

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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 **Yuanda China Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Yuanda China Holdings Limited**  
**遠大中國控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2789)**

**CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 18 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 33 of this circular.

A notice convening the EGM of the Company to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 22 October 2013 at 9:30 a.m. is set out on pages 38 to 40 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to

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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 but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment if they so wish.

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## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	Yuanda China Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Design and Consulting Services Agreement”	the agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Group in relation to the feasibility and design services on the development of the construction materials industrial park of Yuanda Group in Africa;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting to be convened to approve the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement and the transactions contemplated thereunder;
“First Construction Agreement”	the agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Technology Electrical in relation to the renovation of the outer walls of the production facilities of Yuanda Technology Electrical;
“First Design Agreement”	the agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Property Development in relation to the construction design of the curtain walls of Yuanda Xintiandi Commercial Centre;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

## DEFINITIONS

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors to be appointed by the Board to advise the Independent Shareholders in relation to the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser” or “Proton Capital”	Proton Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement;
“Independent Shareholders”	Independent shareholders of the Company;
“Latest Practicable Date”	27 September 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kang”	Mr. Kang Baohua, an executive Director and the controlling shareholder of the Company;
“Original Agreement”	the agreement dated 24 June 2013 between Shenyang Yuanda and Yuanda Property Development in relation to the design, supply, manufacture and installation of the aluminium alloy windows and doors of certain buildings within Yuanda Garden;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;

## DEFINITIONS

“Second Construction Agreement”	the agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Mechanical & Electrical in relation to the renovation of the outer walls of the production facilities of Yuanda Mechanical & Electrical;
“Second Design Agreement”	the agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Property Development in relation to the design of the curtain walls of the commercial areas of Yuanda Jiayuan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	Shareholder(s) of the Company;
“Shenyang Yuanda”	瀋陽遠大鋁業工程有限公司 (Shenyang Yuanda Aluminium Industry Engineering Co., Ltd.), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Original Agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Property Development in relation to the supply of machinery, equipment and labour for the installation of the aluminium alloy windows and doors to 23 buildings within the Yuanda Garden;
“Yuanda Garden”	遠大花園 (Yuanda Garden), a property project under development by Yuanda Property Development located at 11# Street, Shenyang Economic & Technological Development Area (瀋陽經濟技術開發區), Shenyang, the PRC;
“Yuanda Group”	瀋陽遠大鋁業集團有限公司 (Shenyang Yuanda Aluminium Industry Group Ltd.), a company incorporated in the PRC and owned by Mr. Kang;
“Yuanda Jiayuan”	遠大家園 (Yuanda Jiayuan), a property project under development by Yuanda Property Development located at the Central Avenue of the Shenyang Economic & Technological Development Area, Shenyang, the PRC;

## DEFINITIONS

“Yuanda Jiayuan Agreement”	the agreement dated 10 September 2013 between Shenyang Yuanda and Yuanda Property Development in relation to the supply of machinery, equipment and labour for the installation of the aluminium alloy windows and doors of certain buildings within Yuanda Jiayuan;
“Yuanda Mechanical & Electrical”	瀋陽遠大機電裝備有限公司 (Shenyang Yuanda Mechanical & Electrical Equipment Co., Ltd.), a company incorporated in the PRC and is a wholly-owned subsidiary of Yuanda Group;
“Yuanda Property Development”	瀋陽遠大房地產開發有限公司 (Shenyang Yuanda Property Development Co., Ltd.), a company incorporated in the PRC and is a wholly-owned subsidiary of Yuanda Group;
“Yuanda Technology Electrical”	瀋陽遠大科技電工有限公司 (Shenyang Yuanda Technology Electrical Co., Ltd.), a company incorporated in the PRC and is a wholly-owned subsidiary of Yuanda Group; and
“%”	per cent.

*In this circular, translations from RMB to HK\$ is based on an exchange rate of RMB1.00 to HK\$1.27 and is for illustration purpose only.*

## LETTER FROM THE BOARD



# Yuanda China Holdings Limited 遠大中國控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2789)**

*Executive Directors:*

Mr. Kang Baohua (*Chairman*)  
Mr. Tian Shouliang (*Chief Executive Officer*)  
Mr. Guo Zhongshan  
Mr. Wang Yijun  
Mr. Wang Lihui  
Mr. Zhang Lei

*Independent Non-executive Directors:*

Mr. Poon Chiu Kwok  
Mr. Woo Kar Tung, Raymond  
Mr. Pang Chung Fai, Benny

*Registered Office:*

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal Place of*

*Business in Hong Kong:*  
Unit 1101-06, 11/F  
Prosperity Millennia Plaza  
663 King's Road  
North Point  
Hong Kong

3 October 2013

*To: the Shareholders*

Dear Sir or Madam,

## CONNECTED TRANSACTIONS

### INTRODUCTION

Reference is made to the announcement of the Company dated 10 September 2013 in relation to the connected transactions of the Company. The purposes of this circular are:

- (a) to provide you with further information relating to the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement;
- (b) to set out the recommendations of the Independent Board Committee relating to the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement;
- (c) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders relating to



## LETTER FROM THE BOARD

the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement; and

- (d) to give you notice of the EGM to consider and, if thought fit, to approve the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement.

### THE SUPPLEMENTAL AGREEMENT

Date: 10 September 2013

Parties: (1) Shenyang Yuanda; and

(2) Yuanda Property Development. Yuanda Property Development is principally engaged in property development. It is a wholly-owned subsidiary of Yuanda Group, which is in turn beneficially owned by Mr. Kang, an executive Director and the controlling shareholder of the Company. Accordingly, Yuanda Property Development is an associate of a connected person of the Company for the purpose of the Listing Rules.

Subject matter: Shenyang Yuanda will supply the machinery, equipment and labour for the installation of the aluminium alloy windows and doors to 23 buildings within the Yuanda Garden, a residential property project being developed by Yuanda Property Development located at 11# Street, Shenyang Economic & Technological Development Area (瀋陽經濟技術開發區), Shenyang, the PRC. Such services are being carried out by Shenyang Yuanda in its ordinary course of business in which the Group has provided services of a similar nature to third party customers.

Under the Original Agreement, Shenyang Yuanda would design, supply, manufacture and install aluminium alloy windows and doors to the buildings in Yuanda Garden. Civil constructions of the Yuanda Garden have been completed. However, certain window and door openings built by the civil contractor deviated from the construction plans and additional work would need to be carried out by Shenyang Yuanda before the windows and doors could be installed. The Supplemental Agreement was entered into in relation to the additional work to be done.

## LETTER FROM THE BOARD

Consideration: The consideration for the work under the Supplemental Agreement is approximately RMB15.7 million (equivalent to approximately HK\$19.9 million), based on a contract installation area of 18,540 square meters and will be subject to adjustment in accordance with the actual area built. The adjustment will be calculated by multiplying the difference between the contract installation area and the actual area built by the unit installation cost. The consideration was determined after arm's length negotiations between the parties with reference to the work to be carried out by Shenyang Yuanda. As the contract period for the Supplemental Agreement is short with Shenyang Yuanda being required to complete the job within a tight schedule, the Supplemental Agreement carries a slightly higher margin than the normal supply of such service to third party customers. The Company is of the view that the entering into of the Supplemental Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the Supplemental Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- 30% of the consideration will be paid upon the signing of the Supplemental Agreement;
- 80% of the portion of the consideration for the work performed during each calendar month will be paid on a monthly basis; and
- the balance of the consideration will be paid upon the completion of the quality inspection of the project.

Pursuant to the terms of the Supplemental Agreement, Shenyang Yuanda would need to complete all the work under the Supplemental Agreement by 31 December 2013.

### THE YUANDA JIAYUAN AGREEMENT

Date: 10 September 2013

Parties: (1) Shenyang Yuanda; and  
(2) Yuanda Property Development.

## LETTER FROM THE BOARD

**Subject matter:** Shenyang Yuanda will supply the machinery, equipment and labour for the installation of the aluminium alloy windows and doors to 19 buildings at Yuanda Jiayuan, a residential property project being developed by Yuanda Property Development located at the Central Avenue of the Shenyang Economic & Technological Development Area, Shenyang, the PRC. Such services are being carried out by Shenyang Yuanda in its ordinary course of business in which the Group has provided services of a similar nature to third party customers.

Civil constructions of Yuanda Jiayuan have been completed. However, certain window and door openings built by the civil contractor deviated from the construction plans and Shenyang Yuanda has been commissioned to rectify the defects before the windows and doors could be installed.

**Consideration:** The consideration for the work under the Yuanda Jiayuan Agreement is approximately RMB10.8 million (equivalent to approximately HK\$13.7 million), based on a contract installation area of 11,880 square meters and will be subject to adjustment in accordance with the actual area built. The adjustment will be calculated by multiplying the difference between the contract installation area and the actual area built by the unit installation cost. The consideration was determined after arm's length negotiations between the parties with reference to the work to be carried out by Shenyang Yuanda. As the contract period for the Yuanda Jiayuan Agreement is short with Shenyang Yuanda being required to complete the job within a tight schedule, the Yuanda Jiayuan Agreement carries a slightly higher margin than the normal supply of such service to third party customers. The Company is of the view that the entering into of the Yuanda Jiayuan Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the Yunada Jiayuan Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- 30% of the consideration will be paid upon the signing of the Yuanda Jiayuan Agreement;
- 80% of the portion of the consideration for the work performed during each calendar month will be paid on a monthly basis; and

## LETTER FROM THE BOARD

- the balance of the consideration will be paid upon the completion of the quality inspection of the project.

Pursuant to the terms of the Yuanda Jiayuan Agreement, Shenyang Yuanda would need to complete all the work under the Yuanda Jiayuan Agreement by 31 December 2013.

### THE DESIGN AGREEMENTS

#### The First Design Agreement

Date: 10 September 2013

Parties: (1) Shenyang Yuanda; and  
(2) Yuanda Property Development.

Subject matter: Shenyang Yuanda will design and provide the schematic design plan and the detailed construction drawings of the curtain walls for Yuanda Xintiandi Commercial Centre (遠大新天地商業中心), a commercial development project of Yuanda Property Development located in Shanghai, the PRC. The Group had provided design services as part of the total curtain wall solution offered by the Group which encompasses the designing, manufacturing and installation services. The Group, however, has not provided design services on a standalone basis to third party customers.

Consideration: The consideration for the work under the First Design Agreement is RMB20.0 million (equivalent to approximately HK\$25.4 million). The consideration was determined after arm's length negotiations between the parties with reference to the man-hours to be committed to completing the design under the First Design Agreement. As design services call for higher technical skill, greater degree of industry experiences and know-how, the First Design Agreement carries a margin which is higher than the average historical profit margin of the Group. The Company is of the view that the entering into of the First Design Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the First Design Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- 20% of the consideration will be paid within 14 days after the signing of the First Design Agreement;
- 30% of the consideration will be paid within 14 days after the delivery of the schematic design plans; and
- 50% of the consideration will be paid within 14 days after the delivery of the detailed construction drawings of the project.

Delivery:

Pursuant to the terms of the First Design Agreement, Shenyang Yuanda would need to complete the design and deliver the relevant drawings in accordance with the following schedule:

- delivery of the general design plan – within 30 days of the signing of the First Design Agreement;
- delivery of the schematic design plans for submission to the relevant government authority for approval – within 30 days from the confirmation of the general design; and
- delivery of the detailed construction drawings – within 40 days from the approval of the schematic design.

### **The Second Design Agreement**

Date: 10 September 2013

Parties: (1) Shenyang Yuanda; and  
(2) Yuanda Property Development.

Subject matter: Shenyang Yuanda will design and provide the schematic design plan and the detailed construction drawings of the curtain walls for the commercial areas of Yuanda Jiayuan, a residential project being developed by Yuanda Property Development in Shenyang, the PRC. The Group had provided design services as part of the total curtain wall solution offered by the Group which encompasses the designing, manufacturing and installation services. The Group, however, has not provided design services on a standalone basis to third party customers.

## LETTER FROM THE BOARD

Consideration: The consideration for the work under the Second Design Agreement is RMB20.0 million (equivalent to approximately HK\$25.4 million). The consideration was determined after arm's length negotiations between the parties with reference to the man-hours to be committed to completing the design under the Second Design Agreement. As design services call for higher technical skill, greater degree of industry experiences and know-how, the Second Design Agreement carries a margin which is higher than the average historical profit margin of the Group. The Company is of the view that the entering into of the Second Design Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the Second Design Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- 20% of the consideration will be paid within 14 days after the signing of the Second Design Agreement;
- 30% of the consideration will be paid within 14 days after the delivery of the schematic design plans; and
- 50% of the consideration will be paid within 14 days after the delivery of the detailed construction drawings of the project.

Delivery: Pursuant to the terms of the Second Design Agreement, Shenyang Yuanda would need to complete the design and deliver the relevant drawings in accordance with the following schedule:

- delivery of the general design plan – within 30 days of the signing of the Second Design Agreement;
- delivery of the schematic design plans for submission to the relevant government authority for approval – within 30 days from the confirmation of the general design; and
- delivery of the detailed construction drawings – within 40 days from the approval of the schematic design.

## LETTER FROM THE BOARD

### THE DESIGN AND CONSULTING SERVICES AGREEMENT

- Date: 10 September 2013
- Parties: (1) Shenyang Yuanda; and
- (2) Yuanda Group, which is a company incorporated in the PRC and is beneficially owned by Mr. Kang, an executive Director and the controlling shareholder of the Company. Yuanda Group is therefore a connected person of the Company for the purpose of the Listing Rules.
- Subject matter: Yuanda Group is investigating into the development of a construction materials industrial park in Africa. The proposed industrial park will cover an area of 4 square kilometres. Pursuant to the terms of the Design and Consulting Services Agreement, Shenyang Yuanda will assist Yuanda Group to conduct feasibility study on the development and provide construction and engineering design services for the proposed development. The Group had provided design services as part of the total curtain wall solution offered by the Group which encompasses the designing, manufacturing and installation services. The Group, however, has not provided consulting and design services on a standalone basis to third party customers.
- Consideration: The consideration for the work under the Design and Consulting Services Agreement is RMB53.0 million (equivalent to approximately HK\$67.3 million) and can be divided into RMB8.0 million for the preparation of the feasibility study and RMB45.0 million for the provision of the design services. The consideration was determined after arm's length negotiations between the parties with reference to the man-hours to be committed to completing the services under the Design and Consulting Services Agreement. As both the consulting services and the designing services call for higher technical skill, greater degree of industry experiences and know-how, the Design and Consulting Services Agreement carries a margin which is higher than the average historical profit margin of the Group. The Company is of the view that the entering into of the Design and Consulting Services Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the Design and Consulting Services Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

The consideration will be paid by Yuanda Group in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- 20% of the consideration will be paid within 7 days after the signing of the Design and Consulting Services Agreement;
- 20% of the consideration will be paid within 7 days after the approval of the feasibility study of the industrial park;
- 20% of the consideration will be paid upon completion of 30% of the construction and engineering design drawings of the industrial park;
- 20% of the consideration will be paid upon completion of 60% of the construction and engineering design drawings of the industrial park; and
- 20% of the consideration will be paid within 7 days after the delivery of the detailed construction and engineering design drawings of the industrial park.

Delivery:

Pursuant to the terms of the Design and Consulting Services Agreement, Shenyang Yuanda would need to complete the tasks under the agreement in accordance with the following schedule:

- completion of the feasibility study of the industrial park – within 20 days of the signing of the Design and Consulting Services Agreement;
- delivery of the explanation notes to the construction and engineering design drawings – within 14 days from the confirmation of the feasibility study; and
- delivery of the construction and engineering design drawings – within 40 days from the confirmation of the feasibility study.

### THE CONSTRUCTION AGREEMENTS

#### The First Construction Agreement

Date: 10 September 2013

Parties: (1) Shenyang Yuanda; and

(2) Yuanda Technology Electrical. Yuanda Technology Electrical is principally engaged in design, manufacturing and sale of industrial-scale electrical motors, converters and wind-power generators. It is a wholly-owned subsidiary of Yuanda Group and is a connected person of the Company for the purpose of the Listing Rules.



## LETTER FROM THE BOARD

**Subject matter:** Shenyang Yuanda will renovate the outer wall of the facilities of Yuanda Technology Electrical. Such services are being carried out by Shenyang Yuanda in its ordinary course of business in which the Group has provided services of a similar nature to third party customers.

**Consideration:** The consideration for the work under the First Construction Agreement is approximately RMB55.8 million (equivalent to approximately HK\$70.9 million). The consideration was determined after arm's length negotiations between the parties with reference to the area of the outer wall of the facilities of Yuanda Technology Electrical that need to be renovated under the First Construction Agreement. As the contract period for the Supplemental Agreement is short with Shenyang Yuanda being required to complete the job within a tight schedule, the First Construction Agreement carries a slightly higher margin than the normal supply of such service to third party customers. The Company is of the view that the entering into of the First Construction Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the First Construction Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The consideration will be paid by Yuanda Technology Electrical in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- 30% of the consideration will be paid upon the signing of the First Construction Agreement;
- 20% of the consideration will be paid upon the completion of removal of glass of the outer wall;
- 30% of the consideration will be paid upon the completion of the renovation project; and
- 20% of the consideration will be paid upon the completion of the quality inspection of the project.

Pursuant to the terms of the First Construction Agreement, Shenyang Yuanda would need to complete all the work under the First Construction Agreement by 31 December 2013.

## LETTER FROM THE BOARD

### The Second Construction Agreement

- Date: 10 September 2013
- Parties: (1) Shenyang Yuanda; and
- (2) Yuanda Mechanical & Electrical Equipment. Yuanda Mechanical & Electrical Equipment is principally engaged in design, manufacturing and sale of industrial-scale electrical motors and wind-power generators. It is a wholly-owned subsidiary of Yuanda Group and is a connected person of the Company for the purpose of the Listing Rules.
- Subject matter: Shenyang Yuanda will renovate the outer wall of the facilities of Yuanda Mechanical & Electrical. Such services are being carried out by Shenyang Yuanda in its ordinary course of business in which the Group has provided services of a similar nature to third party customers.
- Consideration: The consideration for the work under the Second Construction Agreement is approximately RMB75.2 million (equivalent to approximately HK\$95.5 million). The consideration was determined after arm's length negotiations between the parties with reference to the area of the outer wall of the facilities of Yuanda Mechanical & Electrical that need to be renovated under the Second Construction Agreement. As the contract period for the Supplemental Agreement is short with Shenyang Yuanda being required to complete the job within a tight schedule, the Second Construction Agreement carries a slightly higher margin than the normal supply of such service to third party customers. The Company is of the view that the entering into of the Second Construction Agreement would be beneficial to the Company. The Directors, including the independent non-executive Directors, are of the view that the terms of the Second Construction Agreement were concluded after arm's length negotiations, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- The consideration will be paid by Yuanda Mechanical & Electrical in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:
- 30% of the consideration will be paid upon the signing of the Second Construction Agreement;
  - 20% of the consideration will be paid upon the completion of removal of glass of the outer wall;

## LETTER FROM THE BOARD

- 30% of the consideration will be paid upon the completion of the renovation project; and
- 20% of the consideration will be paid upon the completion of the quality inspection of the project.

Pursuant to the terms of the Second Construction Agreement, Shenyang Yuanda would need to complete all the work under the Second Construction Agreement by 31 December 2013.

### REASON FOR THE TRANSACTION

The Group is principally engaged in the manufacturing and sale of curtain walls. The works to be carried out under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement are in the ordinary course of business of the Group. Given that the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement were entered into after arm's length negotiations and carry a slightly higher margin than the normal supply of such services to third party customers or have a margin which is higher than the historical profit margin of the Group, the Company is of the view that the entering into such agreements would be beneficial to the Company. The Directors (including the independent non-executive Directors) consider the terms of each of the agreements were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### GENERAL

Yuanda Property Development, Yuanda Technology Electrical and Yuanda Mechanical & Electrical are wholly-owned subsidiaries of Yuanda Group, which is in turn beneficially owned by Mr. Kang, an executive Director and the controlling shareholder of the Company. Accordingly, Yuanda Property Development, Yuanda Technology Electrical, Yuanda Mechanical & Electrical and Yuanda Group are connected persons of the Company and the transactions contemplated under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement constitute connected transactions for the Company for the purpose of the Listing Rules.

### LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios of the Supplemental Agreement when aggregated with the Original Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement is more than 5%, the transactions contemplated under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement and the transactions contemplated thereunder. Proton Capital has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement.

Mr. Kang, who is the beneficial owner of Yuanda Group is considered to be interested in the transactions contemplated under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement. Mr. Kang therefore has abstained from voting for the Board resolutions to approve the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreements, the First Construction Agreement and the Second Construction Agreement and the transactions contemplated thereunder.

### EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 38 to 40 of this circular. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force two hours before the time scheduled for the holding of the EGM, the EGM will be adjourned. The Company will make separate announcement on the arrangement for the adjourned EGM.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Mr. Kang is considered to be interested in the transactions contemplated under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement. Accordingly, Mr. Kang and his associates will abstain from voting for the resolutions proposed at the EGM to approve the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company [www.yuandacn.com](http://www.yuandacn.com). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at 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 but in any event not less than 48 hours before the

## LETTER FROM THE BOARD

time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

### GENERAL INFORMATION

Your attention is drawn to the appendix headed “General Information” to this circular.

### RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 19 to 20 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement; and (ii) the letter from Proton Capital set out on pages 21 to 33 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the approval of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement.

Yours faithfully,  
By order of the Board of  
**YUANDA CHINA HOLDINGS LIMITED**  
**Tian Shouliang**  
*Executive Director*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of the letter of recommendation, prepared for the purpose of incorporation in the circular, from the Independent Board Committee to the Independent Shareholders regarding the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement.*



### Yuanda China Holdings Limited 遠大中國控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 2789)

3 October 2013

*To the Independent Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTIONS

We refer to the circular of the Company to the Shareholders dated 3 October 2013 (the “**Circular**”), in which this letter forms part. Unless the context requires otherwise, capitalized terms used in this letter will have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from Proton Capital set out on pages 21 to 33 of the Circular and the letter from the Board as set out on pages 5 to 18 of the Circular.

Having considered the terms of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement and the situation of the Company, and the factors and reasons considered by Proton Capital and its opinion as stated in its letter of advice, we consider that (i) the terms of each of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement were entered into after arm’s length negotiations and carry a slightly higher margin than the normal supply of such services to third party customers or have a margin

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

which is higher than the historical profit margin of the Group. We consider that the terms of each of these agreements are fair and reasonable so far as the Independent Shareholders are concerned, and (ii) the entering into of each of these agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve each of the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement and the respective transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee  
**Mr. Poon Chiu Kwok**  
**Mr. Woo Kar Tung, Raymond**  
**Mr. Pang Chung Fai, Benny**  
*Independent Non-executive Directors*

## LETTER FROM PROTON CAPITAL

*Set out below is the text of a letter received from Proton Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Agreements (as defined below) for the purpose of inclusion in this circular.*



Suite 06-07, 28/F.  
Shui On Centre  
6-8 Harbour Road  
Wanchai, Hong Kong

3 October 2013

*To: The independent board committee and the independent shareholders  
of Yuanda China Holdings Limited*

Dear Sirs,

### CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement (altogether, the “**Agreements**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 3 October 2013 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 10 September 2013, Shenyang Yuanda, a wholly-owned subsidiary of the Company, and Yuanda Property Development entered into (i) the Supplemental Agreement pursuant to which Shenyang Yuanda will design, supply, manufacture and install the aluminium alloy windows and doors of additional buildings in addition to those buildings stated in the Original Agreement within the Yuanda Garden for approximately RMB15.7 million (equivalent to approximately HK\$19.9 million); (ii) the Yuanda Jiayuan Agreement pursuant to which Shenyang Yuanda will design, supply, manufacture and install the aluminium alloy windows and doors of certain buildings in Yuanda Jiayuan for approximately RMB10.8 million (equivalent to approximately HK\$13.7 million).

On 10 September 2013, Shenyang Yuanda entered into the First Design Agreement and the Second Design Agreement with Yuanda Property Development for (i) the construction design of curtain walls for Yuanda Xintiandi Commercial Centre; and (ii) the construction design of curtain walls for Yuanda Jiayuan Commercial Project for an aggregate consideration of approximately RMB40 million (equivalent to approximately HK\$50.8 million).



## LETTER FROM PROTON CAPITAL

On 10 September 2013, Shenyang Yuanda entered into the Design and Consulting Services Agreement with Yuanda Group pursuant to which Shenyang Yuanda will assist Yuanda Group with the feasibility study and provide construction and engineering design consulting services for the proposed construction materials industrial park of Yuanda Group in Africa for the consideration of RMB53 million (equivalent to approximately HK\$67.3 million).

On 10 September 2013, Shenyang Yuanda entered into the First Construction Agreement with Yuanda Technology Electrical pursuant to which Shenyang Yuanda will renovate the outer wall of the production facilities of Yuanda Technology Electrical for the consideration of RMB55.8 million (equivalent to approximately HK\$78.9 million).

On 10 September 2013, Shenyang Yuanda entered into the Second Construction Agreement with Yuanda Mechanical & Electrical pursuant to which Shenyang Yuanda will renovate the outer wall of the production facilities of Yuanda Mechanical & Electrical for the consideration of RMB75.2 million (equivalent to approximately HK\$95.5 million).

Given that Yuanda Property Development, Yuanda Technology Electrical, Yuanda Mechanical & Electrical Equipment and Yuanda Group are connected persons of the Company, the entering into of each of the Agreements constitutes connected transaction for the Company under Chapter 14A of the Listing Rules. According to the Board Letter, as one of the applicable percentage ratios of the Supplemental Agreement when aggregated with the Original Agreement, the Yuanda Jiayuan Agreement, the First Design Agreement, the Second Design Agreement, the Design and Consulting Services Agreement, the First Construction Agreement and the Second Construction Agreement is more than 5%, the respective transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of each of the Agreements are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of each of the Agreements is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve each of the Agreements and the respective transactions contemplated thereunder at the EGM. We, Proton Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors (excluding the independent non-executive Directors). We have assumed that all information and representations that have been provided by the Directors (excluding the independent non-executive Directors), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have

## LETTER FROM PROTON CAPITAL

also assumed that all statements of belief, opinion, expectation and intention made by the Directors (excluding the independent non-executive Directors) in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors (excluding the independent non-executive Directors), which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, that having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of Yuanda Property Development, Yuanda Technology Electrical, Yuanda Mechanical & Electrical Equipment, Yuanda Group or their subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of each of the Agreements. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Proton Capital is to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of each of the Agreements, we have taken into consideration the following principal factors and reasons:

#### **(A) Information on the Group**

The Group is principally engaged in the design, manufacturing, installation and sale of curtain walls systems.

## LETTER FROM PROTON CAPITAL

Set out below is a summary of the financial information of the Group for the six months ended 30 June 2013 and the two years ended 31 December 2012 as extracted from the Company's interim report for the six months ended 30 June 2013 (the "Interim Report") and its annual report for the year ended 31 December 2012 (the "Annual Report"):

	<b>For the six months ended 30 June 2013 (unaudited) RMB'000</b>	<b>For the year ended 31 December 2012 (audited) RMB'000</b>	<b>For the year ended 31 December 2011 (audited) RMB'000</b>	<b>Change from 2011 to 2012 %</b>
Turnover	4,739,501	11,844,578	10,797,007	9.70
Gross profit	361,425	1,957,821	2,306,019	(15.10)
(Loss)/Profit attributable to equity Shareholders for the period/year	(269,635)	438,491	850,324	(48.43)

From the above table, we noted that the Group's revenue for the year ended 31 December 2012 increased by approximately 9.70% as compared to the prior financial year. Nevertheless, the profit attributable to equity Shareholders for the year ended 31 December 2012 decreased by approximately 48.43% to approximately RMB438.49 million as compared to the prior financial year. With reference to the Annual Report and as confirmed by the Directors, such decrease in profit was mainly due to (i) the continuous impact throughout the whole year of 2012 of (a) a slowdown in domestic project developments and a delay on the confirmation of the supplementary payment of certain completed projects by contractees as a result of the tightening of the domestic credit market, even though the domestic economy was experiencing a tepid recovery in the second half of 2012; and (b) an increase in installation and on-site costs due to the slowdown in progress of certain overseas projects, and (ii) lower margins for certain previously awarded overseas orders.

For the six months ended 30 June 2013, the Group had incurred a net loss. With reference to the Interim Report and as confirmed by the Directors, the main reasons for the loss in the first half of 2013 were (i) the continuous appreciation of RMB in the past few years and the economic slowdown in the overseas market which had led to increasing foreign exchange loss; (ii) the slowdown in project progress, the increase of hourly rate of labor in both domestic and overseas markets in the past few years; (iii) a considerable proportion of the recognised revenue was generated from some of the low profit margins projects; and (iv) the decrease in the number of projects under construction for the first half year of 2013 but the overheads for the European employees remained high and the European projects which were newly awarded to the Company in 2013 have not yet been commenced.

According to the Interim Report, in the second half of 2013, faced with both opportunities and challenges, the Board is determined and will use its best effort to compensate for the loss incurred in the first half of 2013 by implementing certain measures, among other things, seize the opportunities of both the PRC market and key overseas markets, ensure timely signing of new contracts with selected customers of good creditability.

**(B) The Agreements**

**(1) Background of the Agreements**

On 10 September 2013, Shenyang Yuanda, a wholly-owned subsidiary of the Company, and Yuanda Property Development entered into (i) the Supplemental Agreement pursuant to which Shenyang Yuanda will design, supply, manufacture and install the aluminium alloy windows and doors of additional buildings in addition to those buildings stated in the Original Agreement within the Yuanda Garden for approximately RMB15.7 million (equivalent to approximately HK\$19.9 million); (ii) the Yuanda Jiayuan Agreement pursuant to which Shenyang Yuanda will design, supply, manufacture and install the aluminium alloy windows and doors of certain buildings in Yuanda Jiayuan for approximately RMB10.8 million (equivalent to approximately HK\$13.7 million).

On 10 September 2013, Shenyang Yuanda entered into the First Design Agreement and the Second Design Agreement with Yuanda Property Development for (i) the construction design of curtain walls for Yuanda Xintiandi Commercial Centre; and (ii) the construction design of curtain walls for Yuanda Jiayuan Commercial Project for an aggregate consideration of approximately RMB40 million (equivalent to approximately HK\$50.8 million).

On 10 September 2013, Shenyang Yuanda entered into the Design and Consulting Services Agreement with Yuanda Group pursuant to which Shenyang Yuanda will assist Yuanda Group with the feasibility study and provide construction and engineering design consulting services for the proposed construction materials industrial park of Yuanda Group in Africa for the consideration of RMB53 million (equivalent to approximately HK\$67.3 million).

On 10 September 2013, Shenyang Yuanda entered into the First Construction Agreement with Yuanda Technology Electrical pursuant to which Shenyang Yuanda will renovate the outer wall of the production facilities of Yuanda Technology Electrical for the consideration of RMB55.8 million (equivalent to approximately HK\$78.9 million).

On 10 September 2013, Shenyang Yuanda entered into the Second Construction Agreement with Yuanda Mechanical & Electrical pursuant to which Shenyang Yuanda will renovate the outer wall of the production facilities of Yuanda Mechanical & Electrical for the consideration of RMB75.2 million (equivalent to approximately HK\$95.5 million).

*Information on Yuanda Property Development*

With reference to the Board Letter, Yuanda Property Development is principally engaged in property development. It is a wholly-owned subsidiary of Yuanda Group, which is in turn beneficially owned by Mr. Kang, an executive Director and the controlling shareholder (as defined in the Listing Rules) of the Company.

## LETTER FROM PROTON CAPITAL

### *Information on Yuanda Technology Electrical*

With reference to the Board Letter, Yuanda Technology Electrical is principally engaged in design, manufacturing and sale of industrial-scale electrical motors, converters and wind-power generators. Yuanda Technology Electrical is a wholly-owned subsidiary of Yuanda Group.

### *Information on Yuanda Mechanical & Electrical Equipment*

With reference to the Board Letter, Yuanda Mechanical & Electrical Equipment is principally engaged in design, manufacturing and sale of industrial-scale electrical motors and wind-power generators. Yuanda Mechanical & Electrical Equipment is a wholly-owned subsidiary of Yuanda Group.

### *Information on Yuanda Group*

With reference to the Board Letter, Yuanda Group is a company incorporated in the PRC and is beneficially owned by Mr. Kang.

### *Reasons for the entering into of the Agreements*

As mentioned above, the Group is principally engaged in the design, manufacturing, installation and sale of curtain walls systems. The works to be carried out under the Agreements are in the ordinary course of business of the Group. Given that the Agreements were entered into after arm's length negotiations and carry a slightly higher margin than the normal supply of such services to third party customers and are beneficial to the Company, the Directors consider the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As advised by the Directors and as mentioned under the sub-section headed "Information on the Group" of this letter, in the second half of 2013, faced with both opportunities and challenges, the Board is determined and will use its best effort to compensate for the loss incurred in the first half of 2013 by implementing certain measures, among other things, seize the opportunities of both the PRC market and key overseas markets, ensure timely signing of new contracts with selected customers of good creditability. The Directors are hence of the view that the entering into of the Agreements is in line with the business strategy of the Group.

Having considered the above reasons for the entering into of the Agreements, we are of the view that the entering into of each of the Agreements is in the interests of the Company and the Shareholders as a whole.

### *(2) Principal terms of the Agreements*

Set out below are the major terms of each of the Agreements:

#### **The Supplemental Agreement**

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Property Development

## LETTER FROM PROTON CAPITAL

**Subject matter:** Shenyang Yuanda will supply the machinery, equipment and labour for the installation of the aluminium alloy windows and doors to 23 buildings within the Yuanda Garden, a residential property project being developed by Yuanda Property Development located at 11# Street, Shenyang Economic & Technological Development Area (瀋陽經濟技術開發區), Shenyang, the PRC.

**Consideration:** The consideration for the work under the Supplemental Agreement is approximately RMB15.7 million (equivalent to approximately HK\$19.9 million), based on a contract installation area of 18,540 square meters and will be subject to adjustment in accordance with the actual area built. The adjustment will be calculated by multiplying the difference between the contract installation area and the actual area built by the unit installation cost, which we consider to be fair and reasonable. The consideration was determined after arm's length negotiations between the parties with reference to the work to be carried out by Shenyang Yuanda.

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 30% of the consideration will be paid upon signing of the Supplemental Agreement;
- (ii) 80% of the portion of the consideration for the work performed during each calendar month will be paid on a monthly basis; and
- (iii) the balance of the consideration will be paid upon completion of the quality inspection of the project.

### **The Yuanda Jiayuan Agreement**

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Property Development

**Subject matter:** Shenyang Yuanda will supply the machinery, equipment and labour for the installation of the aluminium alloy windows and doors to 19 buildings at Yuanda Jiayuan, a residential property project being developed by Yuanda Property Development located at the Central Avenue of the Shenyang Economic & Technological Development Area, Shenyang, the PRC.

## LETTER FROM PROTON CAPITAL

**Consideration:** The consideration for the work under the Yuanda Jiayuan Agreement is approximately RMB10.8 million (equivalent to approximately HK\$13.7 million), based on a contract installation area of 11,880 square meters and will be subject to adjustment in accordance with the actual area built. The adjustment will be calculated by multiplying the difference between the contract installation area and the actual area built by the unit installation cost, which we consider to be fair and reasonable. The consideration was determined after arm's length negotiations between the parties with reference to the work to be carried out by Shenyang Yuanda.

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 30% of the consideration will be paid upon signing of the Yuanda Jiayuan Agreement;
- (ii) 80% of the portion of the consideration for the work performed during each calendar month will be paid on a monthly basis; and
- (iii) the balance of the consideration will be paid upon completion of the quality inspection of the project.

### **The First Design Agreement**

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Property Development

**Subject matter:** Shenyang Yuanda will design and provide the schematic design plan and the detailed construction drawings of the curtain walls for Yuanda Xintiandi Commercial Centre (遠大新天地商業中心), a commercial development project of Yuanda Property Development located in Shanghai, the PRC.

**Consideration:** The consideration for the work under the First Design Agreement is RMB20.0 million (equivalent to approximately HK\$25.4 million), which was determined after arm's length negotiations between the parties with reference to the man-hours to be committed to completing the design under the First Design Agreement.

## LETTER FROM PROTON CAPITAL

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 20% of the consideration will be paid within 14 days after the signing of the First Design Agreement;
- (ii) 30% of the consideration will be paid within 14 days after the delivery of the schematic design plans; and
- (iii) 50% of the consideration will be paid within 14 days after the delivery of the detailed construction drawings of the project.

### **The Second Design Agreement**

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Property Development

**Subject matter:** Shenyang Yuanda will design and provide the schematic design plan and the detailed construction drawings of the curtain walls for the commercial areas of Yuanda Jiayuan, a residential project being developed by Yuanda Property Development in Shenyang, the PRC.

**Consideration:** The consideration for the work under the Second Design Agreement is RMB20.0 million (equivalent to approximately HK\$25.4 million), which was determined after arm's length negotiations between the parties with reference to the man-hours to be committed to completing the design under the Second Design Agreement.

The consideration will be paid by Yuanda Property Development in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 20% of the consideration will be paid within 14 days after the signing of the Second Design Agreement;
- (ii) 30% of the consideration will be paid within 14 days after the delivery of the schematic design plans; and
- (iii) 50% of the consideration will be paid within 14 days after the delivery of the detailed construction drawings of the project.



## LETTER FROM PROTON CAPITAL

### The Design and Consulting Services Agreement

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Group

**Subject matter:** Yuanda Group is investigating into the development of a construction materials industrial park in Africa. The proposed industrial park will cover an area of four square kilometers. Pursuant to the terms of the Design and Consulting Services Agreement, Shenyang Yuanda will assist Yuanda Group to conduct feasibility study on the development and provide construction and engineering design consulting services for the proposed development.

**Consideration:** The consideration for the work under the Design and Consulting Services Agreement is RMB53.0 million (equivalent to approximately HK\$67.3 million) and can be divided into RMB8.0 million for the preparation of the feasibility study and RMB45.0 million for the provision of the design services, which was determined after arm's length negotiations between the parties with reference to the man-hours to be committed to completing the services under the Design and Consulting Services Agreement.

The consideration will be paid by Yuanda Group in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 20% of the consideration will be paid within 7 days after the signing of the Design and Consulting Services Agreement;
- (ii) 20% of the consideration will be paid within 7 days after the approval of the feasibility study of the industrial park;
- (iii) 20% of the consideration will be paid upon completion of 30% of the construction and engineering design drawings of the industrial park;
- (iv) 20% of the consideration will be paid upon completion of 60% of the construction and engineering design drawings of the industrial park; and
- (v) 20% of the consideration will be paid within 7 days after the delivery of the detailed construction and engineering design drawings of the industrial park.

## LETTER FROM PROTON CAPITAL

### **The First Construction Agreement**

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Technology Electrical

**Subject matter:** Shenyang Yuanda will renovate the outer wall of the facilities of Yuanda Technology Electrical.

**Consideration:** The consideration for the work under the First Construction Agreement is approximately RMB55.8 million (equivalent to approximately HK\$70.9 million), which was determined after arm's length negotiations between the parties with reference to the area of the outer wall of the facilities of Yuanda Technology Electrical that need to be renovated under the First Construction Agreement.

The consideration will be paid by Yuanda Technology Electrical in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 30% of the consideration will be paid upon signing of the First Construction Agreement;
- (ii) 20% of the consideration will be paid upon completion of removal of glass of the outer wall;
- (iii) 30% of the consideration will be paid upon completion of the renovation project; and
- (iv) 20% of the consideration will be paid upon completion of the quality inspection of the project.

### **The Second Construction Agreement**

**Date:** 10 September 2013

**Parties:** Shenyang Yuanda and Yuanda Mechanical & Electrical Equipment

**Subject matter:** Shenyang Yuanda will renovate the outer wall of the facilities of Yuanda Mechanical & Electrical Equipment.

**Consideration:** The consideration for the work under the Second Construction Agreement is approximately RMB75.2 million (equivalent to approximately HK\$95.5 million), which was determined after arm's length negotiations between the parties with reference to the area of the outer wall of the facilities of Yuanda Mechanical & Electrical that need to be renovated under the Second Construction Agreement.

## LETTER FROM PROTON CAPITAL

The consideration will be paid by Yuanda Mechanical & Electrical Equipment in stages in line with normal market practices and no more favourable than that available to third party customers in accordance with the following schedule:

- (i) 30% of the consideration will be paid upon signing of the Second Construction Agreement;
- (ii) 20% of the consideration will be paid upon completion of removal of glass of the outer wall;
- (iii) 30% of the consideration will be paid upon completion of the renovation project; and
- (iv) 20% of the consideration will be paid upon completion of the quality inspection of the project.

The basis of determination of the considerations for the transactions contemplated under each of the Agreements were set out above and as further confirmed by the Directors, Shenyang Yuanda has also budgeted for a profit margin for the transactions contemplated under each of the Agreements, based on the estimated costs to be incurred. In this relation, the Directors advised us that such pricing basis is in line with the common practice of the Group. As the transactions contemplated under each of the Agreements carry a slightly higher margin than the normal supply of such services to third party customers and are beneficial to the Company, the Directors are of the view that the terms of each of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For our due diligence purpose, we have enquired into the Directors and obtained a list of contracts which were entered into between Shenyang Yuanda and independent third parties (the “**Comparable Contracts**”) during the 18 months ended 30 June 2013 (the “**Comparable List**”) for the provision of construction services (some of which also included design services as part of the total curtain wall solution which are similar to the services under the Design Agreements (as defined below)) relating to windows, doors and curtain walls of commercial/residential buildings, factories, etc., which are similar to the construction services rendered by Shenyang Yuanda under the Supplemental Agreement, the Yuanda Jiayuan Agreement, the First Construction Agreement and/or the Second Construction Agreement (altogether, the “**Construction Agreements**”). From the Comparable List, we have selected and obtained a number of Comparable Contracts on a random basis. In addition, we have enquired into the Directors and obtained the breakdowns of the historical/estimated (as the case may be) revenue and cost of the transactions contemplated under each of the selected Comparable Contracts and the Construction Agreements, and we noted that the estimated gross profit margins of the transactions contemplated under the Construction Agreements are higher than the historical gross profit margins (i) of the transactions contemplated under the selected Comparable Contracts; and (ii) of the Group for the six months ended 30 June 2013 and the year ended 31 December 2012. In addition, we also noted that the cost structures (which include labour and material cost) and the pricing basis (i.e. cost-plus basis) under the Construction Agreements and the Comparable Agreements are similar.

Based on our discussion with the Directors, we also understand that it is the first time that the Company is providing the design and consulting services separately from construction services. Therefore, in order to assess the fairness and reasonableness of the considerations under the First Design Agreement, the Second Design Agreement as well

## LETTER FROM PROTON CAPITAL

as the Design and Consultancy Services Agreement (altogether, the “**Design Agreements**”), we have requested the Company for the breakdowns of the estimated revenue and cost of the transactions contemplated under each of the aforesaid agreements. In this relation, we noted that the estimated gross profit margins of the transactions contemplated under the Design Agreements are higher than the historical gross profit margins of the Group for the six months ended 30 June 2013 and the year ended 31 December 2012 (which represents the results of the mix of design and construction services). In addition, we also noted that the pricing basis (i.e. cost-plus basis) under the Design Agreements and the Comparable Agreements are similar.

Having considered (i) the reasonableness of the detailed basis of determination of the considerations for the transactions contemplated under each of the Agreements; and (ii) the findings of our due diligence work as set out above, we consider that the considerations under each of the Agreements are favourable to the Group.

Furthermore, regarding the payment terms of the Agreements, we noted from the selected Comparable Contracts that the considerations were normally settled in stages following the completion schedule of the relevant projects and we are thus of the view that the payment terms of each of the Agreements are fair and reasonable.

In light of all of the foregoing, we consider that the terms of each of the Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### *(3) Possible financial effects of the Agreements*

As confirmed by the Directors, it is expected that the Agreements would bring additional revenue (being the respective considerations under the Agreements) to the Group.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon completion of the Agreements.

## RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the each of the Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of each of the Agreements is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve each of the Agreements and the respective transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**Proton Capital Limited**  
**Graham Lam**  
*Managing Director – Corporate Finance*

## 1. 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 Group. 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.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) were as follows:

#### (i) *Interests in Shares, underlying Shares and debentures of the Company*

Names of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding
Kang Baohua	Beneficial owner	74,148,000 (L)	1.20%
	Interest of controlled corporation	3,350,338,025 (L)	53.96%
Tian Shouliang	Beneficial owner	6,357,230 (L)	0.1%
Guo Zhongshan	Beneficial owner	6,357,230 (L)	0.1%
Wang Yijun	Beneficial owner	6,357,250 (L)	0.1%
Wang Lihui	Beneficial owner	5,037,692 (L)	0.08%
Zhang Lei	Beneficial owner	1,000,000 (L)	0.02%

Notes:

- Of the shares held by Mr. Kang Baohua, 2,579,971,923 Shares were held by Best Outlook Limited and 770,366,102 Shares were held by Neo Pioneer Limited, both companies of which are wholly-owned by Mr. Kang Baohua.
- The letter “L” denotes long position in such securities.

#### (ii) *Interests in shares, underlying shares and debentures of the associated corporation*

Names of Director	Nature of Associate Corporation	Number of Shares	Approximate percentage of shareholding
Kang Baohua	Best Outlook Limited	1 (L)	100%
Kang Baohua	Neo Pioneer Limited	1 (L)	100%
Tian Shouliang	Long Thrive Limited	1,350 (L)	16.95%
Guo Zhongshan	Long Thrive Limited	1,350 (L)	16.95%
Wang Yijun	Long Thrive Limited	1,350 (L)	16.95%
Wang Lihui	Long Thrive Limited	725 (L)	9.10%

Note: The letter “L” denotes long position in such securities.

**(b) Substantial Shareholders**

So far as is known to any Director or the chief executive of the Company, as at the Latest Practicable Date, Shareholders who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

*Long positions in shares and underlying shares of the Company*

Name	Capacity	Number of Shares	Approximate percentage of shareholding
Best Outlook Limited (Note 1)	Beneficial owner	2,579,971,923 (L)	41.55%
Neo Pioneer Limited (Note 1)	Beneficial owner	770,366,102 (L)	12.41%
Long Thrive Limited (Note 2)	Beneficial owner	337,568,938 (L)	5.44%

*Notes:*

- (1) Best Outlook Limited and Neo Pioneer Limited are companies incorporated in the BVI and are wholly-owned by Mr. Kang Baohua.
- (2) Long Thrive Limited is a company incorporated in the BVI and is owned by 4 Directors and 3 employees of the Company.
- (3) The letter "L" denotes long position in such securities.

Save as disclosed above, so far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other person (other than a Director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

**3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

**4. COMPETING BUSINESS INTEREST OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

## 5. LITIGATION

So far as the Company is aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

## 6. MATERIAL ADVERSE CHANGE

Save for the profit warning announcement of the Company dated 2 July 2013, the interim results announcement of the Company dated 27 August 2013 and the interim report of the Company for the six months ended 30 June 2013 where the Group has reported a loss attributable to shareholders for the six months ended 30 June 2013 of approximately RMB269.6 million, as compared to a profit of approximately RMB262.4 million for the same period in 2012, representing a decrease of about RMB532 million or 202.7% as compared to the same period in 2012, the Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited consolidated financial statements of the Company were made up.

## 7. EXPERT'S QUALIFICATIONS AND CONSENTS

Proton Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

Name	Qualification
Proton Capital	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Proton Capital did not have any direct or indirect interest in any assets which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2012, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 8. GENERAL

- (a) None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.
- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, which was subsisting and was significant in relation to the business of the Group.

- (c) The company secretary of the Company is Mr. Yu Leung Fai, Philip. Mr. Yu is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia and the Hong Kong Institute of Certified Public Accountants.
- (d) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (e) The principal place of business of the Company in Hong Kong is Unit 1101-06, 11/F, Prosperity Millennia Plaza, 663 King's Road, North Point, Hong Kong.
- (f) The share registrars of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (g) The principal share registrars of the Company is Royal Bank of Canada Trust Company (Cayman) Limited.
- (h) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

#### 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at Unit 1101-06, 11/F, Prosperity Millennia Plaza, 663 King's Road, North Point, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including the date of the EGM:

- (a) the Supplemental Agreement and the Original Agreement;
- (b) the Yuanda Jiayuan Agreement;
- (c) the First Design Agreement;
- (d) the Second Design Agreement;
- (e) the Design and Consulting Services Agreement;
- (f) the First Construction Agreement;
- (g) the Second Construction Agreement;
- (h) the letter from the Independent Board Committee, the text of which is set out on pages 19 and 20 of this circular;
- (i) the letter from the Independent Financial Adviser, the text of which is set out on pages 21 to 33 of this circular;
- (j) the consent letter of the Independent Financial Adviser referred to in the section headed "Expert's Qualifications and Consents" in this appendix; and
- (k) this circular.



## NOTICE OF EGM



# Yuanda China Holdings Limited 遠大中國控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2789)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Yuanda China Holdings Limited (the “**Company**”) will be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Tuesday, 22 October 2013 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the supplemental agreement dated 10 September 2013 (the “**Supplemental Agreement**”) to the agreement dated 24 June 2013 (the “**Original Agreement**”) between 瀋陽遠大鋁業工程有限公司 (Shenyang Yuanda Aluminium Industry Engineering Co., Ltd.) (“**Shenyang Yuanda**”), a wholly-owned subsidiary of the Company and 瀋陽遠大房地產開發有限公司 (Shenyang Yuanda Property Development Co., Ltd.) (“**Yuanda Property Development**”), pursuant to which Shenyang Yuanda will supply the machinery, equipment and labour for the installation of the aluminium alloy windows and doors to 23 buildings within 遠大花園 (Yuanda Garden), a property project under development by Yuanda Property Development in Shenyang, the PRC, for approximately RMB15.7 million (equivalent to approximately HK\$19.9 million), be and is hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Supplemental Agreement.”

2. “**THAT:**

- (a) the agreement dated 10 September 2013 (the “**Yuanda Jiayuan Agreement**”) between Shenyang Yuanda and Yuanda Property Development pursuant to which Shenyang Yuanda will supply the machinery, equipment and labour for the installation of the aluminium alloy windows and doors of certain buildings in 遠大家園 (Yuanda Jiayuan), a property project under development by Yuanda Property Development in Shenyang, the PRC, for approximately RMB10.8 million (equivalent to approximately HK\$13.7 million), be and is hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Yuanda Jiayuan Agreement.”

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3. **“THAT:**
- (a) the agreement dated 10 September 2013 (the **“First Design Agreement”**) between Shenyang Yuanda and Yuanda Property Development in relation to the construction design of the curtain walls of Yuanda Xintiandi Commercial Centre (遠大新天地商業中心), a commercial development project of Yuanda Property Development in Shanghai, for a consideration of RMB20.0 million (equivalent to approximately HK\$25.4 million), be and is hereby approved, confirmed and ratified; and
  - (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the First Design Agreement.”
4. **“THAT:**
- (a) the agreement dated 10 September 2013 (the **“Second Design Agreement”**) between Shenyang Yuanda and Yuanda Property Development in relation to the design of the curtain walls of the commercial areas of Yuanda Jiayuan for an aggregate consideration of approximately RMB20.0 million (equivalent to approximately HK\$25.4 million), be and is hereby approved, confirmed and ratified; and
  - (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Second Design Agreement.”
5. **“THAT:**
- (a) the agreement dated 10 September 2013 (the **“Design and Consulting Services Agreement”**) between Shenyang Yuanda and 瀋陽遠大鋁業集團有限公司 (Shenyang Yuanda Aluminium Industry Group Ltd.) (**“Yuanda Group”**), pursuant to which Shenyang Yuanda will assist Yuanda Group with the feasibility study and provide construction and engineering design services for the proposed construction materials industrial park of Yuanda Group in Africa for the consideration of RMB53 million (equivalent to approximately HK\$67.3 million), be and is hereby approved, confirmed and ratified; and
  - (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Design and Consulting Services Agreement.”
6. **“THAT:**
- (a) the agreement dated 10 September 2013 (the **“First Construction Agreement”**) between Shenyang Yuanda and 瀋陽遠大科技電工有限公司 (Shenyang Yuanda Technology Electrical Co., Ltd.) (**“Yuanda Technology Electrical”**), pursuant to which Shenyang Yuanda will renovate the outer wall of the production facilities of Yuanda Technology Electrical for the consideration of RMB55.8 million (equivalent to approximately HK\$78.9 million), be and is hereby approved, confirmed and ratified; and

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- (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the First Construction Agreement.”

7. “**THAT:**

- (a) the agreement dated 10 September 2013 (the “**Second Construction Agreement**”) between 瀋陽遠大機電裝備有限公司 (Shenyang Yuanda Mechanical & Electrical Equipment Co., Ltd.) (“**Yuanda Mechanical & Electrical**”), pursuant to which Shenyang Yuanda will renovate the outer wall of the production facilities of Yuanda Mechanical & Electrical for the consideration of RMB75.2 million (equivalent to approximately HK\$95.5 million), be and is hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised to do all such acts or things and sign all documents deemed necessary by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Second Construction Agreement.”

By Order of the Board  
**YUANDA CHINA HOLDINGS LIMITED**  
**Tian Shouliang**  
*Executive Director*

Hong Kong, 3 October 2013

*Notes:*

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed must be deposited at the Company’s branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
5. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should you so wish, and in such an event, the form of proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the joint registered holder present whose name stands first on the register of members in respect of the shares shall be accepted to the exclusion of the votes of the other registered holders.

*As at the date of this notice, the Board comprises Mr. Kang Baohua, Mr. Tian Shouliang, Mr. Guo Zhongshan, Mr. Wang Yijun, Mr. Wang Lihui and Mr. Zhang Lei as executive directors; and Mr. Poon Chiu Kwok, Mr. Woo Kar Tung, Raymond and Mr. Pang Chung Fai, Benny as independent non-executive directors.*