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

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

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

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**北大资源**  
**PKU RESOURCES**

**Peking University Resources (Holdings) Company Limited**

**北大資源(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00618)**

**(1) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS:  
FINANCIAL SERVICES AGREEMENT;  
AND  
(2) PROPOSED RE-ELECTION OF DIRECTORS**

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



**China Everbright Capital Limited**

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A letter from the board of directors of Peking University Resources (Holdings) Company Limited is set out in pages 5 to 16 of this circular. A letter from the Independent Board Committee (as defined herein) of the Company is set out in page 17 of this circular. A letter from China Everbright Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out in pages 18 to 31 of this circular.

A notice convening the special general meeting of the Company to be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at 10:00 a.m. on Thursday, 13 February 2014 is set out on pages 40 and 41 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

16 January 2014

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## DEFINITIONS

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

“2011 Financial Services Agreement”	the financial services agreement in relation to the deposit services, the loan services, and miscellaneous financial services entered into between the Company, Founder Finance and Peking Founder on 13 January 2011;
“Announcement”	the announcement made by the Company dated 23 December 2013;
“associates”	has the same meaning as ascribed thereto in the Listing Rules;
“Board”	the board of Directors of the Company;
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“Company”	Peking University Resources (Holdings) Company Limited (formerly known as EC-Founder (Holdings) Company Limited), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and as to approximately 55.40% owned by Founder Information;
“connected person(s)”	has the same meaning as ascribed thereto in the Listing Rules;
“controlling shareholder”	has the same meaning as ascribed thereto in the Listing Rules;
“Deposit Services”	the deposit and related services to be provided by Founder Finance to the Group under the Financial Services Agreement;
“Directors”	the directors of the Company;
“Financial Services Agreement”	the financial services agreement in relation to the Deposit Services, the Loan Services, and the Miscellaneous Financial Services entered into between the Company, Founder Finance and Peking Founder on 23 December 2013;

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## DEFINITIONS

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“Founder Finance”	北大方正集團財務有限公司 (PKU Founder Group Finance Co., Ltd.*), a company established in the PRC with limited liability and a non wholly-owned subsidiary of Peking Founder;
“Founder Information”	Founder Information (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Peking Founder, and the controlling shareholder of the Company holding approximately 55.40% of the issued share capital of the Company;
“Group”	the Company and its subsidiaries;
“Guarantee”	the guarantee provided by Peking Founder in favour of the Company under the Financial Services Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board comprising Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, being all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Deposit Services and the Proposed Deposit Cap;
“Independent Financial Adviser” or “China Everbright”	China Everbright Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the Proposed Deposit Cap;
“Independent Shareholders”	Shareholders other than Founder Information, its associates and Mr Zhang Zhao Dong, an executive Director and a director of Peking Founder;
“Latest Practicable Date”	13 January 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);

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## DEFINITIONS

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“Loan Services”	the RMB loan and related services to be provided by Founder Finance to the Group under the Financial Services Agreement;
“Miscellaneous Financial Services”	apart from the Deposit Services and the Loan Services, other financial services in accordance with the permitted scope prescribed under the relevant PRC financial laws, regulations and policies and the Management Methods for Group Finance Companies (《企業集團財務公司管理辦法》), under the Financial Services Agreement;
“PBC”	People’s Bank of China (中國人民銀行);
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), a company established in the PRC with limited liabilities, the controlling shareholder of Founder Information holding approximately 97.36% of the issued share capital of Founder Information;
“Peking Founder Group”	Peking Founder and its subsidiaries;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular;
“Proposed Caps”	the Proposed Deposit Cap and the Proposed Handling Fee Caps;
“Proposed Deposit Cap”	the proposed maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Founder Finance during the Term under the Financial Services Agreement;
“Proposed Handling Fee Caps”	the proposed caps for the aggregate annual handling fees in connection with the Miscellaneous Financial Services;

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## DEFINITIONS

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“Right of Set Off”	under the Financial Services Agreement, in the event of any default by Founder Finance in respect of amounts deposited with it by the Group and causing it not being able to recover such deposits, the Group will be able to offset the amounts owing from the Group to Founder Finance against the amounts due to the Group from Founder Finance; likewise, in the event of any default in repayment by the Group in respect of loans procured from Founder Finance, Founder Finance will be able to offset the amounts deposited with it by the Group against the amounts owing from the Group to Founder Finance;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on 13 February 2014 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong to consider and approve, among other things, the Deposit Services and the Proposed Deposit Cap; and the re-election of the retiring Directors;
“Shareholder(s)”	registered holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning as ascribed thereto in the Listing Rules;
“Term”	the term of the Financial Services Agreement, which shall, subject to the satisfaction of all condition precedents, commence on 1 January 2014 for a term of three years, and expire on 31 December 2016; and
“%”	per cent.

\* *For identification purpose only*

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LETTER FROM THE BOARD

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**北大资源**  
**PKU RESOURCES**

**Peking University Resources (Holdings) Company Limited**

**北大资源(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00618)**

*Executive Directors:*

Ms Yu Li (*Chairwoman*)

Mr Fang Hao (*President*)

Mr Zhou Bo Qin

Mr Zhang Zhao Dong

Mr Xie Ke Hai

Mr Zheng Fu Shuang

*Independent non-executive Directors:*

Mr Li Fat Chung

Ms Wong Lam Kit Yee

Ms Cao Qian

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal place of  
business in Hong Kong:*

Unit 1408, 14th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan, New Territories

Hong Kong

16 January 2014

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS:  
FINANCIAL SERVICES AGREEMENT;  
AND  
(2) PROPOSED RE-ELECTION OF DIRECTORS**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the transactions contemplated under the Financial Services Agreement.

The Company entered into a financial services agreement on 13 January 2011 with Founder Finance and Peking Founder, which has expired on 31 December 2013. To extend the terms of financial services provided by Founder Finance to the Group, on 23 December

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## LETTER FROM THE BOARD

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2013, the Company, Founder Finance and Peking Founder entered into the Financial Services Agreement, pursuant to which Founder Finance has agreed, subject to the terms and conditions therein, to provide the Group with (i) Deposit Services; (ii) Loan Services; and (iii) Miscellaneous Financial Services to the Group on a non-exclusive basis until 31 December 2016.

The Company is owned as to approximately 55.40% by Founder Information which is in turn owned as to approximately 97.36% by Peking Founder. Since Peking Founder can exercise control over the composition of a majority of the board of directors of Founder Information and that Founder Information is a controlling shareholder of the Company, Peking Founder is considered as an associate of a connected person of the Company. As Founder Finance is a non wholly-owned subsidiary of Peking Founder, it is also an associate of a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Loan Services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by Founder Finance, the Loan Services are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

As each of the applicable percentage ratios in respect of the handling fees in connection with the Miscellaneous Financial Services is on an annual basis less than 5%, the Miscellaneous Financial Services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5%, and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to give you, among other matters, with (i) details of the Financial Services Agreement, the transactions contemplated thereunder and the Proposed Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) biographical details of Directors proposed for re-election; (v) other information as required under the Listing Rules; and (vi) the notice of SGM, at which ordinary resolutions will be proposed to approve the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement and the proposed re-election of Directors.



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## LETTER FROM THE BOARD

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### THE FINANCIAL SERVICES AGREEMENT

#### 1. Date

23 December 2013

#### 2. Effective Date and Term

The Financial Services Agreement shall, subject to the satisfaction of all condition precedents, commence on 1 January 2014 for a term of three years and expire on 31 December 2016.

#### 3. Parties

- (a) the Company (as services user);
- (b) Founder Finance (as services provider); and
- (c) Peking Founder (as guarantor).

#### 4. Major Terms

##### (a) *Deposit Services*

Pursuant to the Financial Services Agreement, Founder Finance will provide RMB deposit services to the Group. The Group will open and maintain RMB deposit accounts with Founder Finance.

The interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions, subject to the standard RMB deposit rates promulgated by PBC from time to time.

The Proposed Deposit Cap for the three years ending 31 December 2016 shall not exceed RMB120,000,000 on a daily basis.

In the event that the Group suffers any financial loss by reason of default by Founder Finance, Founder Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC.

##### (b) *Loan Services*

Pursuant to the Financial Services Agreement, Founder Finance will provide RMB loan services to the Group.

The interest rates to be charged by Founder Finance for the provision of Loan Services to the Group will be determined by the Company and Founder Finance with reference to the interest rates of PBC from time to time and the prevailing market conditions. The interest rates on the Loan Services offered by Founder Finance to the

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## LETTER FROM THE BOARD

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Group will not be higher than those offered by other PRC financial institutions. Founder Finance can offer the Group up to a 10% discount to the benchmark interest rate. No security over the assets of the Group will be granted in respect of the Loan Services offered by Founder Finance.

(c) *Miscellaneous Financial Services*

Pursuant to the Financial Services Agreement, Founder Finance will provide, apart from the Deposit Services and the Loan Services, other financial services to the Group in accordance with the permitted scope prescribed under the relevant PRC financial laws, regulations and policies, and the Management Methods for Group Finance Companies (《企業集團財務公司管理辦法》), including, but not limit to, services on discounted bills and entrusted loans.

Handling fees will be charged by Founder Finance in respect of the Miscellaneous Financial Services provided to the Group pursuant to the Financial Services Agreement, which include interests on discounted bills and handling fees on entrusted loans. Such handling fees will be determined with reference to the market rates of similar services and will not be higher than those offered by other PRC financial institutions to the Group.

The staff in accounting department of the Group collects information on handling fees from various commercial banks and Founder Finance on a weekly basis for purpose of gathering the market information on handling fees for similar services. Such information will be updated when the Group enters into entrusted loan or discounted bills arrangements. The financial institution that can provide the best rate of handling fees would be selected for the Miscellaneous Financial Services. The Directors consider that the above methods and procedures can ensure that the handling fees will not be higher than those offered by other PRC financial institutions to the Group and not prejudicial to the interests of the Company and its minority shareholders.

Pursuant to the Financial Services Agreement, the handling fees payable by the Group to Founder Finance in respect of the Miscellaneous Financial Services for each of the three years ending 31 December 2016 shall not exceed RMB25,000,000.

- (d) The Group may obtain financial services from other financial institutions in addition to those provided by Founder Finance pursuant to the Financial Services Agreement.
- (e) Under the Financial Services Agreement, the Group will have the Right of Set Off such that, in the event of any default by Founder Finance in respect of amounts deposited with it by the Group and causing it not being able to recover such deposits, the Group will be entitled to offset the amounts owing from the Group to Founder Finance against the amounts due to the Group from Founder Finance. Likewise, in the event of any default in repayment by the Group in respect of loans obtained from Founder Finance, Founder Finance will be entitled to offset the amounts deposited with it by the Group against the amounts owing from the Group to Founder Finance.

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## LETTER FROM THE BOARD

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### 5. Condition Precedents

The Financial Services Agreement is conditional upon:

- (a) approval by the Independent Shareholders at the SGM; and
- (b) any other relevant approvals as may be required for the Financial Services Agreement to take effect.

### 6. Termination

The Financial Services Agreement shall not be terminated by any of the parties unilaterally.

In addition to the default events provided by the Contract Laws of the PRC, the Company may terminate the Financial Services Agreement with immediate effect if Founder Finance fails to satisfy any operation condition as follows:

- (a) the capital adequacy ratio is not less than 10%;
- (b) the non-performing assets ratio is not more than 4%;
- (c) the bad loan ratio is not more than 5%;
- (d) the asset loss reserve adequacy ratio is not less than 100%;
- (e) the loan loss reserve adequacy ratio is not less than 100%;
- (f) the liquidity ratio is not less than 25%;
- (g) the self-owned fixed assets to total capital ratio is not more than 20%;
- (h) the short term securities investment to total capital ratio is not more than 40%;
- (i) the long term investment to total capital ratio is not more than 30%;
- (j) the borrowed capital to total capital ratio is not more than 100%; or
- (k) the guarantee risk exposure to total capital ratio is not more than 100%.

Upon termination of the Financial Services Agreement, the Group may withdraw all of its deposits with Founder Finance at any time. Should there be any outstanding loans owing from the Group pursuant to the Loan Services, the Group may negotiate with Founder Finance with regard to the loan repayment schedule.

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## LETTER FROM THE BOARD

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### 7. Historical Transaction Amounts and Proposed Caps

The historical maximum deposit balance, the historical annual caps and the Proposed Caps in respect of (i) the daily outstanding balance of deposits (including accrued interest) placed by the Group with Founder Finance; and (ii) the annual handling fees in connection with the Miscellaneous Financial Services during the Term are as follows:

	Year ended 31 December 2011 <i>RMB million</i>	Year ended 31 December 2012 <i>RMB million</i>	Nine months ended 30 September 2013 <i>RMB million</i>	Year ending 31 December 2013 <i>RMB million</i>	Year ending 31 December 2014 <i>RMB million</i>	Year ending 31 December 2015 <i>RMB million</i>	Year ending 31 December 2016 <i>RMB million</i>
<b>(a) Deposit Services</b>							
Historical maximum deposit balance	80	78	77	N/A	N/A	N/A	N/A
Historical Deposit Cap	80	80	N/A	80	N/A	N/A	N/A
Proposed Deposit Cap	N/A	N/A	N/A	N/A	120	120	120
<b>(b) Aggregate handling fees in connection with the Miscellaneous Financial Services</b>							
Historical figures	-	-	-	N/A	N/A	N/A	N/A
Historical Handling Fee Cap	5.5	6.6	N/A	7.8	N/A	N/A	N/A
Proposed Handling Fee Cap	N/A	N/A	N/A	N/A	25	25	25

The Proposed Deposit Cap are determined with reference to a number of factors including (i) the historical RMB deposit amounts of the Group; (ii) the increasing asset scale and anticipated amounts of the Group available for deposit; (iii) the expected amount of interest income from Founder Finance compared with interest income that could otherwise be obtained by placing deposits with other commercial banks; and (iv) the strategies for treasury management of the Company taking into account the business development plans and financial needs of the Group in the coming years. The historical maximum deposit balances were maintained at over RMB75 million for the two years ended 31 December 2012 and the nine months ended 30 September 2013, which were close to the Historical Deposit Cap of RMB80 million, so additional funds were deposited in independent commercial banks in the PRC during the periods. The management expected that additional funds would be available to be deposited in Founder Finance in the coming years, resulting in the increase in amounts of Proposed Deposit Cap.

The proposed caps for the aggregate handling fees in connection with the Miscellaneous Financial Services on an annual basis are determined with reference to (i) the historical aggregate handling fees paid and the expected increase in discounted bills services which previously was handled by independent commercial banks in the PRC; (ii) the market rates of similar services as promulgated by PBC; and (iii) the operation and financial needs of the Group in the coming years. The management expected that more discounted bills

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## LETTER FROM THE BOARD

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services will be provided by Founder Finance with better terms in the coming years (which as previously handled by independent commercial banks in the PRC), resulting in the increase in amounts of Proposed Handling Fee Cap.

### **8. The Guarantee by Peking Founder**

Peking Founder has provided the Guarantee to the Company in the Financial Services Agreement, pursuant to which Peking Founder has undertaken to the Company that:

- (a) it will maintain its controlling interest in Founder Finance and ensure that Founder Finance will operate under its prescribed scope of business;
- (b) it shall use its best endeavours and all probable and reasonable means to ensure that Founder Finance will fulfil its obligations under the Financial Services Agreement;
- (c) in the event that Founder Finance has difficulties in repaying any money to the Group, Peking Founder will increase the working capital of Founder Finance in order to enable it to fulfil its obligations under the Financial Services Agreement; and
- (d) Peking Founder undertakes and warrants to compensate the Group jointly and severally with Founder Finance for all, if any, financial losses (including but not limited to the Group's deposits, interests and related expenses incurred) caused by Founder Finance's breaches or potential breaches of PRC laws and regulations, or by it having or potentially having any major operational problems or difficulties with liquidity, or by its non-performance of any terms, or by it defaulting under the Financial Services Agreement.

### **INFORMATION OF THE GROUP**

The Group is principally engaged in property development and property investment in the PRC, and the distribution of information products in Hong Kong and the PRC.

### **INFORMATION ON FOUNDER FINANCE**

Founder Finance is a non-banking financial institution and a non wholly-owned subsidiary of Peking Founder established in the PRC since September 2010 with the approval of PBC. It is subject to the supervision of CBRC. According to its business licence, it is authorised to provide the Group with all the services set out in the Financial Services Agreement.

As at the date of the Financial Services Agreement, the registered capital of Founder Finance was RMB5,000,000,000. As at 30 September 2013, Founder Finance also had a total asset value of approximately RMB13,941,153,000 which included current assets (such as bank deposits, central bank reserves and other receivables) of approximately RMB13,934,949,000.

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## LETTER FROM THE BOARD

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Founder Finance is subject to stringent regulations and is regulated by PBC and CBRC. CBRC's supervision includes regular examination of the audited financial statements and other relevant materials required to be filed by group finance companies as well as on-site inspections and interviews with the senior management of group finance companies. To ensure compliance with the applicable laws and regulations, CBRC has powers to issue corrective and/or disciplinary orders and to impose penalties and/or fines on group finance companies.

### **REASONS FOR AND BENEFITS OF THE FINANCIAL SERVICES AGREEMENT**

The main reasons for the Company to enter into the Financial Services Agreement with Founder Finance are as follows:

- (a) PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. Founder Finance is a non-banking financial institution approved and regulated by PBC and CBRC authorised to provide various kinds of financial services, including deposit-taking and loan services;
- (b) pursuant to the relevant regulations of PBC and CBRC, the customers of Founder Finance are limited to members of the Peking Founder Group and its associates, who mainly engage in information technology, medical and security businesses, industries that are relatively diversified yielding relatively stable incomes, with very little impact from seasonal factors and macro-economic environment. Hence Founder Finance will not be exposed to a level of potential risk higher than that of other commercial banks in the PRC, which deal with customers of various credit ratings;
- (c) as all members of the Peking Founder Group and the Group are entitled to utilise the Deposit Services, the Loan Services and the Miscellaneous Financial Services, the Financial Services Agreement would allow for the provision of intra-group loans amongst members of the Group, thus opening another channel for the Group to raise loans and providing the Group with an alternative to raising loans from other financial institutions, which would in turn promote liquidity among the Group, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- (d) the use of Founder Finance as a vehicle to manage the funds of the Group would facilitate a more efficient deployment of funds between members of the Group;
- (e) the interest rates on the Deposit Services and the Loan Services offered, and the handling fees in connection with the Miscellaneous Financial Services charged by Founder Finance to the Group will be equal to or more favourable than, on a case by case basis, those offered to the Group by any third party;

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## LETTER FROM THE BOARD

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- (f) Founder Finance is regulated by PBC and CBRC, and it provides its services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities;
- (g) the Group is expected to benefit from Founder Finance's better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC;
- (h) the arrangements under the Financial Services Agreement would save financial costs, and accordingly increase the profitability of the Group;
- (i) the arrangements under the Financial Services Agreement would allow for a certain degree of concentration of the Group's deposited funds (limited by the Proposed Deposit Cap), which would expedite the monitoring of the use and application of funds within the Group, and would provide the Group with a higher bargaining power (than when the deposited sum was split between financial institutions) with regard to terms and interest rates of the Deposit Services; and
- (j) the Guarantee and the Right of Set Off under the Financial Services Agreement shall provide security and comfort to the Group by reducing the risks which the Group may be exposed to in the event of default by Founder Finance.

The Directors (including the independent non-executive Directors) consider that the terms of the Miscellaneous Financial Services have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Handling Fee Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors whose views shall be based on the opinion of the Independent Financial Adviser) consider that the terms of the Deposit Services have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Deposit Cap are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Since Ms Yu Li, the chairwoman of the Company, and Mr Zhang Zhao Dong, an executive director of the Company, are also a directors of Peking Founder, and Ms Yu Li is the director of Founder Finance, they have abstained from voting on the Board resolutions in respect of the Financial Services Agreement and the Proposed Caps. Save as disclosed above, none of the Directors has any material interests in the Financial Services Agreement.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

#### Continuing Connected Transactions

The Company is owned as to approximately 55.40% by Founder Information which is in turn owned as to approximately 97.36% by Peking Founder. Since Peking Founder can exercise control over the composition of a majority of the board of directors of Founder Information and that Founder Information is a controlling shareholder of the Company, Peking Founder is considered as an associate of a connected person of the Company. As Founder Finance is a non wholly-owned subsidiary of Peking Founder, it is also an associate of a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Loan Services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by Founder Finance, the Loan Services are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

As each of the applicable percentage ratios in respect of the handling fees in connection with the Miscellaneous Financial Services is on an annual basis less than 5%, the Miscellaneous Financial Services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5% and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Deposit Services and the Proposed Deposit Cap will be subject to the approval by the Independent Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save and except for Founder Information (a controlling shareholder holding approximately 55.40% of the issued share capital of the Company and has control or is entitled to exercise control over the voting rights of its Shares), its associates and Mr Zhang Zhao Dong, an executive Director and a director of Peking Founder who shall abstain from voting at the SGM, no other Shareholder is required to abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved by way of poll at the SGM.



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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

In accordance with Bye-laws 102(B) of the Bye-laws, each of Ms Yu Li, Mr Fang Hao and Mr Zhou Bo Qin will retire from office at the SGM and, being eligible, will offer themselves for re-election at the SGM. Relevant biographical details, as at the Latest Practicable Date, of each of Ms Yu Li, Mr Fang Hao and Mr Zhou Bo Qin are set out in Appendix I to this circular.

### SGM

The SGM will be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong at 10:00 a.m. on Thursday, 13 February 2014. The notice of SGM is set out on pages 40 and 41 of this circular, for the Shareholders to consider and, if thought fit, approve (i) the Financial Services Agreement and the Proposed Deposit Cap; and (ii) the proposed re-election of Directors. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save and except for Founder Information (a controlling shareholder holding approximately 55.40% of the issued share capital of the Company and has control or is entitled to exercise control over the voting rights of its Shares), its associates and Mr Zhang Zhao Dong, an executive Director and a director of Peking Founder who shall abstain from voting at the SGM, no other Shareholder is required to abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved by way of poll at the SGM.

You will find enclosed a form of proxy for use at the SGM. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof to the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises all three independent non-executive Directors, namely Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, has been established to consider the terms of the Deposit Services and the Proposed Deposit Cap, and to advise the Independent Shareholders, so far as the Independent Shareholders are concerned, as to whether the terms of the Deposit Services and the Proposed Deposit Cap are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. No member of the Independent Board Committee has any material interest in the Deposit Services and Proposed Deposit Cap.

China Everbright has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders respectively on the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out in page 17 and pages 18 to 31 of this circular, respectively.

### RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the transactions contemplated under the terms of the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors whose views are based on the opinion of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolutions set out in the notice of SGM enclosed to this circular.

Yours faithfully  
For and on behalf of the Board  
**Peking University Resources (Holdings) Company Limited**  
**Yu Li**  
*Chairwoman*



**北大資源**  
**PKU RESOURCES**

**Peking University Resources (Holdings) Company Limited**

**北大資源(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00618)**

16 January 2014

To the Independent Shareholders

Dear Sirs or Madams,

**Discloseable and Continuing Connected Transactions:  
Deposit Services under the Financial Services Agreement**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Deposit Services under the Financial Services Agreement, details of which are set out in the letter from the Board in the circular (the “Circular”) of the Company dated 16 January 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We wish to draw your attention to the letter of advice from China Everbright as set out on pages 18 to 31 of the Circular, which contains its advice and recommendation to us as to whether or not the Deposit Services under the Financial Services Agreement and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendation.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of, China Everbright as stated in its aforementioned letter of advice, we are of the opinion that the Deposit Services and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Deposit Services and the Proposed Caps.

Yours faithfully,

*The Independent Board Committee*

**Peking University Resources (Holdings) Company Limited**

**Mr Li Fat Chung**

*Independent  
non-executive director*

**Ms Wong Lam Kit Yee**

*Independent  
non-executive director*

**Ms Cao Qian**

*Independent  
non-executive director*

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## LETTER FROM CHINA EVERBRIGHT

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*The following is the text of the “Letter from the China Everbright” to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.*



16 January 2014

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS: DEPOSIT SERVICES UNDER THE FINANCIAL SERVICES AGREEMENT**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services under the Financial Services Agreement (the “**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular to the Shareholders dated 16 January 2014 (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 otherwise requires.

As at the Latest Practicable Date, the Company is owned as to approximately 55.40% by Founder Information which is in turn owned as to approximately 97.36% by Peking Founder. Being a non wholly-owned subsidiary of Peking Founder, Founder Finance is a connected person to the Company under the Listing Rules. Accordingly, the Deposit Services under the Financial Services Agreement (the “**Deposit Services**”), including the Proposed Deposit Cap, constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5%, and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Caps are subject to reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all three independent non-executive Directors, namely Mr Li Fat Chung, Ms. Wong Lam Kit Yee and Ms. Cao Qian, has been established to consider the terms of the Deposit Services and the Proposed Deposit Caps, and to advise the Independent Shareholders, so far as the Independent Shareholders are concerned, as to whether the terms of Deposit Services, including the Proposed Deposit Cap, are fair and reasonable so far as the Independent Shareholders are concerned, and whether they are in the interests of the Company and the Shareholders as a whole. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM CHINA EVERBRIGHT

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Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees and benefits from the Group, Founder Finance or any of their respective associates. We are independent from and not connected with the Group, Founder Finance or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and are accordingly qualified to give independent advice to the Independent Director and the Independent Shareholders regarding the Continuing Connected Transactions.

### **BASIS OF OUR OPINION**

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management (“**Management**”) of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group. We have assumed that all statements and representations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

### **PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT**

In formulating our recommendations, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

#### **(A) Background of and reasons for the Deposit Services**

##### **(1) Overview**

Pursuant to the 2011 Financial Services Agreement dated 13 January 2011, Founder Finance has agreed, subject to the terms and conditions therein, to provide RMB deposit services to the Group on a non-exclusive basis. The Group will open and maintain RMB deposit accounts with Founder Finance. The 2011 Financial Services Agreement was approved by the then Independent Shareholders on 26 January 2011.

In view of the expiry of the 2011 Financial Services Agreement on 31 December 2013, the Financial Services Agreement for a further term expiring on 31 December 2016, which will be put forward for approval by the Independent Shareholders at the SGM, were signed on 23 December 2013 in order to govern the conduct of the Deposit Services for the three years ending 31 December 2016, subject to the Proposed Deposit Cap.

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## LETTER FROM CHINA EVERBRIGHT

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### (2) Background of the Group

The Group is principally engaged in property development and property investment in the PRC, and the distribution of information products in Hong Kong and the PRC.

The following table summarized the cash and cash equivalents and total assets of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 extracted from the respective annual and interim reports of the Group. The cash and cash equivalents of the Group represented approximately 23.5%, 23.4%, 21.7% and 10.5% of its total assets as at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively.

	<b>As at 31 December 2010</b>	<b>As at 31 December 2011</b>	<b>As at 31 December 2012</b>	<b>As at 30 June 2013</b>
	<i>HK\$ ('000)</i>	<i>HK\$ ('000)</i>	<i>HK\$ ('000)</i>	<i>HK\$ ('000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Cash and cash equivalents	500,832	449,188	291,994	392,365
Total assets	2,130,027	1,921,680	1,344,717	3,754,022
Cash and cash equivalents/Total assets	23.5%	23.4%	21.7%	10.5%

According to the above table, the cash and cash equivalents are material assets to the Group and have a substantial impact on the financial position and performance of the Group. In addition, a placing of 326,792,000 shares (the "Placing") was successfully completed on 23 December 2013. The net proceeds of the Placing amounted to HK\$260.0 million. Pursuant to the announcement dated 27 November 2013, the Group intends to apply approximately 50% of the net proceeds for the acquisition of new land and development of new projects as opportunities arise while the remaining 50% will be used as general working capital of the Group. As such, subsequent to the Placing, the Group's cash and cash equivalents has increased substantially. Therefore, we consider it necessary for the Group to seek an appropriate platform to utilize its idle cash and cash equivalents effectively.

As stated in the Letter from the Board, the PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution.

Accordingly, the Group requires the assistance and cooperation of a regulated financial institution such as licensed commercial banks in the PRC or group finance companies for establishment of the treasury platform. We concur with the Directors' view that the use of Founder Finance as a vehicle to manage the funds of the Group would facilitate a more efficient deployment of funds among members of the Group and promote liquidity among the Group, thereby enhancing the overall ability of the Group to repay debts, and assisting in monitoring and controlling financial risks.

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## LETTER FROM CHINA EVERBRIGHT

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### (3) Background of Founder Finance

#### (i) Regulatory environment of Founder Finance

Founder Finance is a non-banking financial institution and a non wholly-owned subsidiary of Peking Founder established in the PRC since September 2010 with the approval of PBC. It is subject to the supervision of CBRC under the Administrative Measures for Enterprise Group Finance Companies (the “**Administrative Measures**”, 企業集團財務公司管理辦法). According to its business license, Founder Finance is authorised to provide the Group with all the services set out in the Financial Service Agreement.

As at the date of the Financial Services Agreement, the registered capital of Founder Finance was RMB5,000,000,000. As at 30 September 2013, Founder Finance also had a total asset value of approximately RMB13,941,153,000 which included current assets (such as bank deposits, central bank reserves and other receivables) of approximately RMB13,934,949,000.

Founder Finance is subject to stringent regulations and is regulated by PBC and CBRC. CBRC’s supervision includes regular examination of the audited financial statements and other relevant materials required to be filed by group finance companies as well as on-site inspections and interviews with the senior management of group finance companies. Pursuant to the Administrative Measures, Founder Finance is required to submit audited financial statements and report its operation status to the CBRC annually. In addition, Founder Finance must comply with certain financial ratio requirements set by the CBRC from time to time. To ensure compliance with the applicable laws and regulations, CBRC has powers to issue corrective and/or disciplinary orders and to impose penalties and/or fines on group finance companies. The below table set out the financial ratio requirements of the CBRC with reference to the Administrative Measures and respective financial ratios of Founder Finance as at 31 December 2011, 31 December 2012 and 30 September 2013:

Financial ratio	Requirements of the CBRC	Financial ratio of Founder Finance		
		As at 31 December 2011	As at 31 December 2012	As at 30 September 2013
Capital adequacy ratio	Not less than 10%	41.68%	35.44%	36.69%
Inter-bank borrowing balances to total capital	Not more than 100%	5.97%	4.36%	4.08%
Total amount of outstanding guarantees to total capital	Not more than 100%	42.97%	32.96%	47.38%
Total amount of investment to total capital ratio	Not more than 70%	0	0	0
Self-owned fixed assets to total equity ratio	Not more than 20%	0.26%	0.21%	0.09%

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## LETTER FROM CHINA EVERBRIGHT

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As shown in the table above, Founder Finance complied with all the financial ratio requirements of the CBRC as at 31 December 2011, 31 December 2012 and 30 September 2013. We have been advised by the Directors that to their best knowledge, up to the Latest Practicable Date, there is no record of non-compliance with relevant laws, rules and regulations of the PRC on Founder Finance.

*(ii) Finance performance of Founder Finance*

The table below sets out the financial performance of Founder Finance extracted from its audited financial statements for the years ended 31 December 2011 and 2012 and its unaudited management accounts for the nine months ended 30 September 2013.

	<b>For the year ended 31 December</b>		<b>For the nine months ended</b>
	<b>2011</b>	<b>2012</b>	<b>30 September</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Revenue	174.2	411.8	424.0
Profit before tax	71.2	226.5	248.8
Profit after tax	53.3	169.7	186.6

According to the Administrative Measures, Founder Finance has to suspend part of its operation in the event that it incurs a loss of more than 30% of its registered capital in a year or incur a loss of more than 10% of its registered capital for three consecutive years. Since Founder Finance achieved a profit after tax of approximately RMB53.3 million, RMB169.7 million and RMB186.6 million for the years ended 31 December 2011 and 2012 and for the nine months ended 30 September 2013 respectively, there is no indication that the operation of Founder Finance will be suspended.

*(iii) Organization structure of the Finance Company*

As far as the Directors are aware, Founder Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations. As advised by the Management, different committees and departments, including but not limited to, risk control committee, loan audit committee, credit department, risk management department, audit department and compliance department, have been set up by Founder Finance for maintaining the risk management function and internal control environment. Policies and operation manuals for important functions, including but not limited to, credit analysis, loan businesses and risk classification of assets, have been in place for maintaining proper internal control functions. We consider Founder Finance has a comprehensive organization structure to provide and monitor the provision of Deposit Services to the Group.



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## LETTER FROM CHINA EVERBRIGHT

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Having reviewed the regulatory environment, financial performance and organization structure of Founder Finance, we have no reasons to doubt the legitimacy and eligibility of Founder Finance for Deposit Services from the aforementioned information provided by the Company.

#### **(4) Benefits of the Deposit Services provided by Founder Finance**

As stated in the Letter from the Board, the main reasons for the Company to enter into the Financial Services Agreement with Founder Finance are as follows:

- PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. Founder Finance is a non-banking financial institution approved and regulated by PBC and CBRC authorised to provide various kinds of financial services, including deposit-taking and loan services;
- pursuant to the relevant regulations of PBC and CBRC, the customers of Founder Finance are limited to members of the Peking Founder Group and its associates, who mainly engage in information technology, medical and security businesses, industries that are relatively diversified yielding relatively stable incomes, with very little impact from seasonal factors and macro-economic environment. Hence Founder Finance will not be exposed to a level of potential risk higher than that of other commercial banks in the PRC, which deal with customers of various credit ratings;
- as all members of the Peking Founder Group and the Group are entitled to utilise the Deposit Services, the Loan Services and the Miscellaneous Financial Services, the Financial Services Agreement would allow for the provision of intra-group loans amongst members of the Group, thus opening another channel for the Group to raise loans and providing the Group with an alternative to raising loans from other financial institutions, which would in turn promote liquidity among the Group, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- the use of Founder Finance as a vehicle to manage the funds of the Group would facilitate a more efficient deployment of funds between members of the Group;
- the interest rates on the Deposit Services and the Loan Services offered, and the handling fees in connection with the Miscellaneous Financial Services charged by Founder Finance to the Group will be equal to or more favourable than, on a case by case basis, those offered to the Group by any third party;

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## LETTER FROM CHINA EVERBRIGHT

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- Founder Finance is regulated by PBC and CBRC, and it provides its services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities;
- the Group is expected to benefit from Founder Finance's better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC;
- the arrangements under the Financial Services Agreement would save financial costs, and accordingly increase the profitability of the Group;
- the arrangements under the Financial Services Agreement would allow for a certain degree of concentration of the Group's deposited funds (limited by the Proposed Deposit Cap), which would expedite the monitoring of the use and application of funds within the Group, and would provide the Group with a higher bargaining power (than when the deposited sum was split between financial institutions) with regard to terms and interest rates of the Deposit Services; and
- the Guarantee and the Right of Set Off under the Financial Services Agreement shall provide security and comfort to the Group by reducing the risks which the Group may be exposed to in the event of default by Founder Finance.

As advised by the management of the Company, funds deposited with Founder Finance can be freely withdrawn at any time on demand of the Company. In addition, the Company utilises the Deposit Services on a voluntary and non-exclusive basis and is not obliged to engage Founder Finance for any particular services, or at all under the Financial Services Agreement, giving the Directors maximum flexibility to decide in a particular situation as to what is in the Company's interest. Founder Finance is merely one of a number of licensed financial institutions which may provide financial services to the Group. On this basis, we concur with the Directors' view that the appointment of Founder Finance will provide an additional important platform for the Group to implement efficient treasury management and is therefore in the interests of the Company and Shareholders as a whole.

Having considered the above, in particular, (i) effective treasury management is essential for the development of the Group; (ii) Founder Finance is a licensed finance company subject to stringent regulations promulgated by PBC and CBRC; (iii) the Company utilises the Deposit Services on a voluntary and non-exclusive basis, giving the Directors maximum flexibility to decide in a particular situation as to what is in the Company's interest; and (iv) the appointment of Founder Finance will provide higher efficiency in fund deployment within the Group as compared to other independent financial institutions, we concur with the Directors' view that the benefits for procuring

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## LETTER FROM CHINA EVERBRIGHT

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the Deposit Services outweighs its potential inherent risk, and the Deposit Services contemplated under the Financial Services Agreement are entered into in the ordinary and usual course of business, and are in the interests of the Company and the Shareholders as a whole.

**(B) Terms of the Deposit Services contemplated under the Financial Services Agreement**

On 23 December 2013, the Company, Founder Finance and Peking Founder (as guarantor) entered into the Financial Services Agreement, pursuant to which Founder Finance has agreed, subject to the below terms and conditions therein, to provide the Deposit Services to the Group on a non-exclusive basis:

- Pursuant to the Financial Services Agreement, Founder Finance will provide RMB deposit services to the Group. The Group will open and maintain RMB deposit accounts with Founder Finance, subject to the Proposed Deposit Cap;
- The interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions, subject to the standard RMB deposit rates promulgated by PBC from time to time;
- The Proposed Deposit Cap for the three years ending 31 December 2016 shall not exceed RMB120,000,000 on a daily basis;
- In the event that the Group suffers any financial loss by reason of default by Founder Finance, Founder Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC;
- The Group may obtain financial services from other financial institutions in addition to those provided by Founder Finance pursuant to the Financial Services Agreement;
- Under the Financial Services Agreement, the Group will have the Right of Set Off such that, in the event of any default by Founder Finance in respect of amounts deposited with it by the Group and causing it not being able to recover such deposits, the Group will be entitled to offset the amounts owing from the Group to Founder Finance against the amounts due to the Group from Founder Finance. Likewise, in the event of any default in repayment by the Group in respect of loans procured from Founder Finance, Founder Finance will be entitled to offset the amounts deposited with it by the Group against the amounts owing from the Group to Founder Finance.

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## LETTER FROM CHINA EVERBRIGHT

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In order to further protect the interest of the Group, Peking Founder has provided the Guarantee to the Company in the Financial Services Agreement, pursuant to which Peking Founder has undertaken to the Company that:

- (a) it will maintain its controlling interest in Founder Finance and ensure that Founder Finance will operate under its prescribed scope of business;
- (b) it shall use its best endeavours and all probable and reasonable means to ensure that Founder Finance will fulfil its obligations under the Financial Services Agreement;
- (c) in the event that Founder Finance has difficulties in repaying any money to the Group, Peking Founder will increase the working capital of Founder Finance in order to enable it to fulfil its obligations under the Financial Services Agreement; and
- (d) Peking Founder undertakes and warrants to compensate the Group jointly and severally with Founder Finance for all (if any) financial losses (including but not limited to the Group's deposits, interests and related expenses incurred) caused by Founder Finance's breaches or potential breaches of PRC laws and regulations, or by it having or potentially having any major operational problems or difficulties with liquidity, or by its non-performance of any terms or default under the Financial Services Agreement.

As advised by the Company, summarised below is the key financial information of the Peking Founder Group as extracted from the audited financial statements for the year ended/as at 31 December 2012 and the management accounts for the nine months ended/as at 30 September 2013 prepared in accordance with the current PRC Generally Accepted Accounting Principles:

	<b>For the year ended/as at 31 December 2012</b>	<b>For the nine months ended/as at 30 September 2013</b>
	<i>RMB (million)</i>	<i>RMB (million)</i>
	<i>(Audited)</i>	<i>(Unaudited)</i>
Net profit attributable to the owners of the parent	748	558
Equity attributable to owners of the parent	15,253	15,911

It is noted from the above financial information that the Peking Founder Group achieved healthy financial performance and condition during the past years. Based on its satisfactory financial condition, we considered that Peking Founder is eligible to fulfill its Guarantee obligations contemplated under the Financial Services Agreement.

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## LETTER FROM CHINA EVERBRIGHT

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We have reviewed the benchmark rates on deposits announced by the PBOC since 2010. Before June 2012, the PBOC has adopted a fixed rate policy on the benchmark rates on deposits which all the financial institutions in the PRC should follow. As advised by the Company, the Finance Company has provided the benchmark rates set out by the PBOC on the money deposited by the Group which was the same as the other PRC commercial banks.

On 7 June 2012, the PBOC announced to reduce the benchmark rate on deposits but introduced an upper floating-range limit on the benchmark rates on deposits. The initial upper floating-rate limit was set at 1.1 times of the benchmark rates on deposits. As advised by the Management, the Founder Finance immediately increased the deposit interest rates on the money deposited by the Group on 1 July 2012 to 1.1 times of the benchmark rates on deposits, which was the maximum interest rate that the licensed financial institutions in the PRC could offer under the guideline of the PBOC.

Given that (i) the deposit interest rates to be offered to the Company or its respective subsidiaries of the Company by Founder Finance will be determined in accordance with the standard RMB deposit rates promulgated by the PBC from time to time; (ii) the interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions; (iii) the Company can terminate the Financial Services Agreement and withdraw all deposits placed with Founder Finance if Founder fails to maintain healthy operational metrics; (iv) the Right of Set Off enjoyed by the Group; and (v) sufficient guarantee is placed by Peking Founder to protect the Company against potential risks for procuring the Deposit Services, we concur with the Directors' view that the respective terms in relation to Deposit Services are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, as disclosed in the 2012 annual report of the Company, the independent non-executive directors of the Company have reviewed the continuing connected transactions, including the transactions under the 2011 Financial Services Agreement, and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or, if there are no sufficient comparable transaction to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

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## LETTER FROM CHINA EVERBRIGHT

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Accordingly, we consider that the Group has established a good track record on compliance matters in relation to the transactions described under the Financial Services Agreement.

Given the above and (i) the independent non-executive Directors will continue to, pursuant to Rule 14A.37 of the Listing Rules, review, among other things, whether the transactions contemplated under the Financial Services Agreement are conducted on normal and commercial terms; and (ii) the auditor of the Company will continue to, review transactions contemplated under the Financial Services Agreement in accordance with Rule 14A.38 of the Listing Rule, we are of the view that adequate measures have been put in place, as required under the Listing Rules mentioned above, to monitor the transactions contemplated under the Financial Services Agreement in order to protect the interests of the Company and the Independent Shareholders.

### (C) THE PROPOSED DEPOSIT CAP

Pursuant to the Financial Services Agreement, the Proposed Deposit Cap, which refers to the maximum daily outstanding balance of deposit (including accrued interest) placed by the Group with Founder Finance during the term under the Financial Services Agreement, is maintained at RMB120 million.

As stated in the Letter from the Board, the Proposed Deposit Cap are determined with reference to a number of factors including (i) the historical RMB deposit amounts of the Group; (ii) the increasing asset scale and anticipated amounts of the Group available for deposit; (iii) the expected amount of interest income from Founder Finance compared with interest income that could otherwise be obtained by placing deposits with other commercial banks; and (iv) the strategies for treasury management of the Company taking into account the business development plans and financial needs of the Group in the coming years.

Based on the information provided by the Company, the table set out below summarized (i) the historical maximum and average amount of deposits placed by the Group with Founder Finance; and (ii) the historical maximum and average daily utilization of historical deposit caps (the “**Historical Deposit Cap**”), during the years ended 31 December 2011 and 2012 and the nine months period ended 30 September 2013.

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**LETTER FROM CHINA EVERBRIGHT**

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	<b>For the year ended 31 December</b>		<b>For the nine months ended 30 September</b>
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
Maximum daily balance of deposits placed with Founder Finance by the Group (including accrued interest)	80	78	77
Maximum daily utilization of Historical Deposit Cap ( <i>Note 1</i> )	100%	98%	96%
Average daily balance of deposits placed with Founder Finance by the Group (including accrued interest) ( <i>Note 2</i> )	78	38	68
Average daily utilization of Historical Deposit Cap ( <i>Note 3</i> )	98%	48%	85%

*Notes:*

1. The maximum daily utilization of Historical Deposit Cap is calculated by dividing the maximum daily balance of deposits placed with Founder Finance by the Group by the Historical Deposit Cap at the respective year-end or period-end date.
2. Average daily balance of deposits placed with Founder Finance by the Group is simply the average balance of deposits placed with Founder Finance by the Group at the quarter-end dates during the respective year or period.
3. The average daily utilization of Historical Deposit Cap is calculated by dividing the average daily balance of deposits placed with Founder Finance by the Group by the Historical Deposit Cap at the respective year-end or period-end date.

With reference to the aforementioned basis advised by the Management in determining the Proposed Deposit Cap, we have taken into account the following factors in assessing the reasonableness of the Proposed Deposit Cap:

- As stated in the relevant annual reports and interim report of the Company, the cash and cash equivalents of the Group were approximately HK\$449.2 million, approximately HK\$292.0 million and approximately HK\$392.4 million as at 31 December 2011 and 2012 and 30 June 2013, respectively.
- As at 31 December 2011 and 2012 and 30 June 2013, the Group maintained deposits placed with Founder Finance of approximately RMB78.2 million, approximately RMB40.4 million and approximately RMB75.3 million, respectively.

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## LETTER FROM CHINA EVERBRIGHT

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- As at 31 December 2011 and 2012 and 30 June 2013, the Group maintained deposits placed with independent commercial banks in the PRC of approximately RMB339.1 million, approximately RMB218.6 million and approximately RMB236.8 million, respectively.
- The historical maximum deposit balances were maintained at over RMB75 million for the two years ended 31 December 2012 and the nine months ended 30 September 2013, which were very close to the Historical Deposit Cap of RMB80 million.
- As advised by the Management, in order to prevent the deposit balance from exceeding the Historical Deposit Cap, certain idle cash were deposited in independent commercial banks in the PRC during the past few years. To achieve effective treasury management and fund deployment within the Group, the Management plans to reallocate additional funds from independent commercial banks in the PRC to Founder Finance in the coming years, resulting in the increase in amounts of Proposed Deposit Cap.

Having reviewed and analyzed all the relevant historical data of the Group and taking into account the above factors, we concur with the Director's view that the Proposed Deposit Cap pursuant to the Financial Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

### **(D) Reporting requirements and conditions of the Continuing Connected Transactions**

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive directors must review the continuing connected transactions and confirm in the annual report and accounts that the continuing connected transactions have been entered into:
  - in the ordinary and usual course of business of the group;
  - either on normal commercial terms or, if there are not sufficient comparable continuing connected transaction to judge whether they are on normal commercial terms, on terms no less favourable to the group than terms available to or from (as appropriate) independent third parties; and
  - in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole;
- (b) each year the auditors of the company must provide a letter to the board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the company's annual report) confirming that the continuing connected transactions:
  - have received the approval of the board;



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## LETTER FROM CHINA EVERBRIGHT

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- are in accordance with the pricing policies of the group;
  - have been entered into in accordance with the terms of the relevant agreements governing the continuing connected transactions; and
  - have not exceeded the Proposed Deposit Cap;
- (c) the company shall allow, and shall procure the relevant counterparties to the continuing connected transactions to allow, the company’s auditors sufficient access to their records for the purpose of reporting on the continuing connected transactions as set out in paragraph (b); and
- (d) the company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive directors and/or auditors of the company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the maximum value of the Continuing Connected Transactions by way of the Proposed Deposit Cap; (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Continuing Connected Transactions and the Proposed Deposit Cap not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

### RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of transactions in relation to the Deposit Services, including the Proposed Deposit Cap, are on normal commercial terms, are in the ordinary and usual course of business of the Company, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the Proposed Deposit Cap are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to approve the Deposits Services and the Proposed Deposit Cap at the SGM.

Yours faithfully,  
For and on behalf of  
**China Everbright Capital Limited**  
**Alvin Kam**  
*Director*

The following are the relevant biographical details of those Directors proposed for re-election at the SGM.

1. Ms Yu Li, aged 47, is the Chairwoman and executive Director. She is also the director, president of Peking Founder. She is a director of a number of associated companies of Peking Founder. Ms Yu is a director of Founder Securities Co., Ltd. (Stock Code: 601901) and the Chairwoman of China Hi-Tech Group Co., Ltd. (Stock Code: 600730), companies listed in Shanghai Stock Exchange. Ms Yu obtained an EMBA degree from Peking University Guanghua School of Management. Ms Yu has extensive experience in corporate management.

Save as disclosed above, Ms Yu does not hold any position with the Company and other members of the Group nor has any directorship in other listed public companies in the last three years.

Save as disclosed above, Ms Yu does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms Yu does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (“SFO”).

Ms Yu has entered into a service agreement as an executive Director with the Company for a term of two years from the date of appointment and should continue thereafter unless and until terminated by either the Company or Ms Yu in accordance with the service agreement. Ms Yu is not entitled to any director’s fee or salary payable by the Company at the time entering into the service agreement, however, which may be reviewed from time to time at the discretion of the Board. Ms Yu is entitled to participate in any profit-related bonus scheme as may be established by the Company and her entitlement thereunder shall be determined at the absolute discretion of the Board and the total amount of bonus payable to all executive directors of the Company shall not exceed 15 per cent. of the audited consolidated net profit of the Group (after payment of all bonuses) after taxation and non-controlling interests of the Group for that financial year.

Save as disclosed above, there are no other matters relating to the re-election of Ms Yu that need to be brought to the attention of the shareholders of the Company nor any information that needs to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules.

2. Mr Fang Hao, aged 40, is an executive Director and President of the Company. He is also the vice president of Peking Founder. He is a director of a number of associated companies of Peking Founder. Mr Fang obtained an MBA degree from Victoria University of Technology in Australia. He is also a Certified Public

Accountant in the People's Republic of China and has extensive experience in corporate strategic management. Mr Fang is responsible for the overall strategic planning and development of the Group.

Save as disclosed above, Mr Fang does not hold any position with the Company and other members of the Group, nor has any directorship in other listed public companies in the last three years.

Save as disclosed above, Mr Fang does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr Fang does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr Fang has entered into a service agreement as an executive Director for a term of two years from the date of appointment and should continue thereafter unless and until terminated by either the Company or Mr Fang in accordance with the service agreement. Mr Fang is not entitled to any director's fee or salary payable by the Company at the time entering into the service agreement, however, which may be reviewed from time to time at the discretion of the Board. Mr Fang is entitled to participate in any profit-related bonus scheme as may be established by the Company and his entitlement thereunder shall be determined at the absolute discretion of the Board and the total amount of bonus payable to all executive directors of the Company shall not exceed 15 per cent. of the audited consolidated net profit of the Group (after payment of all bonuses) after taxation and non-controlling interests of the Group for that financial year.

Save as disclosed above, there are no other matters relating to the re-election of Mr Fang that need to be brought to the attention of the shareholders of the Company nor any information that needs to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of Listing Rules.

3. Mr Zhou Bo Qin, aged 50, is an executive Director. He is also the vice president of Peking Founder. He is a director of a number of associated companies of Peking Founder. Mr Zhou is a director of China Hi-Tech Group Co., Ltd. (Stock Code: 600730), a company listed in the Shanghai Stock Exchange. Mr Zhou obtained a graduate diploma of Finance in Chinese Academy of Social Sciences and has extensive experience in finance and management.

Save as disclosed above, Mr Zhou does not hold any position with the Company and other members of the Group, nor has any directorship in other listed public companies in the last three years.

Save as disclosed above, Mr Zhou does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the Latest Practicable Date, Mr Zhou does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr Zhou has entered into a service agreement as an executive Director for a term of two years from the date of appointment and should continue thereafter unless and until terminated by either the Company or Mr Zhou in accordance with the service agreement. Mr Zhou is not entitled to any Director's fee or salary payable by the Company at the time entering into the service agreement, however, which may be reviewed from time to time at the discretion of the Board. Mr Zhou is entitled to participate in any profit-related bonus scheme as may be established by the Company and his entitlement thereunder shall be determined at the absolute discretion of the Board and the total amount of bonus payable to all executive directors of the Company shall not exceed 15 per cent. of the audited consolidated net profit of the Group (after payment of all bonuses) after taxation and non-controlling interests of the Group for that financial year.

Save as disclosed above, there are no other matters relating to the re-election of Mr Zhou that need to be brought to the attention of the shareholders of the Company nor any information that needs to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to (v) of Listing Rules.

## 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 Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

### (a) Long positions in the Shares of the Company under the SFO

Name of Director	Number of ordinary shares held	Nature of Interest	Percentage of the Company's issued share capital
Mr Zhang Zhao Dong	3,956,000	Beneficial interest	0.16%
Mr Zheng Fu Shuang	200,019,000	Beneficial interest	8.34%

### (b) Directors' rights to acquire shares in the Company and any of its associated corporations

*Directors' interests in share options of the Company*

Name of Directors	Number of share options held	Date of grant of share options	Exercise period of share options	Exercise price of share options
Ms Yu Li	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Fang Hao	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Zhou Bo Qin	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910

<b>Name of Directors</b>	<b>Number of share options held</b>	<b>Date of grant of share options</b>	<b>Exercise period of share options</b>	<b>Exercise price of share options</b>
Mr Zhang Zhao Dong	10,514,050	5.12.2011	5.12.2012 to 4.12.2014	0.281
Mr Zhang Zhao Dong	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910
Mr Xie Ke Hai	10,514,050	5.12.2011	5.12.2012 to 4.12.2014	0.281
Mr Xie Ke Hai	16,339,690	10.6.2013	10.6.2014 to 9.6.2016	0.910

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and 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 or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

As at the Latest Practicable Date, 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 were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated accounts of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, the following persons had interests or short position in the shares or 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, 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 the Company:

<b>Name</b>	<b>Notes</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company's issued share capital</b>
北京北大資產經營有限公司 (Peking University Asset Management Company Limited*)	1	Through a controlled corporation	1,328,381,278	55.40%
Peking Founder	2	Through a controlled corporation	1,328,381,278	55.40%
Founder Information		Directly beneficially owned	1,328,381,278	55.40%

*Notes:*

1. Peking University Asset Management Company Limited is deemed to be interested in the 1,328,381,278 shares of the Company under the SFO by virtue of its interest in Peking Founder.
2. Peking Founder is deemed to be interested in the 1,328,381,278 shares of the Company under the SFO by virtue of its interest in Founder Information.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, no persons had interests 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 any options in respect of such capital.

\* For identification purpose only

**4. DIRECTORS' SERVICE CONTRACTS**

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

**5. MATERIAL CONTRACT**

The following contract (not being contract in the ordinary course of business of the Group) has been entered into by members of the Group which is or may be material within the two years immediately preceding the date of this circular:

(i) the sale and purchase and subscription agreement dated 23 August 2012 and entered into among the Company and Founder Information, pursuant to which (a) the Company has agreed to acquire entire issued shares in Hong Kong Tianranju Holdings Limited and Hong Kong Tianhe Holdings Limited from Founder Information at total consideration of HK\$537 million and (b) Founder Information agreed to subscribe the convertible bonds in aggregate principal amount of HK\$62 million issued by the Company.

**6. MATERIAL CHANGE**

The Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up to.

**7. LITIGATION AND CLAIMS**

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigations or claims and no litigations or claims of material importance is pending or threatened against the Company or any member of the Group.

**8. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

**9. EXPERT'S QUALIFICATION AND CONSENT**

China Everbright is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under SFO.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or opinions and/or the references to its name in the form and context in which it respectively appears.



As at the Latest Practicable Date, (i) the Independent Financial Adviser did not have any interest, direct or indirect, in any assets which had been, since 31 December 2012, being the date to which the latest published audited financial statements of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) the Independent Financial Adviser did not have any shareholding interests in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any members of the Group.

## **10. GENERAL**

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

The company secretary of the Company is Ms Tang Yuk Bo, Yvonne, FCS, FCIS.

The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is situated at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The transfer office of the Company is situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including 13 February 2014, the date of the SGM:

- (i) the bye-laws of the Company;
- (ii) the annual reports of the Company for the two years ended 31 December 2012;
- (iii) the material contract referred to in the paragraph headed "Material contract" in this appendix;
- (iv) the Financial Services Agreement;
- (v) the letter from the Independent Board Committee, the text of which is set out on page 17 of this circular;
- (vi) the letter from China Everbright, the text of which is set out on page 18 to 31 of this circular; and
- (vii) the letter of consent from China Everbright referred to in the paragraph headed "Expert" above.

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NOTICE OF THE SGM

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**北大资源**  
**PKU RESOURCES**

**Peking University Resources (Holdings) Company Limited**

**北大资源(控股)有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00618)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Peking University Resources (Holdings) Company Limited (the “**Company**”) will be held at 10:00 a.m. on Thursday, 13 February 2014 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions:

**ORDINARY RESOLUTIONS**

1. “**THAT:**

- (a) the Financial Services Agreement (as defined in the Circular) be and are hereby approved;
- (b) the Proposed Caps in relation to the transactions contemplated under the Financial Services Agreement for the three years ending 31 December 2016 be and are hereby approved; and
- (c) any one Director be and is hereby authorized to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Financial Services thereunder.”

2. “**THAT:**

- (a) Ms Yu Li be re-elected as an executive director of the Company;
- (b) Mr Fang Hao be re-elected as an executive director of the Company;
- (c) Mr Zhou Bo Qin be re-elected as an executive director of the Company.”

By order of the Board  
**Peking University Resources (Holdings) Company Limited**  
**Yu Li**  
*Chairwoman*

Hong Kong, 16 January 2014

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## NOTICE OF THE SGM

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*Notes:*

1. A member of the Company entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the special general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's principal place of business in Hong Kong at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
3. Completion and return of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and/or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Founder Information (Hong Kong) Limited, its associates (as defined in the Listing Rules) and Mr Zhang Zhao Dong are required to abstain from voting on the above ordinary resolution 1.
5. As required under the Listing Rules, the above resolutions will be decided by way of poll.