

**IMPORTANT**

**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Pearl River Tyre (Holdings) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**PEARL RIVER TYRE (HOLDINGS) LIMITED**

*(Registered in Bermuda with limited liability)*

**(Stock Code: 1187)**

**CIRCULAR ON  
GENERAL MANDATE TO ISSUE NEW SHARES AND  
REPURCHASE SHARES,  
10% GENERAL LIMIT ON GRANT OF  
SHARE OPTIONS UNDER THE SHARE OPTION SCHEME,  
THE RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Seventeenth Annual General Meeting (“17th AGM”) together with the form of proxy for use thereat are enclosed with this circular.

Whether or not you are able to attend the 17th AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for the holding of the 17th AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 17th AGM or any adjournment thereof should you so wish.

30 March 2011

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“17th AGM”	the Seventeenth Annual General Meeting of the Company to be held on Wednesday, 15 June 2011 at 10.00 a.m. or any adjournment thereof (or as the case may be) the notice of which is set out on page 7 to 11 of this circular
“AUD”	Australian Dollars
“Board” or “Directors”	the directors of the Company
“Bye-laws”	the bye-laws of the Company
“Company”	Pearl River Tyre (Holdings) Limited
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and otherwise deal with additional Shares with a nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the 17th AGM, as described in the ordinary resolution no. 7 in the 17th AGM Notice
“Issued Share Capital”	the issued ordinary share capital of the Company on the Latest Practicable Date
“Latest Practicable Date”	22 March 2011, being the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Refreshment”	the proposed refreshment of the 10% general limit on grant of options under the Share Option Scheme
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to empower the Directors to exercise the powers of the Company to repurchase the Shares with a nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the 17th AGM, as described in the ordinary resolution no. 6 in the 17th AGM Notice
“Share(s)”	the ordinary shares of AUD0.20 each in the capital of the Company

## DEFINITIONS

“Share Option Scheme” The share option scheme adopted by the Company on 21 May 2004

“Stock Exchange” or “SEHK” The Stock Exchange of Hong Kong Limited



## PEARL RIVER TYRE (HOLDINGS) LIMITED

*(Registered in Bermuda with limited liability)*

**(Stock Code: 1187)**

*Chairman and Non-Executive Director:*

Mr Goh Nan Kioh

*Executive Director:*

Mr Goh Nan Yang

*Non-Executive Director:*

Mr Yeoh Eng Khoon

*Independent Non-Executive Directors:*

Mr Khoo Teng Keat

Mr Yeow See Yuen

Mr Won Thean Sang

*Registered office:*

Bermuda Commercial Bank Building

19 Par-la-Ville Road

Hamilton HM 11

Bermuda

*Principal place of business:*

6/F CRE Building

303 Hennessy Road

Wanchai Hong Kong

30 March 2011

*To the Shareholders*

Dear Sirs or Mesdames,

**CIRCULAR ON  
GENERAL MANDATE TO ISSUE NEW SHARES AND  
REPURCHASE SHARES,  
10% GENERAL LIMIT ON GRANT OF  
SHARE OPTIONS UNDER THE SHARE OPTION SCHEME,  
THE RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

### 1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable the Shareholders to consider, and if thought fit, approve, among other things, the following resolutions to be proposed at the 17th AGM:

- (a) the granting of the Repurchase Mandate to the Directors for repurchase of the Shares by the Company;

## LETTER FROM THE BOARD

- (b) the granting of the Issue Mandate to the Directors to allot, issue and otherwise deal with additional Shares;
- (c) the granting of an extension to the Issue Mandate to include the Shares repurchased under the Repurchase Mandate, if any;
- (d) the proposed Refreshment; and
- (e) the re-election of the retiring Directors.

### **2. 10% GENERAL LIMIT ON GRANT OF SHARE OPTIONS UNDER SHARE OPTION SCHEME**

On 21 May 2004, the Company adopted the Share Option Scheme in compliance with the Listing Rules in respect of the share option schemes of a listed company. The then mandate for the issuance of 10% of the limit on grant of share options under the Share Option Scheme was 10,511,628 shares. There is no other Refreshment since adoption.

The Company had on 18 March 2011 granted 10,511,628 share options to eligible grantees and subject to the acceptance of eligible grantees within 28 days (“Acceptance Period”) from 18 March 2011, represents 10% of the Issued Share Capital. The total outstanding share options would be 10,511,628, if all eligible grantees were to accept the total 10,511,628 within the Acceptance Period.

The Refreshment will enable the Company to grant further options to the eligible persons, being all directors (including executive directors, non-executive directors and independent non-executive directors) and employees 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, will contribute or has contributed to the Group as incentives or rewards.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time will not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded.

As at Latest Practicable Date, there were 105,116,280 Shares in issue and 10,511,628 Options have been granted. Assuming that no further Shares will be issued prior to the date of approving the Refreshment by the Shareholders, the maximum number of options that can be generated by the Company under the Refreshment would be 10,511,628.

#### **Conditions**

The Refreshment is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the Refreshment; and

## LETTER FROM THE BOARD

- (b) the Listing Committee of the SEHK granting the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options granted under the refreshed general limit of the Share Option Scheme.

### **Application for Listing**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of any options that may be granted under the Refreshment.

### **3. GENERAL MANDATE TO ISSUE SHARES**

At the last Annual General Meeting of the Company held on 1 June 2010, the Directors were granted a general mandate to allot, issue and deal with additional Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution.

As part of the special businesses of the 17th AGM, Shareholders are asked to consider and if thought fit, to pass an ordinary resolution as set out in resolution 7 in the Notice of 17th AGM to renew the mandate to give the Directors power to allot, issue and deal with additional Shares with an aggregate nominal value not exceeding 20% of the share capital of the Company as at the date of passing of the resolution, which represents 21,023,256 Shares. As at the Latest Practicable Date, a total 105,116,280 Shares were in issue. Subject to Shareholders granting the Directors the general mandate to repurchase Shares as described below, Shareholders are also asked to extend the general mandate to issue Shares by an amount representing the aggregate nominal amount of the Shares repurchased by the Company under the Repurchase Mandate such that the amount of Shares so repurchased does not exceed 6.95% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution.

In accordance with the Listing Rules, Appendix 2 to this letter serves as an explanatory memorandum to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to be proposed at the 17th AGM to renew the mandate to allow the Directors to issue Shares.

### **4. GENERAL MANDATE TO REPURCHASE SHARES**

At the last Annual General Meeting of the Company held on 1 June 2010, the Directors were granted a general mandate to repurchase shares of the Company up to an aggregate nominal value not exceeding 7.06% of the aggregate nominal amount value of Shares in issue as at the date of passing of the relevant resolution.

As part of the special businesses of the 17th AGM, Shareholders are asked to consider and if thought fit, to pass an ordinary resolution as set out in resolution 6 in the Notice of the 17th AGM to renew the mandate to give the Directors power to repurchase Shares up to an aggregate nominal value not exceeding 6.95% of the aggregate nominal value of Shares as at the date of passing of the resolution. Based on the 105,116,280 Shares issued as at the

## LETTER FROM THE BOARD

Latest Practicable Date and assuming no Shares are issued or repurchased before the 17th AGM, the Company would therefore be allowed under this mandate to repurchase a maximum of 7,301,444 Shares.

In accordance with the Listing Rules, Appendix 2 to this letter serves as an explanatory memorandum to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution to be proposed at the 17th AGM to renew the Repurchase Mandate.

### **5. ANNUAL GENERAL MEETING**

Set out in Appendix 1 to this circular is the Notice of 17th AGM to convene the 17th AGM to be held at Guangzhou Pearl River Rubber Tyre Factory, Huadu, Guangzhou, The People's Republic of China on Wednesday, 15 June 2011 at 10.00 a.m. to consider certain resolutions as ordinary and special businesses of the 17th AGM.

### **6. RE-ELECTION OF DIRECTORS**

In relation to ordinary resolutions 2.1 and 2.2 in the Notice of 17th AGM, Shareholders are requested to consider the resolutions for re-election of Directors. Pursuant to the Bye-laws of the Company, save and except the Managing Director, one third of the board of Directors and any of them who has been in office for three or more years since he was last elected to office, are obliged to offer themselves for re-election at each annual general meeting.

Mr Won Thean Sang and Mr Yeow See Yuen are due to retire at this 17th AGM and have offered themselves for re-election.

Details of the retiring Directors proposed for re-election at the 17th AGM are set out in Appendix 2 of this Circular.

### **7. ACTION TO BE TAKEN**

A form of proxy for use at the 17th AGM is enclosed. Whether or not you intend to attend the 17th AGM, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon and deposit with the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and, in any event, not less than forty-eight (48) hours before the time appointed for the holding of the meeting or any adjournment thereof. The return of a form of proxy will not preclude you from attending and voting in person at the 17th AGM if you so wish.

## LETTER FROM THE BOARD

### 8. VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to Rule 13.39 of the Listing Rules, all votes of Shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote at the Annual General Meeting pursuant to bye-law 5.7(c)(1) of the Bye-laws. The result of the poll will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.pearlriver tyres1187.com](http://www.pearlriver tyres1187.com)) on the business day following the Annual General Meeting.

### 9. RECOMMENDATION

The Directors consider that the proposed granting of the Repurchase Mandate and the Issue Mandate (and the extension thereto), the Refreshment and the proposed re-election of the retiring Directors are all in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of all the relevant resolutions to be proposed at the 17th AGM.

### 10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 11. ADDITIONAL INFORMATION

Enclosed with this circular is a copy of the 2010 Annual Report of the Company. Shareholders are advised to regard the information contained in the said Annual Report in arriving at their discretion as to voting at the 17th AGM.

By order of the Board  
**PEARL RIVER TYRE (HOLDINGS) LIMITED**  
**Goh Nan Kioh**  
*Chairman*



## PEARL RIVER TYRE (HOLDINGS) LIMITED

(Registered in Bermuda with limited liability)

(Stock Code: 1187)

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of Pearl River Tyre (Holdings) Limited will be held at:

**Place** : Guangzhou Pearl River Rubber Tyre Factory, Huadu, Guangzhou,  
The People's Republic of China  
**Date** : Wednesday, 15 June 2011  
**Time** : 10.00 a.m.

#### ORDINARY BUSINESS

##### 1. Adoption of Financial Statements

To receive and adopt the financial statements of the Company together with the accompanying Directors' Report for the financial year ended 31 December 2010 and the Auditors' Report thereon.

##### 2. Re-election of Directors

2.1 *Mr Won Thean Sang retires by rotation as director in accordance with bye-law 6.1(f)(1)(A) of the Company.*

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

THAT Mr Won Thean Sang be re-appointed as Director of the Company, such appointment to take effect upon the close of the meeting.

2.1 *Mr Yeow See Yuen retires by rotation as director in accordance with bye-law 6.1(f)(1)(A) of the Company.*

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

THAT Mr Yeow See Yuen be re-appointed as Director of the Company, such appointment to take effect upon the close of the meeting.

**3. Directors' Fees**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

THAT the amount to be paid to Directors by way of directors' fees in anyone year be set at the same amount as the previous year and shall not be more than HK\$485,000 in aggregate.

**4. Re-appointment of Auditors**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

To re-appoint Crowe Horwath (HK) CPA Limited as Auditors of the Company and to authorise the Directors to fix their remuneration.

**SPECIAL BUSINESS****5. Ordinary Resolution — 10% general limit on grant of options under the Share Option Scheme**

THAT Conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") granting listing of, and permission to deal in, the shares of AUD0.20 each in the share capital of the Company ("Shares") to be issued pursuant to the exercise of options which may be granted under the New Scheme Limited (as defined below), the refreshment of the scheme limit of the Company's share option scheme adopted on 21 May 2004 upto 10 percent of the number of Shares in issue as at the date of passing this resolution (the "New Scheme Limit") be and is hereby approved and any director of the Company be and is hereby authorised to do such act and execute such document to effect the New Scheme Limit.

**6. Ordinary Resolution — Repurchase of Shares of the Company**

To authorise the Company to repurchase the shares of the Company as follows:

*(i) Repurchase of Shares of the Company*

"THAT:

- (a) subject to paragraph (b) and (c) of this Resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase shares ("Shares") of AUD0.20 each in the capital of the Company on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or any other exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose ("Recognised Stock Exchange"), subject to and in accordance with the Companies Act, 1981 of Bermuda, all applicable

laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or those of any other Recognised Stock Exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 6.95% of the aggregate nominal amount of the share capital of the Company in issue;
- (c) the general mandate granted to the Directors to exercise the powers of the Company to purchase the shares of the Company as approved by the shareholders of the Company at the Sixteenth Annual General Meeting of the Company held on 1 June 2010 be and it is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution); and
- (d) for the purpose of this Resolution, "Relevant Period" means the period from the date of the passing of this Resolution until whichever is the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or the applicable laws of Bermuda to be held; or
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."

#### **7. Ordinary Resolution — General Mandate to Issue Shares**

To empower the Board of Directors of the Company to allot, issue and otherwise deal with shares of the Company provided that the aggregate number of shares to be issued does not exceed 20% of the aggregate nominal amount of the issued Share capital of the Company as follows:

*(i) General Mandate to Issue Shares*

**"THAT:**

- (a) subject to sub-paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

- (b) the approval in sub-paragraph (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in sub-paragraph (a) of this Resolution, otherwise than by way of (i) a Rights Issue (as defined in sub-paragraph (e) of this Resolution) or (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into shares or (iii) the exercise of any option granted under any share scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in accordance with the Company's bye-laws shall not exceed the aggregate of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution plus (bb) (if the Directors are so authorised by a separate ordinary resolution of the Shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution, and the said approval be limited accordingly;
- (d) for the purpose of this Resolution, "Relevant Period" shall have the same meaning as in 6(i)(d) above; and
- (e) "Rights Issue" means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or any territory outside, Hong Kong)."

- (ii) “THAT conditional upon 6(i) and 7(i) above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are purchased by the Company under the authority granted to the Directors as mentioned in 6(i) above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to 7(i) above.”

Dated this 30th day of March 2011

By Order of the Board

**Tan Pei Choo**

*Company Secretary*

Kuala Lumpur



## PEARL RIVER TYRE (HOLDINGS) LIMITED

*(Registered in Bermuda with limited liability)*

**(Stock Code: 1187)**

### EXPLANATORY MEMORANDUM

This explanatory statement, as required by the Listing Rules, is to provide requisite information to you for your consideration of the Repurchase Mandate, Issue Mandate, Refreshment and the Re-election of retiring Directors.

#### ITEM 2 — RE-ELECTION OF DIRECTORS

##### 1. Mr Won Thean Sang

Mr Won (age 62), is a qualified electrical charginan of more than 40 years. He started his career as an electrical contractor and founded KTL Sdn Bhd, a Grade A contractor in Malaysia in 1992. Backed by years of experience in the electrical field and as a businessman, he has vast hands-on experience in business operations. He was appointed as an Independent Non-Executive Director, member of audit committee and member of remuneration committee of the Company on 2 March 2009.

Mr Won has not held any other directorship in public listed companies in Hong Kong in the last three years.

As at 22 March 2011, Mr Won does not have any interest or deemed interest in the shares or underlying shares in the capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance nor does he has relationship with any directors, senior management, substantial shareholders of the Company.

Mr Won does not have any service contract with the Company and shall retire from office on a rotation basis in accordance with the Bye-laws of the Company. Mr Won will receive a directors' fee of HK\$75,000 which is determined by reference of his duties and responsibilities, subject to the approval of the shareholders at the 17th AGM.

There are no matters concerning Mr Won in relation to Rule 13.51(2)(h) to (v) of the Listing Rules that need to be brought to the attention of the shareholders. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the shareholders of the Company.

##### 2. Mr Yeow See Yuen

Mr Yeow (age 44), holds a first class honours degree in Accountancy from the National University of Singapore. He started his careers with Coopers & Lybrand in Singapore in 1991 in the audit division. He left the firm in 1994 to join Deutsche Securities

Asia Limited (“Deutsche Securities”) where he spent 9 years working in the Equity Research Department. During the period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy. He was appointed as an Independent Non-Executive Director, member of audit committee and member of remuneration committee of the Company on 30 June 2008.

Mr Yeow has not held any other directorship in public listed companies in Hong Kong in the last three years.

As at 22 March 2011, Mr Yeow does not have any interest or deemed interest in the shares or underlying shares in the capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance nor does he has relationship with any directors, senior management, substantial shareholders of the Company.

Mr Yeow does not have any service contract with the Company and shall retire from office on a rotation basis in accordance with the Bye-laws of the Company. Mr Yeow will receive a directors’ fee of HK\$75,000 which is determined by reference of his duties and responsibilities, subject to the approval of the shareholders at the 17th AGM.

There are no matters concerning Mr Yeow in relation to Rule 13.51(2)(h) to (v) of the Listing Rules that need to be brought to the attention of the shareholders. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the shareholders of the Company.

## **ITEM 5 — REPURCHASE OF SHARES OF THE COMPANY**

The Listing Rules permit companies whose primary listings are on the SEHK to repurchase their shares on the SEHK subject to certain restrictions, the more important of which are summarized below. The Company is empowered by its bye-laws to repurchase its own shares.

### **1. Share Capital**

As at 22 March 2011, being the Latest Practicable Date prior to the printing of this document, the issued share capital of the Company comprised 105,116,280 Shares and on the basis that no shares are issued or repurchased by the Company prior to the 17th AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 7,301,444 Shares representing approximately 6.95% of the existing capital so as to maintain the amount of Shares held by the public to be not less than 25%.

The Directors undertake to the SEHK that the Company will only repurchase up to a maximum of 7,301,444 Shares, in order to comply with the public shareholding spread of 25% under paragraph 8.08 of the Listing Rules of SEHK.

## **2. Reasons for the Repurchase**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per share and/or earnings per share of the Company and will only be made when the Directors believe that a repurchase will benefit the Company and its shareholders.

## **3. Funding of Repurchases**

Repurchases must be funded out of funds which are legally available for the purpose and in accordance with the bye-laws of the Company, the Companies Act, 1981 of Bermuda (the “Companies Act”) and any of the applicable laws of Bermuda. Under the Companies Act, a company may only repurchase its shares out of capital paid up on the shares to be repurchased or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose.

Any amount of premium payable on a repurchase over the par value of the shares may only be effected out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company’s share premium account. Under the Companies Act, any repurchase of shares, regardless of whether it is repurchased at a premium or not may only be made if at least two Directors of the Company declare on the date of the repurchase by affidavit that, taking into account the proposed repurchase, the Company is solvent or that its creditors have consented in writing to the purchase.

An exercise of the Repurchase Mandate in full at any time during the proposed purchase period could have a material adverse impact on the working capital and gearing position of the Company compared with that as at 31 December 2010, being the date of its last audited accounts.

The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

#### 4. Share Prices

The highest and lowest prices at which the shares have traded on the SEHK in each of the last twelve calendar months preceding the date of this document were as follows:

	<b>Highest</b> <i>HKD</i>	<b>Lowest</b> <i>HKD</i>
March 2010	1.97	1.70
April 2010	1.95	1.80
May 2010	1.80	1.49
June 2010	1.52	1.35
July 2010	1.46	1.35
August 2010	1.46	1.20
September 2010	1.99	1.20
October 2010	1.99	1.80
November 2010	1.92	1.80
December 2010	1.84	1.69
January 2011	2.00	1.70
February 2011	1.95	1.80
March 2011 (Latest Practicable Date)	1.80	1.66

#### 5. Disclosure of Interests, the Hong Kong Code on Takeovers and Mergers (the “code”) and Minimum Public Holdings

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the Company or its subsidiaries any of the shares in the Company if the Repurchase Mandate is approved at the 17th AGM and exercised.

The Directors have undertaken to the SEHK that they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of Bermuda.

If a shareholder’s proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

The Directors are not aware of any consequences which the exercise in full of Repurchase Mandate will have under the Takeover Code, at present so far as is known to the Directors no shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code in the event that the Directors of the Company exercise the power to repurchase Shares pursuant to the Repurchase Mandate.

If the Company was to repurchase Shares up to the permitted maximum of approximately 6.95% of its existing issued share capital from the public shareholding, which is not presently contemplated, the pending percentage shareholding of the two Directors and the substantial shareholders, namely Pacific Union Pte Ltd and Kuala Lumpur Kepong Berhad would increase to 75%. To the best knowledge of the Directors, neither of these situations would give rise to any consequences under the Takeover Code and the Directors will ensure that the repurchase will not result in less than 25% of the issued share capital being in the public hands.

The Company also has no intention to exercise shares to arise public float issue.

*Disclosure of Interests*

- (a) As at 22 March 2011, being the Latest Practicable Date prior to the printing of this document, the interests of the Directors in any Shares in or debentures of the Company or any associated corporation are as follows:

Name	Registers Maintained In (Hong Kong)		
	Personal Interests	Family Interests	Corporate Interests
Goh Nan Kioh	—	957,790 <sup>(2)</sup>	38,398,000 <sup>(1)</sup>
Goh Nan Yang	94,000	—	—

*Notes:*

- (1) These Shares are beneficially held by three corporations in which Goh Nan Kioh held more than 20% equity interest.
- (2) 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.
- (b) As at 22 March 2011, being the Latest Practicable Date prior to the printing of this document, the interests of the Directors in any Shares in or debentures of the Company or any associated corporation are as follows:

Name	Capacity	Number of shares held in the Company	Percentage of the issued share capital of the Company
Pacific Union Pte Ltd <sup>(1)</sup>	Beneficial owner	37,590,000	35.76%
Kuala Lumpur Kepong Berhad <sup>(2)</sup>	Beneficial owner	32,085,976	30.52%
Batu Kawan Berhad <sup>(3)</sup>	Beneficial owner	32,085,976	30.52%
Arusha Enterprise Sdn Bhd <sup>(3)</sup>	Beneficial owner	32,085,976	30.52%
Wan Hin Investments Sdn Bhd <sup>(3)</sup>	Beneficial owner	32,085,976	30.52%
KL-Kepong International Ltd	Beneficial owner	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 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 substantially held by Goh Nan Kioh 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. Goh Nan Kioh is the Non-Executive Chairman of the Company.
2. Kuala Lumpur Kepong Berhad is a company incorporated in Malaysia and listed on the Main Market of the Bursa Malaysia Securities 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. Kuala Lumpur Kepong Berhad 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.

3. As at 22 March 2011, Kuala Lumpur Kepong Berhad is 46.57% directly owned by Batu Kawan Berhad, which is, in turn, 45.78% 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 Market of Bursa Malaysia Securities Berhad.

Save as disclosed above, as at 22 March 2011, no person, other than the Directors or the chief executive of the Company whose interests are set out in the section "Directors' and the chief executives' 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.

Apart from the aforesaid shareholders (and shareholders included as connected persons of the said shareholder within the meaning of the Listing Rules), the Directors are not aware of any single shareholder who holds more than 10% of the issued share capital of the Company.

In the event that the Directors exercise in full the power to Repurchase Mandate which is proposed to be granted pursuant to Ordinary Resolution No. 6, then (if the present shareholding otherwise remained the same) the attributable shareholding to the substantial shareholders as reflected in note 3. In the opinion of the Directors, such

increase may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an event as would result in takeover obligations.

#### **6. Undertaking**

The Company has not been notified by any Connected Persons that they have a present intention to sell shares to the Company or have undertaken not to sell any of the shares held by them to the Company, in the event that the Company is authorised to make purchases of shares.

#### **7. Share Repurchase Made by the Company**

The Company had not repurchased any of its shares on the SEHK during the six months preceding the date of this document.