

GITI TIRE CORPORATION

Financial Results for the Financial Year Ended 31 December 2013 (“FY2013”)

In 2013, the performance of the global automotive industry varied in different markets. U.S. and China markets continue to grow while slowdown in the European markets continues. With the gradual recovery of the US economy, the auto industry in the US had recorded sales growth in 2013. China’s overall car sales keep its growth in 2013. In Europe, the sustained euro debt crisis has resulted lower in the car sales in the region.

As reported by the China Tire Association, the total output of key 48 tire manufacturers increased in 2013 while total sales remained relatively stable. Giti Tire Corporation¹ (the “Company”), being an export oriented company, majority of its sales contributions are derived from its export sales. Amidst the gradual recovery of global economy with uncertainties and slowdown in the European economy, the Company continues to face these challenges by improving its production efficiencies, product quality, and customer’s satisfaction in improving its competitive advantage.

The Company’s revenue for FY2013 was RMB4.65 billion, higher by 8.6% from FY2012’s revenue of RMB4.28 billion, while the operating profit was RMB744 million, and profit attributable to the shareholders of the Company was RM283 million, an increase of 55.9% and 54.4%, respectively compared to previous year. The Company’s gross profit was RMB1,060 million, an increase of approximately 34.1% compared to FY2012, mainly due to price adjustments, improved capacity utilization and product mix improvements, resulting in a gross profit margin of 22.8% in 2013, an increase of 4.3% from the previous year. Total domestic and export sales were RMB1.262 billion and RMB3.362 billion respectively. Both production and sales volume are higher than previous year. Total sales volume was at around 18.03 million pieces in 2013, approximately 17.2% higher than 2012.

Selling expenses increased by 19.3%, mainly due to increase in logistics costs with the increase in sales volume. Profit before tax was RMB746 million, an increase of 55.0% year on year, with the resultant profit attributable to shareholders of the Company of RMB283 million, an increase of 54.4% from the previous year.

The Company's Outlook and Prospects

Overall it is expected that tire industry would continue to grow in the long-term, on the expectation that Chinese auto industry will be able to sustain steady growth amidst the gradual recovery in global economy. In the long-term, key challenges which tire manufacturers will continue to face are market competitions, raw material fluctuations, and trade barrier etc. The Company will continue to strengthen its business and operations through continuously strengthening production efficiency, product quality, and customer’s satisfaction in improving its competitive advantage.

¹ ***Giti Tire Corporation is a subsidiary company of Giti Tire Pte. Ltd.. Giti Tire Corporation holds 51% of Giti Tire Fujian, which represents one of seven tire manufacturing plants owned by Giti Tire Pte. Ltd. Group.***