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**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)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017 together with the comparative figures.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*Year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <b>RMB'000</b>	2016 RMB'000 (Restated)
REVENUE	4	<b>16,246,608</b>	13,216,611
Cost of sales		<b>(14,339,123)</b>	(12,334,520)
Gross profit		<b>1,907,485</b>	882,091
Other income and gains	4	<b>341,588</b>	48,952
Selling and distribution expenses		<b>(441,064)</b>	(398,290)
Administrative expenses		<b>(362,267)</b>	(287,649)
Other expenses and losses		<b>(15,424)</b>	(41,061)
Finance costs	5	<b>(89,379)</b>	(108,867)
Share of loss of an associate		<b>(2,649)</b>	(4,355)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)***Year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <b>RMB'000</b>	2016 <i>RMB'000</i> (Restated)
PROFIT BEFORE TAX	6	<b>1,338,290</b>	90,821
Income tax expense	7	<u><b>(832,710)</b></u>	<u>(479,498)</u>
PROFIT/(LOSS) FOR THE YEAR		<u><b>505,580</b></u>	<u>(388,677)</u>
Attributable to:			
Owners of the parent		<b>333,451</b>	(235,992)
Non-controlling interests		<u><b>172,129</b></u>	<u>(152,685)</u>
		<u><b>505,580</b></u>	<u>(388,677)</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY			
HOLDERS OF THE PARENT			
	8		
Basic		<u><b>RMB5.56 cents</b></u>	<u>RMB(3.94) cents</u>
Diluted		<u><b>RMB5.20 cents</b></u>	<u>RMB(3.94) cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	<b>2017</b> <b>RMB'000</b>	2016 RMB'000 (Restated)
PROFIT/(LOSS) FOR THE YEAR	<b>505,580</b>	(388,677)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>33,848</b>	(43,692)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	<b>33,848</b>	(43,692)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<b>33,848</b>	(43,692)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<b>539,428</b>	(432,369)
Attributable to:		
Owners of the parent	<b>368,332</b>	(280,543)
Non-controlling interests	<b>171,096</b>	(151,826)
	<b>539,428</b>	(432,369)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	31 December 2017	31 December 2016	1 January 2016
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<b>109,172</b>	110,252	82,548
Investment properties	<b>715,343</b>	423,917	305,769
Prepaid land lease payments	<b>11,609</b>	12,172	12,391
Goodwill	–	–	–
Other intangible assets	<b>1,076</b>	1,112	859
Investment in an associate	<b>7,093</b>	10,386	16,515
	<u><b>844,293</b></u>	<u>557,839</u>	<u>418,082</u>
<b>CURRENT ASSETS</b>			
Properties under development	<b>29,844,496</b>	32,154,397	28,341,702
Properties held for sale	<b>5,723,850</b>	4,021,977	3,118,795
Inventories	<b>525,197</b>	355,175	274,225
Trade and bills receivables	<b>1,233,939</b>	927,735	700,725
Prepayments, deposits and other receivables	<b>1,983,981</b>	1,443,306	1,418,608
Prepaid tax	<b>645,908</b>	496,084	305,891
Restricted cash	<b>2,468,704</b>	1,858,282	1,025,554
Cash and cash equivalents	<b>3,835,855</b>	2,125,101	1,557,836
	<u><b>46,261,930</b></u>	<u>43,382,057</u>	<u>36,743,336</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<b>3,728,007</b>	4,277,160	3,307,235
Other payables and accruals	<b>20,045,881</b>	14,955,031	12,104,807
Interest-bearing bank and other borrowings	<b>18,127,086</b>	9,120,536	3,188,397
Tax payable	<b>694,363</b>	422,804	133,930
	<u><b>42,595,337</b></u>	<u>28,775,531</u>	<u>18,734,369</u>
<b>NET CURRENT ASSETS</b>	<u><b>3,666,593</b></u>	<u>14,606,526</u>	<u>18,008,967</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>4,510,886</b></u>	<u>15,164,365</u>	<u>18,427,049</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)***31 December 2017*

	<b>31 December 2017 RMB'000</b>	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (Restated)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<b>2,123,071</b>	13,348,895	15,982,327
Long term payable	–	–	150,593
Deferred tax liabilities	<b>162,304</b>	129,387	205,377
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Total non-current liabilities	<b>2,285,375</b>	13,478,282	16,338,297
	<hr/>	<hr/>	<hr/>
Net assets	<b>2,225,511</b>	1,686,083	2,088,752
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<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital	<b>545,335</b>	509,505	509,505
Reserves	<b>1,430,913</b>	1,098,411	1,378,954
	<hr/>	<hr/>	<hr/>
	<b>1,976,248</b>	1,607,916	1,888,459
	<hr/>	<hr/>	<hr/>
Non-controlling interests	<b>249,263</b>	78,167	200,293
	<hr/>	<hr/>	<hr/>
Total equity	<b>2,225,511</b>	1,686,083	2,088,752
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## NOTES TO FINANCIAL STATEMENTS

31 December 2017

### 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 Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- distribution of information products
- property development
- property investment

As at 31 December 2017, the Company was owned as to approximately 60.01% by Founder Information (Hong Kong) Limited (“Founder Information”), which was in turn owned effectively 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”).

\* *For identification purposes only*

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“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 Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.2 CHANGE IN PRESENTATION CURRENCY

The consolidated financial statements of the Group have been presented in Hong Kong dollar (“HK\$”). During the year, having considered that (i) most of the Group’s transactions are denominated and settled in RMB; and (ii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of HK\$ against RMB, which is not due to the operations and beyond the control of the Group, on the consolidated financial statements of the Group, in order to enable the shareholders of the Company to have a more accurate picture of the Group’s financial performance, the board of directors of the Company considers that it is more appropriate to use RMB as its presentation currency for its consolidated financial statements.

The change of presentation currency has been accounted for in accordance with HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and such change has been applied retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

## 2.2 CHANGE IN PRESENTATION CURRENCY (continued)

The following methodology was used to re-present the comparative figures as at 1 January 2016 and 31 December 2016 and for the year ended 31 December 2016, originally reported in HK\$, in RMB:

- (a) Income and expenditure were translated at the average rates of exchange prevailing for the relevant period;
- (b) Assets and liabilities were translated at the closing rates of exchange at the end of the relevant period;
- (c) Share capital and other reserves were translated at the applicable historical rates; and
- (d) All resulting exchange differences were recognised in other comprehensive income.

The relevant exchange rates used are as follows:

Year ended 31 December 2016	HK\$1=RMB
Average rate	0.8585
Closing rate	0.8929
Year ended 31 December 2015	HK\$1=RMB
Average rate	0.8145
Closing rate	0.8475

The change in presentation currency mainly impacted the carrying amount of exchange fluctuation reserve, changing it from HK\$79,080,000 and HK\$213,799,000 to RMB55,545,000 and RMB100,096,000 as at 1 January 2016 and 31 December 2016, respectively.

## 2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements to HKFRSs 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12</i>

The nature and the impact of the amendments are described below:

- (a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, which will be published together with the annual report by the end of April 2018 pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- (b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group had no deductible temporary differences or assets that are in the scope of the amendments.

### **2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)**

- (c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group had no disposal group held for sale as at 31 December 2017.

### **3. 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; and
- (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 resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit 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 and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



### 3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017

	Distribution of information products <i>RMB'000</i>	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>				
Sales to external customers	7,610,511	8,615,323	20,774	16,246,608
Other revenue	7,175	61,297	244,506	312,978
	<u>7,617,686</u>	<u>8,676,620</u>	<u>265,280</u>	<u>16,559,586</u>
<b>Segment results</b>	73,216	1,143,933	260,021	1,477,170
<i>Reconciliation:</i>				
Interest income				28,610
Corporate and unallocated expenses				(78,111)
Finance costs				(89,379)
Profit before tax				<u>1,338,290</u>
<b>Segment assets</b>	4,922,635	36,573,735	592,293	42,088,663
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,287,000)
Corporate and other unallocated assets				6,304,560
Total assets				<u>47,106,223</u>
<b>Segment liabilities</b>	2,204,142	16,083,352	258,930	18,546,424
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,287,000)
Corporate and other unallocated liabilities				27,621,288
Total liabilities				<u>44,880,712</u>
<b>Other segment information:</b>				
Share of loss of an associate	2,649	–	–	2,649
Investment in an associate	7,093	–	–	7,093
Fair value gains on investment properties	–	–	244,506	244,506
Impairment of trade receivables	4,547	–	–	4,547
Provision against inventories	5,336	–	–	5,336
Impairment of properties under development, net	–	113,593	–	113,593
Impairment of properties held for sale, net	–	74,950	–	74,950
Depreciation and amortisation	2,268	18,403	268	20,939
Capital expenditure*	3,238	8,486	184	11,908

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

### 3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2016

	<b>Distribution of information products</b> <i>RMB'000</i> (Restated)	<b>Property development</b> <i>RMB'000</i> (Restated)	<b>Property investment</b> <i>RMB'000</i> (Restated)	<b>Total</b> <i>RMB'000</i> (Restated)
<b>Segment revenue</b>				
Sales to external customers	4,942,853	8,261,692	12,066	13,216,611
Other revenue	3,749	20,354	3,944	28,047
	<u>4,946,602</u>	<u>8,282,046</u>	<u>16,010</u>	<u>13,244,658</u>
<b>Segment results</b>				
	37,243	222,055	13,446	272,744
<i>Reconciliation:</i>				
Interest income				20,905
Corporate and unallocated expenses				(93,961)
Finance costs				(108,867)
Profit before tax				<u>90,821</u>
<b>Segment assets</b>				
	2,367,400	38,992,750	912,834	42,272,984
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,812,555)
Corporate and other unallocated assets				4,479,467
Total assets				<u>43,939,896</u>
<b>Segment liabilities</b>				
	1,398,570	19,875,971	770,207	22,044,748
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,812,555)
Corporate and other unallocated liabilities				23,021,620
Total liabilities				<u>42,253,813</u>
<b>Other segment information:</b>				
Share of loss of an associate	4,355	–	–	4,355
Investment in an associate	10,386	–	–	10,386
Fair value gains on investment properties, net	–	–	3,864	3,864
Reversal of impairment of trade receivables	8,130	–	–	8,130
Reversal of provision against inventories	3,731	–	–	3,731
Impairment of properties under development, net	–	20,531	–	20,531
Impairment of properties held for sale, net	–	292,294	–	292,294
Depreciation and amortisation	1,744	24,177	258	26,179
Capital expenditure*	3,120	11,817	–	14,937

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

### 3. OPERATING SEGMENT INFORMATION (continued)

#### Geographic information

##### (a) Revenue from external customers

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Mainland China	16,193,538	13,182,818
Hong Kong	53,070	33,793
	<u>16,246,608</u>	<u>13,216,611</u>

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Mainland China	837,200	547,453
Hong Kong	7,093	10,386
	<u>844,293</u>	<u>557,839</u>

The non-current asset information above is based on the locations of the assets.

#### Information about major customers

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 (2016: Nil).

### 4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods and properties sold, after allowances for returns and trade discounts; 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:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
<b>Revenue</b>		
Sale of goods	7,610,511	4,942,853
Sales of properties	8,615,323	8,261,692
Gross rental income	20,774	12,066
	<u>16,246,608</u>	<u>13,216,611</u>

#### 4. REVENUE, OTHER INCOME AND GAINS (continued)

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
<b>Other income</b>		
Bank interest income	28,526	20,905
Other interest income	84	–
Government grants*	15,147	–
Others	53,325	24,183
	<u>97,082</u>	<u>45,088</u>
<b>Gains</b>		
Fair value gains on investment properties, net	244,506	3,864
	<u>341,588</u>	<u>48,952</u>

\* Various government grants have been received for investments in certain regions in Mainland China in which the Company's subsidiaries operate. There are no unfulfilled conditions or contingencies relating to these grants.

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Interest on bank loans and other loans	1,358,865	1,626,185
Interest on loans from related companies <sup>#</sup>	407,270	573,797
Interest on loans from non-controlling shareholders	–	17,040
Interest on discounted bills	10,310	11,329
	<u>1,776,445</u>	<u>2,228,351</u>
Total interest expense	1,776,445	2,228,351
Less: Interest capitalised	(1,687,066)	(2,119,484)
	<u>89,379</u>	<u>108,867</u>

<sup>#</sup> The related companies included Peking Founder and certain of its subsidiaries and associates namely, PKU Founder Group Finance Co., Ltd., Founder Group (Hong Kong) Limited and 方正國際商業保理有限公司 (“Founder International Factoring Co., Ltd.\*”), as well as 北大資源集團有限公司 (“Peking University Resources Group Co., Ltd.\*”), a fellow subsidiary of Peking Founder.

\* *For identification purposes only*

## 6. PROFIT BEFORE TAX

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Cost of inventories sold	7,380,708	4,777,428
Cost of properties sold	6,764,536	7,247,998
Provision/(reversal of provision) against inventories	5,336	(3,731)
Impairment of properties under development, net	113,593	20,531
Impairment of properties held for sale, net	74,950	292,294
	<hr/>	<hr/>
Cost of sales	14,339,123	12,334,520
Auditor's remuneration	3,467	2,576
Depreciation	20,018	25,341
Less: Depreciation capitalised in properties under development	(5,514)	(5,849)
	<hr/>	<hr/>
	14,504	19,492
Amortisation of prepaid land lease payments	536	561
Amortisation of other intangible assets	385	277
Loss on disposal of items of property, plant and equipment*	54	143
Impairment/(reversal of impairment) of trade receivables*	4,547	(8,130)
Write-back of trade payables	(41)	(3,335)
Write-back of other payables	(6,614)	–
Operating lease rentals in respect of land and buildings	33,418	28,120
Foreign exchange losses*	10,823	49,048
Employee benefit expense (including directors' remuneration):		
Wages and salaries	271,180	250,178
Pension scheme contributions**	13,559	8,389
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	<b>284,739</b>	<b>258,567</b>
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\* Impairment/(reversal of impairment) of trade receivables, net loss on disposal of items of property, plant and equipment and net foreign exchange losses are included in "Other expenses and losses" in the consolidated statement of profit or loss.

\*\* At 31 December 2017, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2016: Nil).

## 7. INCOME TAX

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Current – Hong Kong		
Charge for the year	210	356
Overprovision in prior years	–	(1)
Current – Mainland China		
Charge for the year	390,571	307,320
Underprovision in prior years	446	39
PRC LAT	407,032	245,431
Deferred	34,451	(73,647)
	<u>832,710</u>	<u>479,498</u>
Total tax charge for the year	<u>832,710</u>	<u>479,498</u>

### Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

### PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2016: 25%) on the taxable profits of the Group's PRC subsidiaries.

### PRC 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.

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent of RMB333,451,000 (2016: loss of RMB235,992,000 (restated)), and the weighted average number of ordinary shares of 5,992,938,063 (2016: 5,988,248,671) in issue during the year.

## 9. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are settled in accordance with the terms of the respective contracts. 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. Trade and bills receivables are non-interest bearing.

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Within 6 months	1,166,990	908,425
7 to 12 months	12,386	15,997
13 to 24 months	54,563	3,313
	<u>1,233,939</u>	<u>927,735</u>

### Financial assets that are not derecognised in their entirety

At 31 December 2017, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB31,040,000 (2016: RMB7,475,000 (restated)) to certain of its suppliers in order to settle the trade payables due to these suppliers (the "Endorsement"). In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers had recourse was RMB31,040,000 as at 31 December 2017 (2016: RMB7,475,000 (restated)).

### Financial assets that are derecognised in their entirety

At 31 December 2017, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB204,227,000 (2016: RMB87,695,000 (restated)). The Derecognised Bills had a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

At 31 December 2017, no bills receivable of the Group (2016: RMB52,008,000 (restated)) were pledged to banks to secure certain of the Group's bills payable (2016: RMB63,330,000 (restated)).

## 9. TRADE AND BILLS RECEIVABLES (continued)

Included in the Group's trade and bills receivables are amounts due from fellow subsidiaries of approximately RMB74,784,000 (2016: RMB23,791,000 (restated)), which are repayable on credit terms similar to those offered to the major customers of the Group.

## 10. TRADE AND BILLS PAYABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Trade payables	3,493,493	3,941,468
Bills payable	<u>234,514</u>	<u>335,692</u>
	<u><b>3,728,007</b></u>	<u><b>4,277,160</b></u>

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i> (Restated)
Within 6 months	3,631,682	4,242,717
Over 6 months	<u>96,325</u>	<u>34,443</u>
	<u><b>3,728,007</b></u>	<u><b>4,277,160</b></u>

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

At 31 December 2017, no bills payable of the Group (2016: RMB63,330,000 (restated)) were secured by the pledge of the Group's bills receivable (2016: RMB52,008,000 (restated)).

Included in the Group's trade and bills payables are amounts due to fellow subsidiaries of approximately RMB24,490,000 (2016: RMB20,663,000 (restated)), which are repayable on credit terms similar to those offered by other similar suppliers of the Group.



## **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 (2016: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MARKET REVIEW**

In 2017, adhering to the keynote of “properties are for housing rather than for speculation” under the policies on real estate, the direction of market control changed from the traditional approach of suppressing demand to increasing supply. With limits on purchase, loans and sale together with tightened measures on land auctions, the supply-side structure was optimised, gradually demonstrating the results of market control. Meanwhile, the short-term control was more aligned with the long-term mechanism, which significantly facilitated the development of residential leasing market and joint ownership housing provisional scheme in an attempt to improve the multi-level housing supply system, establishing a real estate system of housing purchase and renting as well as urging the establishment and perfection of a long-term mechanism.

In general, the real estate market has stabilised and the industry has entered a new cycle for development. The business model and service model of the real estate industry are subject to immediate restructuring, while the after-sales market of the real estate market, with a focus on enhancing living experience and reshaping lifestyle, are attached great importance with huge room for development.

In 2017, the Group continued to promote the implementation of its five-year strategy in respect of business and capital, which has laid a solid foundation for rapid development of the Group.

### **OVERALL PERFORMANCE**

The Group reported a profit for the year ended 31 December 2017 of approximately RMB505.6 million (year ended 31 December 2016: loss of RMB388.7 million). The Group’s revenue for the current financial year has increased by 22.9% to approximately RMB16,246.6 million (year ended 31 December 2016: RMB13,216.6 million) mainly as a result of expansion of distribution of information products business (“Distribution Business”) and property development business (“Property Development Business”) of the Group. The Group’s gross profit has increased by 116.2% to approximately RMB1,907.5 million (year ended 31 December 2016: RMB882.1 million) mainly due to increase in revenue of the Group and increase in gross profit margin of Property Development Business.

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

- a. an increase in revenue by 22.9% to RMB16,246.6 million (year ended 31 December 2016: RMB13,216.6 million) attributable to expansion of Distribution Business and Property Development Business;
- b. an increase in gross profit margin from last financial year's 6.7% to current financial year's 11.7% attributable to the increase in average selling price of certain property development projects and completion of sales of properties of certain property development projects with higher profit margin;
- c. an increase in other income and gains by RMB292.6 million to RMB341.6 million (year ended 31 December 2016: RMB49.0 million) attributable to net increase in fair value gains on investment properties;
- d. an increase in total selling and distribution expenses, administrative expenses and other expenses and loss by 12.6% to RMB818.8 million (year ended 31 December 2016: RMB727.0 million) attributable to expansion of Distribution Business and Property Development Business;
- e. a decrease in finance cost by 17.9% to approximately RMB89.4 million (year ended 31 December 2016: RMB108.9 million) attributable to increase in capitalisation of interest expense as the construction of the property development projects have commenced; and
- f. an increase in income tax expenses by RMB353.2 million to approximately RMB832.7 million (year ended 31 December 2016: RMB479.5 million) as a result of increase in profit of certain subsidiaries for the year.

Basic and diluted earnings per share attributable to equity holders of the Company for the year ended 31 December 2017 were RMB5.56 cents (year ended 31 December 2016: loss of RMB3.94 cents) and RMB5.20 cents (year ended 31 December 2016: loss of RMB3.94 cents) respectively.

## **OPERATING REVIEW**

### **Real Estate Business**

#### ***Property Development***

The turnover of the Property Development Business for the current financial year was approximately RMB8,615.3 million (year ended 31 December 2016: RMB8,261.7 million). The segment results recorded a profit of approximately RMB1,143.9 million (year ended 31 December 2016: RMB222.1 million). The improvement in segment results was due to the increase in average selling price of certain property development projects and completion of sales of properties of certain property development projects with higher profit margin.

In 2017, the Group started construction of 3 projects with 26 projects under construction in aggregate and a total of 23 projects on sale. As at 31 December 2017, the area of the Group's properties held for sales, properties under development and areas pending construction were approximately 0.57 million s.q.m., 3.48 million s.q.m. and 3.04 million s.q.m., respectively.

### *Contracted Sales*

In 2017, the number of the Group's real estate projects which generate income has a significant increase as compared with that of last year. As a result, both the amount and the area of contracted sales increased as compared with that of last year. In 2017, the Group realised an accumulated contracted sales of approximately RMB16.13 billion and sold an accumulated area of approximately 1,491,164 sq.m., with average selling price being RMB10,817.05 per sq.m.

### *Property Investment*

The property investment business of the Group recorded a turnover of approximately RMB20.8 million (year ended 31 December 2016: RMB12.1 million) and segment profit of approximately RMB260.0 million (year ended 31 December 2016: RMB13.4 million) during the current financial year. The increase in segment revenue was mainly attributed to the increase in rentable floor area due to transfer from properties under development and the increase in average unit value of properties as a result of the improvement on infrastructure during the year. The significant increase in segment results was mainly due to increase in fair value gains on investment properties. The fair value gains was mainly attributable to those leasable commercial properties, including Wuhan International Building in Wuhan, The Sun's Group Centre in Hong Kong and Licheng International Park in Kushan.

### **Distribution Business**

#### *Distribution of information products*

The distribution business of the Group (the "Distribution Business") recorded a turnover of approximately RMB7,610.5 million representing an increase of 54.0% as compared to last financial year (year ended 31 December 2016: RMB4,942.9 million). The segment results recorded a profit of RMB73.2 million (year ended 31 December 2016: RMB37.2 million). The improvement in segment results was in line with the increase in revenue for the year.

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, UPS power supply and notebook computer of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Brocade, Microsoft, Corning, Avaya, Eaton and DELL. The increase in turnover during the current financial year is mainly attributable to the launch of new products of existing and new products lines during the current financial year.

As the business environment in China is becoming more competitive with 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**

### **Real Estate Business**

Under a new cycle for industry development, the Group will step up its efforts in implementing the five-year strategy with a focus on the Group's development through diligent works on quality as well as vertical integration and horizontal alignment of resources. On the back of the above, the Group aims at developing a new model of industrial-urban integration through comprehensive development in terms of real estate development, community service and business operation, while securing product clearance and price premium. The Group will also improve customer experience through "Quality plus Service" and enhance customer's loyalty with "Products plus Services", enhancing core competitiveness of the Group.

In 2018, the Group will focus on exploring the sectors which are under development whilst increasing land bank and project experience with a more open and flexible approach by pushing forward innovations. Meanwhile, the Group will endeavor to promote continuous implementation of projects by adopting a development model, for which real estate development will be integrated with business operation and all-rounded services for community life, respectively, with a view to reshaping a positive lifestyle. In addition, the Group will continue to devote itself to optimising the corporate governance and organisation structure, completing talent's incentive mechanism and enhancing cohesion of the team, with an aim to further promoting the implementation of strategies and delivering outstanding performance that benefits 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 explore 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 contributions of employees. The Group ensures that the remuneration 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 adopts 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 1,435 employees as at 31 December 2017 (31 December 2016: 1,367).

## **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 Mainland China. As at 31 December 2017, the Group had approximately RMB20,250.2 million interest-bearing bank and other borrowings (31 December 2016: RMB22,469.4 million), of which approximately RMB569.5 million (31 December 2016: RMB348.8 million) were floating interest bearing and RMB19,680.7 million (31 December 2016: RMB22,120.6 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from Peking University Resources Group Co., Ltd.\* (北大資源集團有限公司) ("PKU Resources"), certain subsidiaries and associates of Peking University Founder Group Company Limited\* (北大方正集團有限公司) ("Peking Founder"), and borrowings from financial institutions. Peking Founder and PKU Resources are the substantial shareholders of the Company. Interest-bearing bank and other borrowings are denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars"), of which RMB18,127.1 million (31 December 2016: RMB9,120.5 million) were repayable within one year and RMB2,123.1 million (31 December 2016: RMB13,348.9 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 properties under development, properties held for sale and the Group's stakes. The decrease in bank and other borrowings was mainly attributed to the repayment of bank loans for Property Development Business during the current financial year.

As at 31 December 2017, the Group recorded total assets of approximately RMB47,106.2 million (31 December 2016: RMB43,939.9 million) which were financed by liabilities of approximately RMB44,880.7 million (31 December 2016: RMB42,253.8 million), non-controlling interests of approximately RMB249.3 million (31 December 2016: RMB78.2 million) and equity attributable to owners of the parent of approximately RMB1,976.2 million (31 December 2016: RMB1,607.9 million). The increase in equity was attributable to profit for the current financial year.

The Group's net asset value per share as at 31 December 2017 was RMB0.35 (31 December 2016: RMB0.28). The increase in net asset value per share was attributable to the profit for the current financial year. The Group had total cash and cash equivalents and restricted cash of approximately RMB6,304.6 million as at 31 December 2017 (31 December 2016: RMB3,983.4 million). As at 31 December 2017, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 9.1 (31 December 2016: 13.3) while the Group's current ratio was 1.09 (31 December 2016: 1.51). As at 31 December 2017, the capital commitments for contracted, but not provided for, properties under development were approximately RMB8,487.2 million (31 December 2016: RMB6,291.3 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 Mainland China and Hong Kong. For the operations in Mainland China, most of its revenues and expense are measured in RMB. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The values of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of foreign currencies into RMB 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.

### **Future Plans for Material Investments or Capital Assets**

The Group did not have any concrete future plans for material investments or capital assets as at 31 December 2017 (31 December 2016: Nil). However, the Group always seeks for new investment opportunities in the Real Estate Business and Distribution Business to broaden the revenue and profit potential of the Group and enhance shareholders' value in long term.

## **Charges on assets**

As at 31 December 2017, properties under development of approximately RMB13,729.4 million, properties held for sale of approximately RMB606.1 million and bank deposits of approximately RMB2,468.7 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 2017, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB4,406.4 million (31 December 2016: RMB3,220.3 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 2017.

## **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 2017.

## **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 2017.

## **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 2017.

## **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 throughout the year ended 31 December 2017.

## **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 2017 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 2017 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](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**  
**Cheung Shuen Lung**  
*Chairman*

Hong Kong, 26 March 2018

*As at the date of this announcement, the Board comprises executive Directors of Mr. Cheung Shuen Lung (Chairman), Mr. Zeng Gang (President), Ms. Sun Min, Mr. Shi Hua, Ms. Liao Hang and Mr. Zheng Fu Shuang, and the independent non-executive Directors of Mr. Li Fat Chung, Ms. Wong Lam Kit Yee and Mr. Chan Chung Kik, Lewis.*