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## **PEARL RIVER TYRE (HOLDINGS) LIMITED**

*(Registered in Bermuda with limited liability)*

(Stock Code: 01187)

### **PROFIT WARNING AND RESUMPTION OF TRADING**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, it is expected that the Group may record a consolidated net loss for the six months ended 30 June 2011 as compared to a consolidated net profit for the six months ended 30 June 2010.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Trading in the shares of the Company was suspended with effect from 9:00 a.m. on 15 July 2011 at the request of the Company pending the publication of this announcement. The Company has applied to the Stock Exchange for resumption of the trading in the shares of the Company effective from 1:30 p.m. on 15 July 2011.

This announcement is made by Pearl River Tyre (Holdings) Limited (the "Company", together with its subsidiaries and Guangzhou Pearl River Rubber Tyre Limited (the "Joint Venture"), collectively referred to as the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that the Group is expected to record a consolidated net loss for the six months ended 30 June 2011 as compared to a consolidated net profit for the six months ended 30 June 2010 (the "Profit Warning"). It is expected that such loss is mainly attributable to the Company's share of operating loss from the Joint Venture as a result of the significant rise in raw material prices, particularly in natural rubber. Such rise in raw materials led to higher cost of production which could not be fully passed on to customers due to intense price competition in both the domestic and export markets of the Joint Venture. Additionally, in view of the performance of the Group for current period and management of the Company's estimation of the market outlook, the Group is reassessing the need for further impairment on property, plant and equipment when preparing the interim report. Such impairment, if necessary, may further impact the consolidated results of the Group for the six months ended 30 June 2011.

The Company is currently finalising the Group's results for the six months ended 30 June 2011. Information contained in this announcement is only the preliminary assessment by the Board based on the information currently available and the management accounts of the Group, which have not been audited by the Company's auditors. The Board intends to carry out an interim audit on the consolidated results of the Group for the six months ended 30 June 2011 (the "Audited Results") which is expected to be published on or before 31 August 2011.

Given that the Company issued an announcement on 8 July 2011 regarding, among other things, a possible change in control of the Company and a possible general offer which constituted an announcement issued under Rule 3.7 of the Codes on Takeovers and Mergers (the "Takeovers Code"), the Profit Warning constitutes a profit forecast under Rule 10 of the Takeovers Code. As such, the Company is required to comply with the requirements under Rule 10 of the Takeovers Code with respect to the Profit Warning, which must be reported on by the Company's auditors and financial adviser. In consideration of the fact that, where applicable, the Audited Results will be included in any relevant documents to be issued by the Company in accordance with the requirements of the Takeovers Code, the Profit Warning will not be separately reported on.

**Shareholders and potential investors should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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Kuala Lumpur, 15 July 2011

By Order of the Board  
**Pearl River Tyre (Holdings) Limited**  
**Tan Pei Choo**  
Company Secretary

*As at the date of this announcement, the Board of Directors of the Company (the "Directors") comprises executive director, namely, Mr. Goh Nan Yang, non-executive directors, namely, Mr. Goh Nan Kioh (Chairman) and Dato Yeoh Eng Khoon, and independent non-executive directors, namely, Mr. Khoo Teng Keat, Mr Yeow See Yuen and Mr. Won Thean Sang.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.*