | 1,509 |
| Net profit for the financial year | - | - | - | - | - | 70,299 | - | 70,299 |
| Minority shareholder share of results of a subsidiary | - | - | - | - | - | - | (56) | (56) |
| Transfer from retained earnings to statutory reserve | - | - | - | 6,930 | - | (6,930) | - | - |
| Total recognised gains for the financial year | - | - | 1,509 | 6,930 | - | 63,369 | (56) | 71,752 |
| Shares issue expenses | @ | (910) | - | - | - | (4,872) | - | (5,782) |
| Balance at 31 December 2005 | 39,431 | 159 | (109) | 29,896 | - | 94,689 | 409 | 164,475 |
| Balance at 1 January 2004 | 45,335 | 159 | - | 14,200 | - | (5,759) | - | 53,935 |
| Movement arising from Group Restructuring Exercise | | | | | | | | |
| Increase in paid up capital by a subsidiary | 12,401 | - | - | - | - | - | - | 12,401 |
| Issue of shares pursuant to Group Restructuring Exercise | 29,469 | - | - | - | - | - | - | 29,469 |
| Adjustment arising from Group Restructuring Exercise | # | (57,736) | - | - | (8,293) | - | - | (66,029) |
| Transfer from merger reserve to retained earnings | - | - | - | - | 8,293 | (8,293) | - | - |
| Sub-total | (15,866) | - | - | - | - | (8,293) | - | (24,159) |
| Current translation differences | - | - | (1,618) | - | - | - | - | (1,618) |
| Net profit for the financial year | - | - | - | - | - | 61,230 | - | 61,230 |
| Transfer from retained earnings to statutory reserve | - | - | - | 8,766 | - | (8,766) | - | - |
| Total recognised gains for the financial year | - | - | (1,618) | 8,766 | - | 52,464 | - | 59,612 |
| Issue of new ordinary shares by the Company | 4,190 | - | - | - | - | - | - | 4,190 |
| Shares issue expenses | @ | - | - | - | - | (2,220) | - | (2,220) |
| Balance at 31 December 2004 | 33,659 | 159 | (1,618) | 22,966 | - | 36,192 | - | 91,358 |

| Company | Attributable to equity holders of the Company | | | | | | Minority interest | Total equity |
|--|---|---------------|---------------------|---------------------|----------------|---|-------------------|---------------|
| | Share capital | Share premium | Translation reserve | Statutory reserve## | merger reserve | Retained earnings/ (Accumulated losses) | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at 1 January 2005 | 33,659 | - | (1,618) | - | - | (2,526) | - | 29,515 |
| Issue of new ordinary shares by the Company | 5,772 | 910 | - | - | - | - | - | 6,682 |
| Current translation differences | - | - | 1,480 | - | - | - | - | 1,480 |
| Net loss for the financial year | - | - | - | - | - | (2,156) | - | (2,156) |
| Total recognised gains/(loss) for the financial year | - | - | 1,480 | - | - | (2,156) | - | (676) |
| Shares issue expenses | - | (910) | - | - | - | (4,872) | - | (5,782) |
| Balance at 31 December 2005 | 39,431 | - | (138) | - | - | (9,554) | - | 29,739 |
| Balance at 1 January 2004 | - | - | - | - | - | - | - | - |
| Issue of shares pursuant to Group Restructuring Exercise | 29,469 | - | - | - | - | - | - | 29,469 |
| Current translation differences | - | - | (1,618) | - | - | - | - | (1,618) |
| Net loss for the financial year | - | - | - | - | - | (306) | - | (306) |
| Total recognised loss for the financial year | - | - | (1,618) | - | - | (306) | - | (1,924) |
| Issue of new ordinary shares by the Company | 4,190 | - | - | - | - | - | - | 4,190 |
| Shares issue expenses | - | - | - | - | - | (2,220) | - | (2,220) |
| Balance at 31 December 2004 | 33,659 | - | (1,618) | - | - | (2,526) | - | 29,515 |

The adjustment arising from the Group Restructuring Exercise represents the excess of the nominal value of shares issued by the Company and the cash consideration over the nominal value of shares acquired in exchange for those shares, accounted for using the pooling-of-interest method.

The statutory reserve represents amounts set aside in compliance with local laws in the People's Republic of China where subsidiaries of the Group operate

@ Shares issue expenses represent incremental costs which are directly attributable to the issuance of new shares pursuant to a proposed initial public offering in Singapore, which was not completed as at 31 December 2005.

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

Share Capital

| <u>Authorised</u> | <u>No. of Shares</u> | <u>S\$'000</u> |
|--|-----------------------------|-----------------------|
| Ordinary shares of S\$1 each – 1 January 2005 | 10,000,000 | 10,000 |
| Ordinary shares of S\$0.04 each – 31 December 2005 | 2,500,000,000 | 100,000 |
| Ordinary shares of S\$1 each – 17 May 2004 and 31 December 2004 | 10,000,000 | 10,000 |

| <u>Issued and fully paid</u> | <u>No. of Shares</u> | <u>RMB'000</u> |
|--|-----------------------------|-----------------------|
| Balance as at 1 January 2005 | 6,929,656 | 33,659 |
| Issue of shares for cash (i) | 107,441 | 543 |
| Issue of shares on capitalisation of advances (ii) & (iii) | 1,067,590 | 5,229 |
| Sub-division of 1 share of \$1 each into 25 shares of \$0.04 each | 194,512,488 | - |
| Balance as at 31 December 2005 | 202,617,175 | 39,431 |

- (i) On 23 February 2005, the issued ordinary share capital of the Company was increased by S\$107,441 (equivalent to RMB 543,583) by way of a new issue of 107,441 new ordinary shares of S\$1.00 each at a premium of approximately S\$1.67 per share for cash, totaling S\$287,144 (RMB 1,452,766), for working capital purposes. The newly issued shares rank pari passu in all respects with the previously issued shares.
- (ii) On 20 July 2005, the issued ordinary share capital of the Company was increased by S\$216,263 by way of a new issue of 216,263 ordinary shares of S\$1.00 each at par in consideration for the capitalisation of advances amounting to S\$216,263 (equivalent to RMB 1,059,217) from Hongkong Zhongxing Trading Limited. The newly issued shares rank pari passu in all respects with the previously issued shares.
- (iii) On 20 July 2005, the issued ordinary share capital of the Company was increased by S\$851,327 by way of a new issue of 851,327 ordinary shares of S\$1.00 each at par in consideration for the capitalisation of advances amounting to S\$851,327 (equivalent to RMB 4,169,646) from Mr. Zhang Zhongliang. The newly issued shares rank pari passu in all respects with the previously issued shares.

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

As part of the statutory audit of the Company and the Group, the balance sheet of the Company as at 31 December 2005 and the consolidated financial statements of the Group for the financial year ended 31 December 2005 have been audited in accordance with the Singapore Standards on Auditing.

The consolidated income statement for the 3 months ended 31 December 2005 and the related notes have not been reviewed or audited.

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

The auditors' report in respect of the statutory audit of the balance sheet of the Company and the consolidated financial statements of the Group is reproduced in Appendix A

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

Except for paragraph 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial year as those of the audited financial statements for the financial year ended 31 December 2004.

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

In 2005, the Group adopted the new or revised FRS and Interpretations to FRS ("INT FRS") that are applicable in the current financial year. The 2004 financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Group:

| | |
|-----------------------|---|
| FRS 1 (revised 2004) | Presentation of Financial Statements |
| FRS 2 (revised 2004) | Inventories |
| FRS 8 (revised 2004) | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 10 (revised 2004) | Events after the Balance Sheet Date |
| FRS 16 (revised 2004) | Property, Plant and Equipment |
| FRS 17 (revised 2004) | Leases |
| FRS 21 (revised 2004) | The Effects of Changes in Foreign Exchange Rates |
| FRS 24 (revised 2004) | Related Party Disclosures |
| FRS 27 (revised 2004) | Consolidated and Separate Financial Statements |
| FRS 28 (revised 2004) | Investments in Associates |
| FRS 32 (revised 2004) | Financial Instruments: Disclosure and Presentation |
| FRS 33 (revised 2004) | Earnings per Share |
| FRS 36 (revised 2004) | Impairment of Assets |
| FRS 38 (revised 2004) | Intangible Assets |
| FRS 39 (revised 2004) | Financial Instruments: Recognition and Measurement |
| FRS 102 | Share-based Payments |
| FRS 103 | Business Combinations |

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies.

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

| | Group | |
|---|--------------------|--------------------|
| | 31-Dec-05 | 31-Dec-04 |
| Net profit attributable to members of the Company (RMB'000) | <u>70,299</u> | <u>61,230</u> |
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | <u>188,825</u> | <u>114,175</u> |
| Basic earnings per share (RMB cents) | <u><u>37.2</u></u> | <u><u>53.6</u></u> |
| Diluted earnings per share (RMB cents) | <u><u>37.2</u></u> | <u><u>53.6</u></u> |

The weighted average number of ordinary shares in issue was based on the assumption that the Restructuring Exercise and the subdivision of shares have been completed on 1 January 2004.

Diluted earnings per share for the financial years ended 31 December 2005 and 31 December 2004 are the same as basic earnings per share because there were no potential dilutive ordinary shares existing during the respective financial years.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

| | 31-Dec-05 | | 31-Dec-04 | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | <u>Group</u> | <u>Company</u> | <u>Group</u> | <u>Company</u> |
| Net assets (RMB'000) | 164,475 | 29,739 | 91,358 | 29,515 |
| Number of ordinary shares ('000) | 202,617 | 202,617 | 173,241 | 173,241 |
| Net Asset Value per share (RMB cents) | <u><u>81.2</u></u> | <u><u>14.7</u></u> | <u><u>52.7</u></u> | <u><u>17.0</u></u> |

The total number of ordinary shares used to compute Net Asset Value per share for 31 December 2004 was 173,241,400 which is the total number of ordinary shares (6,929,656) issued at 31 December 2004 adjusted for the subdivision of 1 ordinary share of \$1 each into 25 ordinary shares of \$0.04 each.

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

Consolidated Income Statement – 4th quarter performance

(a) Sales for 4th quarter

The Group's sales in the fourth quarter of FY2005 ("4QFY2005") increased by RMB 37.2 million or 39.9% as compared to 4QFY2004. The increase in sales was attributable to both our business segments.

Sales of electronic tuner components increased by RMB 24.0 million or 30.3% from RMB 79.3 million in 4QFY2004 to RMB 103.3 million in 4QFY2005. The increase in sales of electronic tuner component was due to (i) an increase in orders from our customers, (ii) an increase in the volume of sales as a result the trend of digitalisation in the market (more electronic tuners are required in digital-based products as compared to analog-based products) and (iii) organic growth in the consumer electronic industry, such as Liquid Crystal Display ("LCD"), set-top boxes and Plasma Display Panel ("PDP").

Sales from our other segment increased by RMB 13.2 million or 94.3% from RMB 14.0 million in 4QFY2004 to RMB 27.2 million in 4QFY2005. The increase in sales of our other segment was mainly driven by increase in sales of connectors and precision components to telecommunication and office automation equipment industries by Suzhou Zhongxinglian. Sales from Suzhou Zhongxinglian grew from RMB 3.0 million in 4QFY2004 to RMB 12.4 million in 4QFY2005. This strong growth experienced by Suzhou Zhongxinglian was the result of our strategy to cross-sell our connectors and precision components to our existing electronic tuner component customers such as Sharp and Sony.

(b) Gross profit for 4th quarter

Gross profit increased by RMB 13.2 million or 42.2% from RMB 31.3 million in 4QFY2004 to RMB 44.5 million in 4QFY2005. Overall gross profit margin improved from 33.5% in 4QFY2004 to 34.1% in 4QFY2005.

The improvement in the overall gross profit margin was largely attributable to (i) higher utilisation rate at Suzhou Zhongxinglian (has just commenced operation in the last quarter of FY2004) which allowed us to enjoy greater economies of scale; and (ii) improvement in the gross profit margin of electronic tuner component from 35.3% in 4QFY2004 to 36.2% in 4QFY2005 due to higher utilisation rate as well as upward adjustment to our selling prices to factor in the increase in copper prices.

(c) Expenses for 4th quarter

Expenses increased by RMB 5.6 million or 35.0% from RMB 16.1 million in 4QFY2004 to RMB 21.7 million in 4QFY2005 as a result of:

- (i) an increase of RMB 1.0 million in distribution expenses in tandem with the increase in sales
- (ii) an increase of RMB 6.7 million in administrative expenses as a results of:
 - an increase of RMB 3.3 million in staff cost due to an increase in headcount in relation to our newly established subsidiary;
 - an increase of RMB 1.7 million in depreciation relating non-production related assets in line with the expansion of our subsidiaries;
 - an increase of RMB 0.3 million in foreign exchange losses;
 - an increase of RMB 0.3 million in research and development expenses; and
 - an increase of RMB 0.5 million in traveling and accommodation expenses
- (iii) offset by a reduction in RMB 2.1 million in other expenses due mainly to a reduction in incentive payment granted to customers for the early settlement of their balance owing to us.

(d) Share of loss of an associated company for 4th quarter

On 28 October 2005, the Group disposed its 50% equity interest in Suzhou Sunrise Communication Co., Ltd to a third party resulting in a reduction in loss from associated company of RMB 0.4 million in 4QFY2005.

(e) Profit before income tax for 4th quarter

Profit before income tax for 4QFY2005 increased by RMB 6.5 million or 32.2% from RMB 20.3 million in 4QFY2004 to RMB 26.8 million in 4QFY2005. The increase in profit before income tax was due to the increase in gross profit of RMB 13.2 million, reduction in other expenses and loss from associated company of RMB 2.1 million and RMB 0.4 million respectively which was offset by increase in distribution, administrative and finance expenses of RMB 7.8 million and reduction in other income of RMB 1.4 million.

(f) Income tax expense for 4th quarter

The Group effective tax rate for 4QFY2005 was 13.3% which was higher than the effective tax rate of 0.8% for 4QFY2004 as one of the subsidiaries, Ningbo Sunrise Electronics Co., Ltd, transited from fully tax exempt status to a 50% reduction in the applicable tax rate of 26.4%, resulting in an increase in income tax expense of RMB 3.4 million.

(g) Profit attributable to shareholders of the Company for 4th quarter

4QFY2005 profit attributable to shareholders of the Company increased by RMB 3.1 million or 15.5% from RMB 20.1 million in 4QFY2004 to RMB 23.3 million in 4QFY2005. Net profit margin for 4QFY2005 was 17.8% which was lower than 21.6% in 4QFY2004 due mainly to an increase in our effective tax rate.

Consolidated Income Statement – full year performance

(a) Sales for FY2005

The Group's sale for FY2005 increased by RMB 113.4 million or 36.7% as compared to FY2004. The increase in sales was attributable to both our business segments.

Sales of electronic tuner components increased by RMB 54.3 million or 19.1% from RMB 285.2 million in FY2004 to RMB 339.5 million in FY2005. The increase in sales of electronic tuner component was due to (i) an increase in orders from our customers, (ii) an increase in the volume of sales as a result of the trend of digitalisation in the market (more electronic tuners are required in digital-based products as compared to analog-based products) and (iii) organic growth in the consumer electronic industry, such as LCD, set-top boxes and PDP.

Sales from our other segment increased by RMB 59.1 million or 246.9% from RMB 23.9 million in FY2004 to RMB 83.0 million in FY2005. The increase in sales of our other segment was mainly driven by an increase in sales of precision connectors and components to telecommunication and office automation equipment industries by Suzhou Zhongxinglian. Sales from Suzhou Zhongxinglian grew from RMB 3.3 million in FY2004 to RMB 36.1 million in FY2005. This strong growth experienced by Suzhou Zhongxinglian was mainly due to our strategy to cross-sell our precision connectors and components to our existing electronic tuner component customers such as Sharp and Sony.

(b) Gross profit for FY2005

Gross profit increased by RMB 37.3 million or 34.2% from RMB 109.2 million in FY2004 to RMB 146.5 million in FY2005. Overall gross profit margin dipped from 35.3% in FY2004 to 34.7% in FY2005.

The slight reduction in gross profit margin was due to the reduction in gross profit margin of our electronic tuner component from 37.7% in FY2004 to 36.9% in FY2005 which was mainly attributable to the increase in copper prices. The reduction in gross profit margin of our electronic tuner component was mitigated by an improvement in the gross profit margin of our other business segment from 7.3% in FY2004 to 25.5% in FY2005 as a result of higher utilisation rate for our production facilities in Suzhou City as well as electroplating services for automotive parts in Cixi City.

(c) Expenses for FY2005

Expenses increased by RMB 22.2 million or 40.0% from RMB 55.4 million in FY2004 to RMB 77.6 million in FY2005 as a result of:

- (i) an increase of RMB 2.0 million in distribution expenses in tandem with the increase in sales
- (ii) an increase of RMB 21.0 million in administrative expenses due mainly to the following:
 - an increase of RMB 6.7 million in staff cost due to an increase in headcount, largely attributable to newly formed subsidiary;
 - an increase of RMB 2.9 million in general office expense mainly in relation to our Company as well as Suzhou Zhongxinglian;

- an increase of RMB 2.0 million in depreciation relating non-production related assets in line with the expansion of our subsidiaries;
 - an increase of RMB 2.0 million in rental expenses mainly in relation to Suzhou Zhongxinglian;
 - an increase of RMB 1.7 million in traveling and accommodation expenses
 - an increase of RMB 1.0 million in repair and maintenance expenses;
 - an increase in RMB 1.0 million in expenses paid to various professionals such as auditors and other accreditation agencies;
 -
 - an increase of RMB 0.9 million in foreign exchange losses due mainly to the de-pegging of the RMB against the USD;
 - an increase of RMB 0.3 million in preliminary expenses written off in relation to the formation of our new subsidiary, Wuxi Ruite; and
 - an increase of RMB 0.2 million in directors' fee;
- (iii) an increase of RMB 1.7 million in finance expenses as a result of higher level of banking facilities utilised to finance the expansion plans at our subsidiaries while awaiting for the funds from the initial public offer.
- (iv) offset by a reduction of RMB 2.6 million in other expenses due mainly to a reduction in incentive payment granted to customers for the early settlement of their balance owing to us.

(d) Profit before income tax for FY2005

Profit before income tax for FY2005 increased by RMB 16.2 million or 25.9% from RMB 62.4 million in FY2004 to RMB 78.6 million in FY2005. The increase in profit before income tax was due to the increase in gross profit of RMB 37.3 million, increase in other income of RMB 0.7 million, reduction in other expenses and loss from associated company of RMB 2.6 million and RMB 0.3 million respectively which was offset by increase in distribution, administrative and finance expenses of RMB 24.7 million.

(e) Income tax expense for FY2005

The Group effective tax rate for FY2005 was 10.6% which was higher than the effective tax rate of 1.9% for FY2004 as one of the subsidiaries, Ningbo Sunrise Electronics Co., Ltd, transited from fully tax exempt status to a 50% reduction in the applicable tax rate of 26.4%, resulting in an increase in income tax expense of RMB 10.0 million which was offset by the recognition of deferred income tax assets of RMB 1.7 million.

In FY2001 and FY2002, a subsidiary, Ningbo Zhongjun Electronics Co., Ltd, accrued for income tax at the then applicable rate of 13.2%. Payment of part of such income tax was made in FY2004 when the applicable tax rate was 26.4%. Ningbo Zhongjun Electronics Co., Ltd was required by the relevant tax authority to pay such income tax at the rate of 26.4% instead of 13.2% resulting in a tax charge of RMB 1.0 million in FY2004. No such under-provision occurred in FY2005.

(f) Profit attributable to shareholders of the Company for FY2005

FY2005 profit attributable to shareholders of the Company increased by RMB 9.1 million from RMB 61.2 million in FY2004 to RMB 70.3 million in FY2005. Net profit margin for FY2005 was 16.6% which was lower than 19.8% in FY2004 which was mainly due to an increase in our effective tax rate.

Consolidated Balance Sheet

There was no material variance for the Group balance sheet items between 31 December 2005 and 31 December 2004 except for the following:

- RMB 16.7 million increase in cash and bank deposits of which RMB 7.3 million were due to increase in restricted deposit placed with the bank in relation to the increase in credit facilities utilised by the Group as well as cash set aside in accordance with contracts for the construction of our factory in Suzhou City.

Cash flow from operating activities in FY2005 amounted to RMB 72.9 million and cash flow from financing activities amounted to RMB 25.3 million (mainly in the form of an increase in borrowings) which was offset by RMB 88.9 million cash flow used in investing activities (mainly for the acquisition of property, plant and equipment).

- RMB 43.3 million increase in trade receivables which was mainly in line with the increase in sales (debtors' turnover days for FY2005 was 89 days which was not materially different from 81 days in FY2004).
- RMB 17.8 million increase in inventories was in line with the increase in sales
- RMB 3.7 million reduction in investment in an associated company was in relation to the disposal of the associated company.
- RMB 67.4 million increase in property, plant and equipment due to RMB 92.2 million of additions made which was offset by depreciation expenses of RMB 24.3 million and RMB 0.5 million of disposal.
- RMB 36.9 million increase in notes and trade payables was mainly in line with the increase in sales (creditors' turnover days for FY2005 was 77 days which was not materially different from 73 days in FY2004).
- RMB 8.1 million reduction in dividend payable to Zhejiang Zhongxing Precision Industry Co., Ltd as a result of contra with advances made to it in prior years.
- RMB 38.2 million increase in total borrowing to finance the expansion of our various subsidiaries.
- RMB 6.7 million increase in deferred subsidy income was in relation to a subsidy received by Suzhou Zhongxinglian in relation to the purchase of land in Suzhou City. The deferred subsidy income will be amortised to the income statement over the term of the lease on a straight-line basis to match the depreciation charge of the leasehold land.

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

There is no material variance between the profit estimate, as disclosed in page 101 of the Prospectus dated 25 April 2006, and the actual audited results.

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

Please refer to paragraph 10 of our announcement of results for the first quarter of FY2006 dated 15 May 2006, which has been released at the same time as this announcement,

11. Dividend

(a) Current Financial Period Reported On

No dividend declared for the current financial period reported.

| | |
|---------------------------|---|
| Name of Dividend | - |
| Dividend Type | - |
| Dividend Amount Per Share | - |
| Par Value of Share | - |
| Tax Rate | - |

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend declared for the corresponding period of the immediately preceding financial year.

| | |
|---------------------------|---|
| Name of Dividend | - |
| Dividend Type | - |
| Dividend Amount Per Share | - |
| Par Value of Share | - |
| Tax Rate | - |

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared/recommendeded for the financial year ended 31 December 2005.

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

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

(a) Business segment

| | Electronic Tuner components | Others | Group |
|---|-----------------------------------|--------------|---------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Financial year ended 31 December 2005 | | | |
| Sales: | | | |
| - external sales | 339,517 | 82,984 | 422,501 |
| Segment result | 75,666 | 8,068 | 83,734 |
| Unallocated costs | | | (2,156) |
| Gain on disposal of an associated company | | | 423 |
| Finance expense | | | (3,285) |
| Share of loss of an associated company | | | (137) |
| Profit before income tax | | | 78,579 |
| Income tax expense | | | (8,336) |
| Profit for the financial year | | | 70,243 |
| Other segment items | | | |
| Capital expenditure: | | | |
| - property, plant and equipment | 29,212 | 63,002 | 92,214 |
| - Intangible assets | - | 1,679 | 1,679 |
| - investment in an associated company | 2,072 | - | 2,072 |
| Allowance for impairment of trade receivables | 44 | - | 44 |
| Depreciation and amortisation | 15,630 | 9,272 | 24,902 |

| | Electronic Tuner | | |
|--|-------------------------|----------------|----------------|
| | components | Others | Group |
| | RMB'000 | RMB'000 | RMB'000 |
| Financial year ended 31 December 2004 | | | |
| Sales: | | | |
| - external sales | 285,176 | 23,921 | 309,097 |
| Segment result | 65,516 | (845) | 64,671 |
| Unallocated costs | | | (307) |
| Finance expense | | | (1,546) |
| Share of loss of an associated company | | | (418) |
| Profit before income tax | | | 62,400 |
| Income tax expense | | | (1,170) |
| Profit for the financial year | | | 61,230 |
| Other segment items | | | |
| Capital expenditure: | | | |
| - property, plant and equipment | 43,428 | 10,672 | 54,100 |
| - investment in an associated company | 4,135 | - | 4,135 |
| Allowance for inventory write-down | 198 | - | 198 |
| Depreciation and amortisation | 16,099 | 2,902 | 19,001 |

(b) Geographical segment

| | Group Sales | |
|-------------------|--------------------|----------------|
| | 2005 | 2004 |
| | RMB'000 | RMB'000 |
| PRC and Hong Kong | 267,309 | 155,423 |
| Europe | 17,080 | 13,938 |
| Southeast Asia | 89,004 | 74,760 |
| Japan | 29,334 | 26,442 |
| Other countries | 19,774 | 38,534 |
| | 422,501 | 309,097 |

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

(a) Business segment

Sales contribution by our other segment grew from 7.7% in FY2004 to 19.6% in FY2005 due mainly to (i) our strategy to cross sell our services in the manufacture of precision components and connectors in our other business segment to our electronic tuner component customers, (ii) an increase in orders from Dongfeng Nissan and Dongfeng Honda in the provision of electroplating services for automotive parts and (iii) our effort to enlarge our client base in the telecommunication industries.

Segment profit from our other segment increased by RMB 8.9 million from a loss of RMB 0.8 million in FY2004 to a profit of RMB 8.1 million in FY2005 due to increase in sales and utilisation rate.

(b) Geographical segment

Sales in the PRC and Hong Kong accounted for 63.3% of the Group sales in FY2005, as compared to 50.3% in FY2004, which was due mainly to the increase in sales to our MNC customers in the PRC and Hong Kong.

Southeast Asia remained as the largest market outside the PRC and Hong Kong and accounted for 21.1% of our Group sales in FY2005.

15. A breakdown of sales

| | Group | | % increase (decrease) |
|---|-----------------|-----------------|--------------------------|
| | 2005 RMB'000 | 2004 RMB'000 | |
| Sales reported for the first half year | <u>171,260</u> | <u>136,874</u> | 25.1 |
| Operating profit after tax before deducting minority interest reported in the first half year | <u>27,895</u> | <u>20,414</u> | 36.6 |
| Sales reported for the second half year | <u>251,241</u> | <u>172,223</u> | 45.9 |
| Operating profit after tax before deducting minority interest reported in the second half year | <u>42,348</u> | <u>40,816</u> | 3.8 |

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

Total dividends

| | 2005 | 2004 |
|----------|----------|----------|
| Ordinary | - | - |
| Special | - | - |
| Total | <u>-</u> | <u>-</u> |

17. Interested persons transactions

| | Group 3 months ended | | Group financial year ended | |
|---|-------------------------|----------------------|-------------------------------|----------------------|
| | 31-Dec-05 RMB'000 | 31-Dec-04 RMB'000 | 31-Dec-05 RMB'000 | 31-Dec-04 RMB'000 |
| Finished goods sold to related parties | | | | |
| Hefei Rundong Communications Co., Ltd | 283 | 432 | 1,054 | 432 |
| Hong Kong Zhongxing Trading Limited | - | 12,576 | 15,611 | 34,081 |
| | <u>283</u> | <u>13,008</u> | <u>16,665</u> | <u>34,513</u> |
| Purchase of raw material from a related party | | | | |
| Hong Kong Zhongxing Trading Limited | - | 387 | 588 | 1,102 |
| | <u>-</u> | <u>387</u> | <u>588</u> | <u>1,102</u> |
| Sales of raw material to a related party | | | | |
| Cixi Hengxing Electronics Co., Ltd | - | 31 | 461 | 57 |
| | <u>-</u> | <u>31</u> | <u>461</u> | <u>57</u> |
| Processing fees paid and payable to a related party | | | | |
| Cixi Hengxing Electronics Co., Ltd | 7,891 | 2,888 | 23,729 | 10,791 |
| | <u>7,891</u> | <u>2,888</u> | <u>23,729</u> | <u>10,791</u> |
| Operating leases of certain leasehold land and buildings from a related party | | | | |
| Zhejiang Zhongxing Precision Industry Co., Ltd | 290 | 304 | 1,143 | 1,064 |
| | <u>290</u> | <u>304</u> | <u>1,143</u> | <u>1,064</u> |
| Property, plant and equipment purchased from a related party | | | | |
| Hong Kong Zhongxing Trading Limited | - | - | 357 | - |
| | <u>-</u> | <u>-</u> | <u>357</u> | <u>-</u> |
| Interest paid or payable to a related party | | | | |
| Zhejiang Zhongxing Precision Industry Co., Ltd | 402 | 611 | 1,606 | 611 |
| | <u>402</u> | <u>611</u> | <u>1,606</u> | <u>611</u> |
| Property, plant and equipment sold to related parties | | | | |
| Zhejiang Zhongxing Precision Industry Co., Ltd | - | - | - | 3,893 |
| Mr Du Changxiu | - | - | - | 1,288 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,181</u> |

BY ORDER OF THE BOARD

Zhang Zhongliang
15 May 2006

**AUDITORS' REPORT TO THE MEMBERS OF
CHINA PRECISION TECHNOLOGY LIMITED**

We have audited the accompanying financial statements of China Precision Technology Limited for the financial year ended 31 December 2005 set out on pages 6 to 65, comprising the balance sheet of the Company and the consolidated financial statements of the Group. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2005, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 5 May 2006