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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "Board") of Peking University Resources (Holdings) Company Limited (the "Company") is pleased to announce the audited consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
REVENUE	4	**3,028,185**	2,724,229
Cost of sales		**(2,864,829)**	(2,565,464)
Gross profit		**163,356**	158,765
Gain on bargain purchase	11	**128,568**	–
Other income and gains	4	**7,491**	10,857
Selling and distribution expenses		**(129,128)**	(123,941)
Administrative expenses		**(87,309)**	(42,996)
Other operating income, net		**19,037**	8,687
Finance costs	5	**(60,672)**	(35,210)
Share of profits and losses of associates		**(5,106)**	821
PROFIT/(LOSS) BEFORE TAX	6	**36,237**	(23,017)
Income tax expense	7	**(6,809)**	(1,736)
PROFIT/(LOSS) FOR THE YEAR		**29,428**	(24,753)
Attributable to:			
Owners of the parent		**59,767**	(24,753)
Non-controlling interests		**(30,339)**	–
		29,428	(24,753)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK3.51 cents**	HK(2.24) cents
Diluted		**HK2.64 cents**	HK(2.24) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**29,428**	(24,753)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**29,928**	2,565
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**29,928**	2,565
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**29,928**	2,565
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**59,356**	(22,188)
Attributable to:		
Owners of the parent	**77,305**	(22,188)
Non-controlling interests	**(17,949)**	–
	59,356	(22,188)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**12,378**	7,849
Investment properties		**209,180**	–
Prepaid land lease payments		**11,385**	–
Goodwill		**–**	2,892
Other intangible assets		**56**	–
Investments in associates		**29,884**	34,990
Total non-current assets		**262,883**	45,731
CURRENT ASSETS			
Properties under development		**3,202,723**	–
Properties held for sale		**253,170**	–
Inventories		**224,780**	186,578
Trade and bills receivables	*9*	**695,473**	633,704
Prepayments, deposits and other receivables		**122,575**	80,390
Taxes recoverable		**19,374**	–
Restricted cash		**194,642**	106,320
Cash and cash equivalents		**817,391**	291,994
Total current assets		**5,530,128**	1,298,986
CURRENT LIABILITIES			
Trade and bills payables	*10*	**968,181**	583,636
Other payables and accruals		**1,544,820**	170,011
Interest-bearing bank and other borrowings		**880,140**	262,695
Tax payable		**5,010**	–
Total current liabilities		**3,398,151**	1,016,342
NET CURRENT ASSETS		**2,131,977**	282,644

	2013	2012
	HK$'000	*HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,394,860**	328,375
NON-CURRENT LIABILITIES		
Interest-bearing other borrowings	**578,198**	–
Long term payable	**62,071**	8,400
Deferred tax liabilities	**222,583**	–
Total non-current liabilities	**862,852**	8,400
Net assets	**1,532,008**	319,975
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**239,797**	110,606
Reserves	**935,966**	209,369
	1,175,763	319,975
Non-controlling interests	**356,245**	–
Total equity	**1,532,008**	319,975

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 12, HKFRS 13, amendments to HKFRS 10, HKFRS 11, HKFRS 12, and HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(c) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(d) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(e) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

(f) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(g) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. For the year ended 31 December 2012, no operating segment analysis is presented as the Group had only one operating segment which is the distribution of information products segment. For the year ended 31 December 2013, the Group has three reportable operating segments as follows:

(a)	Distribution of information products:	Sales of information products
(b)	Property development:	Sales of properties
(c)	Property investment:	Leasing and subleasing of properties

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, gain on bargain purchase, net foreign exchange differences, impairment of goodwill, finance costs and share of profits and losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted cash, cash and cash equivalents, investments in associates, taxes recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, long term payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2013

	Distribution of information products HK$'000	Property development HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue				
Sales to external customers	2,977,095	–	51,090	3,028,185
Segment results	35,156	(56,562)	21,547	141
Reconciliation:				
Interest income				6,165
Gain on bargain purchase				128,568
Foreign exchange differences, net				(628)
Impairment of goodwill				(2,892)
Corporate and unallocated expenses				(29,339)
Finance costs				(60,672)
Share of profits and losses of associates				(5,106)
Profit before tax				36,237
Segment assets	1,136,281	3,619,519	533,454	5,289,254
Reconciliation:				
Elimination of intersegment receivables				(557,630)
Investments in associates				29,884
Corporate and other unallocated assets				1,031,503
Total assets				5,793,011
Segment liabilities	1,000,010	1,520,630	541,699	3,062,339
Reconciliation:				
Elimination of intersegment payables				(557,630)
Corporate and other unallocated liabilities				1,756,294
Total liabilities				4,261,003

Year ended 31 December 2013

	Distribution of information products *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Other segment information:				
Fair value gains on investment properties	–	–	1,326	1,326
Reversal of impairment of trade receivables	(25,058)	–	–	(25,058)
Write off of trade receivables	3,186	–	–	3,186
Write-back of trade and other payables	(15,517)	–	–	(15,517)
Provision for obsolete inventories	2,222	–	–	2,222
Depreciation and amortisation	2,607	1,475	341	4,423
Capital expenditure*	356	6,415	69	6,840

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets, prepaid land lease payments and investment properties, excluding assets from acquisition of subsidiaries.

Geographic information

The Group's revenue from external customers is derived substantially from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

Information about a major customer

During the year, there was no revenue from sales to an external customer accounted for 10% or more of the Group's total revenue (2012: Nil).

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts during the year.

An analysis of other income and gains is as follows:

	2013 ***HK$'000***	2012 *HK$'000*
Other income		
Bank interest income	**2,876**	5,463
Other interest income	**3,289**	5,201
	6,165	10,664
Gains		
Fair value gains on investment properties	**1,326**	–
Foreign exchange differences, net	**–**	193
	1,326	193
	7,491	10,857

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans	**22,329**	16,186
Interest on loans from subsidiaries of Peking University Founder Group Company Limited ("Peking Founder")	**11,322**	2,381
Interest on loans from 北大資源集團有限公司 (Peking University Resource Group Co., Ltd.), a fellow subsidiary of Peking Founder	**63,356**	–
Interest on discounted bills	**16,401**	16,643
Total interest expense	**113,408**	35,210
Less: Interest capitalised	**(52,736)**	–
	60,672	35,210

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**2,832,793**	2,570,253
Depreciation	**4,081**	3,812
Amortisation of intangible assets	**10**	–
Amortisation of land lease payments	**332**	–
Foreign exchange differences, net	**628**	(193)
Loss/(gain) on disposal of items of property, plant and equipment	**(721)**	6

7. INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
Current – Hong Kong	**409**	–
Current-PRC		
Charge for the year	**3,379**	178
Underprovision in prior years	**944**	1,558
	4,732	1,736
Deferred	**2,077**	–
Total tax charge for the year	**6,809**	1,736

During the year ended 31 December 2013, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

During the year ended 31 December 2012, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year or the Group had available tax losses brought forward from prior years to offset the assessable profit generated during the year.

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25%.

The share of tax attributable to associates amounting to approximately HK$1,008,000 (2012: HK$891,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amounts is based on the profit/loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,700,774,779 (2012: 1,106,062,040) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment had been made to the basic loss per share amounts presented for the year ended 31 December 2012 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2013
	HK$'000
Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**59,767**

	Number of shares
	2013
Shares	
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**1,700,774,779**
Effect of dilution – weighted average number of ordinary shares:	
Share options	**27,299,689**
Convertible bonds classified as equity	**538,324,279**
	2,266,398,747

9. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are settled in accordance with the terms of the respective contracts. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 6 months	**666,438**	585,269
7 to 12 months	**12,627**	22,552
13 to 24 months	**16,408**	25,883
	695,473	633,704

10. TRADE AND BILLS PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**394,455**	253,711
Bills payable	**573,726**	329,925
	968,181	583,636

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 6 months	**878,514**	557,478
Over 6 months	**89,667**	26,158
	968,181	583,636

As at 31 December 2013, included in the Group's trade and bills payables are amounts due to subsidiaries of Founder Holdings Limited of approximately HK$6,938,000 (2012: HK$14,725,000), which are repayable on similar credit terms to those offered by the related companies to their major customers.

The trade payables are non-interest-bearing and are normally settled on terms of 45 to 180 days.

11. BUSINESS COMBINATION

During the year ended 31 December 2013, the Group acquired 100% equity interests in Hong Kong Tianranju Holdings Limited ("Tianranju") and Hong Kong Tianhe Holdings Limited ("Tianhe") from Founder Information, which would be satisfied by the issue of the consideration shares of the Company as to approximately HK$232,279,000 and the consideration convertible bonds of the Company. The convertible bonds were interest-free and could be converted by the bondholders at a conversion price of HK$0.43 per ordinary share of the Company during the conversion period from 2 March 2013 to 1 March 2018. Upon conversion in full of the convertible bonds, an aggregate of 720,930,232 ordinary shares of the Company will be issued by the Company. The number of shares into which the convertible bonds could be converted was fixed at the issuance date and the convertible bonds were interest-free and not redeemable in cash. The convertible bonds were classified entirely as equity of the Company and their fair value of HK$205,088,000 at the issuance date was recognised in the other reserve in the equity.

Tianranju and its subsidiaries ("Tianranju Group") and Tianhe and its subsidiaries ("Tianhe Group") are principally engaged in property development and property investment.

The fair values of the identifiable assets and liabilities of Tianranju Group and Tianhe Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	4,137
Properties under development	1,501,909
Investment properties	202,313
Prepaid land lease payments	11,205
Trade receivables	50
Restricted cash	5,511
Cash and cash equivalents	303,738
Prepayments, deposits and other receivables	36,436
Trade payables	(70,395)
Other payables and accruals	(547,854)
Interest-bearing bank and other borrowings	(311,250)
Deferred tax liabilities	(214,618)
Total identifiable net assets at fair value	921,182
Non-controlling interests	(355,247)
Gain on bargain purchase	(128,568)
	437,367
Satisfied by:	
Issue of shares of the Company	232,279
Issue of convertible bonds of the Company	205,088
	437,367

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	–
Cash and cash equivalents acquired	303,738
Net inflow of cash and cash equivalents included in cash flows from investing activities	303,738

Since the acquisition date on 2 January 2013 to 31 December 2013, Tianranju Group recorded revenue and net loss of approximately HK$5l,090,000 and HK$44,698,000, respectively, and Tianhe Group did not generate any revenue and recorded a net loss of approximately HK$15,357,000.

DIVIDEND

No interim dividend was paid during the year and previous year. The Board does not recommend the payment of any final dividend for the year (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

After nearly two years of adjustments, the property market in the People's Republic of China (the "PRC" or "Mainland China") showed signs of recovery since the second half of 2012. In 2013, the overall market in the PRC has been facing various challenges, such as high land costs and low liquidity. In addition to this, the Central Government also has strengthened regulatory control over the market in an attempt to suppress speculation purchases. However, both residential house prices and transaction volumes have managed to maintain a steady growth in 2013, especially in first-tier and second-tier cities in the PRC. This persistent inelastic demand for real estate in the PRC remained strong in 2013 under favourable market conditions.

Riding on the favourable market conditions and with strong support from Peking University Founder Group Company Limited ("Peking Founder"), the substantial shareholder of the Company, the Group successfully completed the acquisition of subsidiaries engaged in the business of property development and property investment from Founder Information (Hong Kong) Limited ("Founder Information") – a subsidiary of Peking Founder – which conducted property development projects at Ezhou City of Hubei Province and Kunshan City of Jiangsu Province as well as a commercial office project in Wuhan City of Hubei Province in 2013. During the year under review, the Group also won a bid for a residential and commercial project and a commercial and financial development project in Changsha City of Hunan Province and Qingdao City of Shandong Province, respectively, which further solidifies the foundation of the Group's future development in the property business.

BUSINESS REVIEW

Property Development

The Group has been actively preparing pre-development work in respect of a number of properties and has achieved significant progress since the property business has become the Group's core business. During the year under review, the total area the Group under construction was 441,340.3 sq.m., mainly involving the Li Cheng project (Phase I, II and III) in Kunshan City and the Shiguang project in Changsha City.

During the year ended 31 December 2013, the Group recorded a segment loss of HK$56.6 million (Year ended 31 December 2012: Nil) in property development business.

Contracted Sales

During the year ended 31 December 2013, property with a total area of 56,263 sq. m. has been pre-sold, at an average price of approximately RMB7,258 per sq.m. as a result of the satisfactory pre-sale of the first batch of high-rise flats and villas of the Li Cheng project Phase I, within which, some of the units had been sold at more than RMB11,500 per sq.m..

During the year ended 31 December 2013, the Group recorded contracted pre-sale of property of RMB408.4 million (Year ended 31 December 2012: Nil).

Land Bank

As at 31 December 2013, the Group possessed four projects in four cities, with a total land bank amounting to 1,015,317 million sq.m., all earmarked for residential use.

Property Investment

Properties owned or leased by the Group are located in superb locations in various cities in the PRC and have been providing steady cash inflow for the Group during the year under review. Among these assets, the Founder International Building office structure located in the west zone of Zhongguan Village, Haidian District, Beijing was leased by and directly managed and operated by Beijing Tianranju Technology Company Limited, a wholly-owned subsidiary of the Group, with an occupancy rate of around 93%. The occupancy rate of International Building Wuhan, an investment property of the Group which is located at Dandong Road, Jianghan District, Wuhan City, exceeded 97% during the year and it was operated by Hubei Tianranju Business Management Limited, another wholly-owned subsidiary of the Group.

During the year ended 31 December, 2013, the Group recorded a segment revenue of HK$51.1 million (Year ended 31 December 2012: Nil) and a segment profit of HK$21.5 million (Year ended 31 December 2012: Nil) in property investment business.

Distribution of Information Products ("Distribution Business")

The Distribution Business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations and optical screen products of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Uniview, Ruckus, Brocade, Microsoft, Samsung, Corning, Lifesize and Iomega.

During the year under review, the Group launched a number of new products of the existing product lines, which was the main reason that revenue of the distribution business increased 9.3% to HK$2,977.1 million (Year ended 31 December 2012: HK$2,724.2 million) in 2013. That offset some of the negative impact from intense market competition that trimmed the gross profit margin from 5.8% in 2012 to 4.8% in 2013.

During the year, the Group recorded a segment profit of HK$35.2 million (Year ended 31 December 2012: HK$18.6 million) due to reversal of impairment of trade receivables and write back of trade and other payables which offset the effect of provision for a fine for late payment of the Chinese customs duties.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2013, revenue of the Group increased by 11.2% to HK$3,028.2 million (Year ended 31 December 2012: HK$2,724.2 million). The increase was mainly attributable to the revenue generated from several newly acquired property investment projects and the continuous growth of the Distribution Business. During the year under review, the Distribution Business remained to be the Group's primary revenue stream. Revenue generated from the Distribution Business amounted to HK$2,977.1 million, accounting for approximately 98.3% of the total revenue of the Group. Revenue generated from the newly injected property investment business amounted to approximately HK$51.1 million, accounting for approximately 1.7% of the total revenue of the Group.

Gross Profit and Gross Profit Margin

During the year under review, gross profit and gross profit margin of the Group were HK$163.4 million and 5.4%, respectively. Gross profit increased slightly by approximately 2.9% (Year ended 31 December 2012: HK$158.8 million), mainly due to the increase in total revenue. Gross profit margin declined to approximately 5.4% (Year ended 31 December 2012: 5.83%), mainly due to the decrease in selling price of information products as a result of intensified market competition. During the year under review, gross profit and gross profit margin of the property investment business were HK$21.3 million and 41.6% respectively, while that for the Distribution Business were HK$142.1 million and 4.8% respectively.

Gain on Bargain Purchase

Gain on bargain purchase of HK$128.6 million arose from the acquisition of subsidiaries engaged in property development and investment business during the year ended 31 December 2013.

Selling and Distribution Expenses

During the year ended 31 December 2013, selling and distribution expenses of the Group amounted to HK$129.1 million, with an increase of 4.2% as compared to 2012 (Year ended 31 December 2012: HK$123.9 million). It was mainly attributable to the expenses related to property development and investment business.

Administrative Expenses

During the year ended 31 December 2013, administrative expenses of the Group amounted to HK$87.3 million, with an increase of 103.0% as compared with 2012 (Year ended 31 December 2012: HK$43.0 million). It was mainly attributable to the expenses of recruiting employees for the Group's new business, and other related administrative expenses.

Finance Costs

During the year ended 31 December 2013, finance costs of the Group amounted to HK$60.7 million, with an increase of 72.4% as compared with the same period of 2012 (Year ended 31 December 2012: HK$35.2 million). It was mainly attributable to the increase of new loans for both new business and existing business.

Share of Profits and Losses of Associates

During the year ended 31 December 2013, the Group recorded an increase in the share of losses of associates of HK$5.1 million (Year ended 31 December 2012: Profit of HK$0.8 million) as a result of decline in sales of mobile phones distributed in Hong Kong.

Net Profit

During the year, the Group has achieved a turnaround and recorded a profit attributable to shareholders of HK$59.8 million (Year ended 31 December 2012: loss attributable to shareholders of HK$24.8 million). It was mainly attributable to the revenue growth of the Group's businesses and gain on bargain purchase from acquisition of subsidiaries of HK$128.6 million with total consideration below net asset values.

Net Current Assets and Current Ratio

As at 31 December 2013, net current assets of the Group were HK$2,132.0 million (31 December 2012: HK$282.6 million). Current ratio was 1.63 (31 December 2012: 1.28). The increase in net current assets was mainly because of the newly acquired business.

Material Acquisitions and Disposals

On 2 January 2013, the Group completed the acquisition of 100% equity interests in Hong Kong Tianranju Holdings Limited and Hong Kong Tianhe Holdings Limited, which are principally engaged in property development and property investment, from Founder Information. The consideration was satisfied by the issue of shares and the convertible bonds of the Company. As the total consideration was below the net asset value of the acquired assets, the Group recorded a gain on bargain purchase of HK$128.6 million during the year under review.

In addition, the Group secured a premium land parcel for commercial and residential use for approximately RMB453 million in May 2013. The plot of land is located in Yuelu District of Changsha City and covers a gross floor area ("GFA") of approximately 99,077 sq.m.. In October 2013, the Group also won a land bid to secure another land parcel for commercial and financial use for approximately RMB453 million. The land parcel is located in Laoshan District of Qingdao City and occupies a total GFA of approximately 103,659 sq.m..

Borrowings and Charges on Assets

As at 31 December 2013, total bank and other borrowings of the Group amounted to HK$1,458.3 million. The borrowings, which were subject to little seasonality, consisted of mainly bank loans and trust receipt loans, of which HK$12.1 million were floating interest bearing and HK$1,446.2 million were fixed interest bearing. The borrowings were denominated in United States dollars ("U.S. dollars") and Renminbi ("RMB").

Bank and other borrowings of HK$880.1 million and HK$578.2 million were repayable within one year and within two years, respectively. As at 31 December 2013, the Group's banking facilities were secured by corporate guarantees given by the Company and Peking Founder, and certain of the Group's bank deposits and bills receivable. The increase in bank loans was mainly attributed to the development of new business and existing business.

As at 31 December 2013, gearing ratio of the Group (calculated by total borrowings as a percentage of total equity attributable to owners of the parent) was 1.24 (31 December 2012: 0.82).

As at 31 December 2013, the Group's bank deposits of HK$194.6 million (31 December 2012: HK$106.3 million) were pledged to banks to secure general banking facilities granted to the Group, as deposits for construction of the relevant properties and as guarantees deposits for certain mortgage loans granted by banks to purchasers of the Group's properties.

Contingent Liabilities and Capital Commitments

As at 31 December 2013, the Group had contingent liabilities relating to guarantees in respect of mortgages granted by certain banks to certain purchasers of the Group's properties amounting to HK$294.9 million (31 December 2012: Nil). This represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the

Group is responsible to repay the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which generally be available within one to two years after the purchases take possession of the relevant properties.

The fair value of the guarantees is not significant and the directors consider that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made for the guarantees in the condensed consolidated interim financial statements as at 31 December 2013.

As at 31 December 2013, the capital commitment for contracted, but not provided for, properties under development were HK$565.2 million (31 December 2012: Nil).

Cash Position and Financial Status

As at 31 December 2013, cash and bank deposits of the Group increased to HK$1,012.0 million (31 December 2012: HK$398.3 million). It was mainly attributable to the cash inflow from the Group's property sales and net proceed of HK$260 million from the issue of 326,792,000 shares at HK$0.8 per share in December 2013. Cash surplus is generally placed in short-term deposits denominated in Hong Kong dollar ("HKD"), RMB and U.S. dollars.

In addition, the Group and Peking Founder have entered into a framework loan agreement, pursuant to which Peking Founder agreed to provide the loan facility of approximately RMB2,500 million to the Company for the year 2014.

The Group believed that the Group's current assets, capital, and revenue will be sufficient for supporting its current working capital requirements.

Treasury Policy and Exposure to Fluctuations in Exchange Rate

The Group has adopted conservative treasury policies, with tight controls over its cash and risk management The Group operates mainly in mainland China and most of its revenue and costs are denominated in RMB. Therefore, given the appreciation of RMB against HKD during the year, no financial instrument was used for hedging purposes, including related foreign exchange contracts, interest rate or currency swaps, as well as other derivative instruments. Nevertheless, the Group closely monitored the exposure to fluctuations in exchange rates.

Human Resources and Remuneration Policies

The Group has 600 employees (including offices in Hong Kong and the PRC) as at 31 December 2013. The remuneration policies of the Group are determined according to performance, experience and competence of the employee. The emolument of the Company's directors is determined by the remuneration committee, with regard to the operating results of the Company, the individual performance and comparable market statistics. Staff benefits include Social Security Scheme, the Mandatory Provident Fund retirement benefit scheme and discretionary bonus payments which are linked to the profitability of the Group and individual performances. During the year, the Group had adopted a share option scheme as an incentive to directors and eligible employees and granted share options to its eligible directors and employees. The Group believes that the pay level of its employees is competitive.

During the year, the Group provided on-the-job training to its employees. Activities were regularly organised for employees and their family members, so as to enhance the human capital of the Group and the sense of belonging within the staff.

Prospects

Entering into 2014, the property market in the Mainland China remains promising. Driven by the rising housing demand, home prices are expected to grow steadily, with first-tier and second-tier cities underpinning the growth. Under the principle of "maintaining property price stability" of the Central Government, the Group believes that the property market in the PRC will continue to grow stably and speculative purchases will be suppressed for a healthier and more stable overall property market in the PRC.

In view of this, the Group will seize available opportunities to further develop its property development and property investment business.

To leverage on the policy of the Central Government to accelerate the pace of urbanisation, together with the support from Peking Founder, its substantial shareholder which is prowess in the property sector in the PRC, and utilisation of the resources and brand awareness of Peking University in the academic and cultural industry, the Group will endeavour to bring culture into the community as it establishes a unique property brand.

Upon the completion of the property development projects for which pre-sales have been progressively booked, the Group expects its new business segments of property development and property investment will be gradually reflected in its profits. In 2014, the Group will be accelerating the pace of project development and sales. Through improving ancillary facilities at its investment properties, enhancing service quality and operational efficiency, the Group aims to further uplift the rental level of its investment properties.

Going forward, the Group will step up investments in the property markets in the PRC, re-enforcing property development to be the Group's principal business and main revenue stream. The Group will aim to become one of the largest property developers in the Mainland China.

The Group is committed to facilitate communication with investors and will actively explore alternative sources of financing to accomplish its goals.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2013.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has fully complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") , as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2013, except for the following deviations:

Provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms Cao Qian (independent non-executive director of the Company) could not attend the special general meeting of the Company held on 29 May 2013 and the annual general meeting of the company held on 29 May 2013 due to business commitment in the PRC. However, all other independent non-executive directors of the Company were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

Provision E.1.2 of the CG Code provides that the Chairman of the board should attend the annual general meeting. Mr Zhang Zhao Dong, the then Chairman of the board, could not attend the annual general meeting of the Company held on 29 May 2013 due to business commitment in the PRC. Mr Chen Geng, the President of the Company, was present thereat to be available to answer questions at the annual general meeting.

Provision A.4.2 of the CG Code provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Ms Yu Li, Mr Fang Hao and Mr Zhou Bo Qin who were appointed on 30 May 2013 by the board of directors of the Company, have not retired and offered themselves for re-election at the first general meeting held on 25 October 2013 after appointment. They have retired and offered themselves for re-election at the subsequent special general meeting held on 13 February 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2013.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The 2013 annual report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.pku-resources.com) in due course.

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

Hong Kong, 27 March 2014

As at the date of this announcement, the board of directors of the Company comprises executive directors of Ms Yu Li (Chairwoman), Mr Fang Hao (President), Mr Zhou Bo Qin, Mr Zhang Zhao Dong, Mr Xie Ke Hai and Mr Zheng Fu Shuang, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian.