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北大资源
PKU RESOURCES

Peking University Resources (Holdings) Company Limited

北大资源(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00618)

**CONTINUING CONNECTED TRANSACTIONS
NEW TECHNICAL SUPPORT SERVICES AGREEMENT**

NEW TECHNICAL SUPPORT SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 27 August 2015 in respect of, among other things, the Master Entrusted Management and Consultancy Agreement entered into between the Company and PKU Resources Group, pursuant to which the Group agreed to provide a number of services to PKU Resources Group for a term up to 31 December 2017.

Reference is also made to the continuing connected transaction announcement of the Company dated 21 July 2017, the circular of the Company dated 11 August 2017 and the poll results announcement of the Company dated 31 August 2017. The Company entered into the Technical Support Services Agreement with PKU Resources Group on 21 July 2017. The resolution in relation to the Technical Support Services Agreement and its contemplated transactions was proposed but was not passed by the shareholders of the Company at the Previous SGM. As the Master Entrusted Management and Consultancy Agreement has expired on 31 December 2017 and in view of recent demand of the Services from PKU Resources Group, the Company re-proposed the transactions contemplated under and eventually entered into the New Technical Support Services Agreement on 7 June 2018, pursuant to which the Company has agreed to provide the Services to PKU Resources Group and its associates for a term up to 31 December 2020.

LISTING RULES IMPLICATIONS

As at the date of this announcement, PKU Resources Group is the holding company of Founder Information which holds 60.01% shares of the Company and is the controlling shareholder of the Company. Accordingly, the transactions contemplated under the New Technical Support Services Agreement will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

As one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the New Technical Support Services Agreement, on an annual basis, exceeds 5% and the annual caps for the above transactions exceed HK\$10,000,000, the transactions contemplated under the New Technical Support Services Agreement constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

An independent board committee (comprising all three independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the New Technical Support Services Agreement. The Company, with the approval of the independent board committee, has appointed Messis Capital Limited as the independent financial adviser to advise the independent board committee and the Independent Shareholders on matters in relation to the New Technical Support Services Agreement (including the proposed annual caps for three years ending 31 December 2020) in accordance with the Listing Rules.

The Company will despatch to its shareholders a circular containing further details of the New Technical Support Services Agreement, the letters from the independent board committee and the Independent Financial Adviser, and a notice convening the SGM on or before 29 June 2018 in accordance with the Listing Rules. Founder Information will abstain from voting at the SGM in respect of the relevant resolutions.

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Principal terms of the New Technical Support Services Agreement

The principal terms of the New Technical Support Services Agreement, among others, are set out below:

Parties	(1) PKU Resources Group (2) the Company
Condition precedent	The Company complies with the relevant requirements of the Listing Rules with respect to the New Technical Support Services Agreement
Term	From the Effective Date to 31 December 2020
Scope of the Services	The Company will provide management and consultancy services on various matters to the PKU Resources Group, including (i) planning and design; (ii) quality control and management; (iii) cost management; (iv) project development, construction and operation management; (v) safety production and management; and (vi) other services, as required in the project development, construction, operation and management of property development projects of the PKU Resources Group.
Service fees and payment terms	Subject to the annual caps below, service fees are payable by the PKU Resources Group to the Company once every financial year, charged at 1% of the Sales Contracts Amount generated by the PKU Resources Group for the same financial period.

Annual Caps

Historical Transaction Amounts and Proposed Caps

The historical figures, the historical annual caps in respect of the Master Entrusted Management and Consultancy Agreement and the proposed annual caps in respect of the New Technical Support Services Agreement are as follows:

	Year ended 31 December 2016	Year ended 31 December 2017	Year ending 31 December 2018	Year ending 31 December 2019	Year ending 31 December 2020
Historical figures					
<i>RMB million</i>	18.76	37.65	N/A	N/A	N/A
<i>HK\$ million</i> <i>(approximately)</i>	22.98	46.12	N/A	N/A	N/A
Historical annual caps					
<i>RMB million</i>	40.00	40.00	N/A	N/A	N/A
<i>HK\$ million</i> <i>(approximately)</i>	49.00	49.00	N/A	N/A	N/A
Proposed annual caps					
<i>RMB million</i>	N/A	N/A	150.00	200.00	220.00
<i>HK\$ million</i> <i>(approximately)</i>	N/A	N/A	183.75	245.00	269.50

The scope of the Services of the New Technical Support Services Agreement is similar to that of the Master Entrusted Management and Consultancy Agreement. The major difference between the Master Entrusted Management and Consultancy Agreement and the New Technical Support Services Agreement is that under Master Entrusted Management and Consultancy Agreement, the services fees are payable by the PKU Resources Group to the Company once every financial year charged at 1% of the Sales Receipt, while under the New Technical Support Services Agreement, the service fees are payable by the PKU Resources Group to the Company once every financial year, charged at 1% of the Sales Contracts Amount generated by the PKU Resources Group for the same financial period. The reason for change of basis is that charging service fees at an earlier stage of sales contracts could better match with efforts made by the Group.

The proposed annual caps are determined with reference to the following: (i) the sales floor area and sales amount of the existing property development projects of PKU Resources Group, comprising mainly residential and commercial properties in Nanchang, Chengdu, Guangzhou, Guiyang, Hangzhou, Nanjing, Yichang, Kunming, Yancheng and Chongqing to be offered for sale from 2018 to 2020; (ii) the sales floor area and sales amount of the estimated property development projects of PKU Resources Group, mainly feature towns in Zhangzhou, Tai'an

and others, which is expected to be sold in coming few years; and (iii) the estimated trend of the PRC property market prices for the years from 2018 to 2020 having taken into account the historical price and increment. The proposed annual caps for the three years ending 31 December 2018 to 2020 increased by more than 100% as compared to the historical annual caps for the year ending 31 December 2017 due to estimated increase in number of property development projects of PKU Resources Group.

Reasons and benefits of the New Technical Support Services Agreement

In an effort to integrate property development projects from PKU Resources Group into the Group and minimise competition between the Company and its controlling shareholders, the New Technical Support Services Agreement offers an opportunity for the Group to participate in the property development projects of PKU Resources Group. In addition, the technical support service is a less risky option for the Group to take part in property development projects without the need to incur additional costs and time involved in due diligence exercise. The Group will also benefit from such an arrangement in terms of additional revenue stream and economies of scale which would maximise cost efficiency and management effectiveness. Further, it will provide a platform for the Group to build a strong and experienced management team to operate its new property development projects and make full use of existing resources.

For the reasons stated above, the Directors (including the independent non-executive Directors) are of the view that transactions under the New Technical Support Services Agreement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the shareholders as a whole. As Mr. Zeng Gang, Ms. Sun Min and Mr. Ma Jian Bin are concurrently serving as directors of PKU Resources Group, they have abstained from voting on the resolution considering the New Technical Support Services Agreement at the Board meeting of the Company. Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the New Technical Support Services Agreement.

INFORMATION OF THE PARTIES

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

PKU Resources Group is a comprehensive real estate holding group specialised in real estate development, educational investment, commercial real estate operation, and property operation and management.

LISTING RULES IMPLICATIONS

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As one of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the transactions contemplated under the New Technical Support Services Agreement, on an annual basis, exceeds 5% and the annual caps for the above transactions exceed HK\$10,000,000, the transactions contemplated under the New Technical Support Services Agreement constitute non-exempt continuing connected transactions for the Company and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The Company will despatch to its shareholders a circular containing further details of the New Technical Support Services Agreement, the letters from the independent board committee and the Independent Financial Adviser, and a notice convening the SGM on or before 29 June 2018 in accordance with the Listing Rules. Founder Information will abstain from voting at the SGM in respect of the relevant resolutions.

DEFINITIONS

Unless otherwise defined, the capitalised terms used in this announcement have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Peking University Resources (Holdings) Company Limited (北大資源 (控股) 有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange under the stock code 00618
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company

“Effective Date”	the effective date of the New Technical Support Services Agreement, which is upon the duly execution of the New Technical Support Services Agreement by PKU Resources Group and the Company as well as the approval of the New Technical Support Services Agreement by the SGM
“Founder Information”	Founder Information (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the independent board committee and the Independent Shareholders in relation to the New Technical Support Services Agreement (including its annual caps for the three years ending 31 December 2020)
“Independent Shareholders”	the shareholders of the Company other than Founder Information
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Main Board”	the stock exchange (excluding the option market) operated by The Stock Exchange of Hong Kong Limited, which is independent from and operated in parallel with the GEM of the Stock Exchange
“Master Entrusted Management and Consultancy Agreement”	the master entrusted management and consultancy agreement dated 27 August 2015 entered into between the Company and PKU Resources Group
“New Technical Support Services Agreement”	the technical support services agreement dated 7 June 2018 entered into between the Company and PKU Resources Group

“Previous SGM”	the special general meeting of the Company held on 31 August 2017
“PKU Resources Group”	北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Contracts Amount”	the aggregate amount of sales contracts in relation to sale of units (including any pre-sale and completed units) under property development projects
“Sales Receipt”	the aggregate amount of any deposit, down payment, mortgage amount and other amounts received in relation to sale of units (including any pre-sale and completed units) under property development projects
“Services”	the management and consultancy services on various matters to be provided by the Company to the PKU Resources Group under the New Technical Support Services Agreement, including (i) planning and design; (ii) quality control and management; (iii) cost management; (iv) project development, construction and operation management; (v) safety production and management; and (vi) other services, as required in the project development, construction, operation and management of property development projects of the PKU Resources Group
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve, if thought fit, the New Technical Support Services Agreement (including its annual caps for the three years ending 31 December 2020)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules

“Technical Support Services Agreement”

the technical support services agreement dated 21 July 2017 entered into between the Company and PKU Resources Group

By order of the Board of
Peking University Resources (Holdings) Company Limited
Cheung Shuen Lung
Chairman

Hong Kong, 7 June 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. Ma Jian Bin, Ms. Liao Hang and Mr. Zheng Fu Shuang, and independent non-executive Directors of Mr. Li Fat Chung, Ms. Wong Lam Kit Yee and Mr. Chan Chung Kik, Lewis.

For illustrative purposes only, RMB is converted into HK\$ at an exchange rate of RMB1.00=HK\$1.225 in this announcement.

* *For identification purpose only*