

## DIRECTOR'S REPORT

This report by the Directors of Pearl River Tyre (Holdings) Limited (the "Company") is made for the financial year ended 31 December 2003 and is accompanied by the financial statements for the Group and the Company.

### DOMICILE

The Company was incorporated in the British Virgin Islands on 17 February 1994 and continued under the laws of Bermuda by migration of its domicile on 21 October 1994. The Company was registered in Australia and Hong Kong as a foreign company pursuant to Section 601CE of the then Australian Corporations Law on 4 November 1994 and Part XI of the Companies Ordinance on 24 May 1999 respectively.

**Bermuda Law does not regulate the take-over of companies in any way.** The Company is however subject to take-over regulations applicable in Hong Kong.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding.

The Group's principal asset is a 70% equity interest in Guangzhou Pearl River Rubber Tyre Limited (the "Joint Venture"). The principal activity of the Joint Venture is the manufacture and sales of bias tyres for commercial vehicles.

### OPERATING RESULTS

For the financial year ended 31 December 2003, the consolidated loss after tax amounted to A\$5,795,000 or HK\$29,610,000 (2002 – A\$1,867,000 or HK\$8,119,000).

### RESERVES

There were no material transfers to or from reserves during the financial year ended 31 December 2003 other than as disclosed in Notes 13, 14 and 15 to the financial statements.

### DISTRIBUTABLE RESERVES

As at 31 December 2003, the Company's reserves available for distribution by way of dividends amounted to A\$6,042,000 or HK\$34,907,000 (2002 – A\$7,088,000 or HK\$40,207,000).

The Company's share premium account as at 31 December 2003 with a balance of A\$16,505,000 or HK\$113,157,000 (2002 – A\$16,505,000 or HK\$113,157,000) may be distributable in the form of fully paid-up bonus shares.

### MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2003, 15% of sales of the Joint Venture and 34% of purchases (not including items which are of a capital nature) of the Joint Venture were attributable to the Joint Venture's five largest customers and suppliers respectively. The Joint Venture's largest customer accounts for 5% of sales of the Joint Venture whilst the Joint Venture's largest supplier accounts for 11% of purchases of the Joint Venture.

## **DIRECTOR'S REPORT**

None of the Directors, their associates or any shareholders of the Company who, to the knowledge of the Directors, owns more than 5% of the Company's share capital, had an interest in the major customers or suppliers noted above.

### **DIVIDENDS**

No dividend was paid since the end of the previous financial year and the Directors do not recommend the payment of any dividend for the financial year ended 31 December 2003.

### **FIVE YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in Note 37 to the financial statements.

### **SHARE CAPITAL**

There were no changes in the authorised and issued and paid-up share capital of the Company during the financial year ended 31 December 2003.

### **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Bye-laws of the Company.

### **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 ended 31 December 2003.

### **EQUIPMENT**

Details of movements in equipment of the Group during the financial year ended 31 December 2003 are set out in Note 4 to the financial statements.

### **MATERIAL INTERESTS IN ENTITIES**

Details of the Company's subsidiaries, associates and the Joint Venture are set out in Notes 6, 7, 8 and 9 to the financial statements.

## DIRECTOR'S REPORT

### BOARD OF DIRECTORS

The following are the Directors as at the date of this report and during the whole of the financial year ended 31 December 2003 except where otherwise indicated:—

#### Chairman and Non-Executive Director

Ang Guan Seng

#### Deputy Chairman and Non-Executive Director

Goh Nan Kioh (*Re-designated as Non-Executive Director on 5 March 2004*)

#### Executive Directors

Goh Nan Yang (*Appointed on 20 January 2004*)

Chen Zhen Guo

Sandy Chim Chun Kwan

#### Non-Executive Directors

Lim Thian Soo (*Appointed on 20 January 2004*) (*also alternate to Goh Nan Kioh*)

Sun Zhi Yi

David James Humann

Lim Loi Heng

David Chong Eng Tee

Helen Zee (*Appointed on 2 July 2003*)

Tan Song Wee (*Resigned on 20 January 2004*)

Pursuant to Clause 6.1 (f) (1) (A) & (B) of the Company's Bye-laws, Ang Guan Seng, Goh Nan Kioh and Lim Loi Heng retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Clause 6.1 (e) of the Company's Bye-laws, Goh Nan Yang, Lim Thian Soo and Helen Zee, who were being appointed after the last annual general meeting, retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

#### Directors

The profiles of Directors holding office as at 31 December 2003 are as follows:—

#### Ang Guan Seng

Mr Ang (age 65) is the Managing Director of Petaling Garden Berhad, a major housing developer in Malaysia and Singapore. He is a director of several listed companies, including Malayan United Industries Berhad, PBB Group Berhad, Petaling Garden Berhad (companies listed in Malaysia) and Parkway Holdings Limited (listed in Singapore). He is also the Non-Executive Chairman of the Company. He joined the Company in 1995.

## DIRECTOR'S REPORT

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Cont'd)*

#### **Goh Nan Kioh**

Mr Goh (age 51) is a graduate of the University of Malaya with a Bachelor Degree in Economics. He has wide and varied business investments in many countries. He has resigned as the Chief Executive Officer of the Company with effect from 5 March 2004 and remains on the Board as a Non-Executive Director and Deputy Chairman of the Company. He joined the Company in 1995.

#### **Goh Nan Yang**

Mr Goh (age 41) is a graduate from the University of Teledo with a Bachelor of Science (Engineering) (Honours) degree. He has wide and varied experience in property development and manufacturing activities in Melbourne, Australia. He was appointed to the Board of Directors of the Company on 20 January 2004 as an Executive Director and took on the position of Chief Executive Officer with effect from 5 March 2004.

#### **Chen Zhen Guo**

Mr Chen (age 60) graduated from the Faculty of Rubber Technology of the South China Technical Institute in 1967. He was promoted to General Manager of Guangzhou Rubber Tyre Factory in 1986. Currently, he is the General Manager of the Joint Venture. Mr Chen has over 33 years' experience in tyre production and enterprise operation and management. He joined the Company in 1994.

#### **Sandy Chim Chun Kwan**

Mr Chim (age 48) is a Chartered Accountant, qualified in Canada and Hong Kong, and practising as a public accountant and management consultant. He has over 23 years' experience in Australia, Canada, Hong Kong and China in the accounting profession, corporate finance and industry with the treasury and finance operations of a multinational corporation. He is also an executive director of Omnicorp Limited, a company listed on The Stock Exchange of Hong Kong and a director of Omnitech Holdings Limited, a company listed on the Australian Stock Exchange. He joined the Company in 1995.

#### **Lim Thian Soo**

Dr Lim (age 41) is a graduate of Edinburgh University Medical School and worked for 6 years as a doctor in the United Kingdom. He then completed his MBA at City University Business School in London before joining Pacific Union Pte Ltd in 1994. He is the Compliance Officer of the Company in respect of regulatory matters. He joined the Company in 1995.

#### **Sun Zhi Yi**

Mr Sun (age 60) graduated from the Faculty of Mechanical Engineering of Nanjing Chemical Engineering Institute in 1968. Currently, he is the General Manager of Guangzhou Rubber Industry Corporation which administers, on behalf of the Municipality of Guangzhou, Guangzhou Rubber Tyre Factory and over 20 other rubber-based industrial companies. Since he was promoted to his current position in 1991, Mr Sun has vigorously planned the expansion of tyres and other rubber-related products connected with the transportation industry. He joined the Company in 1994.

## DIRECTOR'S REPORT

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(Cont'd)*

#### **David James Humann**

Mr Humann (age 64) has extensive experience in strategic planning for industrial enterprises and in financial reporting with PriceWaterhouse (now practising as PriceWaterhouseCoopers). His positions with PriceWaterhouse included Managing Partner, Asia Pacific and membership of its World Board and Executive Management Committee. He is a director of Tigor Limited, and several other public companies. He is also chairman of ASX listed Macmahon Holdings Limited, Mincor Resources NL, Tethyan Copper Company Limited and Westcoast Mining Limited. He joined the Company in 1994 and is an independent non-executive Director.

#### **Lim Loi Heng**

Mr Lim (age 53) is a UK qualified Chartered Accountant. He is an independent non-executive Director of the Company who has wide experience in financial and corporate management. He joined the Company in 1995 and is the Chairman of its Audit Committee.

#### **David Chong Eng Tee**

Mr Chong (age 41) was appointed as a non-executive Director in May 2002. He obtained his Bachelor of Commerce (Honours) from McMaster University in 1986 and trained as a Chartered Accountant with Touche Ross & Co in London (now practising as Deloitte & Touche). He is a fellow member of the Institute of Chartered Accountants in England & Wales and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. Presently, he is a Senior Corporate Manager in the Corporate Division of Kuala Lumpur Kepong Berhad. Prior to joining Kuala Lumpur Kepong Berhad, he was a merchant banker with Bumiputra Merchant Bankers Berhad and RHB Sakura Merchant Bankers Berhad in Kuala Lumpur, Malaysia.

#### **Helen Zee**

Ms Zee (age 36) has over 10 years experience in corporate finance. She is presently Managing Director of First Shanghai Capital Limited, a local corporate finance house in Hong Kong. She holds a bachelor degree from University of California, Berkeley and a LLB (Hons) degree from University of Wolverhampton, UK.

### **Senior Management**

**Mr Chan Keng Kiong** (age 35), is the General Manager in charge of sales. He graduated from the National University of Malaya with a Bachelor Degree in Economic (Hon.). He specialised in sales and marketing while attached to a large multinational company in the auto parts industry. He has experience in managing and developing distribution networks in the auto parts trade in both domestic and international markets. He joined the Group in 1995.

**Ms Liew Swee Hoong** (age 37), is the Financial Controller of the Joint Venture and is responsible for overseeing the accounting and financial operations of the Joint Venture. She graduated with an Accountancy Degree (Hons) from the University of Malaya and is a qualified accountant. She has experience in auditing as well as financial and accounting in several Malaysian and joint-venture manufacturing concerns. She is currently stationed in Guangzhou and is responsible for overseeing the accounting and financial operations of the Joint Venture. She joined the Group in 1995.

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### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (*Cont'd*)

**Mr Chi Xin An** (age 59), graduated from Shanghai Tong Ji University in 1969 and specialised in ventilation and temperature control. He joined Guangzhou Rubber Tyre Factory in 1970 and has been involved in maintenance, production as well as the power plant of the factory. He was an Engineering Supervisor since the Joint Venture was set up before his later promotion to Deputy General Manager in charge of the Engineering Department and Safety Department in 1999. He joined the Joint Venture in 1994.

**Mr Hou Chi Feng** (age 59), a graduate of the Faculty of Rubber Technology of South China Technical Institute, has 33 years' experience in tyre production. In 1986, Mr Hou was promoted to Deputy General Manager of Guangzhou Rubber Tyre Factory. He has been in charge of the Engineering Department and is currently responsible for the Quality Assurance and Research and Technical Department. He joined the Joint Venture in 1994.

**Mr Chen Xu Ming** (age 46), is a graduate of Statistics Institute of China. He joined Guangzhou Rubber Tyre Factory in 1984 and was assigned to Personnel Department whereby he contributed to the setting up of scientific human resources allocation and payroll system. He was a Personnel Supervisor since 1998 before his latest promotion to Deputy General Manager responsible for the Purchasing and Logistic Department and the Personnel Department in 2002. He joined the Joint Venture in 1994.

**Mr Tang Xi Niu** (age 41), is a graduate of Guangzhou Rubber Technology High School. He joined Guangzhou Rubber Tyre Factory in 1983 and was assigned to Production Department. He was promoted to Assistant Workshop Supervisor since 1991 in charge of rubber mixing workshop and later tyre building workshop. In 2000, he was transferred to Sales Department and promoted to Area Sales Manager. His latest promotion to Deputy General Manager responsible for Production Department came in 2002. He joined the Joint Venture in 1994.

#### **Family Relationship**

Goh Nan Yang is a brother of Goh Nan Kioh and Lim Thian Soo is a brother-in-law of Goh Nan Kioh. Other than these, there is no family relationship among the Directors of the Company.

### **DIRECTORS' SERVICE CONTRACTS**

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company, or any of its subsidiaries, associates or the Joint Venture, which is not determinable by the employing entity within one year without payment of compensation, other than statutory compensations.

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year ended 31 December 2003.

## DIRECTOR'S REPORT

### DIRECTORS' MEETINGS

The number of Directors' meetings held, including meetings held by circulation of minutes, and the number of those meetings attended by each of the Directors of the Company, while a Director, during the financial year ended 31 December 2003 are as follows:-

Directors	No. Attended	No. Eligible To Attend
Ang Guan Seng	6	6
Goh Nan Kioh	6	6
Chen Zhen Guo	5	6
Sandy Chim Chun Kwan	6	6
Lim Thian Soo ( <i>Appointed on 20 January 2004</i> ) (also alternate to Goh Nan Kioh)	-	-
Sun Zhi Yi	6	6
David James Humann	6	6
Lim Loi Heng	5	6
David Chong Eng Tee	6	6
Helen Zee ( <i>Appointed on 2 July 2003</i> )	3	3
Tan Song Wee ( <i>Resigned on 20 January 2004</i> )	6	6

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2003, the interests and short positions of the Directors in share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("The Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listing Companies, were as follows:-

#### Long positions in ordinary shares of the Company

Name	Registers Maintained In					
	Australia			Hong Kong		
	Personal Interests	Family Interests	Corporate Interests	Personal Interests	Family Interests	Corporate Interests
Ang Guan Seng	100,000	-	-	-	-	38,114,000 <sup>(1)</sup>
Goh Nan Kioh	-	-	-	-	957,790 <sup>(2)</sup>	38,114,000 <sup>(1)</sup>
Sandy Chim Chun Kwan	102,252	-	-	-	-	-
Lim Thian Soo	-	-	-	134,308	-	-

Notes:-

- These shares are beneficially held by two corporations in which Ang Guan Seng and Goh Nan Kioh individually hold more than 20% equity interest. In accordance with the applicable regulations in Australia, both Ang Guan Seng and Goh Nan Kioh are deemed interested in shares in the Company held by these corporations.
- These shares are beneficially held by the spouse and children (under 18 years old) of Goh Nan Kioh and accordingly he is deemed to be interested in these shares.
- The Company does not have any listed debt securities.

## DIRECTOR'S REPORT

Save as disclosed above, none of the other Directors or their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listing Companies. None of the Directors or their associates had any interest (directly and/or deemed) in the equity in or debt securities of the associated corporations of the Company other than those as disclosed in Note 30 (viii) to the financial statements.

At no time during the financial year, the Directors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2003, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:-

#### Long positions in ordinary shares of the Company

Name	Number of Shares	Percentage of Shares Held
Pacific Union Pte Ltd <sup>(1)</sup>	37,590,000	35.76%
Kuala Lumpur Kepong Berhad <sup>(2)</sup>	32,085,976	30.52%
Batu Kawan Berhad <sup>(3)</sup>	32,085,976	30.52%
Arusha Enterprise Sdn Bhd <sup>(3)</sup>	32,085,976	30.52%
Wan Hin Investments Sdn Bhd <sup>(3)</sup>	32,085,976	30.52%
KL-Kepong International Ltd	24,085,976	22.91%

Notes:-

1. *These shares are beneficially owned by Pacific Union Pte Ltd which has been a substantial shareholder of the Company since the shares of the Company were first listed on the Australian Stock Exchange Limited in January 1995. Pacific Union Pte Ltd is an investment holding company which does not have any business other than holding approximately 35.76% interests in the Company. The shares in Pacific Union Pte Ltd are in turn held as to 25% by Goh Nan Kioh, as to 25% by Hoe Seng Co. Pte Ltd (a company associated with Ang Guan Seng) and the balance by independent third parties. Save as disclosed herein, Pacific Union Pte Ltd and its substantial shareholders do not have any interests in or business relations with Kuala Lumpur Kepong Berhad. Ang Guan Seng is the Non-Executive Chairman of the Company while Goh Nan Kioh is the Deputy Chairman of the Company.*
2. *Kuala Lumpur Kepong Berhad is a company incorporated in Malaysia and listed on the Main Board of Malaysia Securities Exchange Berhad. It has been a substantial shareholder of the Company since 1995. Save as disclosed herein, Kuala Lumpur Kepong Berhad and its controlling shareholders do not have any interests in or business relations with Pacific Union Pte Ltd.*

*Ablington Holdings Sdn Bhd is the beneficial owner of 8,000,000 ordinary shares of the Company. Kuala Lumpur Kepong Berhad owns 100% of Ablington Holdings Sdn Bhd and 100% of KL-Kepong International Ltd and is accordingly deemed by the SFO to be interested in a total of 32,085,976 ordinary shares beneficially owned by Ablington Holdings Sdn Bhd and KL-Kepong International Ltd.*



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3. *As at 31 December 2003, Kuala Lumpur Kepong Berhad is 45.62% directly owned by Batu Kawan Berhad, which is, in turn, 43.46% directly owned by Arusha Enterprise Sdn Bhd. Wan Hin Investments Sdn Bhd directly owns 77.40% of Arusha Enterprise Sdn Bhd. Accordingly, Batu Kawan Berhad, Arusha Enterprise Sdn Bhd and Wan Hin Investments Sdn Bhd are also deemed by the SFO to be interested in the ordinary shares owned by KL-Kepong International Ltd and Ablington Holdings Sdn Bhd as disclosed above.*

*Batu Kawan Berhad, Arusha Enterprise Sdn Bhd and Wan Hin Investments Sdn Bhd are companies incorporated in Malaysia and the shares of Batu Kawan Berhad are listed on the Main Board of Malaysia Securities Exchange Berhad.*

Save as disclosed above, as at 31 December 2003, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### CORPORATE GOVERNANCE/CODE OF BEST PRACTICE

The Board of Directors comprises eleven directors, of whom eight are non-executive directors. The Chairman, who is a non-executive Director, oversees the nomination and review of Board membership. Directors are selected to achieve a broad range of skills and experience on the Board. The Bye-laws of the Company require the directors to retire by rotation at the Annual General Meeting once every three years.

The Board provides direction to management, and approves the aims, strategies and policies of the Company. Owing to the size of the operations of the Company which is fairly small, the Company does not require formal committees to formulate policies and establish broad guidelines in the areas of remuneration, investment and business risk. The Chairman, as assisted by the Board, formulates such policies and guidelines.

The Joint Venture has its own separate Board of Directors which is responsible for formulating and establishing policies and guidelines in the areas of remuneration, investment and business risk. The Board of the Joint Venture meets every three to four months to discuss operational issues, monitor progress and reassess policies and guidelines. The Company is represented by five directors on the Board of Directors of the Joint Venture. The Board of Directors of the Joint Venture has a total of nine members, out of which three are non-executive directors.

The annual accounts of the Joint Venture are subject to audit by two firms of accountants, one being a local PRC firm whilst the other is an international Malaysian based firm, which is also the auditors of the Company.

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 Ltd throughout the financial year ended 31 December 2003 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.

## DIRECTOR'S REPORT

### AUDIT COMMITTEE

The members of the Audit Committee are:-

Lim Loi Heng (*Chairman*)

David James Humann

Lim Thian Soo (*Appointed on 20 January 2004*)

The functions of the Audit Committee are to review the accounting policies, internal controls and financial reporting of the Company, its subsidiaries and the Joint Venture on behalf of the Board and make recommendations to the Board. The committee is to meet at least twice a year, with a representative from the external auditors.

In performing its functions, the committee reviewed the overall scope of work of the external auditors and discussed with them the results of their examination and their evaluation of the system of internal controls operating within the Company, its subsidiaries and the Joint Venture. The committee has also reviewed the results and financial statements for the financial year ended 31 December 2003 and the announcements of results made by the Company to the Australian Stock Exchange and The Stock Exchange of Hong Kong Ltd and has recommended that the Board approves the financial statements and announcements.

### ENVIRONMENTAL PROTECTION

In the PRC, environmental protection is governed principally by the Environmental Protection Law and a number of related regulations covering air pollution, air quality, fresh water and ocean pollution and the administration of hazardous substances. Under the Environmental Protection Law, provincial and local governments are encouraged to supplement the central government's laws and regulations with local laws and standards to suit the prevailing local conditions.

The business undertaken by the Group in the PRC is subject to both PRC national and local environmental protection regulations. The Directors believe that the environmental protection measures adopted by the Joint Venture in its PRC operations have complied with the existing national and local environmental protection regulations in the PRC in all material respects. The last date of inspection on environmental protection by the relevant authorities was on 19 February 2004.

The Joint Venture maintains an education programme for workers regarding environmental matters and issues guidelines to workers to assist in compliance with environmental regulations. The Joint Venture also monitors dust emissions to keep levels within the limits specified by government regulations. The Joint Venture also employs a contractor to dispose of solid wastes and is subject to Municipal Government regulations for the discharge of fluid wastes.

During the financial year ended 31 December 2003, the expenses incurred by the Joint Venture on environmental protection were approximately A\$132,000 or HK\$669,000 (2002 – A\$128,000 or HK\$543,000).

## DIRECTOR'S REPORT

### DIRECTORS' INTERESTS IN CONTRACTS

Other than the related party transactions as disclosed in Note 30 to the financial statements, at the date of this report, no other contracts of significance in relation to the Group's business, to which the Company or any of its subsidiaries, associates and the Joint Venture was a party and in which a director of the Company has or had a material beneficial interest, whether directly or indirectly, subsisted on 31 December 2003 or at any time during the financial year ended 31 December 2003.

### INDEMNIFYING OFFICER OR AUDITOR

The Company has not, during or since the end of the financial year in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:-

- (i) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- (ii) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

### AUDITORS

The financial statements have been audited by Horwath, who retire and, being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial statements. Amounts in the Directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Approved and authorised for issue by the Board of Directors on 5 March 2004:-

**GOH NAN KIOH**  
*Director*

**CHEN ZHEN GUO**  
*Director*

Date: 5 March 2004