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PEARL RIVER TYRE (HOLDINGS) LIMITED

(Registered under the Companies Act, 1981 of Bermuda with limited liability)

(Stock Code: 01187)

ANNOUNCEMENT

(1) REVISION OF ESTIMATED CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS AND (2) CONTINUING CONNECTED TRANSACTIONS

The Directors expect the actual monetary value of the Bolex Transactions and the GGXTEG Transactions for the financial year ending 31 December 2008 will exceed their respective relevant approved caps and the Directors propose to revise the respective estimated caps of the Bolex Transactions and the GGXTEG Transactions for the financial year ending 31 December 2008.

The Board announces that for the three financial years ending 31 December 2011, the relevant percentage ratios of the transaction amount for each of the Bolex Transactions and the GGXTEG Transactions shall be on an annual basis less than 25% (on the basis of proportionate consolidation of the JV in accordance with the prevailing accounting standards applicable to the Group) and less than HK\$10,000,000.

Pursuant to Rules 14A.34 to 14A.35 of the Listing Rules, each of the Bolex Transactions and the GGXTEG Transactions is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements.

Reference is made to the announcement (the "Announcement") of the Company dated 20 April 2006. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE BOLEX TRANSACTIONS

Pursuant to an agreement (the “Bolex Master Agreement”) between the JV and Bolex in December 1996, the JV agreed to process certain raw materials for Bolex, in return for a contribution by Bolex of an agreed percentage of the cost of the equipment used and the employees employed for such processing service. As a further elaboration of and breaking down of these two parameters into five components, the contribution received and receivable from Bolex had actually been determined with reference to:

- (a) the cost of operating and maintaining the equipment used (including depreciation and maintenance expenses)*;
- (b) the cost of the employees employed*;
- (c) the cost of the raw materials incurred*;
- (d) the overhead costs such as insurance costs, administrative staff costs and sundry costs payable by Bolex to the JV*; and
- (e) other expenses (namely, utilities costs such as water, electricity, steam and compressed air consumed) incurred[#] subject to an annual revision on a retrospective basis against pre-determined unit price levels which were derived with reference to the market price levels and the actual cost accounting records of the JV based on the actual price levels of (as example) water and electricity charged by the PRC water supplies authority and PRC electricity authority respectively prevailing from time to time with reference to the then consumer price index*

* *The Directors confirm that the basis for sharing of cost components (a) to (d) above is as follows:*

Bolex's share = {total actual costs + 1% fixed percentage of mark-up} x {Bolex usage/(Bolex usage + JV's usage)}

The Directors confirm that the basis for sharing of cost component (e) above is as follows:

Bolex's share = {total actual costs inclusive of direct material components (c) + direct expenses labour cost (components (b)) & cost of equipment (components (a)) + overhead costs component (d) + 1% fixed percentage of mark-up} x {Bolex usage/(Bolex usage + JV's usage)}

On 18 April 2006, the JV and Bolex entered into an supplemental agreement to the Bolex Master Agreement pursuant to which the tenure of the Bolex Master Agreement was renewed for a period of three years from 1 January 2006 to 31 December 2008 and such tenure will be renewable automatically for every another 3 years upon expiry at the same terms and subject to compliance with the Listing Rules then prevailing. On 31 December 2008, the Bolex Master Agreement will be renewed automatically for a period of three years from 1 January 2009 to 31 December 2011 at the same terms.

Details of the Bolex Transactions

According to the annual reports of the Company for the two years ended 31 December 2007 and the unaudited interim results for the six months ended 30 June 2008 of the Company, the following table summarises the aggregate value of the Bolex Transactions:

Actual transactions between the JV and Bolex (HK\$'000)	For the year ended 31 December		For the six month ended
	2006	2007	30 June 2008
1. Contribution received and receivable from Bolex for			
(i) processing/providing raw material/ intermediate/consumable products;	620	835	240
(ii) charging of utilities (water, electricity, steam and compressed air consumed); and	6,985	5,413	4,712
(iii) the right to use the factory lift and the factory space	86	90	49
2. Interest income received and receivable from Bolex for amounts outstanding	<u>267</u>	<u>55</u>	<u>0</u>
Total of the Bolex Transactions	<u>7,958</u>	<u>6,393</u>	<u>5,001</u>

Revised caps for the Bolex Transactions for the financial year ending 31 December 2008

In light of (i) the increase in coal price since end of year 2007; (ii) the increase in electricity price which was adjusted upward twice during 2008; and (iii) the strong currency appreciation of Renminbi against HK dollar, the Directors expect the actual monetary value of the Bolex Transactions for the financial year ending 31 December 2008 will exceed the relevant approved caps and the Directors propose to revise the estimated caps (the “Revised Bolex Caps”) of the Bolex Transactions for the financial year ending 31 December 2008. As the Bolex Transactions will be carried out under the supplemental agreement entered into on 18 April 2006, no new agreements will be entered into for the Bolex Transactions as a result of the Revised Bolex Caps.

	Approved caps for the year ending 31 December 2008 <i>(HK\$'000)</i>	Actual amount for the six months ended 30 June 2008 <i>(HK\$'000)</i>	Revised caps for the year ending 31 December 2008 <i>(HK\$'000)</i>
1. Contribution received and receivable from Bolex for			
(i) processing/providing raw material/intermediate/consumable products;	850	240	850
(ii) charging of utilities (water, electricity, steam and compressed air consumed)	5,418	4,712	9,176
(iii) the right to use the factory lift and the factory space	97	49	97
2. Interest income received and receivable from Bolex for amounts outstanding	113	0	113

Basis for the Revised Bolex Caps

The Revised Bolex Caps have been arrived at on the basis of the historical audited/unaudited amount of the Bolex Transactions for the two years ended 31 December 2007 and the six months ended 30 June 2008. In particular, as far as the charging of utilities (water, electricity, steam and compressed air consumed) is concerned, its cap has been arrived at on the basis of sharing of utilities costs with Bolex (where Bolex’s share = {actual utilities cost (inclusive of overhead costs) + 1% fixed percentage of mark-up} x {Bolex usage/(Bolex usage + JV’s usage)}).

Caps of the Bolex Transactions for the upcoming three years ending 31 December 2011

The Directors estimate that the cap in respect of the Bolex Transactions for each of the three financial years ending 31 December 2011 to amount to approximately HK\$9,394,000, HK\$9,394,000 and HK\$9,394,000 respectively, which are detailed in the following table:

Budgeted transactions between the JV and Bolex (HK\$'000)	For the year ending 31 December		
	2009	2010	2011
1. Contribution received and receivable from Bolex for			
(i) processing/providing raw material/ intermediate/consumable products;	130	130	130
(ii) charging of utilities (water, electricity, steam and compressed air consumed); and	9,176	9,176	9,176
(iii) the right to use the factory lift and the factory space	88	88	88
	<u>9,394</u>	<u>9,394</u>	<u>9,394</u>
Estimated caps of the Bolex Transactions	<u>9,394</u>	<u>9,394</u>	<u>9,394</u>

The caps have been arrived at on the basis of the historical audited/unaudited amount of the Bolex Transactions for the two years ended 31 December 2007 and the six months ended 30 June 2008. In particular, as far as the charging of utilities (water, electricity, steam and compressed air consumed) is concerned, its cap has been arrived at on the basis of sharing of utilities costs with Bolex (where Bolex's share = {actual utilities cost (inclusive of overhead costs) + 1% fixed percentage of mark-up} x {Bolex usage/(Bolex usage + JV's usage)}). In addition, the Company has also taken into account (i) the projected sales by Bolex in the coming three financial years ending 31 December 2011; (ii) the anticipated level of production costs based on the projected sales by Bolex in the coming three financial years ending 31 December 2011; (iii) the anticipated overhead costs, when determining the proposed caps for the coming three financial years ending 31 December 2011.

THE GGXTEG TRANSACTIONS

Pursuant to an asset investment and leasing agreement between the JV, the Company and GRTF dated 2 November 1994, the JV agreed to lease from GRTF the exclusive right to use certain machinery for the duration of the JV, being 30 years from December 1993 at RMB2,000,000 per annum.

Pursuant to the terms of a license agreement between the JV and GRTF dated 2 November 1994 which provided for the transfer to the JV of (a) the right to use the trademark "Pearl River" and (b) any technology and know-how necessary for the production of bias tyres at the production levels contained in the JV agreement for US\$1 million (HK\$7.8 million), GRTF and the JV have also entered into a formal agreement to licence dated 2 November 1994 pursuant to which GRTF has licensed the right to the exclusive use of the said trademark at a

monthly licence fee of 0.2% of the total monthly sales income derived from the sale of tyres bearing the said trademark. The JV is entitled to use the said trademark for the period from 1 January 1996 to 11 December 2023.

Pursuant to the leasing agreement between the JV and GRTF dated 28 October 1999, the JV agreed to lease a hostel from GRTF with a lease term of 20 years commencing from 1 January 2000 at an annual rental of RMB28,800 for the first 5 years, thereafter subject to revision based on the then consumer price index. No waiver from strict compliance with the requirements of the then Listing Rules was sought by the Company for this supplemental agreement.

Pursuant to a real estate lease contract between the JV and GRTF dated 30 October 2000, the JV agreed to lease a piece of land in Wabu Village, Tanbu Town, Huadu, Guangzhou City, Guangdong Province, the PRC with an area of 170,729 sq.m. and buildings erected thereon. The buildings leased from GRTF, with a total gross floor area of 42,547 sq.m., are mainly used by the JV for its office, industrial production and operations purposes. The lease term is 20 years from 20 December 2000 at RMB3,508,668 per annum. The lease rental will be revised based on the land use fee and real estate tax actually paid/payable to the government at any time when necessary. The Directors confirm that the lease rental will be revised only when the government revises the land use fee and real estate tax. It is envisaged that the adjustment (if any) will be based on and be proportional on a dollar-to-dollar basis to the land use fee and real estate actually paid/payable to the government. Details of this real estate lease transaction were disclosed in the announcement of the Company dated 30 October 2000 and in the circular of the Company dated 28 November 2000.

On 18 April 2006, four supplemental agreements (the “Supplemental GGXTEG Agreements”) were executed between the JV and GGXTEG pursuant to which the tenure of the respective original agreements in respect of four prevailing GGXTEG Transactions above was amended to 1 January 2006 to 31 December 2008 renewable automatically for every another 3 years upon expiry at the same terms, up to the respective date of the original tenure and subject to compliance with the Listing Rules then prevailing, with all other terms stipulated under each of the original agreements in respect of four prevailing GGXTEG Transactions remain unchanged. On 31 December 2008, the Supplemental GGXTEG Agreements will be renewed automatically for a period of three years from 1 January 2009 to 31 December 2011 at the same terms.

Details of the GGXTEG Transactions

According to the annual reports for the two years ended 31 December 2007 and the unaudited interim results for the six months ended 30 June 2008 of the Company, the following table summarises the aggregate value of the GGXTEG Transactions:

Actual transactions between JV and GGXTEG (HK\$'000)	For the year ended 31 December		For the six month ended
	2006	2007	30 June 2008
1. Lease rental for the exclusive right to use certain machinery payable to GGXTEG	1,950	1,847	1,105
2. Royalties for the right to use the trademark "Pearl River" and any technology and know-how necessary for the production of bias tyres payable to GGXTEG	470	359	195
3. Lease rental for a hostel payable to GGXTEG	28	23	20
4. Lease rental for a piece of land and buildings erected thereon payable to GGXTEG	<u>3,421</u>	<u>3,293</u>	<u>1,936</u>
Total of the GGXTEG Transactions	<u>5,869</u>	<u>5,522</u>	<u>3,256</u>

Revised caps for the GGXTEG Transactions for the financial year ending 31 December 2008

Given (i) the stronger currency appreciation of Renminbi against HK dollar; (ii) the increase in the use of “Pearl River” brand; and (iii) the increase in land use fee imposed by the government, the Directors expected the actual monetary value of the GGXTEG Transactions for the financial year ending 31 December 2008 will exceed the relevant approved caps and the Directors proposed to revise the estimated caps (the “Revised GGXTEG Caps”) of the GGXTEG Transactions for the financial year ending 31 December 2008. As the GGXTEG Transactions will be carried out under the Supplemental GGXTEG Agreements entered into on 18 April 2006, no new agreements will be entered into for the GGXTEG Transactions as a result of the Revised GGXTEG Caps.

	Approved caps for the year ending 31 December 2008 (HK\$'000)	Actual amount for the six months ended 30 June 2008 (HK\$'000)	Revised caps for the year ending 31 December 2008 (HK\$'000)
1. Lease rental for the exclusive right to use certain machinery payable to GGXTEG	1,884	1,105	2,241
2. Royalties for the right to use the trademark “Pearl River” and any technology and know-how necessary for the production of bias tyres payable to GGXTEG	350	195	500
3. Lease rental for a hostel payable to GGXTEG	27	20	41
4. Lease rental for a piece of land and buildings erected thereon payable to GGXTEG	3,306	1,936	4,266

Basis for the Revised GGXTEG Caps

The cap has been arrived at on the basis of the historical audited/unaudited amount of the GGXTEG Transactions for the two years ended 31 December 2007 and six months ended 30 June 2008.

Caps of the GGXTEG Transactions for the upcoming three years ending 31 December 2011

The Directors estimate that the cap in respect of the GGXTEG Transactions for each of the three financial years ending 31 December 2011 would amount to approximately HK\$7,532,000, HK\$7,532,000 and HK\$7,532,000 respectively, which are detailed in the following table:

Budgeted transactions between the JV and GGXTEG (HK\$'000)	For the year ending 31 December		
	2009	2010	2011
1. Lease rental for the exclusive right to use certain machinery payable to GGXTEG	2,272	2,272	2,272
2. Royalties for the right to use the trademark "Pearl River" and any technology and know-how necessary for the production of bias tyres payable to GGXTEG	560	560	560
3. Lease rental for a hostel payable to GGXTEG	41	41	41
4. Lease rental for a piece of land and buildings erected thereon payable to GGXTEG	<u>4,659</u>	<u>4,659</u>	<u>4,659</u>
Estimated caps of the GGXTEG Transactions	<u>7,532</u>	<u>7,532</u>	<u>7,532</u>

The caps have been arrived at on the basis of the historical audited/unaudited amount of the GGXTEG Transactions for the two years ended 31 December 2007 and six months ended 30 June 2008. In addition, the Company has also taken into account (i) the anticipated sales of bias tyres in the coming three financial years ending 31 December 2011; (ii) the anticipated land use fee from relevant authorities for the coming three financial years ending 31 December 2011; (iii) the anticipated consumer price index from relevant authorities for the coming three financial years ending 31 December 2011.

REASONS FOR THE BOLEX TRANSACTIONS AND THE GGXTEG TRANSACTIONS

The Company is principally engaged in the business of investment holding. The Group's principal asset is a 70% equity interest in the JV. The JV is principally engaged in the manufacture and sale of bias tyres for commercial vehicles.

Bolex is principally engaged in manufacture and sales of tyres. GGXTEG is engaged in, amongst others, manufacturing of automobile tyres, motorcycle tyres, bicycle tyres and other tyres, latex products, sundries and machinery.

The Directors envisage that the Bolex Transactions serve to better utilise the production capacity of the Group, given that the provision of processing services to Bolex can utilise the idle/surplus production capacity, factory space and factory lift of the JV and other utilities consumed thereby from time to time.

The Directors consider that the GGXTEG Transactions serve to facilitate the industrial production and operations of the Group by making available to the Group the necessary production technology/knowhow, trademark, machinery, office and hostel. The Directors, having made reasonable enquires, believe that GGXTEG has not offered or licensed its production technology/knowhow and trademark to any party other than the Group in relation to the particular products under the GGXTEG Transactions.

In the opinion of the Directors (including the independent non-executive Directors), each of the Bolex Transactions and the GGXTEG Transactions (as amended by each of the supplemental agreements as the case may be) have been conducted on an arm's length basis, on normal commercial terms, in the usual and ordinary course of business of the Group, and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole. The Directors (including the independent non-executive Directors) consider that the proposed caps for the Bolex Transactions and the GXTEEG Transactions for the three financial years ending 31 December 2011 are fair and reasonable. The Directors further confirm that the pricings under the Bolex Transactions and the GXTEEG Transactions are on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties.

COMPLIANCE

GGXTEG is a connected person of the Company under the Listing Rules as GGXTEG is the owner of 30% equity in the JV (in which the Group owns the balance of 70% equity). As Bolex is 75% owned by GGXTEG, Bolex is an associate of GGXTEG and hence also a connected person of the Company. Under the Listing Rules, each of the Bolex Transactions and the GGXTEG Transactions constitute continuing connected transactions for the Company.

As at 31 December 2006, the monetary value of the transactions occurred between the parties in respect of the following Bolex Transactions have exceeded the estimated caps set out in the Announcement:

	Estimated caps for the year ended 31 December 2006 (HK\$'000)	Actual amount for the year ended 31 December 2006 (HK\$'000)
1. Contribution received and receivable from Bolex for		
(i) processing/providing raw material/intermediate/consumable products;	850	620
(ii) charging of utilities (water, electricity, steam and compressed air consumed);	5,418	6,985
(iii) the right to use the factory lift and the factory space	97	86
2. Interest income received and receivable from Bolex for amounts outstanding	113	267
	<hr/>	<hr/>
Total of the Bolex Transactions	<u>6,478</u>	<u>7,958</u>

For the purpose of the Bolex Transactions, the annual cap sought under the Announcement was HK\$6,478,000 for each of the three years ended 31 December 2006, 2007 and 2008. In reality, the actual transacted size of the Bolex Transactions for the year ended 31 December 2006 was higher at HK\$7,958,000.

As at 31 December 2006, the monetary value of the transactions occurred between the parties in respect of the following GGXTEG Transactions have exceeded the estimated caps set out in the Announcement:

	Estimated caps for the year ended 31 December 2006 (HK\$'000)	Actual amount for the year ended 31 December 2006 (HK\$'000)
1. Lease rental for the exclusive right to use certain machinery payable to GGXTEG	1,884	1,950
2. Royalties for the right to use the trademark "Pearl River" and any technology and know-how necessary for the production of bias tyres payable to GGXTEG	400	470
3. Lease rental for a hostel payable to GGXTEG	27	28
4. Lease rental for a piece of land and buildings erected thereon payable to GGXTEG	3,306	3,421
Total of the GGXTEG Transactions	<u>5,617</u>	<u>5,869</u>

For the purpose of the GGXTEG Transactions, the annual cap sought under the Announcement was HK\$5,617,000, HK\$5,597,000 and HK\$5,567,000 for each of the three years ended 31 December 2006, 2007 and 2008 respectively. In reality, the actual transacted size of the GGXTEG Transactions for the year ended 31 December 2006 was higher at HK\$5,869,000.

Pursuant to Rule 14A.36 of the Listing Rules, the Company must re-comply with the relevant reporting and announcement requirements and/or the independent shareholders' approval requirements if the relevant cap under each of the Bolex Transactions and the GGXTEG Transactions is exceeded, or when the relevant agreements under each of the Bolex Transactions and the GGXTEG Transactions are renewed or there is a material change to the terms of the said agreements. Given that the relevant cap under each of the Bolex Transactions and the GGXTEG Transactions was less than 25% and less than HK\$10,000,000 on an annual basis, the Company is required to re-comply with the relevant reporting and announcement requirements. However, in the absence of the relevant disclosure in the letter from the auditor of the Company (which admittedly was due to inadvertent oversight by the new auditor firm appointed by the Company), coupled with a similar inadvertent oversight by the Company, the Company regretted to have then failed to comply with Rule 14A.36 of the Listing Rules in a timely fashion. Accordingly, the Company had breached Rule 14A.36 of the Listing Rules.

In this connection, the Company is prepared to fully re-comply with Rule 14A.36 by way of publishing an announcement disclosing the excess of the actual transaction size of the Bolex Transactions over the approved cap for the year ended 31 December 2006. The Company would like to reiterate that this unfortunate issue was an isolated incident and full disclosure on whether or not the actual size of the Bolex Transactions for the year ended 31 December 2006 have exceeded the cap disclosed in the Announcement had been duly made in a letter dated 8 April 2007 from the Auditor. In any event, the relative insignificant magnitude of the excess of the actual transaction size over the cap for the year ended 31 December 2006 would not trigger the next level of compliance requirements (i.e. shareholders' approval) under Chapter 14A of the Listing Rules.

In addition, for the three financial years ending 31 December 2011, the relevant percentage ratios of the transaction amount for each of the Bolex Transactions and the GGXTEG Transactions shall be on an annual basis less than 25% (on the basis of proportionate consolidation of the JV in accordance with the prevailing accounting standards applicable to the Group) and less than HK\$10,000,000. Pursuant to Rules 14A.34 to 14A.35 of the Listing Rules, each of the Bolex Transactions and the GGXTEG Transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders' approval requirements.

The Company shall set the annual cap for each of the Bolex Transactions and the GGXTEG Transactions every three years subject to the then prevailing Listing Rules.

ANNUAL REVIEW

Each year the independent non-executive Directors must review each of the Bolex Transactions and the GGXTEG Transactions and confirm in the annual report and accounts of the Company that they have been entered into in accordance with the relevant stipulations of Rule 14A.37 of the Listing Rules.

Subject to Rule 14A.39 of the Listing Rules, each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange), confirming that each of the Bolex Transactions and the GGXTEG Transactions has transacted in accordance with the relevant stipulations of Rule 14A.38 of the Listing Rules.

Subject to Rule 14A.40 of the Listing Rules, the Company shall promptly notify the Stock Exchange and publish an announcement in the newspapers if the Company knows or has reason to believe that the independent non-executive directors and/or auditors will not be able to confirm the matters set out in Rules 14A.37 and/or 14A.38 of the Listing Rules respectively. The Company may have to re-comply with Rules 14A.35(3) and (4) of the Listing Rules and any other conditions the Stock Exchange considers appropriate.

Pursuant to Rule 14A.36 of the Listing Rules, the Company must re-comply with the relevant reporting and announcement requirements and/or the independent shareholders' approval requirements if the relevant cap under each of the Bolex Transactions and the GGXTEG Transactions is exceeded, or when the relevant agreements under each of the Bolex Transactions and the GGXTEG Transactions are renewed or there is a material change to the terms of the said agreements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Bolex”	Guangzhou Bolex Tyre Limited, a Sino-foreign equity joint venture founded in the PRC on 11 November 1992, in which GGXTEG has a 75% interest and (to the best knowledge, information and belief having made reasonable enquires by the Directors) a third party independent of the Company and its connected persons (as defined in the Listing Rules) has a 25% interest. Bolex (as an associate of GGXTEG) is a connected person of the Company under the Listing Rules as GGXTEG is the owner of 30% equity in the JV (in which the Group owns the balance of 70% equity)
“Bolex Transactions”	together or individually, the continuing connected transactions as set out under the section headed “THE BOLEX TRANSACTIONS” in this announcement
“Company”	Pearl River Tyre (Holdings) Limited, a company incorporated under the laws of British Virgin Islands on 17 February 1994 and was continued under the laws of Bermuda by migration of its domicile on 21 October 1994, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“GGXTEG”	Guangzhou Guang Xiang Tyre Enterprises Group Company Limited, a PRC state-owned enterprise which was restructured in 2001 to take over the assets and liabilities of GRTF. GGXTEG is a connected person of the Company under the Listing Rules as GGXTEG is the owner of 30% equity in the JV (in which the Group owns the balance of 70% equity)
“GGXTEG Transaction(s)”	together or individually, the continuing connected transactions as set out under the section headed “THE GGXTEG TRANSACTIONS” in this announcement, and three of which had been granted a conditional waiver by the Stock Exchange on 16 July 1999 from strict compliance with the disclosure requirement under Rule 14.25(1) of the then Listing Rules
“Group”	the Company and its subsidiaries

“GRTF”	Guangzhou Rubber Tyre Factory, which is the former PRC partner owning 30% equity in the JV and which assets and liabilities were taken over by GGXTEG in 2001. GRTF was a connected person of the Company under the Listing Rules as GRTF was the owner of 30% equity in the JV (in which the Group owns the balance of 70% equity)
“JV”	Guangzhou Pearl River Tyre Limited, a sino-foreign joint venture which is 70% owned by the Group and 30% owned by GGXTEG
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States

By order of the Board of Directors
Goh Nan Yang
Director

Kuala Lumpur, 8 December 2008

For the purpose of this announcement, the exchange rate adopted is RMB1 = HKD1.1360. This exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or at any other rate at all.

As at the date of this announcement, the Board of Directors of the Company comprises of Mr Goh Nan Kioh, the Non-Executive Chairman, Mr Goh Nan Yang, being the Executive Director, Mr Yeoh Eng Khoon being the Non-Executive Director and Mr Yeow See Yuen and Mr Khoo Teng Keat being the Independent Non-Executive Directors.