



# PEARL RIVER TYRE (HOLDINGS) LIMITED

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

(A.R.B.N. 067 062 408)

(Stock Code : 1187)

## RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004

The Directors of Pearl River Tyre (Holdings) Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group"), consolidated balance sheets and consolidated statements of cash flows for the financial year ended 31 December 2004 (the "financial year") together with the comparative figures for the financial year ended 31 December 2003 (the "previous financial year") and the notes thereon.

### Review of Results of Operations

The Company registered a consolidated loss of HK\$7,297,000 or A\$1,217,000 for the financial year ended 31 December 2004. Basic loss per share was 6.9 Hong Kong cents or 1.2 Australian cents. This includes a foreign exchange loss of HK\$774,000 or A\$134,000 and a further sum of approximately HK\$1,303,000 or A\$226,000 is due to a loss on the disposal of quoted shares.

Our principal business, Guangzhou Pearl River Rubber Tyre Limited registered a turnover of RMB654,001,000, an increase of 13% as compared to the previous financial year. Net loss from operations before tax was RMB6,622,000. The loss from operations was largely due to an increase in raw material prices. The price of natural rubber increased by nearly 20% over the year, and overall, our raw material purchases increased by approximately RMB53,000,000 as compared to the previous financial year.

We are cautiously optimistic that we will perform better this year as we continue with our cost cutting program together with the increase in the prices of our tyres.

### Consolidated Income Statements

	<i>Note</i>	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>	<b>2004</b> <i>A\$'000</i>	<b>2003</b> <i>A\$'000</i>
Revenues	3	141	1,264	24	250
Other income	4	—	1,834	—	362
		<u>141</u>	<u>3,098</u>	<u>24</u>	<u>612</u>
Costs and expenses					
Salaries and employee benefits		(2,066)	(2,078)	(359)	(410)
Depreciation expense		(188)	(166)	(33)	(33)
Loss on foreign exchange		(774)	(5,749)	(134)	(1,135)
Other expenses	5	(4,490)	(6,502)	(780)	(1,284)
Total costs and expenses		<u>(7,518)</u>	<u>(14,495)</u>	<u>(1,306)</u>	<u>(2,862)</u>
Loss from continuing operating activities		(7,377)	(11,397)	(1,282)	(2,250)
Share of net profit/(loss) of the Joint Venture and Associate accounted for using the equity method	6	80	(18,213)	65	(3,545)
Loss from continuing operations before tax		<u>(7,297)</u>	<u>(29,610)</u>	<u>(1,217)</u>	<u>(5,795)</u>
Tax expense	7	—	—	—	—
Net loss from continuing operations	8	<u>(7,297)</u>	<u>(29,610)</u>	<u>(1,217)</u>	<u>(5,795)</u>
Basic loss per share (Hong Kong cents/Australian cents)	9	<u>(6.9)</u>	<u>(28.2)</u>	<u>(1.2)</u>	<u>(5.5)</u>

## Consolidated Balance Sheets

	<i>Note</i>	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>	<b>2004</b> <i>A\$'000</i>	<b>2003</b> <i>A\$'000</i>
Non-current assets					
Equipment		546	715	90	123
Other financial assets	10	139,729	19,966	23,053	3,431
Investments accounted for using the equity method	11	209,057	236,815	34,236	40,387
Total non-current assets		<u>349,332</u>	<u>257,496</u>	<u>57,379</u>	<u>43,941</u>
Current assets					
Cash and cash equivalents		7,889	9,604	1,302	1,650
Receivables		6,820	7,684	1,125	1,321
Total current assets		<u>14,709</u>	<u>17,288</u>	<u>2,427</u>	<u>2,971</u>
Current liabilities					
Payables		2,112	1,003	348	172
Provisions		126	121	21	21
Total current liabilities		<u>2,238</u>	<u>1,124</u>	<u>369</u>	<u>193</u>
Net current assets		<u>12,471</u>	<u>16,164</u>	<u>2,058</u>	<u>2,778</u>
Net assets		<u>361,803</u>	<u>273,660</u>	<u>59,437</u>	<u>46,719</u>
Equity					
Issued capital		110,716	110,716	21,024	21,024
Share premium		113,157	113,157	16,505	16,505
Revaluation reserve		100,973	6,418	17,100	1,500
Capital reserves		41,866	41,866	7,200	7,200
Foreign currency translation reserve		13,851	12,966	4,227	5,892
Accumulated losses	14	(18,760)	(11,463)	(6,619)	(5,402)
Total equity	8	<u>361,803</u>	<u>273,660</u>	<u>59,437</u>	<u>46,719</u>

## Consolidated Statement of Cash Flows

*Prepared in accordance with Hong Kong GAAP*

	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>
Net cash outflows for operating activities	(4,851)	(8,625)
Cash from/(for) investing activities		
Dividends received from the Associate	901	–
Other dividends received	141	209
Interest received	–	64
Purchase of listed securities	(10)	(8,429)
Proceeds from disposal of listed securities	2,394	4,651
Purchase of shares in associates	(1,588)	(152)
Repayment from/(Advance to) the Joint Venture	988	(623)
Net cash from/(for) investing activities	<u>2,826</u>	<u>(4,280)</u>
Cash from/(for) financing activity		
Advance from/(Repayment to) a director	748	(318)
Net cash from/(for) financing activity	<u>748</u>	<u>(318)</u>
Net decrease in cash and cash equivalents	(1,277)	(13,223)
Cash and cash equivalents at the beginning of the financial year	9,604	19,456
Effect of foreign exchange rate changes, net	(438)	3,371
Cash and cash equivalents at the end of the financial year	<u>7,889</u>	<u>9,604</u>

## Consolidated Statement of Cash Flows

Prepared in accordance with International Accounting Standards

	2004 A\$'000	2003 A\$'000
Cash flows for operating activities		
Payments to suppliers and employees	(842)	(1,122)
Other dividends received	24	41
Interest received	–	13
Net cash flows for operating activities	<u>(818)</u>	<u>(1,068)</u>
Cash flows from/(for) investing activities		
Dividends received from the Associate	157	–
Purchase of listed securities	(2)	(1,664)
Proceeds from disposal of listed securities	416	918
Purchase of shares in associates	(276)	(30)
Repayment from/(Advance to) the Joint Venture	172	(123)
Net cash flows from/(for) investing activities	<u>467</u>	<u>(899)</u>
Cash flows from/(for) financing activity		
Advance from/(Repayment to) a director	130	(63)
Net cash flows from/(for) financing activity	<u>130</u>	<u>(63)</u>
Net decrease in cash and cash equivalents	(221)	(2,030)
Cash and cash equivalents at the beginning of the financial year	1,650	4,433
Effect of foreign exchange rate changes, net	(127)	(753)
Cash and cash equivalents at the end of the financial year	<u>1,302</u>	<u>1,650</u>

### Notes to the Consolidated Financial Statements

#### 1. Basis of Preparation

The financial statements of the Group denominated in HK\$ have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

The financial statements of the Group denominated in A\$ have been prepared in accordance with all applicable accounting standards issued by the International Accounting Standards Committee (“IASC”) and interpretations issued by the Standing Interpretations Committee of the IASC.

The accounting policies adopted are consistent with those of the previous financial year.

#### 2. Segmental Information

	The PRC HK\$'000	Australia HK\$'000	Singapore HK\$'000	Malaysia HK\$'000	Total HK\$'000
<b>2004</b>					
Revenues	–	–	–	141	141
Net (loss)/profit from continuing operations	(11,174)	–	(171)	4,048	(7,297)
Segment assets	5,663	–	7,648	141,673	154,984
Investments accounted for using the equity method	209,057	–	–	–	209,057
Total assets	<u>214,720</u>	<u>–</u>	<u>7,648</u>	<u>141,673</u>	<u>364,041</u>
Total liabilities	<u>1,450</u>	<u>–</u>	<u>394</u>	<u>394</u>	<u>2,238</u>
<b>2003</b>					
Revenues	–	–	808	456	1,264
Net (loss)/profit from continuing operations	(30,658)	(3,368)	798	3,618	(29,610)
Segment assets	7,613	–	7,509	22,847	37,969
Investments accounted for using the equity method	213,168	–	–	23,647	236,815
Total assets	<u>220,781</u>	<u>–</u>	<u>7,509</u>	<u>46,494</u>	<u>274,784</u>
Total liabilities	<u>1,124</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,124</u>

	The PRC A\$'000	Australia A\$'000	Singapore A\$'000	Malaysia A\$'000	Total A\$'000
<b>2004</b>					
Revenues	–	–	–	24	24
Net (loss)/profit from continuing operations	(1,937)	–	(31)	751	(1,217)
Segment assets	934	–	1,262	23,374	25,570
Investments accounted for using the equity method	34,236	–	–	–	34,236
Total assets	35,170	–	1,262	23,374	59,806
Total liabilities	239	–	65	65	369
<b>2003</b>					
Revenues	–	–	160	90	250
Net (loss)/profit from continuing operations	(6,002)	(665)	158	714	(5,795)
Segment assets	1,309	–	1,290	3,926	6,525
Investments accounted for using the equity method	36,324	–	–	4,063	40,387
Total assets	37,633	–	1,290	7,989	46,912
Total liabilities	193	–	–	–	193
<b>3. Revenues</b>					
		<b>2004</b> HK\$'000	<b>2003</b> HK\$'000	<b>2004</b> A\$'000	<b>2003</b> A\$'000
Dividends received and receivable from securities listed on prescribed stock exchanges, outside Hong Kong and Australia		141	209	24	41
Gain on foreign exchange		–	–	–	–
Gain on disposal of securities listed on prescribed stock exchanges, outside Hong Kong and Australia		–	982	–	194
Interest received and receivable from financial institutions		–	64	–	13
Other operating income		–	9	–	2
		141	1,264	24	250
<b>4. Other Income</b>					
In the previous financial year, the other income represents the write-back of the impairment loss previously made for the securities listed on prescribed stock exchanges, outside Hong Kong and Australia.					
<b>5. Other Expenses</b>					
		<b>2004</b> HK\$'000	<b>2003</b> HK\$'000	<b>2004</b> A\$'000	<b>2003</b> A\$'000
Impairment loss on the investment in convertible notes		–	3,368	–	665
Loss on disposal of securities listed on prescribed stock exchanges, outside Hong Kong and Australia		1,303	–	226	–
Other operating expenses		3,187	3,134	554	619
		4,490	6,502	780	1,284
<b>6. Share of Net Profit/(Loss) of the Joint Venture and Associate Accounted for Using the Equity Method</b>					
		<b>2004</b> HK\$'000	<b>2003</b> HK\$'000	<b>2004</b> A\$'000	<b>2003</b> A\$'000
Share of profit/(loss) before tax of:					
– the Joint Venture		(4,068)	(20,811)	(757)	(4,058)
– Associate		4,608	5,675	801	1,120
		540	(15,136)	44	(2,938)
Share of tax expense of:					
– the Joint Venture		–	(2,737)	–	(540)
– Associate		(168)	(340)	(29)	(67)
		(168)	(3,077)	(29)	(607)
Share of net profit/(loss) of the Joint Venture, net of discount on acquisition (2004 – HK\$293,000 or A\$51,000, 2003 – HK\$258,000 or A\$51,000)		(4,360)	(23,548)	(707)	(4,598)
Share of net profit of Associate		4,440	5,335	772	1,053
		80	(18,213)	65	(3,545)
<b>7. Taxation</b>					
No provision for tax on Hong Kong profits has been made as the Group has no assessable profits derived from or earned in Hong Kong for the financial year and the previous financial year.					
The Group had no significant deferred tax assets and liabilities at the balance sheet date.					
<b>8. Reconciliation Between Hong Kong GAAP and International Accounting Standards (“IAS”)</b>					
According to IAS, the negative goodwill arising on acquisition of approximately A\$763,000, representing the excess of fair values of the identifiable net assets of the Joint Venture acquired over the cost of the acquisition, was applied to notionally reduce the Group's share of the Joint Venture's property, plant and equipment. A notional adjustment has been made to the operating loss of the Joint Venture to then reflect a revision in depreciation arising from the above notional adjustment to property, plant and equipment. The Group has equity accounted its share of the notionally adjusted operating loss of the Joint Venture.					
This differs from the method used under the Hong Kong GAAP where no notional adjustment is made to the fair values of the assets acquired at a discount. Instead, the discount is credited directly to reserves and amortised over an estimated useful life of 8 years.					

A reconciliation of the net loss from continuing operations and total equity showing the difference between the financial statements prepared in accordance with the respective Hong Kong GAAP and IAS is as follows:–

	2004	2003
Net loss from continuing operations in A\$'000 as prepared under IAS	(1,217)	(5,795)
Net loss from continuing operations in HK\$'000 equivalent	(7,004)	(29,352)
Reversal of notional adjustment applied under IAS	(293)	(258)
Net loss from continuing operations in HK\$'000 as restated to conform with Hong Kong GAAP	(7,297)	(29,610)
Total equity in A\$'000 as prepared under IAS	59,437	46,719
Total equity in HK\$'000 equivalent	357,179	269,220
Discount on acquisition credited to reserves	4,624	4,440
Total equity in HK\$'000 as restated to conform with Hong Kong GAAP	361,803	273,660

#### 9. Basic Loss Per Share

The calculation of the basic loss per share is based on the net loss of HK\$7,297,000 or A\$1,217,000 (2003 – HK\$29,610,000 or A\$5,795,000) for the financial year and on the number of shares in issue during the financial year of 105,116,280 (2003 – 105,116,280).

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

#### 10. Other Financial Assets

	2004 HK\$'000	2003 HK\$'000	2004 A\$'000	2003 A\$'000
Non-current				
Securities listed on prescribed stock exchanges, outside Hong Kong and Australia:				
– available-for-sale, at fair value <sup>(1)</sup>	122,860	–	20,270	–
– held for trading, at fair value	12,208	15,491	2,014	2,662
	135,068	15,491	22,284	2,662
Held-to-maturity securities:				
Investment in 8% convertible notes, at cost	1,330	1,330	1,330	1,330
Less: Allowances for impairment losses	(1,330)	(1,330)	(1,330)	(1,330)
	–	–	–	–
Investment in an associate accounted for at cost	4,661	4,475	769	769
	139,729	19,966	23,053	3,431

<sup>(1)</sup> – The carrying value represents the fair value of D&O Ventures Berhad (“D&O”) based on the last quoted market price as at the balance sheet date.

Particulars of the associate are as follows:–

Name	Place/Date of Incorporation	Authorised/ Issued and Fully Paid-Up Share Capital	Attributable Equity Interest		Principal Activity
			2004	2003	
Thames Electronics Sdn Bhd	Malaysia/ 30 January 2003	RM100,000/ RM100,000	28.4%	28.4%	Investment holding

The equity method is not applied to account for the investment in Thames Electronics Sdn Bhd as the amount involved is not material for equity accounting to be applied.

#### 11. Investments Accounted for Using the Equity Method

	2004 HK\$'000	2003 HK\$'000	2004 A\$'000	2003 A\$'000
Investment in the Joint Venture (Note 12)	209,057	213,168	34,236	36,324
Investment in Associate (Note 13)	–	23,647	–	4,063
	209,057	236,815	34,236	40,387

The investments are stated at cost and adjusted to reflect changes in the Group's share of the net assets of the Joint Venture and Associate. Information relating to the Joint Venture and Associate are set out in Notes 12 and 13, respectively.

#### 12. Investment in the Joint Venture

Name	Place/Date of Incorporation/ Establishment	Authorised/ Issued and Fully Paid-Up Share Capital	Attributable Equity Interest		Principal Activities
			2003	2002	
Guangzhou Pearl River Rubber Tyre Limited	The PRC/ 11 December 1993	US\$43,202,166/ US\$43,202,166	70%	70%	Manufacture and sales of bias tyres

The Joint Venture was established as a Sino-foreign joint venture under the Chinese Joint Venture Law. The Joint Venture is 70% owned by Carham Assets Limited, a wholly-owned subsidiary of the Company, and 30% owned by Guangzhou Guang Xiang Tyre Enterprise Group Company Limited, a state-owned enterprise, established in Guangzhou, the PRC.

The movement in the carrying amount of the investment in the Joint Venture and the Group's share of the Joint Venture's assets and liabilities are as follows:–

	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>	<b>2004</b> <i>A\$'000</i>	<b>2003</b> <i>A\$'000</i>
<i>Carrying amount of the investment in the Joint Venture</i>				
At 1 January	213,168	237,644	36,324	53,774
Share of movement in reserves:				
– net loss	(4,360)	(23,548)	(707)	(4,598)
– foreign currency translation reserve	249	(928)	(1,381)	(12,852)
At 31 December ( <i>Note 11</i> )	<u>209,057</u>	<u>213,168</u>	<u>34,236</u>	<u>36,324</u>
<i>Group's share of the Joint Venture's assets and liabilities</i>				
Non-current assets	200,188	215,486	33,028	37,028
Current assets	144,664	122,338	23,866	21,022
Current liabilities	(137,337)	(126,433)	(22,658)	(21,726)
	<u>207,515</u>	<u>211,391</u>	<u>34,236</u>	<u>36,324</u>
Reversal of notional adjustment applied under IAS	(3,082)	(2,663)	–	–
Discount on acquisition credited to reserves	4,624	4,440	–	–
At 31 December	<u>209,057</u>	<u>213,168</u>	<u>34,236</u>	<u>36,324</u>

For better understanding of the Group's operating results, the results of the Joint Venture for the financial year together with the comparative figures for the previous financial year are set out below:–

(i) *Income Statements*

	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>	<b>2004</b> <i>A\$'000</i>	<b>2003</b> <i>A\$'000</i>
Revenue	615,151	545,894	106,869	107,781
Cost of sales	(560,848)	(488,260)	(97,435)	(96,402)
Gross profit	<u>54,303</u>	<u>57,634</u>	<u>9,434</u>	<u>11,379</u>
Other revenue	3,078	433	535	86
Administrative and other operating costs	(35,388)	(59,521)	(6,148)	(11,752)
Selling and distribution costs	(20,225)	(20,061)	(3,514)	(3,961)
Profit/(Loss) from continuing operations	<u>1,768</u>	<u>(21,515)</u>	<u>307</u>	<u>(4,248)</u>
Finance costs	(7,997)	(8,215)	(1,389)	(1,622)
Loss from continuing operations before tax	<u>(6,229)</u>	<u>(29,730)</u>	<u>(1,082)</u>	<u>(5,870)</u>
Taxation	–	(3,910)	–	(772)
Net loss from continuing operations	<u>(6,229)</u>	<u>(33,640)</u>	<u>(1,082)</u>	<u>(6,642)</u>

(ii) *Balance Sheets*

	<b>2004</b> <i>HK\$'000</i>	<b>2003</b> <i>HK\$'000</i>	<b>2004</b> <i>A\$'000</i>	<b>2003</b> <i>A\$'000</i>
<i>Non-current assets</i>				
Property, plant and equipment	283,717	305,011	46,809	52,411
Intangibles	2,266	2,827	374	486
Total non-current assets	<u>285,983</u>	<u>307,838</u>	<u>47,183</u>	<u>52,897</u>
<i>Current assets</i>				
Cash and cash equivalents	40,202	25,136	6,633	4,319
Receivables	36,731	47,083	6,060	8,091
Inventories	129,690	102,550	21,397	17,621
Tax assets	40	–	6	–
Total current assets	<u>206,663</u>	<u>174,769</u>	<u>34,096</u>	<u>30,031</u>
<i>Current liabilities</i>				
Payables	86,282	43,017	14,235	7,392
Interest-bearing loans and borrowings	100,488	121,814	16,579	20,931
Tax liabilities	–	1,273	–	219
Provisions and other liabilities	9,426	14,514	1,555	2,494
Total current liabilities	<u>196,196</u>	<u>180,618</u>	<u>32,369</u>	<u>31,036</u>
Net current assets/(liabilities)	<u>10,467</u>	<u>(5,849)</u>	<u>1,727</u>	<u>(1,005)</u>
Net Assets	<u>296,450</u>	<u>301,989</u>	<u>48,910</u>	<u>51,892</u>
<i>Equity</i>				
Issued capital	348,470	348,470	59,475	59,475
Capital deficit	(6,090)	(6,090)	(1,027)	(1,027)
Revaluation reserve	9,169	9,169	2,144	2,144
Foreign currency translation reserve	27,280	26,590	6,684	8,584
Accumulated losses	(82,379)	(76,150)	(18,366)	(17,284)
Total Equity	<u>296,450</u>	<u>301,989</u>	<u>48,910</u>	<u>51,892</u>

### 13. Investment in Associate

Name	Place/Date of Incorporation	Authorised/ Issued and Fully Paid-Up Share Capital	Attributable Equity Interest		Principal Activity
			2004	2003	
Omega Semiconductor Sdn Bhd (“Omega”)	Malaysia/ 25 November 1993	RM5,000,000/ RM4,561,677	–	21.0%	Provision of “full turnkey” subcontracting services for the manufacture of semiconductor components

In the previous financial year and up to 13 September 2004, the investment in Omega was accounted for as an associate, as the Group held 21% equity interest in Omega. During the financial year, Omega completed a corporate restructuring in conjunction with its flotation on the Second Board of Bursa Malaysia Securities Berhad. The corporate restructuring entails, inter alia, the following:–

- new issue of shares in Omega to identified investors, in compliance with the equity policy guidelines in force in Malaysia;
- share swap with between the shareholders of Omega with D&O, the vehicle formed to be the listed holding entity of Omega; and
- new issue of shares by D&O to the public at large.

Pursuant to the corporate restructuring and flotation of Omega through D&O, the Company’s equity interest in Omega was swapped into equity interest in D&O. The new issue of shares in Omega and by D&O resulted in a dilution to the equity interest in Omega/D&O, from 21.0% to 16.5%. As a result of the dilution, the Company ceased to account the investment in Omega/D&O as an associate. D&O was successfully listed on the Second Board of Bursa Malaysia Securities Berhad on 28 December 2004.

The movement in the carrying amount of the investment in Associate and the Group’s share of Associate’s assets and liabilities are as follows:–

	2004 HK\$’000	2003 HK\$’000	2004 A\$’000	2003 A\$’000
<i>Carrying amount of the investment in Associate</i>				
At 1 January	23,647	22,514	4,063	5,130
New capital investment	1,589	175	276	30
Share of movement in reserves:				
– net profit	4,440	5,335	772	1,053
– final dividends	(949)	(4,475)	(157)	(769)
– foreign currency translation reserve	(427)	98	(285)	(1,381)
	28,300	23,647	4,669	4,063
Transfer to Other Financial Assets ( <i>Note 10</i> )	(28,300)	–	(4,669)	–
At 31 December ( <i>Note 11</i> )	–	23,647	–	4,063
<i>Group’s share of Associate’s assets and liabilities</i>				
Non-current assets	–	21,509	–	3,696
Current assets	–	8,887	–	1,527
Non-current liabilities	–	(14,194)	–	(2,439)
Current liabilities	–	(2,246)	–	(386)
	–	13,956	–	2,398
Premium on acquisition	–	9,691	–	1,665
At 31 December	–	23,647	–	4,063
<b>14. Accumulated Losses</b>				
	2004 HK\$’000	2003 HK\$’000	2004 A\$’000	2003 A\$’000
At 1 January	(11,463)	18,147	(5,402)	393
Net loss for the financial year attributable to members	(7,297)	(29,610)	(1,217)	(5,795)
At 31 December	(18,760)	(11,463)	(6,619)	(5,402)
<b>15. Net Tangible Asset (“NTA”) Backing</b>				
	2004 Hong Kong cents	2003 Hong Kong cents	2004 Australian cents	2003 Australian cents
NTA backing per ordinary share	344	260	57	44
<b>16. Dividends</b>				
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.				
<b>17. Controlled Entities Acquired or Disposed of</b>				
There were no acquisition or disposal of controlled entities during the financial year.				
<b>18. Additional Dividends/Distributions Information</b>				
There were no dividends/distributions declared or paid during and subsequent to the financial year.				
<b>19. Dividend/Distribution Reinvestment Plans</b>				
There were no dividend/distribution reinvestment plans.				

- 20. Purchase, Sale or Redemption of Listed Securities**  
Neither the Company nor any of its subsidiaries, associates and the Joint Venture purchased, sold or redeemed any of the Company's listed securities during the financial year.
- 21. Human Resources**  
Excluding the associate and the Joint Venture, the Group employed 10 people at the end of 2004 (2003 – 11). Total employee costs for the year, including directors' emoluments, amounted to HK\$2,382,000 compared to employee costs in 2003 of HK\$2,207,000.
- 22. Code Of Corporate Governance Practices**  
The Board is committed to ensure that a good the 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.  
The Board aims to continually review and enhance its corporate governance practices of the Group.
- 23. 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 Horwath, the auditors of the Company, the audited consolidation financial statements of the Group for the year ended 31 December 2004.
- 24. Audit Report**  
The audit report of the Group's financial statements for the financial year is unqualified.
- 25. Audited Financial Statements**  
The Group's audited financial statements for the financial year will be provided to The Stock Exchange of Hong Kong Limited ("HKEx") no later than 29 April 2005 for publication on the HKEx's website.
- 26. Annual General Meeting**  
The Eleventh Annual General Meeting will be held at No. 15, Bukit Ledang, Off Jalan Duta 50480 Kuala Lumpur on Friday, 27 May 2005 at 10.00 a.m. (The notice thereof will be issued at a later date.)

By order of the Board  
**Dr. Lim Thian Soo**  
*Director*

Kuala Lumpur, 15 April 2005

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, Mr. Chen Zhen Guo and Mr. Sandy Chim Chun Kwan, being the Executive Directors, Dr. Lim Thian Soo and Mr. Sun Zhi Yi being the Non-Executive Directors and Mr. Lim Loi Heng, Ms. Helen Zee and Mr Lim Chong Puang being the Independent Non-Executive Directors.

**REPORT OF THE AUDITORS TO THE MEMBERS OF PEARL RIVER TYRE (HOLDINGS) LIMITED**  
We have audited the accompanying consolidated balance sheet of Pearl River Tyre (Holdings) Limited and its subsidiaries as of 31 December 2004, and the consolidated income statement and statement of cash flows for the financial year ended 31 December 2004.

**Respective Responsibilities of Directors and Auditors**

The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

**Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Hong Kong Companies Ordinance, all applicable accounting standards issued by the International Accounting Standards Committee and the Hong Kong Institute of Certified Public Accountants, other professional reporting requirements and the listing rules of Stock Exchange of Hong Kong so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and their results and cash flows for the financial year then ended.

**Horwath**  
**Kuala Lumpur Office**  
*Chartered Accountants*

Kuala Lumpur, 15 April 2005

"Please also refer to the published version of this announcement in The Standard."