

PEARL RIVER TYRE (HOLDINGS) LIMITED

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

(Stock Code : 01187)

RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

The Directors of Pearl River Tyre (Holdings) Limited (the "Company") are pleased to announce the audited consolidated results of the Company, subsidiaries and the joint venture (the "Group"), consolidated balance sheets and consolidated statements of cash flows for the financial year ended 31 December 2007 (the "financial year") together with the comparative figures for the financial year ended 31 December 2006 (the "previous financial year") and the notes thereon.

Review Of Results Of Operations

The Group registered a turnover of HK\$658,655,000 and consolidated loss of HK\$1,146,000 for the financial year. Basic loss per share was 1.1 Hong Kong cents.

The results of our principal business, Guangzhou Pearl River Rubber Tyre Limited (the "Joint Venture") can be summarised as follows:-

1. Sale of goods increased by approximately HK\$63.3 million representing a 7.2% growth for the financial year. The growth was driven by an increase in the export market, which grew by 11%.
2. The average gross profit margin increased during the financial year, achieving 7.3% as compared to the previous financial year of 6.8%. This was mainly due to the increase in selling prices.
3. The performance of the Joint Venture has been negatively impacted by the rise in raw material prices and the strengthening of the RMB. The partial loss of the tax rebate on exported goods has also affected our bottom line.

The consolidated loss was mitigated by a gain on fair value changes of held for trading investments listed in Malaysia of HK\$6.2 million.

Rather than relying on bias tyres for commercial vehicles, Off The Road ("OTR") and Light Truck Radial ("LTR") tyres will be our area of growth in 2008.

Consolidated Income Statement

	NOTE	2007 HK\$'000	2006 HK\$'000
Turnover	3	658,655	613,234
Cost of sales		(608,153)	(570,079)
Gross profit		50,502	43,155
Other income	4	6,198	5,867
Selling and distribution expenses		(10,862)	(10,209)
Administrative expenses		(23,915)	(20,861)
Other operating expenses		(15,251)	(19,366)
Finance costs	5	(7,818)	(5,661)
Loss before taxation	6	(1,146)	(7,075)
Income tax expense	7	-	-
Loss for the year		(1,146)	(7,075)
Basic loss per share : Hong Kong cents	8	(1.1)	(6.7)

Consolidated Balance Sheet

	NOTE	2007 HK\$'000	2006 HK\$'000
ASSETS AND LIABILITIES			
Non-Current Assets			
Property, plant and equipment		191,323	171,386
Operating lease prepayments		13,039	12,899
Investment in an associate		4,475	4,475
Investments in listed securities		114,721	109,773
Intangible asset		451	839
Total Non-Current Assets		324,009	299,372
Current Assets			
Investments in listed securities		22,497	16,407
Inventories		109,928	119,990
Trade receivables	10	40,020	32,299
Other receivables		15,438	11,189
Tax recoverable		965	-
Cash and cash equivalents		148,657	51,447
Total Current Assets		337,505	231,332
Current Liabilities			
Trade payables	11	86,727	67,080
Other payables and accruals		19,633	14,890
Amount due to a director		5,385	3,506
Provisions		6,573	5,686
Borrowings		165,317	81,874
Total Current Liabilities		283,635	173,036
Net Current Assets		53,870	58,296
Net Assets		377,879	357,668
EQUITY			
Share capital		110,716	110,716
Reserves		267,163	246,952
Total Equity		377,879	357,668

Consolidated Statement of Cash Flow

	2007 HK\$'000	2006 HK\$'000
Operating activities		
Loss before taxation	(1,146)	(7,075)
Adjustments for:-		
Allowance for doubtful debts	495	1,969
Amortisation of operating lease prepayments	788	748
Amortisation of intangible asset	434	412
Depreciation of property, plant and equipment	20,341	19,797
Interest expense	5,949	4,542
Plant and equipment written off	-	6
Provision for product warranty	454	-
Unrealised loss on foreign exchange	394	1,586
Loss/(Gain) on disposal of listed securities - held for trading	1,084	(47)
Gain on disposal of plant and equipment	-	(23)
Gain on fair value changes of listed securities - held for trading	(6,198)	(5,713)
Interest income	(584)	-
Dividend income from listed securities - available-for-sale	(826)	(774)
- held for trading	(519)	(318)
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Decrease/(Increase) in inventories	20,666	15,110
Increase in trade and other receivables	10,062	(10,950)
Increase in trade and other payables	(15,386)	(5,954)
	24,873	13,479
	<hr/>	<hr/>
Cash generated from operations	40,215	11,685
Interest received	584	-
Interest paid	(5,949)	(4,542)
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Net cash generated from operating activities	34,850	7,143
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Investing activities		
Purchase of property, plant and equipment	(27,146)	(9,387)
Purchase of listed securities - available-for-sale	-	(91)
- held for trading	(3,658)	(6)
Proceeds from disposal of listed securities - held for trading	4,381	151
Proceeds from disposal of plant and equipment	-	107
Dividends received	1,345	1,092
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Net cash used in investing activities	(25,078)	(8,134)
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Consolidated Statement of Cash Flow (Cont'd)

	2007 HK\$'000	2006 HK\$'000
Financing activities		
Drawdown of borrowings	165,317	81,874
Repayment of borrowings	(81,874)	(67,259)
Repayment from/(Advance to) a related party	1,082	(1,691)
Advances from a director	1,879	2,410
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Net cash generated from financing activities	86,404	15,334
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Net increase in cash and cash equivalents	96,176	14,343
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Cash and cash equivalents at beginning of the year	51,447	35,461
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Effect of foreign exchange rate changes, net	1,034	1,643
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Cash and cash equivalents at end of the year	148,657	51,447
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1. Basis of Preparation

The Company is listed on The Stock Exchange of Hong Kong Limited (“The Stock Exchange”). The financial statements of the Group and of the Company are prepared in Hong Kong dollars for the purposes of the reporting requirements that apply in Hong Kong. The financial statements of the Group and of the Company denominated in Hong Kong dollars have been prepared in accordance with all applicable HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance except that the investment in an associate is not accounted for in the consolidated financial statements using the equity method under HKAS 28 – Investments in Associates, as the directors consider that the amount involved is not material. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”).

During the financial year, the Group has adopted all of the new and revised Standards and Interpretations issued by the HKICPA that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2007. The adoption of these new and revised Standards and Interpretations did not result in substantial changes to the Group’s accounting policies nor have affected the amounts reported for the current year or prior years. However, as a result of the adoption of HKFRS 7, Financial Instruments: Disclosures and the amendment to HKAS 1, Presentation of Financial Statements: Capital Disclosures, there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, Financial Instruments: Disclosure and Presentation.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s and the Company’s objectives, policies and processes for managing capital.

Both HKFRS 2 and the amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in respect of the financial instruments.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKFRS 2 Amendment	Share-based payment – Vesting conditions and cancellation ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK (IFRIC) – INT 13	Customer loyalty programmes ³

¹ Effective for financial periods beginning on or after 1 January 2009.

² Effective for financial periods beginning on or after 1 July 2009.

³ Effective for financial periods beginning on or after 1 July 2008.

The Group is in the process of making an assessment of what the impact of these new or revised Standards or Interpretations is expected to be in the period of initial application.

2. Segmental Information

(i) Primary reporting format – business segments

	Manufacturing HK\$'000	Investment Holding HK\$'000	Elimination HK\$'000	Group HK\$'000
2007				
Turnover	657,306	1,349	-	658,655
RESULTS:				
Segment results (external)	3,859	2,800	13	6,672
Finance costs	(7,818)	-	-	(7,818)
Loss before taxation				(1,146)
Income tax expense				-
Loss for the year				(1,146)
OTHER INFORMATION:				
Segment assets	508,855	638,191	(485,532)	661,514
Segment liabilities	(272,841)	(79,807)	69,013	(283,635)
Capital expenditure	27,146	-	-	27,146
Depreciation and amortisation	21,359	204	-	21,563
2006				
Turnover	612,142	1,092	-	613,234
RESULTS:				
Segment results (external)	(3,136)	2,304	(582)	(1,414)
Finance costs	(5,661)	-	-	(5,661)
Loss before taxation				(7,075)
Income tax expense				-
Loss for the year				(7,075)
OTHER INFORMATION:				
Segment assets	390,328	625,376	(485,000)	530,704
Segment liabilities	(167,728)	(74,870)	69,562	(173,036)
Capital expenditure	9,076	311	-	9,387
Depreciation and amortisation	20,753	204	-	20,957

2. Segmental Information (Cont'd)

(ii) Secondary reporting format – geographical segments

	The PRC HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Elimination HK\$'000	Group HK\$'000
2007					
Turnover	657,306	-	1,349	-	658,655
RESULTS:					
Segment results (external)	3,859	-	2,800	13	6,672
Finance costs	(7,818)	-	-	-	(7,818)
Loss before taxation					(1,146)
Income tax expense					-
Loss for the year					(1,146)
OTHER INFORMATION:					
Segment assets	507,890	8,956	629,235	(484,567)	661,514
Segment liabilities	(272,841)	-	(79,807)	69,013	(283,635)
Capital expenditure	27,146	-	-	-	27,146
Depreciation and amortisation	21,359	-	204	-	21,563
2006					
Turnover	612,142	-	1,092	-	613,234
RESULTS:					
Segment results (external)	(3,136)	(4,608)	6,912	(582)	(1,414)
Finance costs	(5,661)	-	-	-	(5,661)
Loss before taxation					(7,075)
Income tax expense					-
Loss for the year					(7,075)
OTHER INFORMATION:					
Segment assets	390,328	7,648	617,728	(485,000)	530,704
Segment liabilities	(167,728)	-	(74,870)	69,562	(173,036)
Capital expenditure	9,076	-	311	-	9,387
Depreciation and amortisation	20,753	102	102	-	20,957

3. Turnover

	2007 HK\$'000	2006 HK\$'000
Sale of goods	656,502	609,947
Dividends received from securities listed on prescribed stock exchanges, outside Hong Kong		
- available-for-sale	826	774
- held for trading	519	318
Interest income	584	-
Other operating income	224	2,195
	<hr/>	<hr/>
	658,655	613,234
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4. Other Income

	2007 HK\$'000	2006 HK\$'000
Gain on fair value changes of listed securities - held for trading	6,198	5,713
Gain on disposal of listed securities - held for trading	-	47
Gain on disposal of plant and equipment	-	23
Other income	-	84
	<hr/>	<hr/>
	6,198	5,867
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5. Finance Costs

	2007 HK\$'000	2006 HK\$'000
Interest on bank loans	(5,949)	(4,542)
Others	(1,869)	(1,119)
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	(7,818)	(5,661)
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6. Loss Before Taxation

In addition to those disclosed in Note 3, 4 and 5, the loss before taxation is arrived at after charging/(crediting) the following:-

	2007 HK\$'000	2006 HK\$'000
Cost of goods sold	608,153	570,079
Staff costs (excluding directors' remuneration)		
- Wages, salaries and other benefits	35,803	32,129
- Retirement benefit scheme contribution	5,870	5,035
Allowance for doubtful debts	495	1,969
Auditors' remuneration		
- current year	479	479
- underprovision in the previous year	-	45
Amortisation of operating lease prepayments (included in administrative expenses)	788	748
Amortisation of intangible asset (included in administrative expenses)	434	412
Depreciation of property, plant and equipment	20,341	19,797
Plant and equipment written off	-	6
Provision for product warranty		
- additional	4,993	4,756
- utilised	(4,539)	(4,756)
Loss on disposal of listed securities - held for trading	1,084	-
Loss on foreign exchange, net		
- realised	4,735	1,293
- unrealised	394	1,586

7. Income Tax Expense

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong for the financial year and the previous financial year.

For the year ended 31 December 2007, the statutory corporate income tax rates applicable to the Joint Venture established and operating in the PRC was 27%. No taxation is provided for the Joint Venture as its taxable profit for the year is fully offset by unutilised tax losses brought forward.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"). This New CIT Law reduced the corporate income tax rate for domestic enterprise from 27% to 25% with effect from 1 January 2008.

7. Income Tax Expense (Cont'd)

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	2007 HK\$'000	2006 HK\$'000
Loss before taxation	(1,146)	(7,075)
Tax at the statutory tax rates		
- Mainland China @ 27%	(1,056)	(2,375)
- Hong Kong @ 17.5%	490	403
	(566)	(1,972)
Tax effects of:-		
Non-deductible expenses	915	869
Non-taxable income	(1,418)	(1,295)
Utilisation of unutilised tax losses brought forward	(407)	(200)
Deferred tax assets not recognised during the year	1,476	3,476
Others	-	(878)
Income tax expense	-	-

As at 31 December 2007, subject to the agreement with the local tax authorities, the Joint Venture had tax losses arising in PRC of RMB7,900,000 (2006 - RMB10,000,000) that were available for offsetting against future taxable profits. Such losses will be carried forward for five years from the year that the losses were incurred.

No deferred tax assets have been recognised on the following temporary differences due to the unpredictability of the future profitability of the Group:-

	2007 HK\$'000	2006 HK\$'000
Allowance for doubtful debts	27,492	25,109
Allowance for obsolete inventories	3,230	2,592
Provision for product warranty	6,455	5,568
Provision for sales incentives	8,221	7,791
Unrealised loss on foreign exchange	2,250	2,474
Unutilised tax losses	5,941	6,990
Others	14,423	8,804
	68,012	59,328

8. Basic Loss Per Share

The calculation of the basic loss per share is based on the net loss of HK\$1,146,000 (2006 - HK\$7,075,000) for the year and on the number of shares in issue during the year of 105,116,280 (2006 - 105,116,280).

There is no dilutive effect on the basic loss per share for the financial year and the previous financial year.

9. Dividends

No dividends were paid since the end of the previous financial year and the Directors do not recommend the payment of any dividends for the financial year. No dividends were recommended for the previous financial year.

10. Trade Receivables

	2007 HK\$'000	2006 HK\$'000
Trade receivables	67,512	57,407
Less: impairment of trade receivables	(27,492)	(25,108)
	40,020	32,299
	40,020	32,299

(a) Ageing analysis

The ageing analysis of trade receivables as at the balance sheet date is as follows:-

	2007 HK\$'000	2006 HK\$'000
Outstanding less than one year	38,880	32,528
Outstanding more than one year but less than two years	1,916	2,249
Outstanding more than two years	26,716	22,630
	67,512	57,407
Less: allowance for doubtful debts	(27,492)	(25,108)
	40,020	32,299
	40,020	32,299

The normal credit terms of trade receivables range from 7 to 30 days.

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2007 HK\$'000	2006 HK\$'000
At 1 January	25,108	22,337
Additional during the financial year	495	1,969
Effect of foreign exchange translation	1,889	802
	27,492	25,108
At 31 December	27,492	25,108

10. Trade Receivables (Cont'd)

(c) Trade receivables that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Neither past due nor impaired	22,198	20,183
Outstanding less than one year past due	16,643	11,741
Outstanding more than one year but less than two years past due	1,179	375
	<u>40,020</u>	<u>32,299</u>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. Trade Payables

The ageing analysis of trade payables as at the balance sheet date is as follows:-

	2007 HK\$'000	2006 HK\$'000
Outstanding less than one year	79,545	60,513
Outstanding more than one year but less than two years	666	2,397
Outstanding more than two years	6,516	4,170
	<u>86,727</u>	<u>67,080</u>

12. Comparative Figures

The following comparative figures have been reclassified to conform with the current financial year's presentation:-

	AS RESTATED HK\$'000	AS PREVIOUSLY REPORTED HK\$'000
CONSOLIDATED BALANCE SHEET (EXTRACT):-		
Non-current assets (Extract)		
Investment in listed securities	109,773	126,180
Current assets (Extract)		
Investment in listed securities	16,407	-
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CONSOLIDATED INCOME STATEMENT (EXTRACT):-		
Other income	5,867	6,372
Other operating expenses	(19,366)	(19,871)
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CONSOLIDATED CASH FLOW STATEMENT (EXTRACT):-		
Operating activities (Extract)		
Allowance for doubtful debts	1,969	2,474
Write back of allowance for doubtful debts	-	(505)
Write back of allowance for diminution in value of listed securities	-	(5,713)
Gain on fair value change of held for trading investments	(5,713)	
Other dividend income	-	(1,092)
Dividend income		
- available-for-sale	(774)	-
- held for trading	(318)	-
Investing activities (Extract)		
Purchase of listed securities	-	(97)
Proceeds from disposal of listed securities	-	151
Purchase of listed securities		
- available-for-sale	(91)	-
- held for trading	(6)	-
Proceeds from disposal of listed securities		
- held for trading	151	-
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13. Management's Discussion and Analysis

Business Review

The current trend for the tyre industry worldwide is that bias tyres is fast becoming a niche product. Over the last decade, radialisation has experienced double digit annual growth covering all sectors of the market, leaving only selected applications dominated by bias tyres.

The challenges faced today are:

1. Mitigating rising costs through higher plant efficiencies and various cost cutting measures, and
2. Strategically exiting low margin business. Identify and develop products of higher profit margin.

We have a clear business model to meet the above challenges. In 2007, we reduced our product variants down to 400 sizes from more than 600 a year ago. We have also strictly implemented a "build-to-order" system which has drastically reduced our inventory while improving cash flow.

The inclusion of both LTR and OTR into our product range will contribute significantly to our bottom line in the coming years. We remain committed to achieving a product mix of 3:3:4 (Radial:OTR:Bias) within the next 5 years.

We expect the Chinese banking sector to continue to limit capital lending while increasing interest rates. The Renminbi is set to appreciate further and there is also a strong possibility that the government will completely abolish tax rebate for export. With these conditions looming, our belief is that only quality product manufacturers will survive in the long term.

Sales

Our sales turnover continued to grow in 2007, whilst unit sales has registered a decline. This is in line with our strategy to enhance the sales of better margin products.

Lower range products, especially light truck applications were dominated by smaller manufacturers while the heavy duty segment is heavily radialised today. We have been actively developing and marketing our products in niche markets.

Today our mining tyre series is a clear success especially in the local market. Our tyres are highly sought after despite being more expensive than the equivalent radial tyre of the same size. Our specially developed tyre compound and construction are able to withstand the toughest coal and iron ore mining conditions. We will continue to expand sales in this sector.

We have recently successfully tested our tyres for shipping ports applications. We will continue to concentrate on this sector and a more comprehensive range will be developed for sales to ports worldwide.

Management recognizes the fact that further radialisation will continue and radial tyres will eventually replace bias tyres in most sectors. However, bias tyres will continue to prevail in selected applications, and we are consciously and actively moving towards these niche markets.

Our new LTR and OTR tyres are expected to contribute substantially in the medium to long term.

13. Management's Discussion and Analysis (Cont'd)

Production

Our strategy of "build-to-order" has had a profound impact on our way of production. We run our production to its highest efficiency and stop as soon as we meet customers' requirements. In this way, we have not only improved cash flow but reduced unnecessary inventory.

We continue to upgrade and refurbish our equipment in order to meet the growing standard especially in the environmental protection area. In 2008, a significant portion of budget has been allotted for major equipment such as 35 ton boiler, mixers and calendaring machine.

No new machinery were acquired in 2007 apart from the new production lines for LTR and OTR.

Prospect

We believe that the key to survival in this intensely competitive market is timely execution of a sound business plan. The various unexpected changes in government policies, volatile raw material prices, Renminbi appreciation and strict financial market have all posed a serious threat to all manufacturing sectors in China. Other threats include the implementation of the new labour law on 1 January 2008 and laws on environmental protection.

We are happy to point out that we have largely overcome the above threats. However, we are aware that further hard work is needed and we should spare no time in implementing our business plan of transforming our company.

A proper product mix will put us in a much better footing to weather any fluctuation in commodities prices and market risks.

Financial Review

Liquidity and Financial Resources

During the financial year, the Joint Venture had bank borrowings of RMB221.2 million. As cash flow remains positive, the Joint Venture does not foresee any working capital difficulties and accordingly expects the level of borrowings to remain stable over the next few years. As at 31 December 2007, the Group had cash and bank balances amounting to HK\$148,657,000 (2006 - HK\$51,447,000) and short-term borrowings of HK\$165,317,000 (2006 - HK\$81,874,000). The borrowings bear a weighted average interest rate of 7.19% (2006 - 5.74%) per annum. As at 31 December 2007, the Group had total assets of HK\$661,514,000 (2006 - HK\$530,704,000) which were financed by current liabilities of HK\$283,635,000 (2006 - HK\$173,036,000) and shareholders' equity of HK\$377,879,000 (2006 - HK\$357,668,000).

Capital Structure

There has been no change in the capital structure of the Company during the financial year.

Gearing and Liquidity ratio

The Group's gearing ratio, defined as the ratio between total borrowings and shareholders' equity, was 0.437 (2006 - 0.229). The liquidity ratio of the Group represented by a ratio between current assets over current liabilities, was 1.19 (2006 - 1.34).

13. Management's Discussion and Analysis (Cont'd)

Charges on Group Assets

As at 31 December 2007, the Joint Venture pledged buildings, relevant rights of land usage, production machinery and inventories by way of fixed charge and floating charge over the other assets of the Joint Venture for banking facilities granted.

Contingent Liability

The Group did not have any significant contingent liabilities as at 31 December 2007.

Employees

The Group currently employs a total of 1,938 employees. We expect this level of workforce to remain stable for the foreseeable future despite an increase in production. Wages are maintained at competitive levels and bonuses are awarded on a performance related basis. Nevertheless, the Group continues to review plant efficiency to ensure optimum levels of productivity are achieved consistently.

Foreign Currency Risk

The Group is subject to foreign currency risk as certain of its payables to raw materials suppliers and certain accounts receivable arising from export sales are denominated in foreign currencies, principally in US dollars. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's. Management will continue to monitor closely the exchange risk and hedge by forward exchange contracts and applicable derivatives when necessary.

14. Purchase, Sale Or Redemption Of Listed Securities

Neither the Company nor any of its subsidiaries and the Joint Venture purchased, sold or redeemed any of the Company's listed securities during the financial year.

15. Code Of Corporate Governance Practices

The Board is committed to ensure that best corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and improve the financial performance of the Group.

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx") throughout the financial year with the exception that the non-executive directors of the Company have no set terms of office but retire from office on a rotational basis in accordance with the Company's Bye-laws.

The Board aims to continually review and enhance the corporate governance practices of the Group.

16. Audit Committee

The Audit Committee comprises three non-executive directors, two of whom are independent non-executive directors. The chairman of the said committee is an independent non-executive director.

The Audit Committee is answerable to the Board of Directors and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting process. The Audit Committee had reviewed with the management of the Company and Shu Lun Pan Horwath Hong Kong CPA Limited, the auditors of the Company, the audited consolidated financial statements of the Group for the year ended 31 December 2007.

17. Audit Report

The audit report of the Group's financial statements for the financial year is unqualified.

18. Audited Financial Statements

The Group's audited financial statements for the financial year will be provided to the HKEx no later than 30 April 2008 for publication on the HKEx's website.

19. Annual General Meeting

The Fourteenth Annual General Meeting will be held at Guangzhou Pearl River Rubber Tyre Factory, Huadu, Guangzhou, The People's Republic of China. Notice of the annual general meeting will be published and issued in due course.

By order of the Board
Goh Nan Yang
Director
Kuala Lumpur, 8 April 2008

As at the date of this announcement, the Board of Directors of the Company comprises of Mr. Ang Guan Seng, the Non-Executive Chairman, Mr. Goh Nan Kioh, the Non-Executive Deputy Chairman, Mr. Goh Nan Yang and Mr. Sandy Chim Chun Kwan, being the Executive Directors, Dr. Lim Thian Soo, Mr. Yeoh Eng Khoon and Mr. Lim Boon Seh being the Non-Executive Directors and Mr. Lim Loi Heng, Ms. Helen Zee and Mr. Lim Chong Puang being the Independent Non-Executive Directors.