Peking University Resources (Holdings) Company Limited
北大資源(控股)有限公司

(Incorporated in Bermuda with limited liability)
(Stock code: 00618)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Board") of Peking University Resources (Holdings) Company Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017. This condensed consolidated interim financial information has not been audited, but has been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

		For the six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Restated)
REVENUE	3	**6,893,064**	5,175,744
Cost of sales		**(5,971,843)**	(4,696,929)
Gross profit		**921,221**	478,815
Other income and gains	4	**54,453**	50,778
Selling and distribution expenses		**(187,337)**	(180,205)
Administrative expenses		**(210,647)**	(154,393)
Other expenses and losses, net		**(6,630)**	(5,978)
Finance costs	5	**(85,495)**	(28,438)
Share of loss of an associate		**(1,782)**	(1,086)

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Restated)
PROFIT BEFORE TAX	6	**483,783**	159,493
Income tax expense	7	**(130,067)**	(73,001)
PROFIT FOR THE PERIOD		**353,716**	86,492
Attributable to:			
Owners of the parent		**205,863**	68,933
Non-controlling interests		**147,853**	17,559
		353,716	86,492
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**RMB3.21 cents**	RMB1.15 cents
Diluted		**RMB3.21 cents**	RMB1.07 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
PROFIT FOR THE PERIOD	**353,716**	86,492
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,916**	19,395
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**1,916**	19,395
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**355,632**	105,887
Attributable to:		
Owners of the parent	**207,758**	88,845
Non-controlling interests	**147,874**	17,042
	355,632	105,887

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	**30 June 2018 *RMB'000* (Unaudited)**	31 December 2017 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**92,840**	109,172
Investment properties		**715,343**	715,343
Prepaid land lease payments		**11,413**	11,609
Other intangible assets		**7,564**	1,076
Investment in an associate		**5,313**	7,093
Deferred tax assets		**38,705**	–
Total non-current assets		**871,178**	844,293
CURRENT ASSETS			
Properties under development		**28,369,336**	29,844,496
Properties held for sale		**9,180,820**	5,723,850
Inventories		**632,644**	525,197
Right of return assets		**9,558**	–
Trade and bills receivables	9	**1,294,008**	1,233,939
Prepayments, deposits and other receivables		**4,398,846**	1,983,981
Prepaid tax		**851,026**	645,908
Restricted cash		**1,985,245**	2,468,704
Cash and cash equivalents		**2,334,141**	3,835,855
Assets held for sale		**592,856**	–
Total current assets		**49,648,480**	46,261,930
CURRENT LIABILITIES			
Trade and bills payables	10	**3,451,749**	3,728,007
Contract liabilities		**21,218,565**	–
Refund liabilities		**9,822**	–
Other payables and accruals		**3,677,310**	20,045,881
Interest-bearing bank and other borrowings		**15,245,430**	18,127,086
Tax payable		**618,267**	694,363
Total current liabilities		**44,221,143**	42,595,337
NET CURRENT ASSETS		**5,427,337**	3,666,593
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,298,515**	4,510,886

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,298,515**	4,510,886
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**3,555,310**	2,123,071
Deferred tax liabilities	**162,062**	162,304
Total non-current liabilities	**3,717,372**	2,285,375
Net assets	**2,581,143**	2,225,511
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**545,335**	545,335
Reserves	**1,638,671**	1,430,913
	2,184,006	1,976,248
Non-controlling interests	**397,137**	249,263
Total equity	**2,581,143**	2,225,511

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2018

1. CORPORATE INFORMATION

Peking University Resources (Holdings) Company Limited 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 period, 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 30 June 2018, the Company was owned as to approximately 60.01% 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").

* *For identification purposes only*

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2018 is prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting*.

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

2.2. Change in presentation currency

The condensed consolidated interim financial information of the Group has been presented in Hong Kong dollar ("HK$"). Having considered that (i) most of the Group's transactions are denominated and settled in Renminbi ("RMB"); and (ii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of HK$ against RMB, which is not due to the operations and beyond the control of the Group, on the consolidated financial information 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 information.

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*.

The following methodology was used to re-present the comparative figures as at 1 January 2017 and for the period ended 30 June 2017, 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 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 2017	HK$1 = RMB
Average rate	0.8667
Closing rate	0.8375
Period ended 30 June 2017	HK$1 = RMB
Average rate	0.8825
Closing rate	0.8726
Year ended 31 December 2016	HK$1 = RMB
Average rate	0.8585
Closing rate	0.8929

The change in presentation currency mainly impacted the carrying amount of exchange fluctuation reserve, changing it from HK$213,799,000 and HK$156,849,000 to RMB100,096,000 and RMB80,184,000 as at 1 January 2017 and 30 June 2017, respectively.

2.3. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs") that are adopted for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The adoption of the above revised HKFRSs, except HKFRS 15, had no significant impact on the Group's condensed consolidated interim financial information.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 *Revenue from Contracts with Customer* supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption. The effect of adopting HKFRS 15 is, as follows:

(a) Sale of goods

The Group's contracts with customers for the sale of information products generally include one performance obligation. The Group has concluded that revenue from sale of products should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Therefore, the adoption of HKFRS 15 did not have an impact on the timing of revenue recognition. However, the amount of revenue to be recognised was affected.

Some contracts for the sale of products provide customers with a right of return. Prior to the adoption of HKFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved.

Under HKFRS 15, rights of return give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under HKFRS 15.

Under HKFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in HKFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Group presents a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. Upon adoption of HKFRS 15, the Group reclassified the provision for the right of return from trade and other payables to refund liabilities and the related return asset from inventories to right of return assets.

(b) Sale of properties

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

(c) Advances received from customers

Generally, the Group receives short-term advances from its customers. However, from time to time, the Group also receives long-term advances from customers. Prior to the adoption of HKFRS 15, the Group presented these advances as other payables and accruals in the statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy.

Upon the adoption of HKFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or property and when the Group transfers that promised good or property to the customer will be one year or less.

Meanwhile, the Group pre-sells some properties at least one year before the delivery of properties. The Group concluded that there is a significant financing component for those property purchase contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the delivery of property to the customer and the prevailing interest rates in the market. The transaction price for such contracts is discounted to take into consideration the significant financing component. Upon adoption of HKFRS 15, the Group recognised contract liabilities for the interest on the advances received from customers with a significant financing component and capitalised this in properties under development. In addition, reclassifications have been made from other payables and accruals to contract liabilities for the outstanding balance of advances from customers.

(d) ***Presentation and disclosure requirements***

As required for the condensed interim financial information, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment as follows:

	For the six months ended 30 June 2018 *RMB'000* (Unaudited)
Type of revenue	
Sale of goods	3,368,670
Sale of properties	3,508,438
Gross rental income	15,956
Total revenue from contracts with customers	6,893,064
Geographical markets	
Mainland China	6,820,914
Hong Kong	72,150
Total revenue from contracts with customers	6,893,064
Timing of revenue recognition	
Goods transferred at a point in time	6,893,064

Impact on the statement of financial position (increase/(decrease)) as at 31 December 2017:

	RMB'000
Assets	
Properties under development	733,352
Properties held for sales	63,361
Total current assets	796,713
Total assets	796,713
Liabilities	
Contract liabilities	16,819,725
Other payables and accruals	(16,023,012)
Total current liabilities	796,713
Total liabilities	796,713

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/loss, 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, deferred tax assets 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.

For the six months ended 30 June

	Distribution of information products		Property development		Property investment		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	(Unaudited)	(Restated)	**(Unaudited)**	(Restated)	**(Unaudited)**	(Restated)	**(Unaudited)**	(Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Segment revenue								
Sales to external customers	**3,368,670**	3,208,910	**3,508,438**	1,959,784	**15,956**	7,050	**6,893,064**	5,175,744
Segment results	**38,213**	47,603	**533,784**	153,103	**9,554**	2,922	**581,551**	203,628
Reconciliation:								
Interest income							**24,142**	6,654
Corporate and unallocated expenses							**(36,415)**	(22,351)
Finance costs							**(85,495)**	(28,438)
Profit before tax							**483,783**	159,493

Geographic information

(a) ***Revenue from external customers***

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Mainland China	6,820,914	5,148,780
Hong Kong	72,150	26,964
	6,893,064	5,175,744

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

(b) ***Non-current assets***

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**673,820**	837,200
Hong Kong	**158,653**	7,093
	832,473	844,293

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

Information about a major customer

During the period, there was no revenue from sales to an external customer which accounted for 10% or more of the Group's total revenue (six months ended 30 June 2017: Nil).

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Other income		
Interest income	**24,142**	6,654
Management and consultancy service fee income	**25,555**	18,387
Government grants*	**–**	15,147
Others	**4,282**	2,481
	53,979	42,669
Gains		
Foreign exchange differences, net	**474**	8,109
	54,453	50,778

* Government grants were granted to support the Company's subsidiaries in certain provinces in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Interest on bank loans	**61,801**	84,973
Interest on other loans	**1,067,609**	663,170
Interest on loans from related companies#	**89,705**	289,687
Interest on discounted bills	**7,992**	3,555
Total interest expenses	**1,227,107**	1,041,385
Less: Interest capitalised	**(1,141,612)**	(1,012,947)
	85,495	28,438

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Depreciation and amortisation	**8,822**	10,779
Impairment of trade receivables	**989**	5,335
Impairment of prepayments, deposits and other receivables	**–**	633
Provision for obsolete inventories	**10,714**	4,577
Impairment/(reversal of impairment) of properties under development	**8,650**	(18,806)
Reversal of impairment of properties held for sale, net	**(13,154)**	(38,665)
Loss on disposal of items of property, plant and equipment	**5,663**	11

7. INCOME TAX

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Current		
Hong Kong profits tax	**561**	–
PRC corporate income tax	**91,396**	52,480
PRC land appreciation tax	**77,066**	28,815
	169,023	81,295
Deferred	**(38,956)**	(8,294)
Total tax recognised for the period	**130,067**	73,001

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

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2017: 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税暫行條例) 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税暫行條例實施細則) 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 PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB205,863,000 (six months ended 30 June 2017: RMB68,933,000), and the weighted average number of ordinary shares of 6,416,155,647 (six months ended 30 June 2017: 5,988,248,671) in issue during the period.

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

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**205,863**	68,933

	Number of shares For the six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	**6,416,155,647**	5,988,248,671
Effect of dilution – weighted average number of ordinary shares: Convertible bonds classified as equity	**–**	427,906,976
	6,416,155,647	6,416,155,647

9. TRADE AND BILLS RECEIVABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Trade receivables	**1,131,663**	1,097,940
Bills receivable	**181,033**	153,698
	1,312,696	1,251,638
Impairment	**(18,688)**	(17,699)
	1,294,008	1,233,939

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

An ageing 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:

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Within 6 months	**1,181,668**	1,166,990
7 to 12 months	**26,904**	12,386
13 to 24 months	**85,436**	54,563
	1,294,008	1,233,939

As at 30 June 2018, certain of the Group's bills receivable with an aggregate carrying amount of approximately RMB92,987,000 (31 December 2017: Nil) were pledged to banks to secure certain of the Group's bills payable.

As at 30 June 2018, included in the Group's trade and bills receivables are amounts due from fellow subsidiaries of approximately RMB70,802,000 (31 December 2017: RMB73,567,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

10. TRADE AND BILLS PAYABLES

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Trade payables	**3,309,657**	3,493,493
Bills payable	**142,092**	234,514
	3,451,749	3,728,007

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

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Within 6 months	**3,336,366**	3,631,682
Over 6 months	**115,383**	96,325
	3,451,749	3,728,007

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

As at 30 June 2018, included in the Group's trade and bills payables are amounts due to fellow subsidiaries of approximately RMB15,048,000 (31 December 2017: RMB24,490,000), which are repayable on credit terms similar to those offered by the Group to their major suppliers.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2018, China was facing with more unfavorable factors generating from external economic environment in light of the continuous sluggish recovery for global economy, the slowdown in the growth of major economies and gradually tightening monetary policies, as well as the revival of trade protectionism. Despite of the complex international circumstance, the economy of the PRC was able to maintain a steady growth and good momentum. In the first half of 2018, GDP growth reached 6.8%, and the safeguards for financial risks and supply-side reforms had been effectively promoted.

In the real estate industry, market momentum was still maintained whether from the aspects of marco policies or market data performance. At the policy level, both the state and local governments had proactively launched effective controlling measures. By now, more than 200 real estate controlling measures have been issued nationwide, which tend to be more diversified in terms of manner and are more featured with the "different policies for different cities" and the categorised regulation. Subsequently, the house prices in each major city in China were generally stable. At the market data level, the sales area of commodity housing from January to June 2018 amounted to 771.43 million sq.m., representing a year-on-year growth of 3.3%, which was down by 4.9% as compared to the growth rate for the full year of 2017. While the sales of commodity housing amounted to RMB6.6945 trillion, representing a year-on-year growth of 13.2%, which was down by 0.5% as compared to the growth rate for the full year of 2017. At the financial support level, the overall monetary and credit conditions in China were getting tough, while both the demand and supply channels of real estate was tightening. Against the backdrop of stringent control measures, the sales area for new houses in the market of major cities continued to shrink. Among the cities of various tiers, the first-tier cities took a lead in the reduction of sales area for new houses, and the third- and forth-tier cities also recorded certain decrease, with the absolute scale being at a historically high level.

OVERALL PERFORMANCE

The Group reported a profit for the six months ended 30 June 2018 of approximately RMB353.7 million (six months ended 30 June 2017: RMB86.5 million). The Group's revenue for the current interim period has increased by 33.2% to approximately RMB6,893.1 million (six months ended 30 June 2017: RMB5,175.7 million) as a result of increase in area of properties sold in property development business. The Group's gross profit has increased by 92.4% to approximately RMB921.2 million (six months ended 30 June 2017: RMB478.8 million). The gross profit margin increased from last interim period's 9.3% to current interim period's 13.4% due to increase in proportion of property development business with higher gross profit margin. Total selling and distribution expenses and administrative expenses for the current interim period have increased by 18.9% to approximately RMB398.0 million (six months ended 30 June 2017: RMB334.6 million).

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

a. an increase in gross profit by 92.4% to approximately RMB921.2 million (six months ended 30 June 2017: RMB478.8 million) as a result of increase in proportion of property development business with higher profit margin;

b. an increase in selling and distribution expenses and administrative expenses by 18.9% to approximately RMB398.0 million (six months ended 30 June 2017: RMB334.6 million) as attributable to the expansion of the property development business;

c. an increase in finance cost by approximately RMB57.1 million to RMB85.5 million (six months ended 30 June 2017: RMB28.4 million) as a result of increase in average bank borrowings for the property development business; and

d. an increase in income tax expenses by 78.2% to approximately RMB130.1 million (six months ended 30 June 2017: RMB73.0 million) as a result of increase in corporate income tax and land appreciation tax in the PRC during the current interim period.

Basic and diluted earnings per share attributable to equity holders of the Company for the current interim period were RMB3.21 cents (six months ended 30 June 2017: RMB1.15 cents) and RMB3.21 cents (six months ended 30 June 2017: RMB1.07 cents), respectively.

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the property development business of the Group for the current interim period increased by 79.0% to approximately RMB3,508.4 million (six months ended 30 June 2017: RMB1,959.8 million). The segment results recorded a profit of approximately RMB533.8 million (six months ended 30 June 2017: RMB153.1 million). The significant improvement of segment turnover and segment results was primarily attributable to the substantial increase in areas of properties sold and sustained improvement of gross profit margin as compared to the corresponding period last year.

On 13 April 2018, Chongqing Peking University Resources Investment Co., Ltd. (重慶北大資源投資有限公司) and Chongqing Yingfeng Property Co., Ltd. (重慶盈豐地產有限公司), each an indirect wholly-owned subsidiary of the Company, won a successful bid for the land use rights to a land offered for sale in Chongqing at a total consideration of RMB1.28 billion (equivalent to approximately HK$1,597 million).

As at 30 June 2018, the Group had a total of 28 property development projects in 14 cities across Mainland China. There were aggregately 22 projects on sale. As at 30 June 2018, the total gross floor area (the "GFA") of the land reserves of the Group amounted to approximately 6,609,100 sq.m..

The Group will further focus on the regional property development while expanding the reserve of asset-light projects including but not limited to projects with minority interests and entrusted development and construction projects. In the second half of the year, the Group will identify opportunities to expand into cities and suburbs with great potential for development, large population and solid industry foundation to drive the development of asset-light operating model.

Contracted Sales

In the first half of 2018, the Group promoted its property development business as scheduled. As at 30 June 2018, there were 28 projects of 7,465,000 sq.m. under construction. During the period from January to June 2018, the Group had 22 projects on sale. Contracted sales of properties and contracted GFA amounted to approximately RMB7,587 million and 670,127 sq.m., respectively, with an average selling price of RMB11,322 per sq.m.. The average price of contracted sales increased by 9.0% as compared to the corresponding period last year. Contracted sales were mainly from property projects including Kunshan Jiujinyihe, Guiyang Dream City, Chongqing Yuelai, Chongqing Yannan, Ezhou Lianhujincheng and Chengdu Yiheyajun.

Project List

At 30 June 2018

City	Name of project	Planned gross floor area *(sq. m.)*
Tianjin	PKU Resources • Yuefu	235,720
	PKU Resources • Yuecheng	317,800
Kaifeng	PKU Resources • Wei Ming Mansion	332,080
	PKU Resources • Block C, Wei Ming Mansion (Kaifeng 39 mu)	74,931
Kunshan	PKU Resources • Jiujinyihe	736,634
Ezhou	PKU Resources • Lianhu Jincheng	820,000
Wuhan	PKU Resources • Shanshuinianhua	275,717
	Founder International Finance Building (Zhongbei Road Project)	138,000
Changsha	PKU Resources • Time	131,452
	PKU Resources • Ideal Home	189,859
Zhuzhou	PKU Resources • Emerald Park	552,886
Chengdu	PKU Resources • Yannan International	381,086
	PKU Resources • Xishanyue	129,993
	PKU Resources • Yihe Yajun	208,487
	PKU Resources • Park 1898	229,179
	PKU Resources • Yihe Emerald Mansion	219,039
	Boya Life Plaza (Xinchuan Science & Technology Park 35 mu Project)	104,360
Chongqing	PKU Resources • Jiangshan Mingmen	528,775
	PKU Resources • Zijing Manshion (Chayuan 155 mu)	154,020
	PKU Resources • Yannan	552,026
	PKU Resources • Boya	364,874
	PKU Resources • Yuelai	293,380
Foshan	PKU Resources • Boya Binjiang	697,502
Dongguan	Gongguan 1898 (Zhangmutou Project)	23,926
	Park 1898 (Huangjiang Project)	135,763
Guiyang	PKU Resources • Dream City	780,190
Kunming	PKU Resources • Botai City	272,286
Hangzhou	PKU Resources • Wei Ming Mansion	178,901

Property Investment

The turnover of property investment business increased by 126.3% to approximately RMB16.0 million (six months ended 30 June 2017: RMB7.1 million). The segment results recorded a profit of approximately RMB9.6 million (six months ended 30 June 2017: RMB2.9 million). The increase in segment revenue and segment results was mainly attributed to the increase in rented floor area and the increase in average unit value of properties as a result of the improvement in infrastructure during the current interim period.

Distribution Business

Distribution of Information Products

The distribution business of the Group recorded a turnover of approximately RMB3,368.7 million representing a slight increase of 5.0% as compared to last interim period (six months ended 30 June 2017: RMB3,208.9 million). The segment results recorded a profit of RMB38.2 million (six months ended 30 June 2017: RMB47.6 million). The decline in segment results was due to decline in gross profit margin as a result of intense market competition.

The distribution business of the Group is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec, 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 and Dell. The increase in turnover during the current interim period is mainly attributable to launch of new products of existing and new product lines during the current interim period. As the business environment in the PRC is becoming more competitive and the unfavorable factors arising from the macro-control policies, the management of the Group will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business.

PROSPECTS

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

Real Estate Business

In the second half of 2018, real estate business is expected to be further challenged by more stringent control policies. Effect of traditional financing channels, which is to achieve space for fund release are restricted against the backdrop of prudent monetary policies. Positive fiscal policies and tax-cut and fee-reduction policies on advanced industries will bring new opportunity to industry upgrade and city-industry integration.

Therefore, the Group will focus on the co-development of asset-light and asset-heavy projects, further improve the proportion of asset-light business and entrusted construction business and deem anti-financial risk and industry periodical risk, minimising debt-to-assets ratio and improve current ratio as its general strategies under current situation.

In connection with city-industry integration, the Group will adhere to the strategy of "One Body, Two Wings and Three Cores". Through both vertical and horizontal development to continuously enhance its resource advantage, the Group aims to create a top-notch platform of production, study and research. Meanwhile, playing as a bridge connecting resource and industry, the Group will be engaged in the development of regional market in core city groups to inject new momentum for industry upgrade and regional development.

Distribution Business

The Distribution Business will continuously refine its product structure to avoid product overlapping and minimise market risks. 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 management, put stringent control over working capital including trade receivables and payables and strengthen inventory and cost management. The Group will continue to seek cooperation with other international information products suppliers and identify investment opportunities.

EMPLOYEE

The Group has developed human resources policies and procedures based on the performance and merits of its employees. The Group ensures that the pay level of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. The Group operates share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the current interim period. The Group has approximately 1,502 employees as at 30 June 2018 (31 December 2017: 1,435).

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the current interim period, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and the PRC. As at 30 June 2018, the Group had approximately RMB18,800.7 million interest-bearing bank and other borrowings (31 December 2017: RMB20,250.2 million), of which approximately RMB520.0 million (31 December 2017: RMB569.5 million) were floating interest bearing and RMB18,280.7 million (31 December 2017: RMB19,680.7 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 Founder, Interest-bearing bank and other borrowings are denominated in RMB and United States Dollars ("U.S. dollars"), of which RMB15,245.4 million (31 December 2017: RMB18,127.1 million) were repayable within one year and RMB3,555.3 million (31 December 2017: RMB2,123.1 million) were repayable within two to five years. The Group's banking facilities were secured by corporate guarantee given by the Company, Peking Founder and PKU Resources, and certain of the properties under development, properties held for sale and bank deposits.

As at 30 June 2018, the Group recorded total assets of approximately RMB50,519.6 million (31 December 2017: RMB47,106.2 million) which were financed by liabilities of approximately RMB47,938.5 million (31 December 2017: RMB44,880.7 million), non-controlling interests of approximately RMB397.1 million (31 December 2017: RMB249.3 million) and equity attributable to owners of the parent of approximately RMB2,184.0 million (31 December 2017: RMB1,976.2 million). The increase in equity was attributable to profit for the current interim period.

The Group's net asset value per share as at 30 June 2018 was RMB0.40 (31 December 2017: RMB0.35). The increase in net asset value per share was attributable to profit for the current interim period.

The Group had total cash and cash equivalents and restricted cash of approximately RMB4,319.4 million as at 30 June 2018 (31 December 2017: RMB6,304.6 million). As at 30 June 2018, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 7.3 (31 December 2017: 9.1) while the Group's current ratio was 1.12 (31 December 2017: 1.09).

As at 30 June 2018, the capital commitments for contracted, but not provided for, properties under development were approximately RMB4,593.6 million (31 December 2017: RMB8,487.2 million).

Treasury policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in HK$, RMB and U.S. dollars. Surplus cash is generally placed in short term deposits denominated in HK$, 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 HK$ 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 30 June 2018 (31 December 2017: 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.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group had no acquisition or disposal of subsidiaries, associates and joint ventures for the six months ended 30 June 2018.

Charges on assets

As at 30 June 2018, the Group's properties under development of approximately RMB13,611.0 million, properties held for sale of approximately RMB125.3 million and bank deposits of approximately RMB1,985.2 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 30 June 2018, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB7,459.8 million (31 December 2017: RMB4,406.4 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 condensed consolidated financial information as at 30 June 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of its listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 June 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER

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

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's condensed consolidated interim financial information for the six months ended 30 June 2018, including the accounting principles adopted by the Group, with the Company's management.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The 2018 interim report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) 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
23 August 2018

As at the date of this announcement, the board of directors of the Company 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 the independent non-executive directors of Mr. Li Fat Chung, Ms. Wong Lam Kit Yee and Mr. Chan Chung Kik, Lewis.