北大资源
PKU RESOURCES

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

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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The Board of Directors (the "Board") of Peking University Resources (Holdings) Company Limited (the "Company") is pleased to announce the audited consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	4	**4,713,472**	3,028,185
Cost of sales		**(4,473,250)**	(2,864,829)
Gross profit		**240,222**	163,356
Gain on bargain purchase	11	**–**	128,568
Other income and gains	4	**22,127**	7,491
Selling and distribution expenses		**(170,257)**	(129,128)
Administrative expenses		**(135,691)**	(87,309)
Other operating income, net		**8,153**	19,037
Finance costs	5	**(87,452)**	(60,672)
Share of profits and losses of associates		**(7,121)**	(5,106)
PROFIT/(LOSS) BEFORE TAX	6	**(130,019)**	36,237
Income tax expense	7	**(23,766)**	(6,809)
PROFIT/(LOSS) FOR THE YEAR		**(153,785)**	29,428

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Attributable to:			
Owners of the parent		**(120,170)**	59,767
Non-controlling interests		**(33,615)**	(30,339)
		(153,785)	29,428
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**HK(5.00) cents**	HK3.51 cents
Diluted		**HK(5.00) cents**	HK2.64 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(153,785)**	29,428
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(37,795)**	29,928
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(37,795)**	29,928
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(37,795)**	29,928
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(191,580)**	59,356
Attributable to:		
Owners of the parent	**(148,002)**	77,305
Non-controlling interests	**(43,578)**	(17,949)
	(191,580)	59,356

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**25,943**	12,378
Investment properties		**362,256**	209,180
Prepaid land lease payments		**10,549**	11,385
Goodwill		**–**	–
Other intangible assets		**732**	56
Investments in associates		**22,763**	29,884
Total non-current assets		**422,243**	262,883
CURRENT ASSETS			
Properties under development		**11,000,940**	3,202,723
Properties held for sale		**190,372**	253,170
Inventories		**338,748**	224,780
Trade and bills receivables	*9*	**1,079,160**	695,473
Prepayments, deposits and other receivables		**486,701**	122,575
Taxes recoverable		**23,124**	19,374
Restricted cash		**295,291**	194,642
Cash and cash equivalents		**3,308,916**	817,391
Total current assets		**16,723,252**	5,530,128
CURRENT LIABILITIES			
Trade and bills payables	*10*	**4,346,442**	968,181
Other payables and accruals		**2,281,526**	1,544,820
Interest-bearing bank and other borrowings		**2,497,423**	880,140
Tax payable		**24,271**	5,010
Total current liabilities		**9,149,662**	3,398,151
NET CURRENT ASSETS		**7,573,590**	2,131,977
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,995,833**	2,394,860

	2014	2013
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**6,152,179**	578,198
Long term payable	**182,046**	62,071
Deferred tax liabilities	**211,606**	222,583
Total non-current liabilities	**6,545,831**	862,852
Net assets	**1,450,002**	1,532,008
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**244,003**	239,797
Reserves	**817,014**	935,966
	1,061,017	1,175,763
Non-controlling interests	**388,985**	356,245
Total equity	**1,450,002**	1,532,008

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 Provisions, Contingent Liabilities and Contingent Assets which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

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)	Distribution of information products:	Sales of information products
(b)	Property development:	Sales of properties
(c)	Property investment:	Leasing and subleasing of properties

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, gain on bargain purchase, net foreign exchange differences, impairment of goodwill, finance costs and share of profits and losses of associates as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted cash, cash and cash equivalents, investments in associates, taxes recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, long term payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2014

	Distribution of information products *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
Segment revenue				
Sales to external customers	**4,457,199**	**190,442**	**65,831**	**4,713,472**
Segment results	**51,133**	**(90,294)**	**46,822**	**7,661**
Reconciliation:				
Interest income				**7,516**
Foreign exchange differences, net				**207**
Corporate and unallocated expenses				**(50,830)**
Finance costs				**(87,452)**
Share of profits and losses of associates				**(7,121)**
Loss before tax				**(130,019)**
Segment assets	**2,548,794**	**11,512,975**	**855,384**	**14,917,153**
Reconciliation:				
Elimination of intersegment receivables				**(1,426,767)**
Investments in associates				**22,763**
Corporate and other unallocated assets				**3,632,346**
Total assets				**17,145,495**
Segment liabilities	**639,739**	**5,786,804**	**1,116,932**	**7,543,475**
Reconciliation:				
Elimination of intersegment payables				**(1,426,767)**
Corporate and other unallocated liabilities				**9,578,785**
Total liabilities				**15,695,493**
Other segment information:				
Fair value gains on investment properties	**–**	**–**	**12,893**	**12,893**
Impairment of trade receivables	**1,222**	**–**	**–**	**1,222**
Write-back of trade and other payables	**(8,188)**	**–**	**–**	**(8,188)**
Provision for obsolete inventories	**2,402**	**–**	**–**	**2,402**
Depreciation and amortisation	**1,107**	**4,451**	**354**	**5,912**
Capital expenditure*	**3,265**	**17,233**	**145,540**	**166,038**

Year ended 31 December 2013

	Distribution of information products *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	2,977,095	–	51,090	3,028,185
Segment results	35,156	(56,562)	21,547	141
Reconciliation:				
Interest income				6,165
Gain on bargain purchase				128,568
Foreign exchange differences, net				(628)
Impairment of goodwill				(2,892)
Corporate and unallocated expenses				(29,339)
Finance costs				(60,672)
Share of profits and losses of associates				(5,106)
Profit before tax				36,237
Segment assets	1,136,281	3,619,519	533,454	5,289,254
Reconciliation:				
Elimination of intersegment receivables				(557,630)
Investments in associates				29,884
Corporate and other unallocated assets				1,031,503
Total assets				5,793,011
Segment liabilities	1,000,010	1,520,630	541,699	3,062,339
Reconciliation:				
Elimination of intersegment payables				(557,630)
Corporate and other unallocated liabilities				1,756,294
Total liabilities				4,261,003
Other segment information:				
Fair value gains on investment properties	–	–	1,326	1,326
Reversal of impairment of trade receivables	(25,058)	–	–	(25,058)
Write off of trade receivables	3,186	–	–	3,186
Write-back of trade and other payables	(15,517)	–	–	(15,517)
Provision for obsolete inventories	2,222	–	–	2,222
Depreciation and amortisation	2,607	1,475	341	4,423
Capital expenditure*	356	6,415	69	6,840

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

Geographic information

The Group's revenue from external customers is derived substantially from its operations in the People's Republic of China (the "PRC"), and the non-current assets of the Group are substantially located in the PRC.

Information about a major customer

During the year, there was no revenue from sales to an external customer accounted for 10% or more of the Group's total revenue (2013: Nil).

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts; and the gross rental income from investment properties and subleasing fee income, net of business tax, during the year.

An analysis of other income and gains is as follows:

	2014	2013
	HK$'000	*HK$'000*
Other income		
Bank interest income	**7,516**	2,876
Other interest income	**–**	3,289
Government grants*	**1,511**	–
	9,027	6,165
Gains		
Fair value gains on investment properties	**12,893**	1,326
Foreign exchange differences, net	**207**	–
	13,100	1,326
	22,127	7,491

* Various government grants have been received from the relevant authorities for the Group's business conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans	**146,031**	22,329
Interest on other loans	**24,970**	–
Interest on loans from subsidiaries of 北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder")	**10,345**	11,322
Interest on loans from 北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("PKU Resources"), a fellow subsidiary of Peking Founder	**218,969**	63,356
Interest on loans from non-controlling shareholders	**17,826**	–
Interest on discounted bills	**25,264**	16,401
Total interest expense	**443,405**	113,408
Less: Interest capitalised	**(355,953)**	(52,736)
	87,452	60,672

* *For identification purpose only*

6. PROFIT/(LOSS) BEFORE TAX

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold	**4,440,584**	2,832,793
Depreciation	**5,494**	4,081
Less: Depreciation capitalised	**(1,884)**	–
	3,610	4,081
Amortisation of land lease payments	**331**	332
Amortisation of intangible assets	**87**	10
Gain on disposal of items of property, plant and equipment	**(61)**	(721)
Foreign exchange differences, net	**(207)**	628

7. INCOME TAX

	2014	2013
	HK$'000	*HK$'000*
Current — Hong Kong	**–**	136
Current — PRC		
Charge for the year	**24,645**	3,652
Underprovision in prior years	**1,188**	944
PRC land appreciation tax	**3,312**	–
	29,145	4,732
Deferred	**(5,379)**	2,077
Total tax charge for the year	**23,766**	6,809

During the year ended 31 December 2014, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year or the Group had available tax losses brought forward from prior years to offset the assessable profits generated during the year.

During the year ended 31 December 2013, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25%.

The share of tax credit attributable to associates amounting to approximately HK$694,000 (2013: share of tax expense of HK$1,008,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,401,887,882 (2013: 1,700,774,779) in issue during the year.

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

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

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

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(120,170)**	59,767

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**2,401,887,882**	1,700,774,779
Effect of dilution — weighted average number of ordinary shares:		
Share options	**–**	27,299,689
Convertible bonds classified as equity	**–**	538,324,279
	2,401,887,882	2,266,398,747

9. TRADE AND BILLS RECEIVABLES

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

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

	2014	2013
	HK$'000	*HK$'000*
Within 6 months	**1,057,531**	666,438
7 to 12 months	**10,505**	12,627
13 to 24 months	**11,124**	16,408
	1,079,160	695,473

10. TRADE AND BILLS PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**3,788,230**	394,455
Bills payable	**558,212**	573,726
	4,346,442	968,181

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

	2014	2013
	HK$'000	*HK$'000*
Within 6 months	**4,126,867**	878,514
Over 6 months	**219,575**	89,667
	4,346,442	968,181

As at 31 December 2013, included in the Group's trade and bills payables are amounts due to subsidiaries of Founder Holdings Limited, in which a 30.60% equity interest was indirectly held by Peking Founder, of approximately HK$6,938,000, which are repayable on similar credit terms to those offered by the related companies to their major customers.

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

11. BUSINESS COMBINATION

During the year ended 31 December 2013, the Group acquired 100% equity interests in Hong Kong Tianranju Holdings Limited ("Tianranju") and Hong Kong Tianhe Holdings Limited ("Tianhe") from Founder Information (Hong Kong) Limited ("Founder Information"), which would be satisfied by the issue of the consideration shares of the Company as to approximately HK$232,279,000 and the consideration convertible bonds of the Company. The convertible bonds were interest-free and could be converted by the bondholders at a conversion price of HK$0.43 per ordinary share of the Company during the conversion period from 2 March 2013 to 1 March 2018. Upon conversion in full of the convertible bonds, an aggregate of 720,930,232 ordinary shares of the Company will be issued by the Company. The number of shares into which the convertible bonds could be converted was fixed at the issuance date and the convertible bonds were interest-free and not redeemable in cash. The convertible bonds were classified entirely as equity of the Company and their fair value of HK$205,088,000 at the issuance date was recognised in the other reserve in the equity.

Tianranju and its subsidiaries ("Tianranju Group") and Tianhe and its subsidiaries ("Tianhe Group") are principally engaged in property development and property investment.

The fair values of the identifiable assets and liabilities of Tianranju Group and Tianhe Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	4,137
Properties under development	1,501,909
Investment properties	202,313
Prepaid land lease payments	11,205
Trade receivables	50
Restricted cash	5,511
Cash and cash equivalents	303,738
Prepayments, deposits and other receivables	36,436
Trade payables	(70,395)
Other payables and accruals	(547,854)
Interest-bearing bank and other borrowings	(311,250)
Deferred tax liabilities	(214,618)
Total identifiable net assets at fair value	921,182
Non-controlling interests	(355,247)
Gain on bargain purchase	(128,568)
	437,367
Satisfied by:	
Issue of shares of the Company	232,279
Issue of convertible bonds of the Company	205,088
	437,367

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	HK$'000
Cash consideration	–
Cash and cash equivalents acquired	303,738
Net inflow of cash and cash equivalents included in cash flows from investing activities	303,738

Since the acquisition date on 2 January 2013 to 31 December 2013, Tianranju Group recorded revenue and a net loss of approximately HK$5l,090,000 and HK$44,698,000, respectively, and Tianhe Group did not generate any revenue and recorded a net loss of approximately HK$15,357,000.

DIVIDEND

No interim dividend was paid during the year and previous year. The Board does not recommend the payment of any final dividend for the year (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2014, China's GDP recorded a growth of 7.4% against last year. It showed a trend of opening low and going high, and then falling back during the whole year. Being stable in mid-year has become a new phenomenon. The property market ran up and down dramatically in 2014. Classification regulation, micro stimulation and the policy for release of restriction in purchase limit in the first half year did not become a stop the trend of overall depression starting from the second quarter. In the fourth quarter, along with the release of new property loan policy, adjustment to the housing fund policy and interest rate reduction by the central bank, the market confidence was greatly improved in a short term and the purchasers' paying ability was enhanced, so that the demand generated earlier could be satisfied and there was a rise in the market at the end of the year. However, the downward trend in the property market during the whole year could not be stopped and there was overall depression in the market with a decline in both price and quantity throughout the year in 2014, as compared with last year in 2013.

In 2014, the overall policy of real estate industry in the PRC changed from administrative intervention to market operation and from central control to local guiding, bottom-up principle and classification regulation. In march, 2013, National New-type Urbanization Plan (2014-2020) was officially released, putting forward that the urbanization rate of permanent resident population should reach about 60% in 2020, which was 53.7% at the moment, and the urbanization rate of household registered population should reach about 45%, which was 36% at the moment. In light of this, the increasing city population would bring a huge rigid demand. Meanwhile, the new administration has listed the reconstruction of shanty towns as one of the important actions to deepen the reform, and it was expected that shanty towns and villages in the city accommodating 100 million people would be reconstructed. In the next three years, the reconstruction of shanty towns would release the high-quality land in the central areas in some first-tier and second-tier cities.

In 2014, the average price and transaction amount in first-tier cities showed an overall upward trend. The average price in the second-tier cities kept stable. In November and December, influenced by the interest rate reduction by the central bank, the average price and transaction amount in the first-tier and second-tier cities increased relatively greatly. In the first-tier cities, the callback range in the first three quarters was the largest, and the trend of turnaround in the fourth quarter was the most notable. In the second-tier cities, the polarization has become increasingly fierce. At the end of the year, the turnover in Hangzhou, Nanjing, Wuhan, Zhengzhou, etc. increased constantly, thus the short-term sales risk decreased constantly accordingly, while the market in some cities reacted slowly, the turnover in Qingdao, Dalian, Shenyang, Changchun, etc. appearing to be weak. Restricted by the market scale and the speed of city development and being in a weak situation, the third-tier cities couldn't stop the declines. However, promoted by favorable local policies, some third-tier cities performed better than expected under the circumstances of real estate turnover being shrinking in the country, realizing the enlargement of turnover scale.

OVERALL PERFORMANCE

The Group reported a loss attributable to owners of the Company for the year ended 31 December 2014 of approximately HK$120.2 million (year ended 31 December 2013: profit of HK$59.8 million). The Group's revenue for the current financial year has increased significantly by 55.7% to approximately HK$4,713.5 million (year ended 31 December 2013: HK$3,028.2 million) as a result of increase in sales in distribution of information products and property development business. The Group's gross profit has increased by 47.1% to approximately HK$240.2 million (year ended 31 December 2013: HK$163.4 million). The gross profit margin decreased from last financial year's 5.4% to current financial year's 5.1% due to the intense competition in distribution of information products business. Total selling and distribution expenses and administrative expenses for the current financial year have increased by 41.4% to approximately HK$305.9 million (year ended 31 December 2013: HK$216.4 million). The decline in the Group's operating results was mainly due to the net results of:

a. one-off gain on bargain purchase arising from the acquisition of subsidiaries engaged in property development and investment business of approximately HK$128.6 million for the year ended 31 December 2013;

b. an increase in other income and gains by 195.4% to approximately HK$22.1 million (year ended 31 December 2013: HK$7.5 million) attributable to increase in fair value gains on investment properties;

c. an increase in selling and distribution expenses and administrative expenses by 41.4% to approximately HK$305.9 million (year ended 31 December 2013: HK$216.4 million) attributable to the expansion of the property development business;

d. an increase in finance costs by 44.1% to approximately HK$87.5 million (year ended 31 December 2013: HK$60.7 million) as a result of increase in bank and other borrowings; and

e. an increase in the share of losses of associates by 39.5% to approximately HK$7.1 million (year ended 31 December 2013: HK$5.1 million) as a result of decline in sales of mobile phones distributed in Hong Kong.

Basic and diluted loss per share attributable to equity holders of the Company for the year ended 31 December 2014 were HK5.00 cents (year ended 31 December 2013: earnings of HK3.51 cents) and HK5.00 cents (year ended 31 December 2013: earnings of HK2.64 cents), respectively.

With strong support from Peking University and Peking Founder and its subsidiaries (collectively "Peking Founder Group"), the Group successfully acquired 12 property development projects in Chongqing, Changsha, Foshan, Chengdu, Guiyang, Qingdao and Wuhan from PKU Resources. The transaction completed on 2 January 2015. The Group's strategic transformation to real estate business is fully realized.

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the property development business of the Group (the "Property Development Business") for the current financial year was approximately HK$190.4 million (year ended 31 December 2013: Nil). The segment results recorded a loss of approximately HK$90.3 million (year ended 31 December 2013: HK$56.6 million). The increase in segment loss was due to increase in selling and distribution expenses and administrative expenses arising from the expansion of property development business.

During the current financial year, the Group has been actively preparing the pre-development work in respect of a number of properties and made good progress. As of 31 December 2014, the Group's total construction area has reached 716,018 sq.m.

Contracted Sales

During the current financial year, PKU Resources • Yuefu Project in Tianjin and PKU Resources • the Time Project (West) in Changsha City have been pre-sold, along with Li Cheng Project in Kunshan City on the continued sale. During the year ended 31 December 2014, property with a total area of 53,487 sq.m. has been pre-sold, at an average price of approximately RMB7,718 per sq.m.. During the year ended 31 December 2014, the Group recorded contracted pre-sale of property of RMB412.8 million (year ended 31 December 2013: RMB408.4 million).

Land Bank

Since business transformation, the Group has taken an active and robust strategy to procure land. As of 31 December 2014, the Group has possessed eight projects in seven cities, with a total land bank of 2,589,158 sq.m.

In 2014, the Group has obtained the land use rights of 4 projects in Tianjin, Chengdu, etc. through public transfer procedures. Among which, the Group successfully obtained the "Sanli" land at Tianjin Xinbadali at the bottom price of RMB3,973 million on 9 July 2014. "Sanli" is located in the central area of Xinbadali of Hexi District in Tianjin. The Group is committed to building the "Sanli" land into a new land mark integrating commercial projects, residential buildings and super high-rise buildings. The Group will also build a 6,600 sq.m. city-level new cultural center at "San Li" and introduce Peking University Lecture Hall and Academy of Peking University, which will be open to the public to enhance the cultural life of the community.

List of New Land Parcels

Project	Location	Property type	Total site area *(sq.m.)*	Estimated total GFA *(sq.m.)*	Interest attributable to the Group
PKU Resources • Yuefu	Tianjin	Residential, commercial	235,635	278,365	70%
PKU Resources • Sanchengli	Tianjin	City complex integrating residential, commercial, office and apartment	69,084	464,421	60%
PKU Resources • Heyuan	Chengdu	Residential	51,961	229,175	70%
PKU Resources City	Kaifeng	Commercial, residential	647,147	647,147	100%

Assuming that consolidation of the target assets acquired on 2 January 2015 is taken into account, as of the latest practicable date, the Group possesses 19 real estate development projects, 1 holding-type property project and 1 holding-type property project with right of entrusted operation in 11 cities across China. The Group's expanded land bank is about 5,727,982 sq.m, leading the volume of its real estate sector increased significantly. In 2015, the Group is expected to begin construction of 4 new projects and 5 projects are expected to be presold. There will be 17 projects under construction, together with a total of 16 projects on sale. The Group's income ratio from real estate sector is expected to increase comprehensively in 2015.

Property Investment

The property investment business of the Group (the "Property Investment Business") recorded a turnover of approximately HK$65.8 million (year ended 31 December 2013: HK$51.1 million) and segment profit of approximately HK$46.8 million (year ended 31 December 2013: HK$21.5 million) during the current financial year. The improvement in segment results was due to increase in segment revenue and fair value gains on investment properties.

The investment property projects held or assigned to be managed by the Group are located in the favorable location of Beijing and Wuhan, providing a stable cash income for the Group during the reporting period.

Founder International Building is located in the western area of Zhongguancun, Haidian District, Beijing, which enjoy a fabulous location, with a site area of 5,121 sq.m and the total floor area of 51,159 sq.m. There are a total of 17 above-ground floors, while the 4th floor being underground, floors 1st–3rd being shops, and floors 3rd–17th being office buildings. In 2014, Founder International Building accumulatively recorded an annual rental income of RMB48.2 million, with an occupancy rate of approximately 96.3%.

Wuhan International Building is located on Dandong Road, Jianghan District, which is a flourishing block in Wuhan City, Hubei Province, with a total GFA of 26,963 sq.m. In 2014, Wuhan International Building recorded an accumulated annual rental income of RMB7.2 million, with an occupancy rate of approximately 99.4%.

On 19 June 2014, the Group acquired a property located on the 29th floor of The Sun's Group Centre at 200 Gloucester Road, Wanchai, Hong Kong, from an independent third party at a total consideration of HK$132,984,000. The Group will either use the property by itself or lease out the property depending on the market circumstances. The directors have full confidence about the long-term outlook for the commercial properties in Hong Kong, and consider that the acquisition will be beneficial to optimize the Group's property portfolio.

Distribution Business

Distribution of information products

The distribution business of the Group recorded a turnover of approximately HK$4,457.2 million representing a significant increase of 49.7% as compared to last financial year (year ended 31 December 2013: HK$2,977.1 million). The segment results recorded a profit of HK$51.1 million (year ended 31 December 2013: HK$35.2 million). The improvement in segment results was in line with the increase in segment revenue.

The distribution business of the Group (the "Distribution Business") is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec and UPS power supply of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Brocade, Corning, Kedacom, Avaya, Eaton, LG Security products, DELL, CPI and Uniview. The increase in turnover during the current financial year is mainly attributable to launch of new products of existing and new product lines during the current financial year.

As the business environment in China 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

Real Estate Business

Outlook and development strategy for 2015

It is expected that growth of the macro-economy in the next year is going to slow down further. Ensuring steady growth and adjusting economic structure will still be the focus of policy making. Policy and monetary environments tend to get loose, but the overall monetary policy will remain steady. With the quit of administrative overrides like purchase or loan quota, the adjustment returns to the market in regulating economic activities and more long-term mechanisms are expected to be established. Land transactions are also expected to be revived with intensified market confidence. The housing market is believed to be buoyant but with slowed down growth. Housing price is going to recover steadily. Regional differentiation is expected to become even more obvious. The prices in first-tier cities and some second-tier cities tend to stabilize, while the short-term requirements for third-tier and four-tier cities are saturated, with still much room for growth in the long term. "Stock removal" will remain the main tone of the market within the next three years. The year 2015 is not only a year for the property market gone into depth adjustment, but also a year to lay the foundations for the market position in the next 5 years. Urban and rural planning and arranging ability, industry instruction ability, city planning ability, ability to construct city supporting system and industry innovation ability will be the key competitiveness.

In the next three years, the Group will continue to adhere to the strategic positioning of being the city operator of resources integration. By relying on the profound cultural foundation of Peking University and the industrial advantages of Peking Founder Group, our Group will take advantage of the cost of land at a low premium, adopt the differentiation strategy and build a characteristic business model, striving to become the pioneer and leader of city operation mode with Chinese characteristics.

As for the specific measures, the first is to increase the income and form the brand effect to compensate for the risk of net profit decrease caused by the decrease of net profit rate. The second is to fasten the O2O strategy implementation of new cultural community and Resources Home to increase the key competitiveness of the brand. The third is to improve the current management system, insist on the accurate positioning of products and regions, operate intensively and meticulously, fasten the development, control the prime cost.

Continue to integrate resources

Ever since 2012, the parent company has successively injected to the Group fourteen development projects, one project of property for hold and the entrusted operating rights of one project of property for hold, which has laid a solid foundation for both the successful transformation to real estate business and the enlargement of property development. The Company, by integrating the unique advantages of Peking University and Peking Founder Group, provides on-going services for customers on the basis of traditional real estate development, so as to enhance its competitiveness and sustained profitability.

Believes in the positive potential of culture

As a successor of Peking University's tradition of new culture, the Group highlights cultural elements in project operation and also believes that the power of culture will make it advantageous in competition. Therefore, orientations of the Group's projects will be new cultural communities based on Peking University's profound humanity, top-rated talents, outstanding wisdom and knowledge reserve. The communities, being integrations of Peking Founder's quality resources in medical, financial, technology, educational, and cultural industries, will promote regional value growth and become unique housing brands.

Every single new cultural community to be established in the future by the Group is going to have a landmark, the "New Cultural Center". The basic facilities include the PKU Resources Hall, libraries, theatres, classrooms, exhibition rooms, alumni hall, PKU Health Center, etc.

Increase the proportion of property for hold

In addition to continuing to focus on property development projects, the Group will also try to expand the product line, to properly increase the proportion of holding properties. In particular, it will focus on investment opportunities with commercial, hotel and urban complex located in the prime locations of one and second-tier cities in China's mainland, in order to obtain stable revenues and continuing cash flow through investment on property in the smooth performance period.

Low premium reserve of land, speedy de-stocking and consistent service

In the future, the Group is going to strive for expansion and purchase of land reserve of potentiality at lower costs. By actively participating in the urban planning and assisting with the introduction of locally scarce public facilities, such as hospitals and schools, it will greatly improve its competitiveness in obtaining land from the local market. By upgrading the quality and competitiveness in developing products with low-cost land, it will get higher premium from sales, promote the recognition of sales and fast turnover and create continuous income sources through continuous service, meeting customers' full life cycle needs.

The Group is also going to have more delicate operations in existing business cities by grouping them into cascade communities and quick destocking to ensure re-streams of fund; meanwhile, the Group is going to expand its business into other cities with great potential, good industrial basis and density of population, and increase land reserve through improving regional distribution by mergers and acquisitions. The Group is oriented as a resources-integrating city operator. With continuous growth of the Group, it is endeavoring to be the pioneer and avant-garde in distinctive urban operation of China.

Distribution Business

The Distribution Business will continuously refine its product structure to avoid product overlapping and minimize market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business. Moreover, the management will also place stronger emphasis on operating cash flow, stringent control on working capital such as trade receivables and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities.

EMPLOYEE

The Group has developed its human resources policies and procedures based on performance and merits. The Group ensures that the pay level of its employees are competitive and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance.

The Group operates share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the current financial year.

The Group has approximately 731 employees as at 31 December 2014 (31 December 2013: 600). The increase in number of employees mainly arose from the expansion of Property Development Business and Distribution Business during the current financial year.

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the current financial year, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and China. As at 31 December 2014, the Group had approximately HK$8,649.6 million interest-bearing bank and other borrowings (31 December 2013: HK$1,458.3 million), of which HK$359.0 million (31 December 2013: HK$12.1 million) were floating interest bearing and HK$8,290.6 million (31 December 2013: HK$1,446.2 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from PKU Resources.

Bank and other borrowings are denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars"), of which HK$2,497.4 million (31 December 2013: HK$880.1 million) were repayable within one year and HK$6,152.2 million (31 December 2013: HK$578.2 million) were repayable within two 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, bank deposits, bills receivable and equity interest in certain subsidiaries of the Group. The increase in bank loans was mainly attributed to the expansion of Property Development Business and Distribution Business.

At 31 December 2014, the Group recorded total assets of approximately HK$17,145.5 million (31 December 2013: HK$5,793.0 million) which were financed by liabilities of approximately HK$15,695.5 million (31 December 2013: HK$4,261.0 million), non-controlling interests of approximately HK$389.0 million (31 December 2013: HK$356.2 million) and equity of approximately HK$1,061.0 million (31 December 2013: HK$1,175.8 million). The Group's net asset value per share as at 31 December 2014 was maintained at HK$0.43 (31 December 2013: HK$0.49).

The Group had total cash and bank balances and pledged deposits of approximately HK$3,604.2 million as at 31 December 2014 (31 December 2013: HK$1,012.0 million). As at 31 December 2014, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity attributable to owners of the parent, was 8.15 (31 December 2013: 1.24) while the Group's current ratio was 1.83 (31 December 2013: 1.63).

As at 31 December 2014, the capital commitments for contracted, but not provided for, properties under development were approximately HK$986.5 million (31 December 2013: HK$565.2 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 Hong Kong dollars ("HKD"), RMB and U.S. dollars. Surplus cash is generally placed in short term deposits denominated in HKD, RMB and U.S. dollars.

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. No financial instrument was used for hedging purposes. It is expected that the expected appreciation of RMB in the long-run would have a favourable impact on the Group.

Material acquisitions and disposals of subsidiaries and associates

The Group had no acquisition or disposal of subsidiaries and associates for the year ended 31 December 2014.

Charges on assets

As at 31 December 2014, properties under development of approximately HK$454.4 million (31 December 2013: Nil), bank deposits of approximately HK$295.3 million (31 December 2013: HK$194.6 million) and bills receivable of approximately HK$32.8 million (31 December 2013: HK$34.3 million) were pledged to banks to secure general banking facilities granted, as deposits for construction of the relevant properties and as guarantees deposits for certain mortgage loans granted by banks to purchasers of the Group's properties.

Contingent liabilities

As at 31 December 2014, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$492.4 million (31 December 2013: HK$294.9 million). This represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers and the Group is entitled (but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which are generally available within one to two years after the purchases take possession of the relevant properties.

The fair value of the guarantees is not significant and the directors of the Company consider that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made for the guarantees in the consolidated financial statements as at 31 December 2014.

Event after reporting period

On 16 September 2014, the Company, Beijing Tianranju Technology Co., Ltd., Fine Noble Global Limited, Peking University Resources Group Property Co., Limited, Peking Founder, Founder Information, Starry Realm Limited, Peking University Resources Group Holdings Co., Ltd.and Peking University Resources Group entered into a sales and purchase agreement, pursuant to which the Company and Beijing Tianranju Technology Co., Ltd. have agreed to acquire entire issued shares in Extol High Enterprises Limited, Keen Delight Global Limited, Chongqing Peking University Resources Property Co., Limited, Chengdu Peking University Resources Property Co., Limited, Guiyang Peking University Resources Property Co., Limited and Qingdao Peking University Resources Property Co., Limited at total consideration of HK$1,934 million, including HK$1,361 million for the offshore acquisition and HK$573 million for the onshore acquisition, which would be satisfied by a combination of the issuance of consideration shares to Founder Information, and/or all or part of the cash proceeds from the issuance of placement shares and/or all or part of the cash proceeds from the issuance of additional shares and/or the Company's internal cash, external financing and/or financing from the controlling shareholder. The sales shares represented 100% issued shares of entities which are engaged in property development business. Further details of the transactions were set out in the announcements of the Company dated 16 September 2014, 30 November 2014 and 22 December 2014 and the circular of the Company dated 2 December 2014. The above transactions have been completed on 2 January 2015.

On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a framework agreement, pursuant to which (i) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Baolai Property

Co., Limited ; and (ii) CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell 100% equity interest in Hong Kong Tianranju Holdings Limited, a direct wholly-owned subsidiary of the Company. The total consideration is approximately RMB2,398 million including: (a) approximately RMB650 million, being payment for the share transfer of Qingdao Baolai Property Co., Limited; (b) repayment of (i) RMB500 million, being all the principal of the entrusted loan provided by Peking University Resources Group Property Co., Limited to Qingdao Baolai Property Co., Limited in August 2014; (ii) approximately RMB544 million, being the principal of the entrusted loan owed to Huaneng Guicheng Trust Co., Ltd., an independent third party, since May 2014; and (iii) the interest of the entrusted loan under (i) and (ii) is excluded from the total consideration; and (c) approximately RMB704 million for the share transfer of Hong Kong Tianranju Holdings Limited. On 16 February 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Shenzhen (Group) Co., Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a sale and purchase agreement, pursuant to which CITIC Shenzhen (Group) Co., Limited has conditionally agreed to acquire and Qingdao Boya Huafu Property Co., Limited has conditionally agreed to sell the 100% equity interest in Qingdao Baolai Property Co., Limited. The total consideration is approximately RMB650 million.Further details of the transactions were set out in the announcement of the Company dated 3 March 2015 and the circular of the Company dated 25 March 2015.

On 10 March 2015, Qingdao Boya Huafu Property Co., Limited, CITIC Real Estate (Hong Kong) Development Limited, Qingdao Bolai Property Co., Limited, the Company, Hong Kong Tianranju Holdings Limited, Tibet Zhao Rong Investment Co., Ltd. and Qingdao Bofu Property Co., Limited entered into a subsequent sale and purchase agreement, CITIC Real Estate (Hong Kong) Development Limited has conditionally agreed to acquire and the Company has conditionally agreed to sell the 100% equity interest in Hong Kong Tianranju Holdings Limited at a total consideration of approximately RMB704 million. Further details of the transactions were set out in the announcement of the Company dated 10 March 2015 and the circular of the Company dated 25 March 2015.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2014.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has fully complied with the code provisions set out in the Corporate Governance Code (the "CG Code") , as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2014, except for the following deviations:

Provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms Cao Qian, independent non-executive director of the Company, could not attend the special general meeting of the Company held on 13 February 2014 and the annual general meeting of the company held on 30 May 2014 due to business commitment in China. Ms Wong Lam Kit Yee, independent non-executive director of the Company, could not attend the special general meeting of the Company held on 13 February 2014 due to other business commitment. However, all other independent non-executive directors of the Company were present to be available to answer any question to ensure effective communication with shareholders of the Company.

Provision E.1.2 of the CG Code provides that the Chairman of the board should attend the annual general meeting. Ms Yu Li could not attend the annual general meeting of the Company held on 30 May 2014 due to business commitment in China. Mr Zhou Bo Qin, Executive Director of the Company, was present to be available to answer questions at the annual general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the Company’s code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2014 have been agreed by the Group’s auditors, Ernst & Young, to the amount set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The 2014 annual report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.pku-resources.com) in due course.

By Order of the Board
Peking University Resources (Holdings) Company Limited
Fang Hao
Executive Director

Hong Kong, 26 March 2015

As at the date of this announcement, the board of directors of the Company comprises executive directors of Ms Yu Li (Chairwoman), Mr Fang Hao (President), Mr Zhou Bo Qin, Mr Zhang Zhao Dong, Mr Xie Ke Hai and Mr Zheng Fu Shuang, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian.