北大资源
PKU RESOURCES

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

(Incorporated in Bermuda with limited liability)

(Stock code: 00618)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "Board") of Peking University Resources (Holdings) Company Limited (the "Company") is pleased to present the unaudited interim condensed consolidated financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019, together with the comparative figures for the corresponding period in 2018. This interim condensed consolidated financial information has not been audited, but has been reviewed by the audit committee of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2019

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Unaudited)
REVENUE	5	**8,587,144**	6,893,064
Cost of sales		**(7,021,437)**	(5,971,843)
Gross profit		**1,565,707**	921,221
Other income and gains	6	**128,720**	54,453
Selling and distribution expenses		**(194,056)**	(187,337)
Administrative expenses		**(255,097)**	(210,647)
Other expenses and losses, net		**(18,083)**	(6,630)
Finance costs	7	**(58,364)**	(85,495)
Share of losses of associates		**(846)**	(1,782)

	Notes	**2019** ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Unaudited)
PROFIT BEFORE TAX	8	**1,167,981**	483,783
Income tax expense	9	**(741,318)**	(130,067)
PROFIT FOR THE PERIOD		**426,663**	353,716
Attributable to:			
Owners of the parent		**129,076**	205,863
Non-controlling interests		**297,587**	147,853
		426,663	353,716
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted		**RMB2.01 cents**	RMB3.21 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**426,663**	353,716
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	**(6,490)**	1,916
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(6,490)**	1,916
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**420,173**	355,632
Attributable to:		
Owners of the parent	**122,572**	207,758
Non-controlling interests	**297,601**	147,874
	420,173	355,632

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	**30 June 2019 *RMB'000* (Unaudited)**	31 December 2018 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**93,231**	89,907
Investment properties		**750,851**	750,851
Right-of-use assets		**23,231**	–
Prepaid land lease payments		**–**	11,217
Goodwill		**–**	–
Other intangible assets		**7,764**	7,849
Investment in associates		**5,802**	6,648
Deferred tax assets		**328,733**	231,574
Other non-current assets		**50,000**	50,000
Total non-current assets		**1,259,612**	1,148,046
CURRENT ASSETS			
Properties under development		**26,982,893**	23,278,793
Properties held for sale		**7,258,795**	7,960,058
Inventories		**717,199**	532,635
Trade and bills receivables	11	**1,330,080**	1,193,440
Prepayments, other receivables and other assets		**2,902,131**	2,269,555
Prepaid tax		**656,715**	487,085
Other current assets		**315,219**	314,450
Restricted cash		**1,694,519**	1,574,545
Cash and cash equivalents		**5,262,410**	3,902,631
Total current assets		**47,119,961**	41,513,192
CURRENT LIABILITIES			
Trade and bills payables	12	**4,398,664**	4,294,818
Other payables and accruals		**21,856,742**	18,500,596
Dividend payable		**98,928**	–
Interest-bearing bank and other borrowings		**14,091,969**	10,140,002
Tax payable		**1,688,794**	1,375,860
Lease liabilities		**6,845**	–
Provision		**116,391**	116,308
Total current liabilities		**42,258,333**	34,427,584
NET CURRENT ASSETS		**4,861,628**	7,085,608
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,121,240**	8,233,654

	30 June 2019 *RMB'000* (Unaudited)	31 December 2018 *RMB'000* (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,121,240**	8,233,654
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**2,663,480**	5,091,990
Lease liabilities	**6,524**	–
Deferred tax liabilities	**125,301**	136,974
Total non-current liabilities	**2,795,305**	5,228,964
Net assets	**3,325,935**	3,004,690
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**545,335**	545,335
Reserves	**2,146,815**	2,123,171
	2,692,150	2,668,506
Non-controlling interests	**633,785**	336,184
Total equity	**3,325,935**	3,004,690

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2019

1. CORPORATE 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 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 2019, 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. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting*. The interim condensed consolidated 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 consolidated financial statements for the year ended 31 December 2018.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., copy machines); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *RMB'000* (Unaudited)
Assets	
Increase in right-of-use assets	24,690
Decrease in prepaid land lease payments	(11,217)
Decrease in prepayments, other receivables and other assets	(305)
Increase in total assets	13,168
Liabilities	
Increase in lease liabilities	13,168
Increase in total liabilities	13,168

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	RMB'000 (Unaudited)
Operating lease commitments as at 31 December 2018	27,870
Weighted average incremental borrowing rate as at 1 January 2019	7.54%
Discounted operating lease commitments as at 1 January 2019	25,998
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	12,830
Lease liabilities as at 1 January 2019	13,168

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for 'investment properties'.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movement during the period are as follows:

	Right-of-use assets			
	Buildings	**Land use rights**	**Total**	**Lease liabilities**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	**13,168**	**11,522**	**24,690**	**13,168**
Additions	**2,265**	**–**	**2,265**	**2,265**
Depreciation charge	**(3,528)**	**(196)**	**(3,724)**	**–**
Interest expense	**–**	**–**	**–**	**1,085**
Payments	**–**	**–**	**–**	**(3,149)**
As at 30 June 2019	**11,905**	**11,326**	**23,231**	**13,369**

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

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

(a) the distribution of information products segment sells information products;
(b) the property development segment sells properties; 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 and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2019

	Distribution of information products *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Property investment** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue *(note 5)*				
Sales to external customers	**3,929,899**	**4,644,914**	**12,331**	**8,587,144**
Other revenue	**5,239**	**35,707**	**–**	**40,946**
	3,935,138	**4,680,621**	**12,331**	**8,628,090**
Segment results	**(7,143)**	**1,197,585**	**5,577**	**1,196,019**
Reconciliation:				
Interest income				**87,774**
Corporate and unallocated expenses				**(57,448)**
Finance costs				**(58,364)**
Profit before tax				**1,167,981**

Six months ended 30 June 2018

	Distribution of information products *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Property investment *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 5)*				
Sales to external customers	3,368,670	3,508,438	15,956	6,893,064
Segment results	38,213	533,784	9,554	581,551
Reconciliation:				
Interest income				24,142
Corporate and unallocated expenses				(36,415)
Finance costs				(85,495)
Profit before tax				483,783

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2019 and 31 December 2018, respectively.

	Distribution of information products *RMB'000* (Unaudited)	**Property development** *RMB'000* (Unaudited)	**Property investment** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Segment assets				
30 June 2019	**7,004,845**	**37,336,847**	**175,684**	**44,517,376**
Reconciliation:				
Elimination of intersegment receivables				**(4,077,028)**
Corporate and other unallocated assets				**7,939,225**
Total assets				**48,379,573**
31 December 2018	3,949,062	33,871,442	618,450	38,438,954
Reconciliation:				
Elimination of intersegment receivables				(1,973,551)
Corporate and other unallocated assets				6,195,835
Total assets				42,661,238

	Distribution of information products RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment liabilities				
30 June 2019	**1,999,790**	**28,237,305**	**324,027**	**30,561,122**
Reconciliation:				
Elimination of intersegment payables				**(4,077,028)**
Corporate and other unallocated liabilities				**18,569,544**
Total liabilities				**45,053,638**
31 December 2018	1,849,377	22,765,097	270,799	24,885,273
Reconciliation:				
Elimination of intersegment payables				(1,973,551)
Corporate and other unallocated liabilities				16,744,826
Total liabilities				39,656,548

Geographic information

Revenue from external customers

	Distribution of information products RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the year ended 30 June 2019				
Mainland China	**3,894,025**	**4,644,914**	**11,092**	**8,550,031**
Hong Kong	**35,874**	**–**	**1,239**	**37,113**
	3,929,899	**4,644,914**	**12,331**	**8,587,144**
For the year ended 30 June 2018				
Mainland China	3,297,296	3,508,438	15,180	6,820,914
Hong Kong	71,374	–	776	72,150
	3,368,670	3,508,438	15,956	6,893,064

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of goods	**3,929,899**	3,368,670
Sales of properties	**4,644,914**	3,508,438
	8,574,813	6,877,108
Revenue from other sources		
Gross rental income	**12,331**	15,956
	8,587,144	6,893,064

6. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Interest income	**87,774**	24,142
Management and consultancy service fee income	**26,756**	25,555
Government grants*	**1,580**	–
Others	**10,074**	4,282
	126,184	53,979
Gains		
Foreign exchange differences, net	**2,536**	474
	128,720	54,453

* Various government grants have been received for investments in certain regions in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank and other loans	**744,670**	696,338
Interest on loans from related companies[#]	**490,173**	89,705
Interest expense arising from revenue contracts	**607,681**	433,072
Interest expense arising from lease contracts	**1,085**	–
Interest on discounted bills	**6,027**	7,992
Total interest expenses	**1,849,636**	1,227,107
Less: Interest capitalised	**(1,791,272)**	(1,141,612)
	58,364	85,495

[#] 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*

8. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**3,790,589**	3,275,808
Cost of properties sold	**3,232,809**	2,689,825
Provision against inventories	**30,196**	10,714
Impairment of properties under development, net	**10,083**	8,650
Reversal of impairment of properties held for sale, net	**(42,240)**	(13,154)
Cost of sales	**7,021,437**	5,971,843
Depreciation and amortisation	**10,522**	8,822
Impairment of financial assets:		
Impairment of trade receivables*	**5,841**	967
Impairment of financial assets included in prepayments, other receivables and other assets*	**11,764**	–
Loss on disposal of items of property, plant and equipment*	**27**	5,663
Claim provision*	**451**	–

* These items are included in "Other expenses and losses, net" in the interim condensed consolidated statement of profit or loss.

9. INCOME TAX

	For the six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong		
Charge for the period	**–**	561
Current – Mainland China		
Charge for the period	**441,626**	91,396
PRC LAT	**408,524**	77,066
	850,150	169,023
Deferred	**(108,832)**	(38,956)
Total tax recognised for the period	**741,318**	130,067

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated 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% (2018: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

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

10. 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 RMB129,076,000 (six months ended 30 June 2018: RMB205,863,000), and the weighted average number of ordinary shares of 6,416,155,647 (six months ended 30 June 2018: 6,416,155,647) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period (six months ended 30 June 2018: Nil).

11. TRADE AND BILLS RECEIVABLES

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Trade receivables	**1,347,047**	1,158,581
Bills receivable	**59,612**	105,597
	1,406,659	1,264,178
Impairment	**(76,579)**	(70,738)
	1,330,080	1,193,440

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 trade receivables as at the end of the reporting period, based on the invoice date and/or bills receipt date and net of loss allowance, is as follows:

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Within 6 months	**1,256,804**	1,117,683
7 to 12 months	**23,090**	19,920
13 to 24 months	**26,721**	38,394
Over 24 months	**23,465**	17,443
	1,330,080	1,193,440

As at 30 June 2019, included in the Group's trade and bills receivables are amounts due from fellow subsidiaries of approximately RMB79,508,000 (31 December 2018: RMB60,997,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

12. TRADE AND BILLS PAYABLES

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Trade payables	**4,200,858**	4,091,999
Bills payable	**197,806**	202,819
	4,398,664	4,294,818

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

	30 June 2019 *RMB'000* **(Unaudited)**	31 December 2018 *RMB'000* (Audited)
Within 6 months	**4,125,809**	4,171,701
Over 6 months	**272,855**	123,117
	4,398,664	4,294,818

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

As at 30 June 2019, included in the Group's trade and bills payables are amounts due to fellow subsidiaries of approximately RMB52,954,000 (31 December 2018: RMB15,048,000), 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 2019 (six months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2019, China was facing more unfavorable factors and uncertainties from external political and economic environment with slowdown of global economic growth, tightened liquidity, growing trend of deglobalization and intensified trade friction. Under such complex international environment, the People's Republic of China adopted the response strategy of "making progress with steady growth" and proposed the development requirements of "steady growth in employment, financial, foreign trade, foreign capital, investment and expectation". In the first half of the year, the year-on-year GDP growth was 6.3% and major macroeconomic indicators were operating within a reasonable range, achieving steady growth as expected.

In the real estate industry, more than 250 real estate controlling measures have been issued nationwide in the first half of 2019, approximately 50 of which were issued in June alone, demonstrating more frequent introduction of controlling measures as compared to prior years with the measures covering various aspects such as market regulation, talent introduction, land and financing. Moreover, central and local governments have implemented the policy of "houses are for living, not for speculation", reflecting high consistency and synergy in terms of policy implementation.

Against the backdrop of stringent control measures, the real estate industry placed emphasis on stability during the first half of the year. At the market data level, the sales area of commodity housing from January to June 2019 amounted to 757.86 million square meters, representing a year-on-year decrease of 1.8%, which was down by 3.1 percentage points as compared to the growth rate for the full year of 2018. While the sales of commodity housing amounted to RMB7.0698 trillion, representing a year-on-year growth of 5.6%, which was down by 6.6 percentage points as compared to the growth rate for the full year of 2018. At the financial support level, the financial channels on both demand and supply sides were tightening and the capital inflow of the real estate sector was shrinking. Overall, the growth of real estate market has slowed down during the first half of the year and is expected to become more rational, maintaining a stable and positive development as a whole.

OVERALL PERFORMANCE

The Group reported a profit for the six months ended 30 June 2019 of approximately RMB426.7 million (six months ended 30 June 2018: RMB353.7 million). The Group's revenue for the current interim period has increased by 24.6% to approximately RMB8,587.1 million (six months ended 30 June 2018: RMB6,893.1 million) as a result of increase in area of properties sold in property development business. The Group's gross profit has increased by 70.0% to approximately RMB1,565.7 million (six months ended 30 June 2018: RMB921.2 million). The gross profit margin increased from last interim period's 13.4% to current interim period's 18.2% 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 12.9% to approximately RMB449.2 million (six months ended 30 June 2018: RMB398.0 million).

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

a. an increase in gross profit by 70.0% to approximately RMB1,565.7 million (six months ended 30 June 2018: RMB921.2 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 12.9% to approximately RMB449.2 million (six months ended 30 June 2018: RMB398.0 million) attributable to the expansion of the property development business;

c. a decrease in finance costs by 31.7% to RMB58.4 million (six months ended 30 June 2018: RMB85.5 million) as a result of decrease in bank borrowings of those subsidiaries with their property development projects completed during the current interim period; and

d. an increase in income tax expenses by RMB611.3 million to approximately RMB741.3 million (six months ended 30 June 2018: RMB130.1 million) as a result of increase in corporate income tax and land appreciation tax in the PRC during the current interim period.

Due to the impact of shareholding structure of subsidiaries which recognised the completion of projects during the current interim period, the profit attributable to the owners of the parents and non-controlling interests of the Group for the six months ended 30 June 2019 are approximately RMB129.1 million (six months ended 30 June 2018: RMB205.9 million) and RMB297.6 million (six months ended 30 June 2018: RMB147.9 million) respectively.

Basic and diluted earnings per share attributable to equity holders of the Company for the current interim period were RMB2.01 cents (six months ended 30 June 2018: RMB3.21 cents).

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the property development business of the Group for the current interim period increased by 32.4% to approximately RMB4,644.9 million (six months ended 30 June 2018: RMB3,508.4 million). The segment results recorded a profit of approximately RMB1,197.6 million (six months ended 30 June 2018: RMB533.8 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 of last year.

During the first half of 2019, the Group focused on major regions and attempted to expand into the prime cities adjacent to its targeted cities. During the first six months of the year, the Group won the bid for certain land parcels with a site area of approximately 544 mu (approximately 362,666.66 square meters) at a total consideration of approximately RMB2.784 billion. On 15 February 2019, Kaifeng Boyuan Property Development Co., Limited* (開封博元房地產開發有限公司) and Kaifeng Boming Property Development Co., Limited* (開封博明房地產開發有限公司), both being indirect wholly-owned subsidiaries of the Company, won the bid for the land use rights to the land offered for sale in Kaifeng with a site area of approximately 190,000 square meters at a total consideration of RMB1,424,056,500 (equivalent to approximately HK$1.653 billion). On 17 May 2019, Peking University Resources Group Investment Company Limited* (北大資源集團投資有限公司), an indirect wholly-owned subsidiary of the Company, won the bid for the land use rights to the state-owned construction land offered for sale in Tianjin with a site area of approximately 40,900 square meters at a total consideration of RMB172.1 million (equivalent to approximately HK$200.2 million). On 21 May 2019, Chongqing Yingfeng Property Co., Ltd.* (重慶盈豐地產有限公司), an indirect wholly-owned subsidiary of the Company, won the bid for the land use rights to three parcels of state-owned construction land offered for sale in Yuxi with a site area of approximately 131,758 square meters at a total consideration of RMB1,188,400,000 (equivalent to approximately HK$1.382 billion).

As at 30 June 2019, the Group had a total of 37 property development projects in 18 cities across Mainland China. The total gross floor area (the "GFA") of the land reserves of the Group amounted to approximately 7,514,521 square meters.

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 2019, the Group promoted its property development business as scheduled. As at 30 June 2019, there were 26 projects of 4,222,939.48 square meters under construction. During the period from January to June 2019, the Group had 29 projects on sale. Contracted sales of properties and contracted GFA amounted to approximately RMB5.076 billion and 494,484.24 square meters, respectively, with an average selling price of RMB10,265 per square meters. Contracted sales were mainly from property projects including Ezhou Lianhujincheng, Tianjin Yuecheng and Yuefu, Foshan Boya Binjiang and Chengdu Yannan International.

* *For identification purposes only*

Project List

At 30 June 2019

City	Name of project	Planned GFA *(sq. m.)*
Tianjin	PKU Resources • Yuefu	271,382
	PKU Resources • Yuecheng	437,632
	Tuanbo Project	67,640
Qingdao	PKU Resources Square	140,690
Kaifeng	PKU Resources • Wei Ming Mansion	323,596
	PKU Resources • Block C, Wei Ming Mansion (Kaifeng 39 mu)	79,410
	PKU Resources • Zijing Mansion (Kaifeng 285 mu project)	533,914
Kunshan	PKU Resources • Jiujinyihe	725,848
	PKU Resources • Yihetianyue (Qian Deng Project)	207,816
Ezhou	PKU Resources • Lianhu Jincheng	735,381
Wuhan	PKU Resources • Shanshuinianhua	234,482
	Founder International Finance Building (Zhongbei Road Project)	204,822
Changsha	PKU Resources • Time	132,352
	PKU Resources • Ideal Home	189,639
Zhuzhou	PKU Resources • Emerald Park	536,462
Chengdu	PKU Resources • Yannan International	540,273
	PKU Resources • Xishanyue	72,752
	PKU Resources • Yihe Yajun	286,351
	PKU Resources • Park 1898	218,384
	PKU Resources • Yihe Emerald Mansion	216,759
	Boya Life Plaza (Xinchuan Science & Technology Park 35 mu Project)	140,826
Chongqing	PKU Resources • Jiangshan Mingmen	671,572
	PKU Resources • Zijing Manshion (Chayuan 155 mu)	209,337
	PKU Resources • Yannan	704,534
	PKU Resources • Boya	517,671
	PKU Resources • Yuelai	397,059
Foshan	PKU Resources • Boya Binjiang	934,317
Dongguan	Gongguan 1898 (Zhangmutou Project)	31,277
	Park 1898 (Huangjiang Project)	188,403
Guiyang	PKU Resources • Dream City	1,066,118
	Quanhu Project	108,237
	Duyun Project	346,586
Kunming	PKU Resources • Botai City	425,530
Yuxi	Yuxi Project	482,490
Hangzhou	PKU Resources • Wei Ming Mansion	193,884
Xining	Boya Financial Plaza	417,311
Yichang	Chang Jiang International Cultural Plaza	174,167

Property Investment

The turnover of property investment business decreased by 22.7% to approximately RMB12.3 million (six months ended 30 June 2018: RMB16.0 million). The segment results recorded a profit of approximately RMB5.6 million (six months ended 30 June 2018: RMB9.6 million). The decrease in segment revenue and segment results was mainly attributed to the decrease in rented floor area during the current interim period.

Distribution Business

Distribution of Information Products

The distribution business of the Group recorded a turnover of approximately RMB3,929.9 million representing an increase of 16.7% as compared to last interim period (six months ended 30 June 2018: RMB3,368.7 million). The segment results recorded a loss of RMB7.1 million (six months ended 30 June 2018: profit of RMB38.2 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 was 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 2019, real estate business is expected to be further challenged by more stringent control policies. Financial channels are expected to be further tightened and the uncertainties in the development environment will linger.

As such, the Group will strive to adopt the development model of "seeking the proper balance between asset-light and asset-heavy" in a more flexible manner with a view to increasing the proportion of asset-light business in the overall business. It will also optimize the financial structure to prevent operational risks, at the same time improving its quality and efficiency on a continuous basis by enhancing its business capabilities and performance in aspects such as product, management and service.

In connection with city-industry integration, the Group will adhere to the development strategy of "One Body, Two Wings and Three Cores" and expand the scope and depth of resource integration through both vertical and horizontal development with a focus on its core businesses of "industry, city and innovation". The Group will push ahead with the development of regional markets in core city clusters, striving to become the key driver for their city development and industrial upgrade.

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.

EMPLOYEES

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 is 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 1,258 employees as at 30 June 2019 (31 December 2018: 1,458).

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 2019, the Group had approximately RMB16,755.4 million interest-bearing bank and other borrowings (31 December 2018: RMB15,232.0 million), of which approximately RMB190.0 million (31 December 2018: RMB395.0 million) were floating interest bearing and RMB16,565.4 million (31 December 2018: RMB14,837.0 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 Renminbi ("RMB"), of which RMB14,092.0 million (31 December 2018: RMB10,140.0 million) were repayable within one year and RMB2,663.5 million (31 December 2018: RMB5,092.0 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 2019, the Group recorded total assets of approximately RMB48,379.6 million (31 December 2018: RMB42,661.2 million) which were financed by liabilities of approximately RMB45,053.6 million (31 December 2018: RMB39,656.5 million), non-controlling interests of approximately RMB633.8 million (31 December 2018: RMB336.2 million) and equity attributable to owners of the parent of approximately RMB2,692.2 million (31 December 2018: RMB2,668.5 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 2019 was RMB0.52 (31 December 2018: RMB0.47). 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 RMB6,956.9 million as at 30 June 2019 (31 December 2018: RMB5,477.2 million). As at 30 June 2019, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 5.0 (31 December 2018: 5.1) while the Group's current ratio was 1.12 (31 December 2018: 1.21).

As at 30 June 2019, the capital commitments for contracted, but not provided for, properties under development were approximately RMB7,317.1 million (31 December 2018: RMB14,348.8 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 ("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 are 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 2019 (31 December 2018: 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 material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2019.

Charges on assets

As at 30 June 2019, the Group's properties under development of approximately RMB12,094.9 million, properties held for sale of approximately RMB1,430.7 million and bank deposits of approximately RMB1,694.5 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 2019, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities granted by certain banks to certain purchasers of the Group's properties amounting to approximately RMB5,632.1 million (31 December 2018: RMB5,369.4 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 interim condensed consolidated financial information as at 30 June 2019 (31 December 2018: Nil).

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 2019.

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 2019.

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 of the Company has reviewed the Group's interim condensed consolidated financial information for the six months ended 30 June 2019, including the accounting principles adopted by the Group, with the Company's management.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The 2019 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
27 August 2019

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.