

AUDITORS' REPORT

Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

REPORT OF THE AUDITORS TO THE MEMBERS OF PEARL RIVER TYRE (HOLDINGS) LIMITED

We have audited the financial statements of the Group and of the Company set out on pages 15 to 68.

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 Society of Accountants, other professional reporting requirements and the listing rules of the Australian Stock Exchange and the 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 2003 and their results and cash flows for the financial year then ended.

Horwath
Kuala Lumpur Office
Chartered Accountants

Kuala Lumpur, 5 March 2004