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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 enclosed form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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

*(Registered in Bermuda with limited liability)*

**(Stock Code: 1187)**

### **PROPOSED CAPITAL REORGANISATION PROPOSED AMENDMENT TO BYE-LAWS AND NOTICE OF SPECIAL GENERAL MEETING**

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A letter from the board of directors of Pearl River Tyre (Holdings) Limited is set out on pages 3 to 9 of this circular.

A notice convening the special general meeting of Pearl River Tyre (Holdings) Limited to be held at No. 15 Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur, Malaysia on Friday, 29 July 2011 at 3:00 p.m. is set out on pages 10 to 12 of this circular.

Whether or not you are able to attend the special general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of Pearl River Tyre (Holdings) Limited in Hong Kong, Computershare Hong Kong Investor Services Limited at 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 special general meeting or any adjournment thereof (as the case may be) or upon the poll concerned. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof (as the case may be) or upon the poll concerned should you so wish.

6 July 2011

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## DEFINITIONS

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

“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Business Day”	the day (excluding Saturdays, Sundays and public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-laws”	the bye-laws of the Company, as may be amended from time to time
“Capital Reduction”	the proposed (i) reduction of the paid-up capital of each of the Redenominated Shares from HK\$1.67 each to HK\$0.01 each by the Company by way of cancellation of HK\$1.66 of the paid-up capital on each issued Redenominated Share; (ii) reduction of the authorised share capital of the Company by reducing the nominal value of each Redenominated Share from HK\$1.67 to HK\$0.01 resulting in the reduction of the authorised share capital of the Company from HK\$250,500,000 which is divided into 150,000,000 Redenominated Shares to HK\$1,500,000 which is divided into 150,000,000 New Shares; and (iii) transfer of the credit arising from the reduction of the issued share capital of the Company to the contributed surplus account of the Company
“Capital Reorganisation”	the proposed reorganisation of the capital of the Company by way of the Currency Redenomination and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System, established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Pearl River Tyre (Holdings) Limited (stock code: 1187), a company registered in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Currency Redenomination”	the proposed change in currency denomination of all the issued and unissued Shares from AUD0.20 to HK\$1.67 at the conversion rate of AUD1.00 to HK\$8.35
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities and Clearing Company Limited

## DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	30 June 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“Optionholder(s)”	holder(s) of the Share Option(s)
“Redenominated Share(s)”	the redenominated share(s) of HK\$1.67 each in the share capital of the Company upon the Currency Redenomination becoming effective
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders on Friday, 29 July 2011 at 3:00 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, approving the Capital Reorganisation, notice of which is set out on pages 10 to 12 of this circular
“Share(s)”	the existing ordinary share(s) of AUD0.20 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s) or New Share(s), as the context may require
“Share Option(s)”	option(s) to subscribe for Share(s) or New Share(s), as the case may be, granted or to be granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 21 May 2004
“Special Resolution”	a resolution passed by members of the Company holding three fourths of the voting rights of those present and voting in person or by proxy at a meeting of members of the Company with a notice given of at least 21 days
“Stock Exchange”	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:*

Dato 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 in Hong Kong:*

6/F, CRE Building

303 Hennessy Road

Wan Chai, Hong Kong

6 July 2011

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED CAPITAL REORGANISATION PROPOSED AMENDMENT TO BYE-LAWS AND NOTICE OF SPECIAL GENERAL MEETING**

#### **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 the Capital Reorganisation and amendment to Bye-laws as stated in the notice of SGM as contained herein.

## LETTER FROM THE BOARD

### PROPOSED CAPITAL REORGANISATION

The Company intends to put forward a proposal to the Shareholders to effect the Capital Reorganisation which involves:

- (i) the change in the currency denomination of the issued and unissued Shares from AUD0.20 each to HK\$1.67 each at the conversion rate of AUD1.00 to HK\$8.35;
- (ii) a reduction of the issued share capital of the Company whereby the nominal value of each issued Redenominated Share will be reduced from HK\$1.67 to HK\$0.01 by cancelling HK\$1.66 of the paid-up capital on each issued Redenominated Share;
- (iii) a reduction of the authorised share capital of the Company by reducing the nominal value of each Redenominated Share from HK\$1.67 to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$250,500,000 which is divided into 150,000,000 Redenominated Shares to HK\$1,500,000 which is divided into 150,000,000 New Shares; and
- (iv) the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company.

The credit arising in the Capital Reduction will be used in any manner permitted by the laws of Bermuda and the Bye-laws.

As at the Latest Practicable Date, save for the Share Options entitling the Optionholders to subscribe for 10,511,628 Shares, the Company has no other outstanding warrants, options or convertible securities. There will be no changes in the exercise price of the said Share Options for 10,511,628 Shares and the New Shares to be issued upon exercise of Share Options (if any) will be at nominal value of HK\$0.01 after the Capital Reorganisation.

### Conditions of the Capital Reorganisation

The Capital Reorganisation (which will be effected in accordance with the Bye-laws and the Companies Act) is conditional upon:

- (1) the passing by the Shareholders of the necessary resolutions approving the Capital Reorganisation at the SGM;
- (2) the compliance with the relevant procedures and requirements under sections 45 and 46 of the Companies Act to effect the Capital Reorganisation, including (i) publication of a notice in relation to the Capital Reduction in an appointed newspaper in Bermuda on a date not less than fifteen days but not more than thirty days before the date on which the Capital Reduction is to take effect; and (ii) that on the date on which the Capital Reduction is to be effected, there are no reasonable grounds to believe that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due;

## LETTER FROM THE BOARD

- (3) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and
- (4) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the New Shares in issue.

### Expected effective date of the Capital Reorganisation

Assuming the above conditions are fulfilled, it is expected that the Capital Reorganisation will become effective on the next Business Day following the date of passing of the relevant resolutions approving the Capital Reorganisation. The legal advisers to the Company as to Bermuda laws have confirmed that, subject to the conditions of the Capital Reorganisation as set out above being satisfied, the proposed cancellation of HK\$1.66 of the paid-up share capital on each issued Redenominated Share will be in compliance with the laws of Bermuda.

### Effect of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is AUD30,000,000 divided into 150,000,000 Shares of AUD0.20 each, of which 105,116,280 Shares have been issued and are fully paid. Assuming no Shares are to be issued pursuant to the exercise of the Share Option, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company will become HK\$1,500,000 divided into 150,000,000 New Shares, of which 105,116,280 New Shares will be in issue.

The effect of the Capital Reorganisation is summarised as below:

	Prior to the Capital Reorganisation	As per audited financial statements 31 December 2010	After Currency Redenomination but immediately before the Capital Reduction	Immediately following the Capital Reorganisation becoming effective
Nominal value of each Share	AUD0.20	—	HK\$1.67	HK\$0.01
Number of authorised shares	150,000,000	150,000,000	150,000,000	150,000,000
Authorised share capital	AUD30,000,000	HK\$166,305,000	HK\$250,500,000	HK\$1,500,000
Number of shares in issue	105,116,280	105,116,280	105,116,280	105,116,280
Issued and fully-paid-up share capital	AUD21,023,256	HK\$110,716,000	HK\$175,544,187.60	HK\$1,051,162.80

<b>LETTER FROM THE BOARD</b>
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The table below shows the proforma equity of the Group and the Company as at 31 December 2010 assuming the Capital Reorganisation was effective on 31 December 2010:

*Group level*

	<b>Audited equity as at 31 December 2010 <i>HK\$'000</i></b>	<b>Proforma equity as at 31 December 2010 <i>HK\$'000</i></b>
Share capital	110,716	1,051
Share premium	113,157	113,157
Revaluation reserve	45,661	45,661
Capital reserve	37,344	37,344
Contributed surplus	—	109,665
Foreign currency translation reserve	96,212	96,212
Accumulated losses	<u>(74,040)</u>	<u>(74,040)</u>
<b>Total equity</b>	<b><u>329,050</u></b>	<b><u>329,050</u></b>

*Company level*

	<b>Audited equity as at 31 December 2010 <i>HK\$'000</i></b>	<b>Proforma equity as at 31 December 2010 <i>HK\$'000</i></b>
Share capital	110,716	1,051
Share premium	113,157	113,157
Contributed surplus	—	109,665
Retained profits	<u>313</u>	<u>313</u>
<b>Total equity</b>	<b><u>224,186</u></b>	<b><u>224,186</u></b>

On the basis of 105,116,280 Shares in issue as at the Latest Practicable Date, a credit of HK\$109,665,000 will arise as a result of the Capital Reduction and will be transferred to the contributed surplus account of the Company, where such credit arising from the Capital Reduction may be utilised in any manner permitted by the laws of Bermuda, the Bye-laws and all other applicable laws. The Board currently has no immediate plan as to the use of such amount.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, liabilities, business operations, financial position or management of the Company or the proportionate interests of the Shareholders, except for the expenses incurred in relation to the Capital Reorganisation. The Board believes that the Capital Reorganisation will not

## LETTER FROM THE BOARD

have any material adverse effect on the financial position of the Group and the Board believes that on the date the Capital Reorganisation is to be effected, there will be no reasonable grounds to believe that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becomes effective. The Capital Reorganisation does not involve any diminution of any liability nor will it result in any change in the relative rights of the Shareholders.

The New Shares will rank pari passu in all respects with each other.

The Shareholders, however, should note that there can be no assurance that the credit in the contributed surplus account in the Company arising from the Capital Reduction will be distributed in the future by way of dividend.

### **Reasons for the Capital Reorganisation**

The Board considers that the Capital Reorganisation will give greater flexibility to the Company in managing its capital and shareholder funds. The credit in the contributed surplus account arising from the Capital Reduction will also enable the Company to distribute excess capital to the Shareholders as and when the Board considers appropriate. As such, the Board is of the view that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Listing and dealings**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation. The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid.

None of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## LETTER FROM THE BOARD

### Share certificates

Upon the Capital Reorganisation becoming effective, share certificates for the New Shares will be issued in the currency denomination of HK\$0.01. However, all existing share certificates in issue bearing the currency denomination of AUD0.20 will continue to be effective as documents of title to and be valid for trading, settlement and registration purposes. There will not be any arrangement for the exchange of the existing share certificates bearing the currency denomination of AUD0.20 for new share certificates bearing the currency denomination of HK\$0.01.

### PROPOSED AMENDMENT TO BYE-LAWS

If the Capital Reorganisation is being approved at the SGM, the currency denomination of the authorised share capital of the Company will need to be changed and the Bye-laws will be required to be amended according.

In this regard, the Directors wish to propose a Special Resolution at the SGM consequential to the Capital Reorganisation if the Capital Reorganisation is approved at the SGM to amend one definition in the existing Bye-laws as stated in the notice of SGM contained herein.

The purpose of amending the Bye-laws is consistent with the Capital Reorganisation of the Company which will become effective upon approval of Shareholders at the forthcoming SGM.

### 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.

### SGM

The notice convening the SGM, at which necessary resolutions for the approval of the Capital Reorganisation will be proposed, is set out on pages 10 to 12 of this circular. A form of proxy for use at the SGM is also enclosed with this circular.

Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited at 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 SGM or any adjournment thereof (as the case may be) or upon the

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poll concerned. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) or upon the poll concerned should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Shareholders to be taken at the SGM shall be taken by poll.

To the best knowledge, information and belief of the Directors, none of the Shareholders or their associates (as defined in the Listing Rules) would have any interest in the Capital Reorganisation, which is different from that of any other Shareholders. Accordingly, no Shareholders would be required to abstain from voting at the SGM.

**RECOMMENDATION**

The Board considers that the terms of the Capital Reorganisation and the amendments to the Bye-laws are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all the Shareholders to vote in favour of all the resolutions to be proposed at the SGM as set out in the notice of SGM contained herein.

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

## NOTICE OF SPECIAL GENERAL MEETING



### PEARL RIVER TYRE (HOLDINGS) LIMITED

*(Registered in Bermuda with limited liability)*

**(Stock Code: 1187)**

### NOTICE OF SPECIAL GENERAL MEETING

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

**Place** : No. 15 Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur, Malaysia  
**Date** : Friday, 29 July 2011  
**Time** : 3:00 p.m.

for the purposes of considering and, if thought fit, passing, with or without modification, the following resolutions as special resolutions of the Company:

### SPECIAL RESOLUTIONS

#### CAPITAL REORGANISATION

“**THAT**, conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the ordinary shares of HK\$0.01 each in the share capital of the Company (“**New Share(s)**”) upon the Capital Reorganisation (as defined below) becoming effective; and (ii) subject to compliance by the Company with the relevant legal procedures and requirements under sections 45 and 46 of the Companies Act 1981 of Bermuda (as amended), the memorandum of association and the bye-laws of the Company (the “**Bye-laws**”) to effect the Capital Reorganisation (as defined below), with effect from 9:00 a.m. on the business day (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) immediately following the passing of these resolutions by the shareholders of the Company (the “**Shareholders**”):

- (a) the currency denomination of each of the issued and unissued shares in the authorised share capital of the Company be changed from AUD0.20 each to HK\$1.67 each (the “**Redenominated Shares**”) at the conversion rate of AUD1.00 to HK\$8.35 (the “**Currency Redenomination**”);
- (b) the issued share capital of the Company be reduced whereby the nominal value of each issued Redenominated Share will be reduced from HK\$1.67 to HK\$0.01 by cancelling HK\$1.66 of the paid-up capital on each issued Redenominated Share;

## NOTICE OF SPECIAL GENERAL MEETING

- (c) the authorised share capital of the Company be reduced by reducing the nominal value of each Redenominated Share from HK\$1.67 to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$250,500,000 which is divided into 150,000,000 Redenominated Shares to HK\$1,500,000 which is divided into 150,000,000 New Shares;

(paragraphs (b) and (c) collectively referred to as “**Capital Reduction**”)

- (d) the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company and the directors of the Company (the “**Directors**”) be and are hereby authorised to apply such credit arising from the Capital Reduction in any manner permitted by the laws of Bermuda, the Bye-laws and all other applicable laws without further authorisation from the Shareholders (the “**Application of Credit**”); and
- (e) the Directors be and are hereby authorised to sign and execute such documents and deeds and to do all such acts and things as they shall in their absolute discretion deem necessary, desirable or expedient in connection with the implementation of or giving effect to the Currency Redenomination, the Capital Reduction and the Application of Credit (collectively, the “**Capital Reorganisation**”).”

### AMENDMENT TO THE BYE-LAWS

“**THAT** the definition of “A\$” or “\$” in Bye-law 1.1(a) be deleted in its entirety and replaced with the following:

“HK\$” means the Hong Kong dollars, the lawful currency of Hong Kong

Dated this 6th day of July 2011, Kuala Lumpur

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

*Registered office:*  
Bermuda Commercial Bank Building  
19 Par-La-Ville Road  
Hamilton HM 11  
Bermuda

*Principal place of business in Hong Kong:*  
6/F, CRE Building  
303 Hennessy Road  
Wan Chai, Hong Kong

## NOTICE OF SPECIAL GENERAL MEETING

*Notes:*

1. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company but must attend the meeting in person to represent you.
2. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be delivered at the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at 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 holding the meeting or any adjournment thereof (as the case may be) or upon the poll concerned.
3. Completion and return of the form of proxy shall not preclude a member from attending the meeting and voting in person at the meeting or any adjourned meeting (as the case may be) or upon the poll concerned if he so desires. In such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled to vote, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. As at the date of this notice, the board of directors of the Company 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.