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 2012

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 statement of financial position and consolidated statement of cash flow for the financial year ended 31 December 2012 (the "financial year") together with the comparative figures for the financial year ended 31 December 2011 (the "previous financial year") and the notes thereon.

REVIEW OF RESULTS OF OPERATIONS

The Group registered a turnover of HK$579,275,000 and consolidated profit of HK$8,987,000 for the financial year. Basic and diluted earnings per share was 8.5 and 8.4 Hong Kong cents respectively.

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$116,147,000 representing a growth in sales of 25% for the financial year. The growth was attributable to an increase in sales volume of the export markets.

2. The Joint Venture recorded a gross profit margin of 10.8% during the financial year as compared to the previous financial year of 0.39% gross profit margin. This was mainly due to lower raw material prices and an improvement in sales volume for export markets.

The net profit of the Group was HK$8,987,000, mainly derived from the share of the Joint Venture's operation profit of HK$15,033,000.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2012 HK$'000	2011 HK$'000
CONTINUING OPERATIONS			
Turnover	3	**579,275**	463,128
Cost of sales		**(516,933)**	(461,308)
Gross profit		**62,342**	1,820
Other revenue and net income	4	**7,452**	4,851
Selling and distribution expenses		**(15,905)**	(10,467)
Administrative expenses		**(37,118)**	(39,086)
Other operating expenses		**(4,880)**	(35,332)
Finance costs	5	**(3,479)**	(3,015)
Profit/(Loss) before taxation	6	**8,412**	(81,229)
Income tax expense	7	**–**	–
Profit/(Loss) for the year from continuing operations		**8,412**	(81,229)
DISCONTINUED OPERATIONS			
Profit/(Loss) for the year from discontinued operation	8	**575**	(1,425)
Profit/(Loss) for the year, attributable to owner of the Company		**8,987**	(82,654)
Other comprehensive loss			
Exchange differences on translating of:			
— Joint Venture's financial statements		**1,417**	7,876
— Available-for-sale investments		**859**	(36,525)
Available-for-sale investments: movement in the revaluation reserve		**(10,697)**	1,016
Total other comprehensive loss		**(8,421)**	(27,633)
Total comprehensive profit/(loss) for the year		**566**	(110,287)
Total comprehensive income attributable to owners of the Company arising from:			
Continuing operations		**9,829**	(73,353)
Discontinued operations		**(9,263)**	(36,934)
		566	(110,287)
Earnings/(Loss) per share (Hong Kong cents)			
From continuing and discontinued operations			
— Basic	9	**8.5**	(78.6)
— Diluted	9	**8.4**	(78.6)
From continuing operations			
— Basic	9	**7.9**	(77.3)
— Diluted	9	**7.8**	(77.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2012 HK$'000	2011 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**104,010**	112,697
Prepaid lease payments		**10,411**	11,264
Investment in an associate		**–**	4,475
Investment in listed securities		**–**	67,154
Total non-current assets		**114,421**	195,590
Current assets			
Investment in listed securities		**–**	24,661
Inventories		**126,732**	108,202
Trade and other receivables	*11*	**57,105**	45,440
Pledged bank deposits		**2,225**	11,221
Cash and cash equivalents		**20,817**	32,856
		206,879	222,380
Assets classified as held for sale	*12*	**85,058**	–
Total current assets		**291,937**	222,380
Current liabilities			
Trade and other payables	*13*	**117,070**	115,913
Provisions		**2,119**	2,101
Borrowings		**44,412**	75,497
Total current liabilities		**163,601**	193,511
Net current assets		**128,336**	28,869
Net assets		**242,757**	224,459
EQUITY			
Share capital		**1,156**	1,051
Reserves		**241,601**	223,408
Total equity		**242,757**	224,459

CONSOLIDATED STATEMENT OF CASH FLOWS

	2012	2011
	HK$'000	*HK$'000*
Operating activities		
Profit/(Loss) before taxation		
— Continuing operations	**8,412**	(81,229)
— Discontinued operation	**744**	(1,099)
Adjustments for:		
Amortisation of prepaid lease payments	**943**	924
Bad debts written off	**5**	255
Depreciation of property, plant and equipment	**14,469**	18,889
Equity-settled share-based payments	**230**	5,696
Impairment loss on assets classified as held for sale	**1,000**	–
Impairment loss on plant and machinery	**–**	27,920
Impairment loss on receivables	**1,753**	424
Write down of inventories	**625**	2,813
Reversal of write-down of inventories	**(2,247)**	–
Interest expense	**3,479**	3,015
Plant and equipment written off	**308**	49
Unrealised (gain)/loss on foreign exchange	**(900)**	1,198
(Gain)/loss on disposal of equipment	**(184)**	141
Loss on fair value changes of listed securities — held for trading	**1,340**	1,230
Interest income	**(71)**	(66)
Dividend income from listed securities — held for trading	**(1,335)**	(1,314)
Gain on disposal of listed securities	**–**	(95)
Reversal of provision for warranty	**–**	(843)
Reversal of impairment loss on trade receivables	**(277)**	(481)
Reversal of accrual for sales rebate	**(1,753)**	–
	26,541	(22,573)
Increase in inventories	**(16,907)**	(14,485)
(Increase)/Decrease in trade and other receivables	**(12,855)**	12,156
Increase in trade and other payables	**15,329**	29,129
Cash generated from operations	**12,108**	4,227
Interest received	**71**	66
Interest paid	**(3,479)**	(3,015)
Net cash generated from operating activities	**8,700**	1,278
Investing activities		
Decrease in pledged bank deposits , net	**8,995**	36,188
Purchase of listed securities	**–**	(61)
Purchase of plant and equipment	**(5,286)**	(8,384)
Proceeds from disposal of listed securities	**–**	310
Proceeds from disposal of equipment	**281**	546
Dividend received	**1,165**	987
Net cash generated from investing activities	**5,155**	29,586

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	2012	2011
	HK$'000	*HK$'000*
Financing activities		
Proceeds from issue of shares upon exercise of share options	**17,503**	–
Drawdown of borrowings	**95,215**	116,076
Repayment of borrowings	**(126,973)**	(137,463)
(Repayment to)/Advances from related parties	**(12,819)**	2,502
Advances from/(Repayment to) a director	**400**	(6,051)
Net cash used in financing activities	**(26,674)**	(24,936)
Net (decrease)/increase in cash and cash equivalents	**(12,819)**	5,928
Cash and cash equivalents at beginning of the year	**32,856**	25,856
Effect of foreign exchange rate changes, net	**824**	1,072
Cash and cash equivalents at end of the year, comprising cash and bank balances	**20,861**	32,856

1. BASIS OF PREPARATION

The Company's ordinary shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The financial statements are presented in Hong Kong dollars. The financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in notes to the financial statements.

2. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the directors of the Company for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

The Group has presented the following two reportable segments. These segments are managed separately. The manufacturing segments and the investment holding segment offers very different products and services:

1. Manufacturing
2. Investment holding

The manufacturing segment derives its revenue primarily from the manufacture and sale of various types of tyres for commercial vehicles.

The investment holding segment derives its revenue primarily from dividends income from listed securities.

No reportable operating segment has been aggregated.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the directors of the Company monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' emoluments and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the directors of the Company are provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the directors of the Company for the purpose of resource allocation and assessment of segment performance for the year ended 31 December 2012 and 2011 is set out below:

	2012					
	Continuing Operations			Discontinued Operation		
	Manufacturing	Investment Holding	Sub-total	Investment Holding	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**579,275**	**–**	**579,275**	**–**	**–**	**579,275**
Reportable segment profit/(loss) (adjusted EBITDA)	**35,583**	**(5,619)**	**29,964**	**765**	**–**	**30,729**
Interest income	**67**	**–**	**67**	**4**	**–**	**71**
Finance costs	**(3,479)**	**–**	**(3,479)**	**–**	**–**	**(3,479)**
Depreciation and amortisation	**(15,385)**	**(2)**	**(15,387)**	**(25)**	**–**	**(15,412)**
Material non-cash items:						
Reversal of impairment loss on trade receivables	**277**	**–**	**277**	**–**	**–**	**277**
Reversal of accrual for sales rebate	**1,753**	**–**	**1,753**	**–**	**–**	**1,753**
Reversal of write-down on inventories	**2,247**	**–**	**2,247**	**–**	**–**	**2,247**
Impairment loss on assets classified as held for sale	**–**	**(1,000)**	**(1,000)**	**–**	**–**	**(1,000)**
Impairment loss on receivables	**(1,753)**	**–**	**(1,753)**	**–**	**–**	**(1,753)**
Income tax expense	**–**	**–**	**–**	**(169)**	**–**	**(169)**
Reportable segment assets	**318,669**	**2,631**	**321,300**	**80,583**	**–**	**401,883**
Interests in an associate	**–**	**–**	**–**	**4,475**	**–**	**4,475**
Additions to non-current segment assets during the year	**5,286**	**–**	**5,286**	**–**	**–**	**5,286**
Reportable segment liabilities	**161,612**	**1,989**	**163,601**	**–**	**–**	**163,601**

	2011					
	Continuing Operations			Discontinued Operation		
	Manufacturing	Investment Holding	Sub-total	Investment Holding	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Revenue from external customers	463,128	–	463,128	–	–	463,128
Reportable segment (loss)/profit (adjusted EBITDA)	(18,455)	(11,692)	(30,147)	(1,075)	–	(31,222)
Interest income	60	–	60	6	–	66
Finance costs	(3,015)	–	(3,015)	–	–	(3,015)
Depreciation and amortisation	(19,781)	(2)	(19,783)	(30)	–	(19,813)
Material non-cash items:						
Reversal of impairment loss on trade receivables	481	–	481	–	–	481
Impairment loss on trade receivables	(424)	–	(424)	–	–	(424)
Impairment loss on plant and machinery	(27,920)	–	(27,920)	–	–	(27,920)
Income tax expense	–	–	–	(326)	–	(326)
Reportable segment assets	318,260	1,852	320,112	93,383	–	413,495
Interests in an associate	–	–	–	4,475	–	4,475
Additions to non-current segment assets during the year	8,384	–	8,384	–	–	8,384
Reportable segment liabilities	177,653	15,858	193,511	–	–	193,511

b) Reconciliations of reportable segment profit or (loss) and assets

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit		
Reportable segment profit/(loss) (continuing operations)	**29,964**	(30,147)
Finance costs	**(3,479)**	(3,015)
Depreciation and amortisation	**(15,387)**	(19,783)
Impairment loss on assets classified as held for sale	**(1,000)**	–
Impairment loss on plant and machinery	**–**	(27,920)
Impairment loss on receivables	**(1,753)**	(424)
Interest income	**67**	60
Consolidated profit/(loss) before tax expense (continuing operations)	**8,412**	(81,229)
Assets		
Reportable segment assets (continuing operations)	**321,300**	320,112
Reportable segment assets (discontinued operation)	**80,583**	93,383
Interest in an associate (discontinued operation)	**4,475**	4,475
Consolidated Assets	**406,358**	417,970

c) Revenue from major product and services

The following is an analysis of the Group's revenue from its major products and services:

	2012	2011
	HK$'000	*HK$'000*
Manufacturing and sales of tyres	**579,275**	463,128

d) Geographic information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The Group's non-current assets include property, plant and equipment, prepaid lease payments and interests in associate. The geographical location of property, plant and equipment and prepaid lease payments are based on the physical location of the asset under consideration. In the case of intangible assets, it is based on the location of operation to which these intangibles are allocated. In the case of interests in an associate, it is the location of operations of the associate.

	Revenue from external customers		Specified Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mainland China (place of domicile)	**262,840**	239,984	**114,421**	123,824
Republic of India	**8,332**	6,448	**–**	–
Republic of Yemen	**63,343**	21,759	**–**	–
The People's Republic of Bangladesh	**59,239**	45,735	**–**	–
Singapore	**44,729**	30,706	**–**	–
Malaysia	**43,800**	34,100	**–**	4,612
The United Arab Emirates	**5,295**	9,504	**–**	–
Kingdom of Cambodia	**23,498**	17,158	**–**	–
Hong Kong	**11,634**	8,552	**–**	–
Republic of Indonesia	**15,904**	8,754	**–**	–
Taiwan	**5,514**	9,037	**–**	–
Federative Republic of Brazil	**6,047**	6,233	**–**	–
Republic of the Philippines	**6,429**	3,993	**–**	–
Republic of the Union of Myanmar	**6,554**	3,521	**–**	–
Others	**16,117**	17,644	**–**	–
	579,275	463,128	**114,421**	128,436

e) Information about major customers

For the year of 2012, the revenue from the Group's largest customer was 11% (2011: 8%) of the Group's total revenue.

3. TURNOVER

Turnover of the Group, which is also its revenue, represents the invoiced value of goods sold and services rendered less discounts and returns.

4. OTHER REVENUE AND NET INCOME

	Continuing Operations 2012 HK$'000	Continuing Operations 2011 HK$'000 (Restated)	Discontinued Operation 2012 HK$'000	Discontinued Operation 2011 HK$'000 (Restated)	Consolidated 2012 HK$'000	Consolidated 2011 HK$'000 (Restated)
Other revenue						
Interest income on bank deposits	**67**	60	**4**	6	**71**	66
Total interest income on financial assets not at fair value through profit or loss	**67**	60	**4**	6	**71**	66
Dividends income from listed securities — held for trading	**–**	–	**1,335**	1,314	**1,335**	1,314
Government grant received	**–**	295	**–**	–	**–**	295
Others	**2,921**	3,172	**–**	–	**2,921**	3,172
	2,988	3,527	**1,339**	1,320	**4,327**	4,847
Other net income						
Gain on disposal of listed securities — held for trading	**–**	–	**–**	95	**–**	95
Gain on disposal of equipment	**184**	–	**–**	–	**184**	–
Reversal of provision for warranty	**–**	843	**–**	–	**–**	843
Reversal of write-down on inventories	**2,247**	–	**–**	–	**2,247**	–
Reversal of impairment loss on trade receivables *(Note 11(b))*	**277**	481	**–**	–	**277**	481
Reversal of accrual for sales rebate	**1,753**	–	**–**	–	**1,753**	–
Unrealised gain on foreign exchange	**3**	–	**897**	–	**900**	–
	4,464	1,324	**897**	95	**5,361**	1,419
	7,452	4,851	**2,236**	1,415	**9,688**	6,266

5. FINANCE COSTS

	2012 *HK$'000*	2011 *HK$'000*
Interest on bank loans wholly repayable within one year and total interest expense on financial liabilities not at fair value through profit or loss	**3,479**	3,015

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting) the following:

	Continuing Operations		Discontinued Operation		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Cost of inventories	**515,311**	464,121	**–**	–	**515,311**	464,121
Bad debts written off	**–**	198	**5**	57	**5**	255
Impairment loss on plant and machinery	**–**	27,920	**–**	–	**–**	27,920
Impairment loss on receivables *(Note 11(b))*	**1,753**	424	**–**	–	**1,753**	424
Impairment loss on assets classified as held for sale	**1,000**	–	**–**	–	**1,000**	–
Staff costs (including directors' remuneration)						
— Wages, salaries and other benefits	**59,224**	41,820	**–**	–	**59,224**	41,820
— Equity-settled share-based payment expenses	**230**	4,558	**–**	–	**230**	4,558
— Retirement benefit scheme contributions	**8,153**	6,208	**–**	–	**8,153**	6,208
Auditor's remuneration						
Audit services						
— current year	**727**	556	**–**	–	**727**	556
— underprovision in the previous financial year	**70**	80	**–**	–	**70**	80
Other services	**–**	600	**–**	–	**–**	600
Amortisation of prepaid lease payments (included in administrative expenses)	**943**	924	**–**	–	**943**	924
Depreciation of property, plant and equipment	**14,444**	18,859	**25**	30	**14,469**	18,889
Plant and equipment written off	**198**	49	**110**	–	**308**	49
(Gain)/loss on disposal of equipment	**(184)**	141	**–**	–	**(184)**	141
Loss/(gain) on foreign exchange, net						
— realised	**318**	532	**–**	1	**318**	533
— unrealised	**(3)**	8	**(897)**	1,190	**(900)**	1,198
Equity-settled share-based payment expenses for advisors	**–**	1,138	**–**	–	**–**	1,138
Loss on fair value changes of listed securities	**–**	–	**1,340**	1,230	**1,340**	1,230
Operating lease payment:						
— land and buildings	**3,387**	3,317	**–**	–	**3,387**	3,317
— machinery	**1,721**	1,686	**–**	–	**1,721**	1,686
— hostel	**487**	574	**–**	–	**487**	574
Reversal of impairment loss on trade receivables *(Note 11(b))*	**(277)**	(481)	**–**	–	**(277)**	(481)

7. INCOME TAX EXPENSE

The Company was incorporated under the laws of The British Virgin Islands and continued under the laws of Bermuda subsequent to the migration of its domicile. At present, no income, profit, capital or capital gain taxes are levied in Bermuda. Accordingly, no provision for such taxes is required for the Company. In the event that such taxes are levied, the Company has received an undertaking from the Bermuda Government exempting it from all such taxes until 28 March 2016.

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

For the year ended 31 December 2012, the statutory corporate income tax rates applicable to the Joint Venture established and operating in the People's Republic of China (the "PRC") was 25% (2011 — 25%).

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

	2012 ***HK\$'000***	2011 *HK\$'000*
Profit/(Loss) before taxation (from continuing operations)	**8,412**	(81,229)
Profit/(Loss) before taxation (from discontinued operation)	**744**	(1,099)
	9,156	(82,328)
Notional tax on profit before taxation, calculated at the rates applicable to profit/(loss) in the tax jurisdictions concerned		
— Mainland China @ 25% (2011 — 25%)	**3,758**	(17,354)
— Hong Kong @ 16.5% (2011 — 16.5%)	**(806)**	(2,111)
	2,952	(19,465)
Tax effects of:		
Non-deductible expenses	**976**	2,438
Non-taxable income	**(1,346)**	(1)
Deferred tax assets not recognised during the year	**–**	17,354
Tax effect of utilisation of unused losses/deductible temporary differences not recognised in prior years	**(2,413)**	–
Income tax expense	**169**	326

Tax effects relating to each components of other comprehensive income

	2012			2011		
	Before-tax amount ***HK\$'000***	**Tax expense** ***HK\$'000***	**Net-of-tax amount** ***HK\$'000***	Before-tax amount *HK\$'000*	Tax expense *HK\$'000*	Net-of-tax amount *HK\$'000*
Exchange differences on translation of:						
— Joint venture's financial statements	**1,417**	**–**	**1,417**	7,876	–	7,876
— Available-for-sale investments	**859**	**–**	**859**	(36,525)	–	(36,525)
Available-for-sale investments:						
— Movement in the revaluation reserve	**(10,697)**	**–**	**(10,697)**	1,016	–	1,016
	(8,421)	**–**	**(8,421)**	(27,633)	–	(27,633)

8. DISCONTINUED OPERATION

On 7 December 2012, the Company has entered into a conditional share transfer agreement with Pacific Union Pte Ltd to dispose of a wholly owned subsidiary, namely PRT Capital Pte. Ltd. at a consideration of HK$85 million ("Conditional Disposal"). Pacific Union Pte Ltd, a company incorporated under the law of Turks and Caicos Island, is a controlling Shareholder of the Company. Amongst others is subject to independent shareholders' approval.

The approval for the Conditional Disposal was obtained at its Special General Meeting held on 28 January 2013. As at the date of this announcement, the Conditional Disposal is yet to complete as there are certain conditions that have not been fulfilled by respective parties.

Analysis of profit for the year from discontinued operation

The results of the discontinued operation included in the profit for the year are set out below. The comparative profit and cash flows from the discontinued operation have been re-presented to include the operation classified as discontinued in the current year.

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit/(Loss) on discontinued operation for the year	**575**	(1,425)

The results of the discontinued operation which has been included in the consolidated statement of Comprehensive Income are as follows:

	Note	**2012** ***HK$'000***	2011 *HK$'000*
Turnover		**–**	–
Cost of sales		**–**	–
Gross profit		**–**	–
Other revenue and net income	*4*	**2,236**	1,415
Selling and distribution expenses		**–**	–
Administrative expenses		**(38)**	(37)
Other operating expenses		**(1,454)**	(2,477)
Finance costs		**–**	–
Profit/(Loss) before taxation		**744**	(1,099)
Income tax expense		**(169)**	(326)
Profit/(Loss) for the year from discontinued operation, attributable to owners of the Company		**575**	(1,425)
Depreciation		**25**	30
Cash flows from discontinued operation			
Net cash inflows/(outflows) from operating activities		**346**	(354)
Net cash inflows from investing activities		**1,165**	1,236
Net cash outflows from financing activities		**(2,537)**	(10,084)
Net cash outflows		**(1,026)**	(9,202)
Earnings/(Loss) per share			
Basic, from discontinued operation (HK cents per share)		**0.6**	(1.3)
Diluted, from discontinued operation (HK cents per share)		**0.6**	(1.3)

9. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/loss attributable to owners of the Company of HK$8,987,000 (2011: loss: HK$82,654,000 (restated)) and the weighted average of approximately 106,066,000 ordinary shares (2011: approximately 105,116,000 ordinary shares) in issue during the year, calculated as follows:

Profit/(Loss) attributable to owners of the Company (basic)

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
From continuing operations	**8,412**	(81,229)
From discontinued operation	**575**	(1,425)
Total	**8,987**	(82,654)

Weighted average number of ordinary shares (basic)

	2012	2011
	'000	*'000*
Issued ordinary shares at 1 January	**105,116**	105,116
Effective share options exercised (weighted average)	**950**	–
Weighted average number of ordinary shares at 31 December	**106,066**	105,116

b) Diluted earnings/(loss) per share

For 2012, the calculation of diluted earnings per share is based on the profit attributable to owners of the Company of HK$8,987,000 and the weighted average number of ordinary shares of approximately 107,449,000 in issue during the year calculated as follows:

Profit/(Loss) attributable to owners of the Company (diluted)

	2012
	HK$'000
From continuing operations	**8,412**
From discontinued operation	**575**
Total	**8,987**

Weighted average number of ordinary shares (diluted)

	2012
	'000
Weighted average number of ordinary share for the purpose of basic earnings per share	**106,066**
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**1,383**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**107,449**

In the previous financial year, the diluted loss per share equal to basic loss per share because the outstanding share option had an anti-dilutive effect on the basic loss per share and the Company has no other dilutive potential ordinary shares in issue at the end of the financial year.

10. DIVIDENDS

No dividends were 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 2012.

11. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**83,470**	67,709
Less: allowance for impairment loss *(Note 11(b))*	**(35,206)**	(33,435)
	48,264	34,274
Amount owing by a connected/related party[(1)]	**1,389**	3,211
Other receivables	**376**	836
Loan and receivables	**50,029**	38,321
Deposits paid to suppliers	**1,596**	4,986
Prepayments and deposits	**5,480**	2,133
	57,105	45,440

Notes:

1. The connected/related party refers to Guangzhou Bolex Tyre Limited ("Bolex"), a company established in the PRC, in which certain directors of the Joint Venture are key management personnel. The amount owing is trade in nature, unsecured, interest-free and has no fixed terms of repayment.

a) Ageing analysis

The ageing analysis of trade receivables by age, presented based on the invoice date:

	2012	2011
	HK$'000	*HK$'000*
Less than one year	**47,113**	31,735
More than one year but less than two years	**27**	811
More than two years	**36,330**	35,163
	83,470	67,709
Less: allowance for impairment loss	**(35,206)**	(33,435)
	48,264	34,274

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 impairment loss during the year, including both specific and collective loss components, is as follows:

	2012	2011
	HK$'000	*HK$'000*
At 1 January	**33,435**	31,995
Impairment loss recognised *(Note 6)*	**1,753**	424
Reversal of impairment *(Note 4/Note 6)*	**(277)**	(481)
Effect of foreign exchange translation	**295**	1,497
At 31 December	**35,206**	33,435

As at 31 December 2012, trade receivables of the Group amounting to HK$35,206,000 (2011: HK$33,435,000) were individually determined to be impaired. These individually impaired receivables were long outstanding or were due from customers with financial difficulties. During the year, specific allowances for doubtful debts of HK$1,753,000 (2011: HK$424,000) were recognised. The Group does not hold any collateral over these balances.

During the year ended 31 December 2012, the Group received settlement from trade receivables which were fully impaired in prior years. Therefore, impairment loss of HK$277,000 (2011: HK$481,000) provided in the previous year was reversed during the year.

c) Trade receivables that are not impaired

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

	2012	2011
	HK$'000	*HK$'000*
Neither past due nor impaired	**11,533**	7,266
Less than one year past due	**35,579**	24,469
More than one year but less than two years past due	**1,152**	2,539
	48,264	34,274

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 have not been a significant change in credit quality and the balances are still considered fully recoverable. In addition, in respect of receivables of HK$48,264,000 (2011: HK$34,274,000), the Group had received Bank's Acceptance Bills for HK$26,967,000 (2011: HK$28,956,000) during the year. The maturity period of these Bank's Acceptance Bills is 3–12 months (2011: 3–6 months). The Group does not hold any collateral over these balances.

d) The analysis by currency of trade and other receivables is as follows:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Dollar	**145**	147
Renminbi	**47,960**	34,266
Ringgit Malaysia	**–**	359
United States Dollar	**9,000**	10,668
	57,105	45,440

12. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 December 2012, the Company has entered into a conditional share transfer agreement with Pacific Union Pte Ltd to dispose of a wholly owned subsidiary PRT Capital Pte. Ltd. at a consideration of HK$85 million.

Since the disposal of PRT Capital Pte. Ltd. is expected to be completed within the financial year ending 31 December 2013, the assets of PRT Capital Pte. Ltd. which therefore expected not be recognised by the Company to be held for long term, have been classified as assets held for sale and are presented separately in the consolidated statement of financial position at the end of the reporting period, are as follows:

	2012
	HK$'000
Investment in an associate	**4,475**
Investment in listed securities	
— available-for-sale	**57,316**
— held for trading	**24,218**
Other receivables and prepayment	**5**
Cash and bank balances	**44**
	86,058
Impairment	**(1,000)**
Assets classified as held for sale	**85,058**

Cumulative income or expense recognised in other comprehensive income.

There are no cumulative income or expenses recognised in other income relating to the disposal group.

13. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**61,132**	47,844
Other payables	**38,773**	19,731
Amount due to a director	**400**	–
Amount owing to connected/related parties[(1)]	**4,176**	16,995
Accruals	**2,001**	2,432
Financial liabilities measured at amortised cost	**106,482**	87,002
Sales deposits received	**10,588**	28,911
	117,070	115,913

The amount due to a director is unsecured, interest-free and has no fixed term of repayment.

The amount owing to connected/related parties is non-trade in nature, unsecured, interest-free and has no fixed term of repayment.

Note:

1. The connected/related parties refer to:

	2012	2011
	HK$'000	*HK$'000*
(a) GGXEG, a company established in the PRC, in which certain directors of the Joint Venture are key management personnel of GGXEG	**4,040**	3,608
(b) Cambrew Asia Limited, a company incorporated in Cayman Island, in which a director has a substantial financial interests	**136**	13,387
	4,176	16,995

The analysis by currency of trade and other payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong Dollar	**1,655**	1,375
Renminbi	**107,261**	90,182
Ringgit Malaysia	**217**	639
United States Dollar	**7,937**	23,717
	117,070	115,913

The ageing analysis of trade payables as at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Less than one year	**54,300**	41,660
More than one year but less than two years	**816**	186
More than two years	**6,016**	5,998
	61,132	47,844

14. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Deferred tax assets not recognised:

As at 31 December 2012, subject to the agreement of the local tax authorities, the Joint Venture had tax losses arising in the PRC of HK$86,316,000 or RMB69,447,000 (2011 — HK$95,142,000 or RMB77,232,000) 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. The expiration years for the losses incurred by the Joint Venture are as follows:

	2012	**2012**	2011	2011
	HK$'000	***RMB'000***	*HK$'000*	*RMB'000*
Expiring in year:				
2013	**–**	**–**	7,597	6,167
2015	**28,872**	**22,988**	33,219	26,966
2016	**57,444**	**46,459**	54,326	44,099
	86,316	**69,447**	95,142	77,232

15. SUBSEQUENT EVENTS

1. On 23 November 2012, an indirect wholly owned subsidiary of the Company Bright Eagle Holdings Limited entered into a share sale and purchase agreement with IC Spectrum Co., Limited to acquire 72.79% equity interest at a consideration of RMB1.00 in IC Spectrum (Kunshan) Co., Limited, a sino-equity joint venture established in Kunshan Economic & Technical Development Zone, the People's Republic of China which is principally engaged in design, research and development, processing, manufacturing and sale of semiconductor, integrated circuits and new type electronic components and provision of related technical consultancy services. This transaction has completed on 22 January 2013.

2. The Shareholders of the Company had at the Special General Meeting held on 28 January 2013 approved the following via poll:

   a) On 4 October 2012, the Company and the placing agent entered into the placing agreement, pursuant to which the placing agent agreed to procure, on a best efforts basis, independent placees to subscribe in cash for the bonds of up to an aggregate principal amount of HK$60 million.

      On 6 December 2012, the Company and the placing agent entered into the extension letter, pursuant to which the Company and the placing agent agreed to extend the long stop date for the conditions and the expiry date for the placing period to 3 April 2013.

   b) On 7 December 2012, Bright Eagle Holdings Limited ("Bright Eagle"), an indirect wholly owned subsidiary of the Company and Beijing Zhongying Century Investment Co. Limited ("Zhongying") entered into a conditional investment agreement. The investment agreement is in relation to the capital injection of HK$291.16 million and HK$108.84 million into IC Spectrum (Kunshan) Co., Limited by Bright Eagle and Zhongying respectively.

   c) On 7 December 2012, the Company and Pacific Union Pte Ltd ("Pacific Union"), a substantial shareholder owning 32.51% equity interests of the Company entered into a conditional share transfer agreement. The share transfer agreement is in relation to the disposal of the Sale Shares and the Sale Loan in PRT Capital Pte. Ltd. at a consideration of HK$85 million.

d) On 7 December 2012, Rodez Investments Limited ("Rodez"), a wholly owned subsidiary of the Company, as a borrower, and Pacific Union as a lender entered into a loan agreement. The loan agreement is in relation to a loan amount of HK$82.5 million and the deed of charge contained there in relation to 55 shares of Carham Assets Limited.

e) On 7 December 2012, Rodez as borrower and KL-Kepong International Ltd ("KL-Kepong"), a substantial shareholder owning 20.83% equity interests of the Company, as a lender entered into a loan agreement. The loan agreement is in relation to a loan amount of HK$67.5 million and the deed of charge contained therein in relation to 45 shares of Carham Assets Limited.

As at the date of this announcement, the abovesaid transactions are yet to complete as there are certain conditions have not been fulfilled by respective parties.

16. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2012

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and Interpretations which are not yet effective for the year ended 31 December 2012.

The Group has not early applied any of the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 Jointly Controlled Entities — Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

The Group has not completed its assessment of the full impact of adopting HKFRS 11 and therefore its possible impact on the Group's results and financial position has not been quantified.

17. COMPARATIVE FIGURES

The comparative consolidated income statement has been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year.

18. MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

2012 has been a year of weak growth for most developed countries, and one of slowing economic growth for developing nations. The sovereign debt crisis in Europe and policy uncertainty in the U.S. have constrained investment and hiring in those regions, causing subsequent declines in the demand for manufactured goods from developing nations, most notably China.

However, the slowdown in demand has led to lower commodity prices in particular, rubber. This has benefited the tyres manufacturers in China. Based on the statistics of the Chinese Rubber Industry, the overall China tyre industry is profitable in the year 2012. However, both the industrial output value and sales income were negatively impacted by slower demand.

The year 2012 has proven to be a much better year for the Joint Venture which recorded a 25% rise in revenue and registered a net profit of HK$21 million compared to a loss of HK$99 million in 2011. The management's effort and various programs undertaken to reduce cost and improve efficiencies have proven to be effective.

The growth in revenue is mainly due to an increase in sales volume of export markets. Additionally lower raw material prices, in particular natural rubber, played a significant role in the Joint Venture's profitability in 2012. The Joint Venture achieved a gross profit margin of 10.8% in 2012 compared to 0.39% in 2011. Apart from lower raw material prices, the improvement in margin was also attributable to the following measures taken by the management:

1. Strengthening production planning and scheduling. This has enabled the Joint Venture to increase production output by 42% with the same capacity.

2. Clear business model. Identify and develop product range that has higher demand and profit margin.

Sales

The overall revenue of the Joint Venture rose 25% in 2012 which is largely attributable to an increase in sales volume of the export markets. Export market sales were driven mainly by stronger demand from the Republic of Yemen and The People Republic of Bangladesh.

Light Truck Radial ("LTR") tyres also contributed positively to the Joint Venture. The production output has been gradually increased over the year. Sales increased more than 90% as compared to previous financial year. LTR contributed about 14% of the total sales in 2012. Management is targeting to develop another 13 sizes of LTR tyres in 2013.

Production

Management's efforts in ensuring better sales/production coordination have resulted in enhanced production efficiency and better cost control. The monthly production schedule and actual production has been stable and this has enhanced management's planning processes including raw material purchases, human resources management and other operational cost control.

Additionally, centralising the production area has proven to substantially increase efficiency of production. Since the implementation of production centralisation, the production costs have decreased about 20%.

The challenges ahead would be our flexibility in managing the various product lines to meet the ever changing market demand. Moving forward the Joint Venture will continue to invest in our fledging radial tyre business while maintaining a reasonable scale of bias ply commercial tyres.

Prospect

Joint Venture

The Joint Venture which specializes in producing and selling bias tyre for various commercial applications, especially heavy duty tyres, clearly operates in a niche segment in all its present markets. However, the bias tyre market is facing intense competition from radial tyre which resulted in a significant decrease in the overall demand for bias tyre.

Since last year, the Joint Venture has moved into radial tyre and has been gradually building up its radial capacity, while maintaining a reasonable scale of bias commercial tyre. Moving forward, the radial tyre business will be a major focus for the Joint Venture which the Board expects would contribute significantly to the Joint Venture's turnover and profitability in the future.

New Investment

On 23 November 2012, an indirect wholly owned subsidiary of the Company has acquired a 72.79% equity interest in IC Spectrum (Kunshan) Co., Limited ("ICS") for RMB1. ICS, which has obtained the necessary environmental assessment approval from the Ministry of Environmental Protection of the People's Republic of China to manufacture 8-inch integrated circuit chips, will be used as a ready platform by the Group to diversify into the electronics sector.

The management of ICS is confident of procuring purchase order for about 300,000 chip wafers per year. Based on the forecast and assessment of ICS's management, the Board is optimistic that the new investment will contribute positively to the Group's future earnings growth in the long term.

Financial Review

Liquidity and Financial Resources

During the financial year, the Joint Venture had bank borrowings of RMB51 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 2012, the Group had fixed deposits, cash and bank balances amounting to HK$23,042,000 (2011 — HK$44,077,000) and short-term borrowings of HK$44,412,000 (2011 — HK$75,497,000). The borrowings bear a weighted average interest rate ranging from 2.60% to 7.22% (2011 — 2.57% to 6.09%) per annum. As at 31 December 2012, the Group had total assets of HK$406,358,000 (2011 — HK$417,970,000) which were financed by current liabilities of HK$163,601,000 (2011 — HK$193,511,000) and shareholders' equity of HK$242,757,000 (2011 — HK$224,459,000).

Capital Structure

a) On 26 December 2012, the authorised share capital of the Company was increased from HK$1,500,000 divided into 150,000,000 ordinary shares of HK$0.01 each to HK$2,500,000 divided into 250,000,000 shares, by the creation of an additional 100,000,000 new unissued shares each ranking pari passu in all respects with the existing shares.

b) During the year ended 31 December 2012, 10,511,628 options were exercised to subscribe for 10,511,628 new ordinary shares of the Company at a consideration of HK$17,503,000 of which HK$105,000 was credited to share capital and the balance of HK$17,397,000 was credited to share premium account. In accordance with the Group accounting policy, HK$5,704,000 has been transferred from share option reserve to the share premium account.

Gearing and Liquidity ratio

The Group's gearing ratio, defined as the ratio between total borrowings and shareholders' equity, was 0.183 (2011 — 0.336). The liquidity ratio of the Group represented by a ratio between current assets over current liabilities was 1.78 (2011 — 1.15).

Charges on Group Assets

As at 31 December 2012, the Joint Venture pledged buildings and relevant rights of land usage by way of a fixed charge for banking facilities granted.

Contingent Liability

The Group did not have any significant contingent liabilities as at 31 December 2012.

Employees

The Group currently employs a total of 1,400 employees. We expect this level of workforce to remain stable in 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 material 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 performance. Management will continue to monitor closely the exchange risk and hedge by forward exchange contracts and applicable derivatives when necessary.

19. SHARE OPTION SCHEME

In accordance with the Company's share option scheme ("the Scheme") which was adopted on 21 May 2004, the Board of Directors of the Company may grant options to any director and employee of the Group and suppliers, consultants, advisors, agents, customers, service providers, contractors, any member of or any holder of any securities issued by any member of the Group or any invested entity ("the Participants") to subscribe for shares in the Company at a price determined by the Board of Directors being the highest of:

a) the closing price of the shares as stated on The Stock Exchange's daily quotations sheets on the date of grant;

b) the average closing price of the shares as stated on The Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and

c) the nominal value of a share on the date of grant.

The option may be exercised at any time within a period as specified by the directors, which should not be more than ten years from the date on which an option is granted.

The total number of securities available for issue under the share option scheme as at 31 December 2012 was 21,023,256 shares (2011: 31,534,884 shares) in which options for 10,511,628 shares have been exercised during the year. Share options for 410,000 shares (2011: 10,101,628 shares) have been granted during the year.

20. 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 year.

21. CODE OF CORPORATE GOVERNANCE PRACTICES

The Board is committed to ensure that the 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 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.

22. AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-Executive Directors.

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 the auditors of the Company, the audited consolidated financial statements of the Group for the year ended 31 December 2012.

23. AUDIT REPORT

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

24. PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's 2012 Annual Report containing the relevant information required by the Listing Rules will be published on the website of the Stock Exchange and the Company in due course.

25. ANNUAL GENERAL MEETING

The notice of the Nineteenth Annual General Meeting will be published and issued in due course.

By order of the Board
Goh Nan Yang
Director

Kuala Lumpur, 20 March 2013

As at the date of this announcement, the Board comprises executive Directors, namely Mr. Goh Nan Yang and Mr. Wang Shu Jie, non-executive Directors, namely Mr. Goh Nan Kioh (Chairman) and Dato Yeoh Eng Khoon, the independent non-executive Directors, namely Mr. Liu Hongjun, Mr. Wong Meng Tak and Mr. Yeow See Yuen.