

INDEPENDENT AUDIT REPORT

HORWATH

Sydney Partnership

Chartered Accountants

A member of Horwath International

1 Market Street Sydney NSW 2000

GPO Box 1455 Sydney NSW 1041

Independent Audit Report to the members of Pearl River Tyre (Holdings) Limited

Scope

We have audited the financial report of Pearl River Tyre (Holdings) Limited for the financial year ended 31 December 2001 as set out on pages 15 to 67. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Australian and Hong Kong Accounting Standards, other Australian mandatory professional reporting requirements and the Corporations Act 2001 in Australia and the Hong Kong Companies Ordinance, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Pearl River Tyre (Holdings) Limited is in accordance with:

- (a) the Corporations Act 2001 and the Companies Ordinance, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Australian and Hong Kong Accounting Standards and the Australian Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Dated the 28th day of March 2002

HORWATH

Sydney Partnership

Chartered Accountants

Bernard Gild
Partner