

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015**

The board of directors (the “Board”) of Peking University Resources (Holdings) Company Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the corresponding period in 2014. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company’s audit committee.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2015*

	<i>Notes</i>	<b>For the six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(Unaudited)</b>	<b>(Restated)</b>
REVENUE		<b>2,871,206</b>	2,423,525
Cost of sales		<b>(2,682,447)</b>	(2,316,366)
Gross profit		<b>188,759</b>	107,159
Other income and gains	3	<b>820,451</b>	101,050
Selling and distribution expenses		<b>(196,804)</b>	(162,382)
Administrative expenses		<b>(151,005)</b>	(120,661)
Other operating expenses, net		<b>(9,008)</b>	(1,724)
Finance costs	4	<b>(57,786)</b>	(69,159)
Share of profits and losses of associates		<b>(4,617)</b>	(7,766)
PROFIT/(LOSS) BEFORE TAX	5	<b>589,990</b>	(153,483)
Income tax credit/(expense)	6	<b>(165,439)</b>	5,873
PROFIT/(LOSS) FOR THE PERIOD		<b>424,551</b>	(147,610)

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2015</b>	2014
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Restated)</b>
Attributable to:			
Owners of the parent		<b>300,507</b>	(78,052)
Non-controlling interests		<b>124,044</b>	(69,558)
		<u><b>424,551</b></u>	<u>(147,610)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic		<u><b>HK5.03 cents</b></u>	<u>HK(3.25) cents</u>
Diluted		<u><b>HK4.62 cents</b></u>	<u>HK(3.25) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Restated)
PROFIT/(LOSS) FOR THE PERIOD	424,551	(147,610)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(6,427)</u>	<u>(63,411)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(6,427)</u>	<u>(63,411)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>418,124</u>	<u>(211,021)</u>
Attributable to:		
Owners of the parent	290,126	(130,589)
Non-controlling interests	<u>127,998</u>	<u>(80,432)</u>
	<u>418,124</u>	<u>(211,021)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	<i>Notes</i>	<b>30 June 2015</b>	31 December 2014
		<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Restated)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>108,901</b>	68,982
Investment properties		<b>362,430</b>	362,256
Prepaid land lease payments		<b>10,817</b>	10,549
Goodwill		–	–
Other intangible assets		<b>1,158</b>	1,138
Investments in associates		<b>18,146</b>	22,763
		<hr/>	<hr/>
Total non-current assets		<b>501,452</b>	465,688
<b>CURRENT ASSETS</b>			
Properties under development		<b>31,583,729</b>	30,564,739
Properties held for sale		<b>1,270,064</b>	790,355
Inventories		<b>412,130</b>	338,748
Trade and bills receivables	8	<b>685,116</b>	1,079,160
Prepayments, deposits and other receivables		<b>4,635,428</b>	5,052,290
Prepaid tax		<b>333,393</b>	225,083
Restricted cash		<b>1,306,503</b>	1,545,793
Cash and cash equivalents		<b>1,485,808</b>	4,416,870
		<hr/>	<hr/>
Total current assets		<b>41,712,171</b>	44,013,038
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	<b>1,349,888</b>	5,187,603
Other payables and accruals		<b>14,809,118</b>	11,512,577
Interest-bearing bank and other borrowings		<b>5,857,445</b>	7,543,279
Tax payable		<b>242,842</b>	67,709
		<hr/>	<hr/>
Total current liabilities		<b>22,259,293</b>	24,311,168
<b>NET CURRENT ASSETS</b>		<hr/> <b>19,452,878</b>	<hr/> 19,701,870
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>19,954,330</b>	<hr/> 20,167,558

	<b>30 June 2015</b>	31 December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><b>19,954,330</b></u>	<u>20,167,558</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	<b>16,113,267</b>	17,089,641
Long term payable	<b>177,715</b>	182,046
Deferred tax liabilities	<u><b>254,156</b></u>	<u>270,700</u>
Total non-current liabilities	<u><b>16,545,138</b></u>	<u>17,542,387</u>
Net assets	<u><b>3,409,192</b></u>	<u>2,625,171</u>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	<b>598,825</b>	244,003
Reserves	<u><b>2,255,623</b></u>	<u>1,452,162</u>
	<b>2,854,448</b>	1,696,165
Non-controlling interests	<u><b>554,744</b></u>	<u>929,006</u>
Total equity	<u><b>3,409,192</b></u>	<u>2,625,171</u>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 30 June 2015

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

As at 30 June 2015, the Company was owned as to approximately 57.15% by Founder Information (Hong Kong) Limited (“Founder Information”) which was in turn owned as to approximately 97.36% by 北大方正集團有限公司 (Peking University Founder Group Company Limited\*) (“Peking Founder”). In the opinion of the directors, the ultimate holding company is 北大資產經營有限公司 (Peking University Asset Management Company Limited\*) (“PKU Asset Management”), which is established in the People’s Republic of China (the “PRC”).

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Accounting Standards Board. This financial information has been prepared under the historical convention, except for investment properties which have been measured at fair value. This financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

#### **Merger accounting for business combinations under common control**

During the period, the Company acquired 100% equity interests in Extol High Enterprises Limited and Keen Delight Global Limited, at an aggregate consideration of HK\$1,361,000,000, and 北京天然居科技有限公司 (Beijing Tianranju Technology Co., Ltd\*) (“Beijing Tianranju”), an indirect wholly-owned subsidiary of the Company, acquired 100% interests in 重慶北大資源地產有限公司 (Chongqing Peking University Resources Property Co., Limited\*), 成都北大資源地產有限公司 (Chengdu Peking University Resources Property Co., Limited\*), 貴陽北大資源地產有限公司 (Guiyang Peking University Resources Property Co., Limited\*) and 青島北大資源地產有限公司 (Qingdao Peking University Resources Property Co., Limited\*), at an aggregate consideration of HK\$567,427,000. These acquired entities were indirect non-wholly-owned subsidiaries of 北大資產經營有限公司 (Peking University Asset Management Company Limited\*) (“PKU Asset Management”) and are principally engaged in the property development in the People’s Republic of China (the “PRC”).

These transactions are collectively referred to as the “Acquisition Transactions” and the entities acquired in the Acquisition Transactions are collectively referred to as the “Acquired Entities”.

Pursuant to the Acquisition Transactions, the Company became a holding company of the Acquired Entities. Since the Company and the Acquired Entities were ultimately controlled by Peking Founder both before and after the completion of the Acquisition Transactions, the Acquisition Transactions were accounted for using the principles of merger accounting.

The condensed consolidated statements of profit or loss, condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2015 and 2014 include the results, changes in equity and cash flows of all companies then comprising the Group and the Acquired Entities, as if the corporate structure of the Group immediately after the completion of the Acquisition Transactions had been in existence throughout the six months ended 30 June 2015 and 2014, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period. The condensed consolidated statement of financial position of the Group as at 31 December 2014 was prepared to present the state of affairs of the Group and the Acquired Entities as if the corporate structure of the Group immediately after the completion of the Acquisition Transactions had been in existence and in accordance with the respective equity interests and/or the power to exercise control over the individual companies attributable to the Company as at 31 December 2014.

The operating results previously reported by the Group for the six months ended 30 June 2014 have been restated to include the operating results of the Acquired Entities as set out below:

	The Group (as previously reported) <i>HK\$'000</i> (Unaudited)	Acquired Entities <i>HK\$'000</i> (Unaudited)	The Group (combined) <i>HK\$'000</i> (Restated)
Revenue	1,851,909	571,616	2,423,525
Loss before tax	84,288	69,195	153,483
Loss for the period	84,572	63,038	147,610

The financial position previously reported by the Group at 31 December 2014 has been restated to include the assets and liabilities of the Acquired Entities as set out below:

	The Group (as previously reported) <i>HK\$'000</i> (Unaudited)	Acquired Entities <i>HK\$'000</i> (Unaudited)	The Group (combined) <i>HK\$'000</i> (Restated)
Non-current assets	422,243	43,445	465,688
Current assets	16,723,252	27,289,786	44,013,038
Current liabilities	9,149,662	15,161,506	24,311,168
Non-current liabilities	6,545,831	10,996,556	17,542,387
Equity	1,061,017	1,564,154	2,625,171

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of new and revised standards and interpretations as of 1 January 2015 noted below:

Amendments to HKAS 19 <i>Annual Improvements 2010-2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs
	Amendments to a number of HKFRSs

The above new and revised HKFRSs did not have any significant impact on the accounting policies, financial position or performance of the Group.

\* *For identification purpose only*

## 2. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services provided and has three reporting operating segments as follows:

- (a) Distribution of information products: Sales of information products
- (b) Property development: Sales of properties
- (c) Property investment: Leasing 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 measured 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, net foreign exchange differences, 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, prepaid tax and other unallocated head office and corporate assets as these assets are managed on a group basis.

#### For the six months ended 30 June

	Distribution of information products		Property development		Property investment		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Restated) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Restated) HK\$'000
<b>Segment revenue</b>								
Sales to external customers	1,782,201	1,661,765	1,062,088	734,055	26,917	27,705	2,871,206	2,423,525
<b>Segment results</b>	(1,664)	6,311	632,182	(84,230)	11,636	12,123	642,154	(65,796)
Reconciliation:								
Interest income							39,807	7,319
Foreign exchange differences, net							(5,209)	1,331
Corporate and unallocated expenses							(24,359)	(19,412)
Finance costs							(57,786)	(69,159)
Share of profits and losses of associates							(4,617)	(7,766)
Profit/(loss) before tax							<u>589,990</u>	<u>(153,483)</u>

#### 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 period, there was no external customer accounted for 10% or more of the Group's total revenue (six months ended 30 June 2014: Nil).



### 3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Restated)
<b>Other income</b>		
Bank interest income	11,602	6,944
Other interest income	28,205	375
Others	275	143
	<u>40,082</u>	<u>7,462</u>
<b>Gains</b>		
Gain on disposal of subsidiaries	780,369	–
Gain on bargain purchase	–	92,257
Foreign exchange differences, net	–	1,331
	<u>780,369</u>	<u>93,588</u>
	<u>820,451</u>	<u>101,050</u>

### 4. FINANCE COSTS

	For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Restated)
Interest on bank loans	396,424	22,750
Interest on other loans	422,941	134,134
Interest on loans from subsidiaries of Peking Founder	3,430	7,676
Interest on loans from 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("PKU Resources Group"), a fellow subsidiary of Peking Founder	441,866	723,112
Interest on loans from non-controlling shareholders	24,256	–
Interest on discounted bills	14,965	12,797
	<u>1,303,882</u>	<u>900,469</u>
Total interest expenses	1,303,882	900,469
Less: Interest capitalised	(1,246,096)	(831,310)
	<u>57,786</u>	<u>69,159</u>

\* For identification purposes only

## 5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Restated)
Depreciation and amortisation	14,639	6,710
Impairment/(reversal of impairment) of trade receivables	7,450	(119)
Provision for obsolete inventories	9,563	5,798
Reversal of write-back of trade payables	1,737	1,783
Impairment/(reversal of impairment) of prepayments, deposits and other receivables	(276)	199

## 6. INCOME TAX

	For the six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Restated)
Group:		
Current		
PRC corporate income tax		
Charge for the period	179,413	2,364
Underprovision in prior periods	–	1,188
PRC land appreciation tax	2,411	4,424
	181,824	7,976
Deferred	(16,385)	(13,849)
Total tax charge for the period	165,439	(5,873)

No Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2014: Nil).

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

The share of tax credit attributable to associates amounting to HK\$9,000 (six months ended 30 June 2014: HK\$789,000) is included in "Share of profits and losses of associates" in the condensed consolidated statement of profit or loss.

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

The calculation of basic earnings per share (six months ended 30 June 2014: loss per share) amount is based on the profit for the period attributable to ordinary equity holders of the parent of HK\$300,507,000 (six months ended 30 June 2014: loss of HK\$78,052,000), and the weighted average number of ordinary shares of 5,968,645,234 (six months ended 30 June 2014: 2,397,970,318) in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2014 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Restated)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	<b>300,507</b>	(78,052)
	<b>5,968,645,234</b>	2,397,970,318
	<b>6,506,969,513</b>	2,963,949,756

## 8. TRADE AND BILLS RECEIVABLES

	<b>30 June 2015</b> <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Trade receivables	<b>617,565</b>	988,315
Impairment	<b>(19,112)</b>	(11,662)
	<b>598,453</b>	976,653
Bills receivables	<b>86,663</b>	102,507
	<b>685,116</b>	1,079,160

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:

	<b>30 June 2015</b> <i>HK\$'000</i> (Unaudited)	31 December 2014 <i>HK\$'000</i> (Audited)
Within 6 months	<b>670,179</b>	1,057,531
7 to 12 months	<b>9,587</b>	10,505
13 to 24 months	<b>5,350</b>	11,124
	<b>685,116</b>	1,079,160

As at 30 June 2015, certain of the Group's bills receivable of HK\$58,029,000 (31 December 2014: HK\$32,784,000) were pledged to banks to secure the bank loans.

As at 30 June 2015, included in the Group's trade and bills receivables are amounts due from subsidiaries of Peking Founder of HK\$19,839,000 (31 December 2014: HK\$254,526,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

## 9. TRADE AND BILLS PAYABLES

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Restated)
Trade payables	<b>1,098,307</b>	4,629,391
Bills payable	<b>251,581</b>	558,212
	<b><u>1,349,888</u></b>	<u>5,187,603</u>

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

	<b>30 June 2015 HK\$'000 (Unaudited)</b>	31 December 2014 HK\$'000 (Restated)
Within 6 months	<b>1,327,964</b>	4,967,629
Over 6 months	<b>21,924</b>	219,974
	<b><u>1,349,888</u></b>	<u>5,187,603</u>

Included in the Group's trade and bills payables are amounts due to subsidiaries of Peking Founder of HK\$29,229,000 (31 December 2014: Nil) and subsidiaries of PKU Resources of HK\$2,901,000 (31 December 2014: Nil), which are repayable on similar credit terms to those offered by the Group to their major suppliers.

The trade payables are non-interest-bearing and are normally settled on terms of 45 to 90 days.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

China's economy faced downward pressure throughout the first half of 2015, and the central government lowered the economic growth target. Stable growth and structure adjustment has become a new phenomenon of the economic development. As shown by the actual figures in the first half of the year, all economic indicators were lower than expected with GDP growth of 7%, being the lowest level in the past six years. In that context, supporting the real estate industry and demand has become an important tool to ensure steady growth. The central bank successively lowered reserve ratio and cut interest rates to ease credit threshold, and adjusted the business tax exemption period for transfer of individual housing to loosen market environment, while the local governments proactively launched a series of policies, such as relaxing the restrictions on housing provident fund loan. Under the combined effect of the above policies, the property market is most likely to show the trend of turnaround. Coupled with the impact of the stock market wealth effect in the first half of the year, certain funds from profit taking was invested in the real estate market, further driving demand recovery. According to the figures from the real estate industry in the first half of the year, sales of commodity houses in China showed an upward trend on a monthly basis, with larger market rebound in May and June. The housing prices in most cities turned around to rally in China, led by first-tier cities.

### **Overall Performance**

The Group reported a profit attributable to owners of the Company for the six months ended 30 June 2015 of approximately HK\$300.5 million (six months ended 30 June 2014: loss of HK\$78.1 million). The Group's revenue for the current interim period has increased by 18.5% to approximately HK\$2,871.2 million (six months ended 30 June 2014: HK\$2,423.5 million) as a result of increase in sales in distribution of information products and property development business. The Group's gross profit has increased by 76.1% to approximately HK\$188.8 million (six months ended 30 June 2014: HK\$107.2 million). The gross profit margin increased from last interim period's 4.4% to current interim period's 6.6% due to increase in proportion of property development business with higher gross profit margin. Total selling and distribution expenses and administrative expenses for the current interim period have increased by 22.9% to approximately HK\$347.8 million (six months ended 30 June 2014: HK\$283.0 million).

The improvement in the Group's operating results was mainly due to the net results of:

- a. one-off gain on disposal of subsidiaries engaged in property development business of approximately HK\$780.4 million for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil);
- b. one-off gain on bargain purchase arising from acquisition of subsidiaries engaged in property development business of approximately HK\$92.3 million for the six months ended 30 June 2014;

- c. an increase in selling and distribution expenses and administrative expenses by 22.9% to approximately HK\$347.8 million (six months ended 30 June 2014: HK\$283.0 million) as attributable to the expansion of the property development business;
- d. an increase in other operating expenses by HK\$7.3 million to approximately HK\$9.0 million (six months ended 30 June 2014: HK\$1.7 million) due to increase in impairment of trade receivables; and
- e. an increase in income tax expenses by HK\$171.3 million to approximately HK\$165.4 million (six months ended 30 June 2014: tax credit of HK\$5.9 million) as a results of increase in profit during the period.

Basic and diluted earnings per share attributable to equity holders of the Company for the current interim period were HK5.03 cents (six months ended 30 June 2014: loss of HK3.25 cents) and HK4.62 cents (six months ended 30 June 2014: loss of HK3.25 cents), respectively.

## **Operating Review**

### ***Real Estate Business***

The Group completed the acquisition of subsidiaries engaged in the Property Development Business on 2 January 2015.

### ***Property Development***

The turnover of the property development business of the Group for the current interim period increased by 44.7% to approximately HK\$1,062.1 million (six months ended 30 June 2014: HK\$734.1 million). The segment results recorded a profit of approximately HK\$632.2 million (six months ended 30 June 2014: loss of HK\$84.2 million). The improvement in segment results was due to gain on disposal of subsidiaries of approximately HK\$780.4 million for the current interim period.

The Group's property development was actively carried forward as planned in the first half of 2015. As of 30 June 2015, a total of 15 projects have commenced construction with construction area amounting to 3,682,156 sq.m.

From January to June 2015, the Group had 13 projects on sale, with property contracted sales of approximately RMB2.122 billion, contracted GFA of 317,954 sq.m. and average selling price of RMB6,672 per sq.m. The contracted sales was 1,829% higher as compared to last year. Contracted sales is mainly from property projects such as Dream City in Guiyang, Boya and Yannan in Chongqing, Boya Binjiang in Foshan, Yannan International and Park 1898 in Chengdu.

At 30 June 2015, the Group has possessed 19 property development projects in 11 cities across China, with a total land bank of approximately 5,506,819 sq.m. The Group's volume of property development projects increased significantly as compared to the corresponding period of last year. The Group will continue to prudently increase land reserve, and in the second half of the year, the Group will enter into regional hub cities with great potential and density of population as and when appropriate to expand national presence of "PKU Resources" brand.

In January 2015, the Group acquired the land use rights in Qingdao for approximately RMB864.0 million. Further details of the acquisition are set out in the announcement of the Company dated 13 January 2015.

### *Property Investment*

The turnover of Property Investment Business decreased slightly by 2.8% to approximately HK\$26.9 million (six months ended 30 June 2014: HK\$27.7 million). The segment profit was maintained at approximately HK\$12 million.

Founder International Building is located in the western area of Zhongguancun, Haidian District, Beijing, which enjoy a fabulous location, with a site area of 5,121 sq.m. and the total floor area of 51,159 sq.m. There are a total of 17 aboveground floors, while the 4th floor being underground, floors 1st–3rd being shops, and floors 3rd–17th being office buildings. In the first half of 2015, Founder International Building realized an accumulated rental income of RMB19.1 million, with an occupancy rate of approximately 99%.

As a result of the adjustment of business strategy of the Group, on 27 August 2015, the Company and the owner of Founder International Building entered into termination agreement to terminate the right granted to the Group to manage Founder International Building. As a result, on the same date, the Company and Peking Founder entered into a termination agreement to terminate the Master Lease Agreement. The Company is entitled to the rental income of Founder International Building receivable from Peking Founder pursuant to the Master Lease Agreement prior to 1 September 2015. Other than the outstanding rental fee payable up to the termination date, namely 1 September 2015, by Peking Founder to the Company, neither party is required to pay any penalty or compensation to the other party in respect of the termination of the Master Lease Agreement.

Wuhan International Building is located on Dandong Road, Jiangnan District, which is a flourishing block in Wuhan City, Hubei Province, with a total GFA of 26,963 sq.m. In the first half of 2015, Wuhan International Building realized an accumulated rental income of RMB3.7 million, with an occupancy rate of approximately 96%.

### *Distribution Business*

#### *Distribution of information products*

The distribution business of the Group recorded a turnover of approximately HK\$1,782.2 million representing an increase of 7.2% as compared to last interim period (six months ended 30 June 2014: HK\$1,661.8 million). The segment results recorded a loss of HK\$1.7 million (six month ended 30 June 2014: profit of HK\$6.3 million). The deterioration in segment results was due to increase in impairment of trade receivables determined based on aging of trade receivables during the current interim period.

The distribution business of the Group is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec and UPS power supply of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Brocade, Microsoft, Corning, Avaya and Eaton. The increase in turnover during the current interim period is mainly attributable to launch of new products of existing and new product lines during the current interim period.



As the business environment in the PRC is becoming more competitive and the unfavorable factors arising from the macro-control policies, the management of the Group will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business.

## **PROSPECTS**

The Group is dedicated for a medium to long term development plan of maintaining a satisfactory growth in results and fulfilling its objective to enhance shareholders' value and will continue to seek outstanding and profitable investment opportunities that are in line with the Group's development strategy.

### **Real Estate Business**

We expect that the economic growth is likely to stabilize and rebound in the second half of the year with expected periodical bottoming of the economic growth in the second quarter. Stable macroeconomic environment will be conducive to continuous recovery of the real estate market, and the indicators are expected to continue the momentum of recovery in the first half of the year, but without substantial rebound. Smooth running and steady recovery of economy will be a new phenomenon, and stock removal will remain the main tone of the market during the year. Meanwhile, the trend of differentiation will continue in the market, with obviously faster recovery in the mid-end and high-end improving market, active trading in the first-tier cities and some second-tier cities with relatively balanced supply and demand and continuous sluggish in most second-tier and third-tier and four-tier cities.

The Group will observe the established policies at the beginning of the year to have more delicate operations in existing business cities and focus on quick destocking, thus to realise positive cycle of property development.

In addition, with deeper penetration of Internet into various industries and intelligent trend of cities and communities, we expect that the communities will transform from meeting people's basic residential needs to meeting comprehensive needs in the future, and the real estate enterprises will accelerate O2O exploration and transboundary development.

As such, we will continue to stick to the orientation of an integrated-resources based urban operator, and based on the traditional real estate business coupled with Ziyuanjia.com platform, to accelerate new cultural community building, continuously increase the key competitiveness of the brand and gradually realize the transformation from a real estate developer to a community service provider.

### **Distribution Business**

The Distribution Business will continuously refine its product structure to avoid product overlapping and minimize market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business. Moreover, the management will also place stronger emphasis on operating cash flow, stringent control on working capital such as trade receivables and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities.

## **EMPLOYEE**

The Group has developed its human resources policies and procedures based on performance and merits. The Group ensures that the pay level of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance.

The Group operates share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the current interim period.

The Group has approximately 1,204 employees as at 30 June 2015 (31 December 2014: 731). The increase in number of employees mainly arose from the acquisition of subsidiaries and expansion of property development business during the current interim period.

## **FINANCIAL REVIEW**

### **Liquidity, financial resources and capital commitments**

During the current interim period, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and China. As at 30 June 2015, the Group had approximately HK\$21,970.7 million interest-bearing bank and other borrowings (31 December 2014: HK\$24,632.9 million), of which approximately HK\$374.4 million (31 December 2014: HK\$359.0 million) were floating interest bearing and HK\$21,596.3 million (31 December 2014: HK\$24,273.9 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from PKU Resources.

Bank and other borrowings are denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars"), of which HK\$5,857.4 million (31 December 2014: HK\$7,543.3 million) were repayable within one year and HK\$16,113.3 million (31 December 2014: HK\$17,089.6 million) were repayable within two to five years. The Group's banking facilities were secured by corporate guarantee given by the Company, Peking Founder and PKU Resources, and certain of the properties under development, bank deposits, bills receivable and equity interest in certain subsidiaries of the Group. The decrease in bank loans was mainly attributed to the repayment during the period.

As at 30 June 2015, the Group recorded total assets of approximately HK\$42,213.6 million (31 December 2014: HK\$44,478.7 million) which were financed by liabilities of approximately HK\$38,804.5 million (31 December 2014: HK\$41,853.6 million), non-controlling interests of approximately HK\$554.7 million (31 December 2014: HK\$929.0 million) and equity attributable to owners of the parent of approximately HK\$2,854.4 million (31 December 2014: HK\$1,696.1 million). The increase in equity was attributable to profit for the current interim period and allotment of shares of the Company for acquisition of subsidiaries and placing. The Group's net asset value per share as at 30 June 2015 was HK\$0.57 (31 December 2014: HK\$1.08). The decrease in net asset value per share was attributable to the increase in number of shares of the Company.

The Group had total cash and bank balances and pledged deposits of approximately HK\$2,792.3 million as at 30 June 2015 (31 December 2014: HK\$5,962.7 million). As at 30 June 2015, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 6.44 (31 December 2014: 9.38) while the Group's current ratio was 1.87 (31 December 2014: 1.81).

As at 30 June 2015, the capital commitments for contracted, but not provided for, properties under development were approximately HK\$4,287.1 million (31 December 2014: HK\$3,232.2 million).

### **Treasury policies**

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong dollars ("HKD"), RMB and U.S. dollars. Surplus cash is generally placed in short term deposits denominated in HKD, RMB and U.S. dollars.

### **Exposure to fluctuations in exchange rates and related hedges**

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. The Group has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes. Subsequent to these interim results, the exchange rate of RMB has devalued and the Group will closely monitor the currency exchange risk of RMB in the near term as a result.

### **Material acquisitions and disposals of subsidiaries and associates**

On 16 September 2014, the Company, Beijing Tianranju Technology Co., Ltd., Fine Noble Global Limited, Peking University Resources Group Property Co., Limited, Peking Founder, Founder Information, Starry Realm Limited, Peking University Resources Group Holdings Co., Ltd. and Peking University Resources Group entered into a sales and purchase agreement, pursuant to which the Company and Beijing Tianranju Technology Co., Ltd. have agreed to acquire entire issued shares in Extol High Enterprises Limited, Keen Delight Global Limited, Chongqing Peking University Resources Property Co., Limited, Chengdu Peking University Resources Property Co., Limited, Guiyang Peking University Resources Property Co., Limited and Qingdao Peking University Resources Property Co., Limited at total consideration of HK\$1,934 million, including HK\$1,361 million for the offshore acquisition and HK\$573 million for the onshore acquisition, which would be satisfied by a combination of the issuance of consideration shares to Founder Information, and/or all or part of the cash proceeds from the issuance of placement shares and/or all or part of the cash proceeds from the issuance of additional shares and/or the Company's internal cash, external financing and/or financing from the controlling shareholder. The sales shares represented 100% issued shares of entities which are engaged in property development business. Further details of the transactions were set out in the announcements of the Company dated 16 September 2014, 30 November 2014 and 22 December 2014 and the circular of the Company dated 2 December 2014. The above transactions have been completed on 2 January 2015.

On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a framework agreement, pursuant to which (i) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Bolai Property Co., Limited; and (ii) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell 100% equity interest in Hong Kong Tianranju Holdings Limited, a direct wholly-owned subsidiary of the Company. The total consideration is approximately RMB2,398 million including: (a) approximately RMB650 million, being payment for the share transfer of Qingdao Bolai Property Co., Limited; (b) repayment of (i) RMB500 million, being all the principal of the entrusted loan provided by Peking University Resources Group Property Co., Limited to Qingdao Bolai Property Co., Limited in August 2014; (ii) approximately RMB544 million, being the principal of the entrusted loan owed to Huaneng Guicheng Trust Co., Ltd., an independent third party, since May 2014; and (iii) the interest of the entrusted loan under (i) and (ii), which is excluded from the total consideration; and (c) approximately RMB704 million for the share transfer of Hong Kong Tianranju Holdings Limited. On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a sale and purchase agreement, pursuant to which CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Bolai Property Co., Limited. The total consideration is approximately RMB650 million. Further details of the transactions were set out in the announcement of the Company dated 3 March 2015 and the circular of the Company dated 25 March 2015. On 10 March 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Real Estate (Hong Kong) Development Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a subsequent sale and purchase agreement, CITIC Real Estate (Hong Kong) Development Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell the 100% equity interest in Hong Kong Tianranju Holdings Limited at a total consideration of approximately RMB704 million. Further details of the transactions were set out in the announcement of the Company dated 10 March 2015 and the circular of the Company dated 25 March 2015. The above disposal transactions were completed on 4 May 2015.

Save as disclosed above, the Group had no acquisition or disposal of subsidiaries and associates for the six months ended 30 June 2015.

### **Charges on assets**

As at 30 June 2015, properties under development of approximately HK\$18,939.0 million, bank deposits of approximately HK\$1,306.5 million and bills receivable of approximately HK\$58.0 million were pledged to banks to secure general banking facilities granted, 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**

As at 30 June 2015, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK\$2,838.5 million (31 December 2014: HK\$1,359.9 million). 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 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 are generally 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 of the Company 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 financial statements as at 30 June 2015.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

The Company has not redeemed any of its listed securities during the six months ended 30 June 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2015.

## **CORPORATE GOVERNANCE**

The Company has complied with all code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2015, 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. All Independent Non-executive Directors of the Company could not attend the annual general meeting of the company held on 5 June 2015 due to prior or unexpected business engagements. Mr Li Fat Chung and Ms Wong Lam Kit Yee, Independent Non-executive Directors of the Company, could not attend the special general meeting of the Company held on 15 April 2015 due to other business commitment.

Provision E.1.2 of the CG Code provides that the Chairman of the board should attend the annual general meeting. Ms Yu Li could not attend the special general meeting of the Company held on 15 April 2015 and the annual general meeting of the Company held on 5 June 2015 because Ms Yu has been requested to assist in an investigation by the related authorities since 5 January 2015. Mr Zhou Bo Qin, Executive Director of the Company, was present thereat to be available to answer questions at the special general meeting and the annual general meeting.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER (THE “MODEL CODE”)**

The Company has adopted a model code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard as set out in the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry by the Company, all directors have confirmed that they have complied with the Model Code regarding directors’ securities transactions throughout the accounting period covered by the interim report.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the Group’s condensed consolidated interim financial statements for the six months ended 30 June 2015, including the accounting principles adopted by the Group, with the Company’s management.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The 2015 interim 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](http://www.hkexnews.hk)) and the Company’s website ([www.pku-resources.com](http://www.pku-resources.com)) in due course.

By Order of the Board  
**Peking University Resources (Holdings) Company Limited**  
**Zhang Zhao Dong**  
*Chairman*

Hong Kong  
27 August 2015

*As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Zhang Zhao Dong (Chairman), Mr Fang Hao (President), Mr Zhou Bo Qin, Mr Wei Jun Min, 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.*