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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 the transferee.

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PEARL RIVER TYRE (HOLDINGS) LIMITED

(Continued in Bermuda with limited liability)

(Stock Code: 01187)

PROPOSALS FOR (1) RE-ELECTION OF RETIRING DIRECTORS, (2) POSTPONEMENT OF ADOPTION OF 2013 ANNUAL REPORT AND RE-APPOINTMENT OF INDEPENDENT AUDITOR, (3) GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES, (4) ADOPTION OF SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Pearl River Tyre (Holdings) Limited (the "Company") to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 September 2014 at 10:00 a.m., at which, among other things, the above proposals will be considered, are set out on pages 30 to 33 of this circular.

Whether or not you intend to attend and/or vote at the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar 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 of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

8 August 2014

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RESPONSIBILITY STATEMENT

This circular, for which the Directors (as defined herein) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules (as defined herein) for the purpose of giving information with regard to the Company (as defined herein). The Directors (as defined herein), 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.

DEFINITIONS

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

“2013 AGM”	the annual general meeting of the Company held on 10 June 2013
“2013 Annual Report”	the audited consolidated financial statements and the reports of the Directors and auditor of the Company for the year ended 31 December 2013
“Adjourned AGM”	an adjourned annual general meeting of the Company to be held at such time when the 2013 Annual Report is available to consider (i) the 2013 Annual Report, (ii) the re-appointment of independent auditor of the Company for the ensuing year, and (iii) such other business(es) as left unfinished at the AGM
“AGM”	the annual general meeting of the Company to be convened and held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 September 2014 at 10:00 a.m.
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company and as amended from time to time
“Company”	Pearl River Tyre (Holdings) Limited, a company continued in Bermuda with limited liability, whose issued Shares are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Former Companies Ordinance”	the former Companies Ordinance (Chapter 32 of The Laws of Hong Kong) which was effective before 3 March 2014
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Issue Mandate”	a general unconditional mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with Shares of up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate and adding thereto any Shares representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the authority granted under the Repurchase Mandate
“Latest Practicable Date”	4 August 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice convening the AGM which is set out on pages 30 to 33 of this circular
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repurchase Mandate”	a general unconditional mandate proposed to be granted to the Directors at the AGM to repurchase such number of issued and fully paid Shares of up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting such mandate
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme proposed to be adopted at the AGM, a summary of the principal terms of which are set out in the Appendix III to this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



PEARL RIVER TYRE (HOLDINGS) LIMITED

(Continued in Bermuda with limited liability)

(Stock Code: 01187)

Executive Directors:

Yang Liu (*Chief Executive Officer*)

Lo Ka Wai

Wang Shu Jie

Registered office:

Bermuda Commercial Bank Building

19 Par-La-Ville Road

Hamilton HM 11

Bermuda

Non-Executive Director:

Xu Lei

Principal place of

business in Hong Kong:

Independent Non-Executive Directors:

Lai Ho Man, Dickson

Wang Xiao Chuan

Wong Lit Chor, Alexis

Liu Hongjun

Suite 5207, 52/F.

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

8 August 2014

To the Shareholders

Dear Sir or Madam,

PROPOSALS FOR
(1) RE-ELECTION OF RETIRING DIRECTORS,
(2) POSTPONEMENT OF ADOPTION OF 2013 ANNUAL REPORT
AND RE-APPOINTMENT OF INDEPENDENT AUDITOR,
(3) GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES, AND
(4) ADOPTION OF SHARE OPTION SCHEME

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM including, among other matters, (1) granting to the Directors the Issue Mandate and the Repurchase Mandate; (2) the postponement of the adoption of the 2013 Annual Report and re-appointment of independent auditor; (3) re-election of retiring Directors; and (4) the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

Pursuant to the Former Companies Ordinance, the Company is required to hold an annual general meeting within a period of not more than fifteen (15) months after the holding of the last annual general meeting. Since the Company held its last annual general meeting on 10 June 2013, an annual general meeting shall be held on or before 9 September 2014.

As disclosed in the Company's announcement dated 27 March 2014, 31 March 2014, 29 April 2014, 9 July 2014, 18 July 2014 and 25 July 2014 in relation to, among other matters, the postponement of Board meeting and delay in audited annual results announcement and dispatch of 2013 Annual Report, more time is required for the Company to prepare information requested for the independent auditor of the Company to finalise the auditor's report to the Shareholders for the year ended 31 December 2013. As the 2013 Annual Report will only be available upon the independent auditor of the Company finalise the auditor's report to the Shareholders, the AGM will be held on 8 September 2014 to note the position of the 2013 Annual Report and to transact other ordinary businesses. The Adjourned AGM, subject to the approval of the Shareholders (or their proxies and authorised representatives) at the meeting, will be adjourned until such time when the 2013 Annual Report is available for consideration and adoption.

At the 2013 AGM held on 10 June 2013, Crowe Horwath (HK) CPA Limited was re-appointed as Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company. A resolution for the re-appointment of Crowe Horwath (HK) CPA Limited as the independent auditor of the Company will be put to the Shareholders for consideration and approval at the Adjourned AGM in order to allow time for the 2013 Annual Report to be finalised.

GENERAL MANDATES

At the 2013 AGM held on 10 June 2013, ordinary resolutions were passed by the then Shareholders giving (a) a general and unconditional mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of such resolution; (b) a general and unconditional mandate to the Directors to repurchase Shares up to a maximum of 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of such resolution; and (c) to extend the general mandate mentioned in (a) above by an amount representing the aggregate nominal amount of the securities of the Company repurchased by the Company pursuant to the mandate to repurchase securities referred to (b) above.

The above general mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek your approval by way of passing of ordinary resolutions to be proposed at the AGM of the Issue Mandate and the Repurchase Mandate. The Directors wish to state that they have no immediate plan to issue any Shares or repurchase any Shares pursuant thereto. Please refer to resolutions numbered 3 to 5 set out in the notice of AGM on pages 30 to 33 of this circular for details of the proposed Issue Mandate and Repurchase Mandate.

As at the Latest Practicable Date, the number of issued Shares was 158,127,908 Shares, assume no further new Shares to be issued or no Shares to be repurchased prior to the AGM, the Issue Mandate will grant to the Directors an authority to issue up to 31,625,581 Shares.

LETTER FROM THE BOARD

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix I to this circular. The explanatory statement is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolution to grant to the Directors the Repurchase Mandate at the AGM.

POSTPONEMENT OF ADOPTION OF 2013 ANNUAL REPORT AND RE-APPOINTMENT OF INDEPENDENT AUDITOR

As more time is required for the Company to prepare information requested for the independent auditor of the Company to finalise the auditor's report to the Shareholders for the year ended 31 December 2013, the 2013 Annual Report will only be available when the same has been finalized. After the agenda items set out in the Notice have been properly dealt with at the AGM, and with the consent of the Shareholders (or their proxies and authorised representatives) present at the AGM, the chairman of the AGM will adjourn the AGM to such time when the 2013 Annual Report is available to (i) consider and adopt the 2013 Annual Report, and (ii) subject to the recommendation of the Audit Committee of the Company and the approval of the Board, consider the re-appointment of the independent auditor of the Company and to authorise the Directors to fix the auditor's remuneration.

RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of eight Directors, namely Messrs. Yang Liu, Lo Ka Wai, Wang Shu Jie, Xu Lei, Lai Ho Man, Dickson, Wang Xiao Chuan, Wong Lit Chor, Alexis and Liu Hongjun.

Mr. Yang Liu and Mr. Lo Ka Wai were appointed as executive Directors on 18 November 2013, Mr. Lai Ho Man, Dickson was appointed as an independent non-executive Director on 18 November 2013, Mr. Xu Lei was appointed as a non-executive Director on 20 November 2013 and Mr. Wang Xiao Chuan and Mr. Wong Lit Chor, Alexis were appointed as independent non-executive Directors on 20 November 2013. All of the above Directors shall retire from office at the AGM pursuant to Bye-Law 6.1 (e) of the Bye-Laws and, being eligible, offer themselves for re-election.

Pursuant to Bye-Law 6.1 (f)(1)(A) of the Bye-Laws, Mr. Liu Hongjun shall retire by rotation from office as an independent non-executive Director at the AGM and, being eligible, offer himself for re-election.

Mr. Lai Ho Man, Dickson, Mr. Wang Xiao Chuan, Mr. Wong Lit Chor, Alexis and Mr. Liu Hongjun, all are being independent non-executive Directors eligible for re-election at the AGM, have given an annual confirmation of their independence to the Company pursuant to Rule 3.13 of the Listing Rules. During their tenure in offices, they have demonstrated their abilities to provide an independent view to the Company's matters. The Board considers that they are able to continue to fulfill their roles as independent non-executive Directors and thus recommends them to be re-elected at the AGM. Furthermore, the Board is of the view that they meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the guidelines.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF SHARE OPTION SCHEME

Currently, the Company has no share option scheme. The previous share option scheme was adopted on 21 May 2004 and has expired on 20 May 2014. In order to enable the Group to grant options to selected eligible participants, including Directors, as incentives or rewards for their contribution to the Group, the Directors propose to recommend to the Shareholders at the AGM to approve the adoption of the Share Option Scheme.

As at the Latest Practicable Date, a total of 10,511,628 options were granted under the previous share option scheme (including those exercised or lapsed) and all such options have been exercised and there are no other options granted or remaining outstanding.

The purpose of the Share Option Scheme is enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group. It is a share incentive scheme and is established to recognize and acknowledge the contributions made by the eligible participants to the Group. The Share Option Scheme will provide eligible participants an opportunity to have a personal stake in the Company with the view to achieve the following objectives:

- (1) motivate the eligible participants to optimize their performance and efficiency for the benefit of the Group; and
- (2) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

The Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the AGM to approve and adopt the Share Option Scheme and to authorise the Board to grant options thereunder and allot, issue and deal with the Shares which fall to be issued by the Company pursuant to the exercise of the options under the Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in such number of Shares to be issued by the Company pursuant to the exercise of the options which may be granted under the Share Option Scheme.

LETTER FROM THE BOARD

The Share Option Scheme will take effect, subject to the approval of the Shareholders at the AGM, on the date of its being unconditional and coming into effect. Operation of the Share Option Scheme will commence after all conditions precedent have been fulfilled. With respect of the operation of the Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Under the Share Option Scheme, the Board has the authority to set terms and conditions in the grant of the options (i.e. to set conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised and the requirement for a minimum subscription price). With such authority and flexibility, the Directors may impose different conditions in the grant of the options to the participants as they consider appropriate with a view to achieving the purpose of the Share Option Scheme as stated above. None of the Directors is a trustee of the Share Option Scheme nor has any direct or indirect interest in the trustees.

Given that the purpose of the Share Option Scheme is to enable the Company to grant options to participants as incentives or rewards for their contributions to the Group and hence can enable the Group to recruit and retain senior management and key employees, attract human resources that are valuable to the Group and to provide the participants with an opportunity to have a personal stake in the Company through the Company offering the grant of options with the view to motivate the participants to optimize their performance and efficiency for the benefit of the Group, the Directors consider that the adoption of the Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

A summary of the principal terms of the Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in Appendix III to this circular.

A copy of the rules of the Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Suite 5207, 52/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays other than public holidays from the date of this circular up to and including the date of the AGM.

Scheme mandate limit and maximum number of shares to be issued

Shares which may fall to be issued upon the exercise of all options to be granted under the Share Option Scheme at any time may not exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme.

On the basis of 158,127,908 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased by the Company prior to the AGM, the scheme limit for the Share Option Scheme will be 15,812,790 Shares under Rule 17.03(3) of the Listing Rules, should the Share Option Scheme be adopted.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme.

LETTER FROM THE BOARD

Value of the options

The Company considers that it would not be appropriate to state the value of all options that can be granted under the Share Option Scheme as if they have been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the option value are yet to be determined.

Such variables include the subscription price payable for the Shares, exercise period, any lock-up period and any performance target. The Company believes that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would be misleading to the Shareholders.

ANNUAL GENERAL MEETING

Set out on pages 30 to 33 of this circular is a notice convening the AGM to consider and, if appropriate, to approve the ordinary resolutions relating to the proposals for the Issue Mandate and the Repurchase Mandate, postponement of adoption of 2013 Annual Report and re-appointment of independent auditor, the re-election of retiring Directors, and the adoption of Share Option Scheme.

To the best knowledge of the Directors information and belief after having made reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Share Option Scheme different to that of any other Shareholder and accordingly, no Shareholder is required to abstain from voting at the AGM on the resolution approving the adoption of the Share Option Scheme.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you intend to attend and/or vote at the AGM in person, you are requested to complete the form of proxy and return it to the Company's branch share registrar 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 of the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of AGM will be voted by poll.

RECOMMENDATION

The Board consider that the proposed ordinary resolutions are in the best interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of such resolutions at the AGM.

LETTER FROM THE BOARD

GENERAL

Your attention is also drawn to the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By Order of the Board
Pearl River Tyre (Holdings) Limited
Yang Liu
Executive Director

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution at the AGM to approve the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 158,127,908 Shares. Subject to the passing of the resolution for repurchase of Shares and on the basis of no further new Shares will be issued or repurchased up to the date of the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 15,812,790 Shares, representing 10% of the issued share capital as at the date of AGM.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or the earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Bye-Laws and the applicable laws of Bermuda and the Listing Rules, including capital paid upon the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

5. GENERAL

As compared with the financial position of the company as at 31 December 2012 (being the date of its latest audited financial statements), the Directors consider that there might be a material adverse impact on the working capital or gearing position in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months up to the Latest Practicable Date were as follows:-

	Share prices	
	Highest HK\$	Lowest HK\$
2013		
August	2.70	2.05
September	2.62	2.50
October	2.85	2.45
November	3.05	2.65
December	2.98	2.70
2014		
January	2.83	2.70
February	2.70	2.70
March	3.50	2.50
April*	Suspended	Suspended
May*	Suspended	Suspended
June*	Suspended	Suspended
July*	Suspended	Suspended
August* (up to and including the Latest Practicable Date)	Suspended	Suspended

* Trading in the Shares on the Stock Exchange has been suspended since 1 April 2014.

7. UNDERTAKING

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of Bermuda.

8. CONNECTED PERSON

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

9. TAKEOVERS CODE

If on exercise of the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers 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 Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Yang Liu ("Mr. Yang"), an executive Director and Chief Executive Officer the Company, holds 33,000,000 Shares (representing approximately 20.87% of the total issued share capital of the Company). In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, then the interest of Mr. Yang in the Shares would be increased to approximately 23.19% of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code.

10. SHARE PURCHASE MADE BY THE COMPANY

The Company has not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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The following set out the details of the Directors who will retire and, being eligible, offer themselves for re-election at the AGM pursuant to the Bye-Law 6.1(e) or 6.1(f) of the Bye-Laws.

1. Mr. Yang Liu, an executive Director

Mr. Yang, aged 40, was appointed as an executive Director on 18 November 2013 and was subsequently appointed as the Chief Executive Officer of the Company on 2 January 2014. He is a director of various subsidiaries of the Company and a member of the share option committee of the Company (the "Share Option Committee"). Mr. Yang graduated from Shaanxi University of Technology (formerly known as Shaanxi Institute of Technology) with a bachelor degree in engineering, specializing in auto-control. Mr. Yang has more than 10 years' experience in corporate and capital management in semi-conductor industry, and international trading of electronic products and bulk commodity. Mr. Yang is currently the general manager, the executive director and the legal representative of a company in the People's Republic of China with its principal activities in semi-conductor, and international trading of electronic products and bulk commodity. Mr. Yang has not hold any other directorship in listed public companies in the past three years.

Mr. Yang entered into a service agreement with the Company for an initial term of one year and is subject to the provisions of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the service agreement and as determined by the Board, Mr. Yang was entitled to a director's remuneration of HK\$100,000 per month commencing from 1 January 2014 to 31 December 2014, which is determined with reference to the market rate and his time, effort and expertise to be exercised on the Group's affairs and the Company's remuneration policy.

Mr. Yang has personal interests in 33,000,000 Shares. Save as disclosed above, he does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company and does not have any interest in Shares within the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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2. Mr. Lo Ka Wai, an executive Director

Mr. Lo, aged 45, was appointed as an executive Director on 18 November 2013. He is a member of each of the Share Option Committee, the nomination committee (the “Nomination Committee”) and the remuneration committee of the Company (the “Remuneration Committee”). Mr. Lo is a director of various subsidiaries of the Company. He graduated from the University of Wollongong, Australia with a bachelor degree in commerce. Mr. Lo is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Lo has more than 20 years of experience in financial management and corporate finance. Mr. Lo had been chief financial officer and/or company secretary for various listed companies in Hong Kong and currently is a chief financial officer of a company whose shares are listed on the Growth Enterprise Market (the “GEM”) of the Stock Exchange, an executive director of National United Resources Holdings Limited (stock code: 254) and independent non-executive directors of Yusei Holdings Limited (stock code: 96) and Sheng Yuan Holdings Limited (stock code : 851), the shares of these three companies are listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Lo did not hold any other directorship in listed public companies in the past three years.

Mr. Lo entered into a service agreement with the Company for an initial term of one year and is subject to the provisions of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the service agreement and as determined by the Board, Mr. Lo was entitled to a director’s remuneration of HK\$100,000 per month commencing from 1 January 2014 to 31 December 2014, which is determined with reference to the market rate and his time, effort and expertise to be exercised on the Group’s affairs and the Company’s remuneration policy.

Mr. Lo has personal interests in 4,000,000 Shares. Save as disclosed above, he does not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company and does not have any interest in Shares within the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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3. Mr. Xu Lei, a non-executive Director

Mr. Xu, aged 43, was appointed as a non-executive Director on 20 November 2013. Mr. Xu has had over 15 years of senior executive and operational experiences in the fields of mass media, technological development and cultural promotion in China since completion of a graduate study at Tongji University in China. Mr. Xu had been a senior manager of The China International Cultural Exchange Centre from 1997 to 2001 and has been the president and editor-in-chief of Travel & Leisure Magazine from 2002 to the present. Since 2003, Mr. Xu has gained substantial corporate governance and operational control experiences in the field of broadcasting and media communications in China including as the vice president of an audio and video publishing house, an executive director of a communication technology development company and a cultural investment firm respectively. Through his association with these enterprises, Mr. Xu has built a broad based social and people resource network in the relevant industries. Mr. Xu is a non-executive Director of Heng Xin China Holdings Limited (stock code: 8046), whose shares are listed on the GEM of the Stock Exchange, since November 2009. Save as disclosed above, Mr. Xu has not held any other directorship in listed public companies in the past three years.

Mr. Xu entered into a letter of appointment with the Company for an initial term of one year and is subject to the provisions of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the letter of appointment and as determined by the Board, Mr. Xu was entitled to a director's remuneration of HK\$30,000 per month commencing from 1 June 2014.

Mr. Xu does not have any relationship with any Director, senior management or substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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4. Mr. Lai Ho Man, Dickson, an independent non-executive Director

Mr. Lai, aged 40, was appointed as an independent non-executive Director on 18 November 2013. He is the chairman of each of the audit committee (the “Audit Committee”), Nomination Committee and the Share Option Committee and a member of the Remuneration Committee. He has over 17 years of experience in financial management and auditing. Mr. Lai is the chief financial officer and company secretary of Hosa International Limited (stock code: 2200), a company whose shares are listed on the main board of Stock Exchange, starting from February 2011 and is primarily responsible for the overall financial affairs. From November 2007 to March 2011, Mr. Lai was the group financial controller of AsiaAlum Group. From January 2007 to October 2007, he was the manager of the finance and accounting department of Brigantine Services Limited. From May 2005 to January 2007, he worked as the manager of the financial control department of CITIC Pacific Ltd. Mr. Lai worked at Kerry Beverage Services Ltd. as an assistant accounting manager from December 2003 to May 2005 and, from September 1996 to October 2003, worked as an assistant manager in KPMG, where he was mainly responsible for the external auditing, initial public offering and due diligence projects of financial institution sector. Mr. Lai graduated from Hong Kong Polytechnic University with a degree of Bachelor of Arts in Accountancy in November 1996. Mr. Lai also received a master’s degree in business administration from the University of Birmingham in 2008. He is a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also a member of the Taxation Institute of Hong Kong. Mr. Lai has not held any other directorship in listed public companies in the past three years.

Mr. Lai entered into a letter of appointment with the Company for an initial term of one year and is subject to the provisions of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the letter of appointment and as determined by the Board, Mr. Lai was entitled to a Director’s fee of HK\$15,000 per month, which is determined with reference to the market rate and his time, effort and expertise to be exercised on the Group’s affairs and the Company’s remuneration policy.

Mr. Lai has does not have any relationship with Director, senior management or substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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5. Mr. Wang Xiao Chuan, an independent non-executive Director

Mr. Wang, aged 41, was appointed as an independent non-executive Director on 20 November 2013. He is also the chairman of the Remuneration Committee. He graduated from Beijing University of Technology with a master degree in management majoring in finance and mathematics in 2000 and Chengdu University of Technology (formerly known as Chengdu Institute of Technology) with a bachelor degree in geology in 1993. Mr. Wang has more than 10 years' experience in investment, corporate finance and securities dealing experience gained by working as a senior executive in a number of financial services companies in the People's Republic of China. Mr. Wang is currently the director of Beijing Shuoren Technology Co., Ltd. and a number of companies. Mr. Wang did not hold any other directorship in listed public companies in the past three years.

Mr. Wang entered into a letter of appointment with the Company for an initial term of one year commencing on 20 November 2013. His appointment is subject to the provisions of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of letter of appointment and as determined by the Board, Mr. Wang was entitled to a Director's fee of HK\$15,000 per month which is determined with reference to the market rate and his time, effort and expertise to be exercised on the Group's affairs and the Company's remuneration policy.

Mr. Wang has no other relationship with Director, senior management or substantial shareholders or controlling shareholders of the Company. He does not have any interest in the Shares within the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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6. Mr. Wong Lit Chor, Alexis, an independent non-executive Director

Mr. Wong, aged 56, was appointed as an independent non-executive Director on 20 November 2013. He is also a member of the Audit Committee. He graduated from University of Toronto, Canada in 1981 with Bachelor of Arts degree majoring in economics and commerce and has obtained a master of business administration degree from The Chinese University of Hong Kong in 1987. Mr. Wong has over 20 years of banking, investment, corporate finance and securities dealing experience gained by working as a senior executive in a number of listed local and PRC financial services companies. During September 2004 to March 2012, Mr. Wong was an independent non-executive director of TLT Lottotainment Group Limited (stock code: 8022), whose shares are listed on the GEM of the Stock Exchange. Mr. Wong is currently an independent non-executive director of each of Inspur International Limited (stock code: 596) and China Fortune Holdings Limited (stock code: 110), the shares of these two companies are listed on the main board of the Stock Exchange. Save as disclosed above, Mr. Wong has not held any other directorship in listed public companies in the past three years.

Mr. Wong entered into a letter of appointment with the Company for an initial term of one year and is subject to the provisions of retirement and rotation of Directors under the Bye-Laws. Pursuant to the terms of the letter of appointment and as determined by the Board, Mr. Wong was entitled to a Director's fee of HK\$15,000 per month which is determined with reference to the market rate and his time, effort and expertise to be exercised on the Group's affairs and the Company's remuneration policy.

Mr. Wong does not have any relationship with Director, senior management or substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO.

APPENDIX II DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING
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7. Mr. Liu Hongjun, an independent non-executive Director

Mr. Liu, aged 44, was appointed as an independent non-executive Director on 28 September 2012. He is a member of each of the Audit Committee and the Nomination Committee. Mr. Liu is a graduate of Electric Engineering Institute of Hohai University in Nanjing City with a Bachelor degree in Industrial Electrical Automation. Mr. Liu has over 20 years of experience in the semi-conductor industry specialised in chips manufacturing. Mr. Liu is currently a senior manager of Tokyo Electron (Kunshan) Limited. Mr. Liu has not held any other directorship in listed public companies in the past three years.

Mr. Liu has a service contract with the Company and is subject to the provisions of retirement and rotation of Directors under the Bye-laws. Pursuant to the terms of the service contract and as determined by the Board, Mr. Liu was entitled to a Director's fee of HK\$75,000 per annum which is determined with reference to the market rate and his time, effort and expertise to be exercised on the Group's affairs and the Company's remuneration policy.

Mr. Liu does not have any relationship with Director, senior management or substantial shareholders or controlling shareholders of the Company and does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no information to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there any other matters need to be brought to the attention of the Shareholders in respect of each of the above Directors.

The following is a summary of the principal terms of the Share Option Scheme proposed to be adopted at the AGM which serves to summarize the terms of the Share Option Scheme, but does not constitute the full terms of the same.

In this Appendix III, unless the context otherwise requires:

“Auditors”	means the auditor for the time being of the Company;
“Calculation Agent”	means the independent financial advisers appointed by the Company for the purposes of certifying certain adjustments under the rules of the Scheme;
“Directors”	means the directors of the Company for the time being or a duly authorized committee thereof;
“Eligible Employee”	means any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any subsidiary of the Company or any Invested Entity;
“Eligible Participant”	means a person who may be invited by the Directors to take up Options pursuant to the Scheme;
“Invested Entity”	means any entity in which any member of the Group holds any equity interest;
“Offer”	means an offer for the grant of an Option pursuant to the Scheme;
“Offer Date”	means the date, which must be a business day, on which an Offer is made to an Eligible Participant;
“Option”	means an option to subscribe for the Shares granted under the Scheme;
“Option Period”	means, in relation to an Option, a period (which may not be later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the rules of the Scheme; and (ii) 10 years from the Offer Date of that Option;
“Scheme”	means the Share Option Scheme proposed to be adopted by the Company at the AGM;

“Shares”	means shares of HK\$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction; and
“Subscription Price”	means the price per Share at which a grantee may subscribe for the Shares on the exercise of an Option.

1. PURPOSE OF THE SCHEME

The purpose of the Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group.

2. ELIGIBLE PARTICIPANTS OF THE SCHEME

The Directors may in their discretion make an Offer to any person belonging to the following classes of participants to subscribe for Shares:

- (1) any Eligible Employee;
- (2) any non-executive directors (including independent non-executive Directors) of the Company, any subsidiary of the Company or any Invested Entity;
- (3) any supplier of goods or services to any member of the Group or any Invested Entity;
- (4) any customer of any member of the Group or any Invested Entity;
- (5) any person or entity that provides research, development or other technical support to any member of the Group or any Invested Entity;
- (6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (7) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (8) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the Scheme, the Offer may be made to any company wholly-owned by one or more Eligible Participants.

The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of the Group.

3. PERIOD OF THE SCHEME

The Scheme shall be valid and effective until the close of business of the Company on the date which falls ten (10) years after the date on which the Scheme is adopted, after which period no further options may be issued but the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

4. PERFORMANCE TARGETS

Unless otherwise determined by the Directors and stated in the Offer to an Eligible Participant who accepts an Offer, the Eligible Participant concerned is not required to achieve any performance targets before the exercise of an Option granted to him.

5. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The maximum number of Shares which may be issued and allotted upon exercise of all outstanding Options granted and yet to be exercised under the Scheme and all share option schemes adopted by the Group (if any), other than the Scheme (the "Other Schemes") shall not exceed 30% of the share capital of the Company in issue from time to time.
- (b) The total number of Shares which may be issued and allotted upon exercise of all Options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and the Other Schemes) to be granted under the Scheme and the Other Schemes must not in aggregate exceed 10% of the Shares in issue as at the date of passing of resolution by the Shareholders in general meeting approving and adopting the Scheme (the "General Scheme Limit") provided that:
 - (1) the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued and allotted upon exercise of all options to be granted under the Scheme and the Other Schemes must not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Scheme and the Other Schemes) previously granted under the Scheme and the Other Schemes will not be counted; and

- (2) the Company may seek separate Shareholders' approval in general meeting to grant Options under the Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to rule (1) above to Eligible Participants specifically identified by the Company before such approval is sought.
- (c) The total number of Shares issued and which may fall to be issued upon exercise of the Options and the options granted under Other Schemes (including both exercised or outstanding options) to each grantee in any 12-month's period shall not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of Options to a grantee under the Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Scheme and the Other Schemes in the 12-month's period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting.
- (d) Where any grant of Options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month's period up to and including the date of such grant:
- (1) representing in aggregate over 0.1% of the Shares in issue; and
 - (2) having an aggregate value, based on the closing price of the Shares at the Offer Date of each Offer, in excess of HK\$5 million; such further grant of Options must be approved by the Shareholders in general meeting.
- (e) Any change in the terms of Options granted to any grantee who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates must be approved by the Shareholders in general meeting.
- (f) For the purpose of seeking the approval of the Shareholders under rules of the Scheme summarized above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

6. TIME OF ACCEPTANCE AND EXERCISE OF OPTION

- (a) Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date). Such remittance shall in no circumstances be refundable.
- (b) The Option Period of an Option may not end later than ten (10) years from the Offer Date of that Option.
- (c) For so long as the Shares are listed on the Stock Exchange:
 - (1) an Offer may not be made after an event of inside information has occurred or an inside information matter has been the subject of a decision until such inside information has been announced in accordance with the Inside Information Provision under Part XIVA of the SFO. In particular, during the period commencing one month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules);
 - (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Offer may be made; and
 - (2) the Directors may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

- (d) An Option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option granted to such grantee to the extent not already exercised.
- (e) Unless otherwise determined by the Directors and stated in the Offer to a grantee, a grantee is not required to hold an Option for any minimum period nor achieve any performance targets before the exercise of an Option granted to him.
- (f) Shares to be issued and allotted upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share issued and allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

7. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date;
- (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and
- (3) the nominal value of a Share.

8. ADJUSTMENT TO THE SUBSCRIPTION PRICE

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of the Company, then, in any such case the Company shall instruct the Auditors or the Calculation Agent to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

- (1) the number or nominal amount of Shares to which the Scheme or any Option(s) relates (insofar as it is/they are unexercised); and/or
- (2) the Subscription Price of any Option; and/or
- (3) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remains comprised in an Option,

and an adjustment as so certified by the Auditors or the Calculation Agent shall be made, provided that:

- (1) any such adjustment shall give the grantee the same proportion of the issued share capital of the Company for which such grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (2) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (3) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (4) any such adjustment shall be in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange. In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the Auditors or the Calculation Agent must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

9. RIGHTS ON WINDING UP

In the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the rules of the Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his Option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

10. LAPSE OF OPTION

The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (1) the expiry of the Option Period;
- (2) the expiry of any of the periods specified in the rules of the Scheme following a grantee ceasing to be an Eligible Employee by reason of his death, ill-health or retirement or other causes or the occurrence of other circumstances specified in the rules of the Scheme;
- (3) in respect of a grantee who is an Eligible Employee, the date on which the grantee ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or any member of the Group or the Invested Entity into disrepute);
- (4) in respect of a grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that:
 - (a) the grantee or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part; or

- (b) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or
 - (c) the grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and
 - (d) the option shall lapse as a result of any event specified in sub-paragraph (a), (b) or (c) above; and
- (5) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach by the grantee of the transfer restriction in respect of that or any other Option.

11. CANCELLATION OF OPTIONS

- (a) Subject to the rules of the Scheme and Chapter 17 of the Listing Rules, any Option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of the Directors.
- (b) Where the Company cancels any Option granted to a grantee but not exercised and issues new Option(s) to the same grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding, for this purpose, the Options so cancelled) within the General Scheme Limit or the limits approved by the Shareholders pursuant to the Scheme.

12. ALTERATION OF THE SCHEME

- (a) The Scheme may be altered in any respect by a resolution of the Directors except that:
 - (1) the provisions of the Scheme as to the definitions of "Eligible Participants", "Grantee", "Option Period" and "Termination Date";
 - (2) the provisions of the Scheme relating to the matters governed by Rule 17.03 of the Listing Rules; shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Bye-Laws for the time being of the Company for a variation of the rights attached to the Shares.

- (b) Any alterations to the rules of the Scheme which are of a material nature shall be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Scheme.
- (c) Any change to the authority of the Directors or the administrators of the Scheme in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.
- (d) The terms of the Scheme and/or any Options amended pursuant to the rule summarized above must comply with the applicable requirements of the Listing Rules.

13. TERMINATION

The Company by resolution in general meeting may at any time terminate the operation of the Scheme and in such event no further Options will be offered but in all other respects the provisions of the Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme and Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

NOTICE OF ANNUAL GENERAL MEETING



PEARL RIVER TYRE (HOLDINGS) LIMITED

(Continued in Bermuda with limited liability)

(Stock Code: 01187)

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the “Annual General Meeting” or the “Meeting”) of Pearl River Tyre (Holdings) Limited (the “Company”) will be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Monday, 8 September 2014 at 10:00 a.m. for the following purposes:

1. To consider the postponement of the adoption of the audited financial statements and the reports of the Directors and the Auditor of the Company and its subsidiaries for the year ended 31 December 2013 and the re-appointment of Auditor of the Company for the ensuing year to the date of the adjourned Annual General Meeting to be determined by the Directors.
2. To re-elect the retiring Directors and to authorize the board of directors (the “Board”) of the Company to fix their remuneration.

As special businesses, to consider and if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

3. “**THAT** :
 - (a) subject to the following provisions of this resolution, 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 and deal with additional shares of HK\$0.01 each in the share capital of the Company (the “Shares”), and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of the conversion rights attaching to any convertible securities issued by the Company; (iii) the exercise of warrants to subscribe for Shares; (iv) the exercise of options granted under any share option scheme or similar arrangement for the time being adopted by the Company; or (v) an issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (“Bye-laws”); shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest 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 or any applicable law of Bermuda to be held; or
 - (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company (“Shareholders”) in general meeting.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors of the Company to the holders of Shares or any class of Shares whose names appear on the registers of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (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, any territory applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

4. **“THAT:**
- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with 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 is hereby generally and unconditionally approved;
 - (b) the aggregate nominal amount of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
 - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest 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 or any applicable law of Bermuda to be held; or
 - (iii) the date on which such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”
5. **“THAT** conditional upon resolutions numbered 3 and 4 above being passed, the unconditional general mandate granted to the Directors of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution numbered 3 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 4 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares of the Company falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular of the Company dated 8 August 2014, the terms of which are set out in the printed document marked “A” now produced to the Annual General Meeting and signed by the chairman of the Annual General Meeting for the purpose of identification (“Share Option Scheme”), the Share Option Scheme be approved and adopted to be the Share Option Scheme of the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue Shares of the Company pursuant to the Share Option Scheme and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

By Order of the Board
Pearl River Tyre (Holdings) Limited
Chan Pui Shan, Bessie
Company Secretary

Hong Kong, 8 August 2014

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting convened by this notice shall be entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him in accordance with the Bye-laws of the Company. A proxy need not be a member of the Company, but must be present to represent the member.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy (if required by the Directors), the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Hong Kong 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 (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjournment thereof should they so wish.
4. With respect of resolution no. 2 of this notice, Messrs. Yang Liu, Lo Ka Wai, Xu Lei, Lai Ho Man, Dickson, Wang Xiao Chuan, Wong Lit Chor, Alexis and Liu Hongjun shall retire from the office of directorship and shall offer themselves for re-election in accordance with the Company’s Bye-laws. Details of the retiring Directors which are required to be disclosed under the Listing Rules are set out in the circular of the Company dated 8 August 2014.
5. As at the date of this notice, the board of Directors consists of eight Directors, namely Mr. Yang Liu, Mr. Lo Ka Wai and Mr. Wang Shu Jie as executive Directors, Mr. Xu Lei as non-executive Director, and Mr. Lai Ho Man, Dickson, Mr. Wang Xiao Chuan, Mr. Wong Lit Chor, Alexis and Mr. Liu Hongjun as independent non-executive Directors.