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 2015

The Board of Directors (the "Board") of Peking University Resources (Holdings) Company Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000* (Restated)
REVENUE	*5*	**7,804,286**	6,237,433
Cost of sales		**(7,662,887)**	(5,935,012)
Gross profit		**141,399**	302,421
Other income and gains	*5*	**774,078**	185,653
Selling and distribution expenses		**(450,889)**	(423,173)
Administrative expenses		**(321,382)**	(279,229)
Other expenses and losses		**(79,044)**	(1,222)
Finance costs	*6*	**(67,526)**	(106,563)
Share of loss of an associate		**(3,275)**	(7,121)
LOSS BEFORE TAX	*7*	**(6,639)**	(329,234)
Income tax expense	*8*	**(265,722)**	(19,188)
LOSS FOR THE YEAR		**(272,361)**	(348,422)

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
Attributable to:			
Owners of the parent		**(237,695)**	(215,245)
Non-controlling interests		**(34,666)**	(133,177)
		(272,361)	(348,422)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**HK3.98 cents**	HK8.96 cents
Diluted		**HK3.98 cents**	HK8.96 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
LOSS FOR THE YEAR	**(272,361)**	(348,422)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(134,182)**	(44,053)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(134,182)**	(44,053)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(134,182)**	(44,053)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(406,543)**	(392,475)
Attributable to:		
Owners of the parent	**(337,969)**	(269,827)
Non-controlling interests	**(68,574)**	(122,648)
	(406,543)	(392,475)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**97,407**	68,982
Investment properties		**360,807**	362,256
Prepaid land lease payments		**14,621**	10,549
Goodwill		**–**	–
Other intangible assets		**1,014**	1,138
Investment in an associate		**19,488**	22,763
Total non-current assets		**493,337**	465,688
CURRENT ASSETS			
Properties under development		**33,443,212**	30,564,739
Properties held for sale		**3,680,178**	790,355
Inventories		**323,585**	338,748
Trade and bills receivables	*10*	**826,856**	1,079,160
Prepayments, deposits and other receivables		**1,673,955**	5,052,290
Prepaid tax		**360,951**	225,083
Restricted cash		**1,210,154**	1,545,793
Cash and cash equivalents		**1,838,246**	4,416,870
Total current assets		**43,357,137**	44,013,038
CURRENT LIABILITIES			
Trade and bills payables	*11*	**3,902,537**	5,187,603
Other payables and accruals		**14,283,672**	11,512,577
Interest-bearing bank and other borrowings		**3,762,308**	7,543,279
Tax payable		**158,038**	67,709
Total current liabilities		**22,106,555**	24,311,168
NET CURRENT ASSETS		**21,250,582**	19,701,870
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,743,919**	20,167,558

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**18,859,146**	17,089,641
Long term payable	**177,699**	182,046
Deferred tax liabilities	**242,344**	270,700
Total non-current liabilities	**19,279,189**	17,542,387
Net assets	**2,464,730**	2,625,171
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**598,825**	244,003
Reserves	**1,640,607**	1,465,241
	2,239,432	1,709,244
Non-controlling interests	**225,298**	915,927
Total equity	**2,464,730**	2,625,171

1. CORPORATE AND GROUP INFORMATION

Peking University Resources (Holdings) Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company are located at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

During the year, the Group were involved in the following principal activities:

- distribution of information products
- property development
- property investment

As at 31 December 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 81.64% 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").

During the year, 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 北大資源集團投資有限公司 (Peking University Resources Group Investment Co., Limited*) ("Peking Investment"), 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 PKU Asset Management and are principally engaged in the property development in 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".

* *For identification purpose only*

2. 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 (the "HKICPA"), 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 except when otherwise indicated.

Merger accounting for business combinations under common control

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 consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2015 and 2014 included 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 years ended 31 December 2015 and 2014, or since their respective dates of acquisition, incorporation or registration, where this is a shorter period. The 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 year ended 31 December 2014 have been restated to include the operating results of the Acquired Entities as set out below:

	The Group (as previously reported) *HK$'000*	**Acquired Entities** *HK$'000*	**The Group (combined)** *HK$'000* (Restated)
Revenue	4,713,472	1,523,961	6,237,433
Loss before tax	130,019	199,215	329,234
Loss for the year	153,785	194,637	348,422

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) *HK$'000*	**Acquired Entities** *HK$'000*	**The Group (combined)** *HK$'000* (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
Total equity	1,450,002	1,175,169	2,625,171

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010–2012 Cycle
Annual Improvements to HKFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) *The Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. OPERATING SEGMENT INFORMATION

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

(a) the distribution of information products segment sells information products

(b) the property development segment sells properties

(c) the property investment segment leases and subleases 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 loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted cash, cash and cash equivalents, prepaid tax 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 2015

	Distribution of information products *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	**4,486,784**	**3,284,048**	**33,454**	**7,804,286**
Other revenue	**195**	**741,562**	**6,572**	**748,329**
	4,486,979	**4,025,610**	**40,026**	**8,552,615**
Segment results	**27,853**	**82,967**	**2,024**	**112,844**
Reconciliation:				
Interest income				**25,749**
Corporate and unallocated expenses				**(77,706)**
Finance costs				**(67,526)**
Loss before tax				**(6,639)**
Segment assets	**2,989,909**	**37,470,560**	**4,233,443**	**44,693,912**
Reconciliation:				
Elimination of intersegment receivables				**(4,252,790)**
Corporate and other unallocated assets				**3,409,352**
Total assets				**43,850,474**
Segment liabilities	**1,309,003**	**19,676,506**	**1,453,490**	**22,438,999**
Reconciliation:				
Elimination of intersegment payables				**(4,252,790)**
Corporate and other unallocated liabilities				**23,199,535**
Total liabilities				**41,385,744**
Other segment information:				
Share of loss of an associate	**3,275**	**–**	**–**	**3,275**
Fair value losses on investment properties, net	**–**	**(2,213)**	**(2,509)**	**(4,722)**
Impairment of trade receivables	**16,476**	**–**	**–**	**16,476**
Reversal of provision against inventories	**220**	**–**	**–**	**220**
Provision against properties under development	**–**	**167,371**	**–**	**167,371**
Provision against properties held for sale	**–**	**42,767**	**–**	**42,767**
Depreciation and amortisation	**1,489**	**22,296**	**555**	**24,340**
Capital expenditure*	**7,285**	**10,522**	**699**	**18,506**

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

Year ended 31 December 2014

	Distribution of information products *HK$'000* (Restated)	Property development *HK$'000* (Restated)	Property investment *HK$'000* (Restated)	Total *HK$'000* (Restated)
Segment revenue				
Sales to external customers	4,457,199	1,714,403	65,831	6,237,433
Other revenue	6,240	145,537	12,677	164,454
	4,463,439	1,859,940	78,508	6,401,887
Segment results	44,218	(284,530)	46,822	(193,490)
Reconciliation:				
Interest income				21,199
Corporate and unallocated expenses				(50,380)
Finance costs				(106,563)
Loss before tax				(329,234)
Segment assets	2,571,557	38,848,158	855,384	42,275,099
Reconciliation:				
Elimination of intersegment receivables				(1,428,718)
Corporate and other unallocated assets				3,632,345
Total assets				44,478,726
Segment liabilities	639,739	31,946,817	1,116,932	33,703,488
Reconciliation:				
Elimination of intersegment payables				(1,428,718)
Corporate and other unallocated liabilities				9,578,785
Total liabilities				41,853,555
Other segment information:				
Share of loss of an associate	7,121	–	–	7,121
Fair value gains on investment properties, net	–	–	12,893	12,893
Impairment of trade receivables	1,222	–	–	1,222
Provision against inventories	2,402	–	–	2,402
Provision against properties under development	–	–	–	–
Provision against properties held for sale	–	–	–	–
Depreciation and amortisation	1,105	20,792	354	22,251
Capital expenditure*	3,266	32,092	145,540	180,898

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

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 which accounted for 10% or more of the Group's total revenue (2014: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; gross proceeds from the sales of properties; and the gross rental income received and receivable from investment properties and subleasing fee income, net of business tax, during the year.

An analysis of revenue, other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Sale of goods	**4,486,784**	4,457,199
Sale of properties	**3,284,048**	1,714,403
Gross rental income	**33,454**	65,831
	7,804,286	6,237,433
Other income		
Bank interest income	**21,800**	21,199
Other interest income	**3,949**	–
Government grants*	**483**	1,511
Others	**8,808**	55,094
	35,040	77,804
Gains		
Fair value gains on investment properties, net	**–**	12,893
Gain on disposal of subsidiaries	**738,971**	–
Gain on bargain purchase	**–**	92,257
Gain on disposal of items of property, plant and equipment, net	**67**	62
Foreign exchange gains, net	**–**	2,637
	739,038	107,849
	774,078	185,653

* Various government grants were granted for investments in certain provinces in Mainland China in which the Company's subsidiaries operate. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans and other loans	**1,259,964**	649,284
Interest on loans from subsidiaries of Peking Founder	**8,996**	10,345
Interest on loans from 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("PKU Resources"), a fellow subsidiary of Peking Founder	**990,765**	1,222,413
Interest on loans from non-controlling shareholders	**32,135**	17,826
Interest on discounted bills	**24,904**	25,264
Total interest expense	**2,316,764**	1,925,132
Less: Interest capitalised	**(2,249,238)**	(1,818,569)
	67,526	106,563

* *For identification purpose only*

7. LOSS BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**4,326,130**	4,259,531
Cost of properties sold	**3,126,839**	1,673,079
Provision/(reversal of provision) against inventories	**(220)**	2,402
Provision against properties under development	**167,371**	–
Provision against properties held for sale	**42,767**	–
Cost of sales	**7,662,887**	5,935,012
Auditors' remuneration	**2,750**	2,550
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**1,146**	1,308
Depreciation	**23,411**	20,667
Less: Depreciation capitalised in properties under development	**(9,670)**	(8,091)
	13,741	12,576
Amortisation of prepaid land lease payments	**538**	331
Amortisation of intangible assets	**391**	1,253
Impairment of trade receivables*	**16,476**	1,222
Operating lease rentals in respect of land and buildings	**41,416**	35,832
Foreign exchange losses, net*	**57,846**	–
Fair value losses on investment properties, net*	**4,722**	–
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**210,612**	198,467
Pension scheme contributions**	**4,995**	3,178
Equity-settled share option expense	**6,005**	21,438
	221,612	223,083

* Impairment of trade receivables, net fair value losses on investment properties and net foreign exchange losses are included in "Other expenses and losses" in the consolidated statement of profit or loss.

** At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2014: Nil).

8. INCOME TAX

	Group 2015 HK$'000	2014 HK$'000 (Restated)
Current — Hong Kong		
Charge for the year	**2**	–
Overprovision in prior years	**(19)**	–
Current — Mainland China		
Charge for the year	**251,859**	29,523
Underprovision in prior years	**–**	1,188
PRC land appreciation tax	**29,278**	6,952
	281,120	37,663
Deferred	**(15,398)**	(18,475)
Total tax charge for the year	**265,722**	19,188

Hong Kong profits tax

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. No provision for Hong Kong profits tax has been made in 2014 as the Group did not generate any assessable profits arising in Hong Kong in 2014.

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2014: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

The share of tax credit attributable to an associate amounting to approximately HK$7,000 (2014: share of tax expense of HK$694,000) is included in "Share of loss of an associate" in the consolidated statement of profit or loss.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of HK$237,695,000 (2014: HK$215,245,000 (restated)), and the weighted average number of ordinary shares of 5,978,527,514 (2014: 2,401,887,882) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2015 and 2014 in respect of a dilution because the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

10. 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. The credit period is generally for three to six months. 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 aging 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:

	2015	2014
	HK$'000	*HK$'000*
Within 6 months	**807,005**	1,057,531
7 to 12 months	**19,009**	10,505
13 to 24 months	**842**	11,124
	826,856	1,079,160

11. TRADE AND BILLS PAYABLES

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**3,386,178**	4,629,391
Bills payable	**516,359**	558,212
	3,902,537	5,187,603

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Within 6 months	**3,898,582**	4,967,629
Over 6 months	**3,955**	219,974
	3,902,537	5,187,603

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

12. DISPOSAL OF SUBSIDIARIES

	2015
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**250**
Intangible assets	**66**
Properties under development	**1,540,974**
Prepayments, deposits and other receivables	**903,938**
Cash and cash equivalents	**27,188**
Trade and bills payables	**(269)**
Accruals and other payables	**(1,582,403)**
Interest-bearing bank and other borrowings	**(831,334)**
	58,410
Gain on disposal of subsidiaries	**738,971**
	797,381
Satisfied by:	
Cash	**797,381**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2015
	HK$'000
Cash consideration	**797,381**
Cash and bank balances disposed of	**(27,188)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**770,193**

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 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

There was still great downward pressure facing the real estate industry in 2015, leading to continued low sentiment in real estate investment and development. As a result, growth in acquired land area, newly constructed area and saleable area of commodity houses slowed down. In 2015, an amount of RMB9,597.9 billion was contributed to the development of real estate nationwide, representing a notional growth of 1.0% (and an actual growth of 2.8% after adjustment of price) over last year. A land area of 228,110,000 sq.m. has been acquired by real estate development enterprises, representing a decrease of 31.7% over last year, and the land transaction volume amounted to RMB762.2 billion, representing a decrease of 23.9% over last year. Last year, the Chinese government proposed to stabilize housing consumption on the two sessions by supporting the resident's housing demand for self-occupation or improved housing according to local conditions. In that context, the government has successively launched policies to relax restrictions to the real estate market, with promoting the stable development of the real estate as the keynote.

At the end of 2015, the areas available-for-sale of commercial houses amounted to 718,530,000 sq.m., representing an increase of 15.6% as compared with that at the end of previous year. While the overall stock continued to go up, the stock removal cycle differentiated among regional markets, with the timing to destock commercial houses in the first-tier and second-tier cities dropping to a reasonable level and the destock pressure mainly concentrating on the third-tier and fourth-tier cities. Therefore, stock removal remains the highlight of our work in the future in respect of easing excessive capacity. In the short term, the government shall further restructure regional markets to control the balance between demand and supply. In the long run, the government shall deepen registered population urbanization and housing system reform to match supply with demand and stabilize the real estate market. In view of the fact that the housing price remains resilient attributable to strong demands arising from the more and more centralized distribution of population, resources and wealth in the first tier-cities, it is expected that there will still be great upward pressure facing such cities in coming years. In the second-tier and third-tier cities, despite steadily released demand stimulated by relevant policies, the housing price still lacks of momentum to go up due to large stock. Based on the strategic orientation of stock removal, the government will successively introduce further supporting policies related to currency, finance and taxation and other aspects. Consequently, it is expected that, in the future, the stock pressure would be further released, with housing price gradually stabilized after falling in the second-tier and third-tier cities.

The year 2015 also represents an extremely important year for Peking University Resources (Holdings) Company Limited (hereinafter referred to as the "Group" or "PKU Resources"). At the beginning of 2015, the Group has completed the very substantial acquisitions of subsidiaries. It acquired from PKU Resources Group, the substantial shareholder of the Company, 12 property development projects owned and operated in Chongqing, Changsha, Foshan, Chengdu, Guiyang, Qingdao and Wuhan, and successfully completed the placing of new shares of HK$945 million, to get full realisation of the strategic transformation to the real estate business and steadily expand its footprint.

OVERALL PERFORMANCE

The Group reported a loss attributable to owners of the Company for the year ended 31 December 2015 of approximately HK$237.7 million (year ended 31 December 2014: HK$215.2 million). The Group's revenue for the current financial year has increased by 25.1% to approximately HK$7,804.3 million (year ended 31 December 2014: HK$6,237.4 million) mainly as a result of expansion of property development business. The Group's gross profit has decreased by 53.2% to approximately HK$141.4 million (year ended 31 December 2014: HK$302.4 million) mainly due to increase in provision against properties under development. Total selling and distribution expenses, administrative expenses and other expenses and losses for the current financial year have increased by 21.0% to approximately HK$851.3 million (year ended 31 December 2014: HK$703.6 million).

The reduction in the Group's loss for the year was mainly due to the net results of:

a. one-off gain on disposal of subsidiaries engaged in property development business of approximately HK$739.0 million for the year ended 31 December 2015 (year ended 31 December 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 year ended 31 December 2014;

c. an increase in selling and distribution expenses and administrative expenses by 9.9% to approximately HK$772.3 million (year ended 31 December 2014: HK$702.4 million) attributable to the expansion of the property development business;

d. an increase in other expenses and losses by HK$77.8 million to approximately HK$79.0 million (year ended 31 December 2014: HK$1.2 million) due to increase in exchange loss arising from loan to a subsidiary;

e. a decrease in finance cost by 36.7% to approximately HK$67.5 million (year ended 31 December 2014: HK$106.6 million) attributable to decline in bank borrowings; and

f. an increase in income tax expenses by HK$246.5 million to approximately HK$265.7 million (year ended 31 December 2014: HK$19.2 million) as a results of increase in profit of certain subsidiaries for the year.

Basic and diluted loss per share attributable to equity holders of the Company for the year ended 31 December 2015 were HK3.98 cents (year ended 31 December 2014: HK8.96 cents).

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the property development business of the Group (the "Property Development Business") for the current financial year was approximately HK$3,284.0 million (year ended 31 December 2014: HK$1,714.4 million). The segment results recorded a profit of approximately HK$83.0 million (year ended 31 December 2014: loss of HK$284.5 million). The improvement in segment results was due to net effect of gain on disposal of subsidiaries of approximately HK$739.0 million, provision against properties under development of approximately HK$167.4 million, provision against properties held for sale of approximately HK$42.8 million for the current financial year and gain on bargain purchase of approximately HK$92.3 million in prior financial year.

In 2015, the Group started 6 new construction projects and pre-sell 4 projects; there will be 19 projects under construction and an accumulated total of 15 projects on sale. As at 31 December 2015, the Group's total construction area has reached 5,110,829 sq.m., of which 1,678,605 sq.m. is newly constructed in 2015.

Contracted Sales

A rapid growth was seen in the number of the Group's real estate projects upon completion of the very substantial acquisitions at the beginning of the year, as a result, both the amount and the area of contracted sales increased substantially as compared with last year. In 2015, the Group realised an accumulated contacted sales of approximately RMB5,815 million and sold an accumulated GFA of approximately 750,334 sq.m., with average selling price being RMB7,750 per sq.m.. The amount of contracted sales is mainly from projects such as Park 1898 and Yannan International in Chengdu, Yue City(閱城) in Tianjin, Dream City in Guiyang and Boya Binjiang in Foshan.

PKU Resources • Dream City, a project developed and constructed by 貴陽恒隆置業有限公司 (Guiyang Henglong Property Co., Limited*), a subsidiary of the Group, has a GFA of approximately 990,000 sq.m. and the delivery of its first phase has commenced on 30 December 2015. As of 31 January 2016, the delivered area carried forward was 162,000 sq.m. and the Group realized an accumulated revenue of RMB1.642 billion. The total gross margin was approximately RMB590 million and the gross profit margin was 35.93%. We expect such revenue and profit to be reflected in the interim report of 2016.

Land Bank

In 2015, the Group has taken an even more prudent strategy to procure land, based on which, we replenish the land bank with selected high-quality projects that have been carried out detailed investigation and research. In that context, we penetrate into regional hub cities, such as Hangzhou and Kunming, with enormous growth potential and huge population absorption in due course. Thus, the Group achieves a better balance of its business distribution among the first-tier, second-tier and third-tier cities. As of 31 December 2015, the Group had a total of 24 property development projects and 1 hold-type property project in 14 cities around China and had a reserved land area of 5,750,549 sq.m..

In 2015, the Group has obtained the land use rights of 5 projects in Hangzhou, Kunming, Chengdu, Zhuzhou etc. through public transfer procedures.

List of New Land Parcels

Project	**Location**	**Intended use**	**Total site area (sq.m.)**	**Planned total GFA (sq.m.)**	**Interests held by the Group**
Hangzhou Future Sci-Tech City* (杭州未來科技城)	Hangzhou	Commercial/ Office	63,551	196,860	100%
Kunming Yida Plaza* (昆明醫大廣場)	Kunming	Residential/ Commercial/ Office	55,500	430,445	85%
PKU Resources • Yihe Emerald Mansion	Chengdu	Residential/ Commercial	58,474	219,039	80%
The Project of Xinjin County in Chengdu* (成都新津縣項目)	Chengdu	Residential/ Commercial	69,496	208,487	70%
The Project of Lusong District in Zhuzhou* (株洲蘆淞區項目)	Zhuzhou	Residential/ Commercial	153,584	549,956	82%

Property Investment

The property investment business of the Group (the "Property Investment Business") recorded a turnover of approximately HK$33.5 million (year ended 31 December 2014: HK$65.8 million) and segment profit of approximately HK$2.0 million (year ended 31 December 2014: HK$46.8 million) during the current financial year. The decline in segment revenue was due to decline in rental income of Founder International Building. 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 from 1 September 2015 onwards. The decline in segment results was due to decline in segment revenue and increase in fair value losses on investment properties.

The Group has a property investment project located on Dandong Road, Jianghan District, which is a flourishing block in Wuhan City, Hubei Province, with a total GFA of 26,963 sq.m.. For all through the year 2015, Wuhan International Building realised an accumulated rental income of RMB7.60 million, with an occupancy rate of approximately 99%. The rental income increased by 8.54% over last year and represented a sustainable and stable source of the Group's cash income.

Distribution Business

Distribution of information products

The distribution business of the Group recorded a turnover of approximately HK$4,486.8 million representing a slight increase of 0.7% as compared to last financial year (year ended 31 December 2014: HK$4,457.2 million). The segment results recorded a profit of HK$27.9 million (year ended 31 December 2014: HK$44.2 million). The decline in segment results was due to decline in gross profit margin attributable to intense market competition.

The distribution business of the Group (the "Distribution Business") 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.

As the business environment in China is becoming more competitive and the unfavorable factors arising from the macrocontrol 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

Real Estate Business

The real estate development business represents a key and fundamental business of principal activities of the Group. Looking ahead, our Group will put more focus on the growth of real estate development business and have more delicate operations in existing business cities of importance to create customer-demand-oriented products, thus enabling the Group to deliver its product based and service first commitment.

In the aspect of product, the Group will make greater efforts to adapt to market changes by reference to advanced operation approaches from leading enterprises in the industry, keep refining our products and develop a model specific to "PKU Resources" with craftsmanship. Meanwhile, the Group will set up an internal benchmark for standardisation of model project development, and then share and copy it to each city across our network footprint. In addition to the maintenance of high quality, the Group will shorten development cycle and reduce inventories as soon as practicable in pursuit of high turnover and profit margin, and achieve a virtuous circle of real estate development business. In terms of development mode, the Group will keep searching for external cooperation in various ways, identifying opportunities of joint land and project acquisition with small equity interests and tentatively implementing asset-light strategy.

In view of service, the Group will focus on the integration of core resources and develop value-added core services in a rapid manner. The Group will place community service into the process of sales, i.e., to proactively provide clients with sound health care, culture, education, and financial services before product delivery, and thereby increase positive interactions between community service and real estate development service. Meanwhile, the Group will set up an internal service benchmark in respect of model project for standardisation of management and modularity of services, and then share and copy it to other projects.

Meanwhile, to achieve its ultimate goal of maximizing the shareholders' value, the Group shall always devote itself to optimising the corporate governance and organization structure, reducing finance cost, completing talent's incentive mechanism and enhancing the overall quality of staff, and then deliver outstanding performance than benefit our shareholders.

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 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 financial year.

The Group has approximately 1,410 employees as at 31 December 2015 (31 December 2014: 1,215). The increase in number of employees mainly arose from the expansion of Property Development Business during the current financial year.

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the current financial year, 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 31 December 2015, the Group had approximately HK$22,621.5 million interest-bearing bank and other borrowings (31 December 2014: HK$24,632.9 million), of which approximately HK$1,140.8 million (31 December 2014: HK$359.5 million) were floating interest bearing and HK$21,480.7 million (31 December 2014: HK$24,273.4 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) (a substantial shareholder of the Company).

Bank and other borrowings are denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars"), of which HK$3,762.3 million (31 December 2014: HK$7,543.3 million) were repayable within one year and HK$18,859.1 million (31 December 2014: HK$17,089.6 million) were repayable within two to third years. The Group's banking facilities were secured by corporate guarantee given by the Company, 北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder") (a substantial shareholder of the Company) and Peking University Resources Group Co., Ltd., and certain of the investment properties, properties under development and properties held for sale. The decrease in bank and other borrowings was mainly attributed to the repayment during the current financial year.

As at 31 December 2015, the Group recorded total assets of approximately HK$43,850.5 million (31 December 2014: HK$44,478.7 million) which were financed by liabilities of approximately HK$41,385.7 million (31 December 2014: HK$41,853.6 million), non-controlling interests of approximately HK$225.3 million (31 December 2014: HK$915.9 million) and equity attributable to owners of the parent of approximately HK$2,239.4 million (31 December 2014: HK$1,709.2 million). The decrease in equity was attributable to loss for the current financial year and allotment of shares of the Company for acquisition of subsidiaries and placing. The Group's net asset value per share as at 31 December 2015 was HK$0.41 (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 cash equivalents and restricted cash of approximately HK$3,048.4 million as at 31 December 2015 (31 December 2014: HK$5,962.7 million). As at 31 December 2015, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 9.18 (31 December 2014: 9.38) while the Group's current ratio was 1.96 (31 December 2014: 1.81).

As at 31 December 2015, the capital commitments for contracted, but not provided for, properties under development were approximately HK$6,129.4 million (31 December 2014: HK$2,605.0 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. During the current financial year, 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 (Hong Kong) Limited ("Founder Information"), Starry Realm Limited, Peking University Resources Group Holdings Co., Ltd. and Peking University Resources Group Co., Ltd. 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., Ltd. 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 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 year ended 31 December 2015.

Charges on assets

As at 31 December 2015, investment properties of approximately HK$210.6 million, properties under development of approximately HK$12.9 million, properties held for sale of approximately HK$12.0 million and bank deposits of approximately HK$1,210.2 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 31 December 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$4,090.4 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 purchasers 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 consolidated financial statements as at 31 December 2015.

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 2015.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has fully complied with the code provisions 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 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

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 2015.

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.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditors, Ernst & Young, to the amount set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The 2015 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
Cheung Shuen Lung
Chairman

Hong Kong, 24 March 2016

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Cheung Shuen Lung (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.

* *For identification purpose only*