



资源控股

RESOURCES HOLDINGS

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00618

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PKU RESOURCES

北大资源(控股)有限公司
PEKING UNIVERSITY RESOURCES
(HOLDINGS) COMPANY LIMITED

2021

INTERIM REPORT

中 期 報 告



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Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr Wong Kai Ho (*Chairman, appointed on 8 October 2021*)
Mr Wang Guiwu (*appointed on 8 October 2021*)
Mr Huang Zhuguang (*appointed on 1 December 2021*)
Mr Zheng Fu Shuang

Independent non-executive directors

Mr Chu Kin Wang, Peleus (*appointed on 8 October 2021*)
Mr Chin Chi Ho, Stanley (*appointed on 8 October 2021*)
Mr Chung Wai Man (*appointed on 8 October 2021*)
Mr Hua Yichun (*appointed on 1 December 2021*)
Mr Wang Bingzhong (*appointed on 1 December 2021*)

COMMITTEES

Audit Committee

Mr Chu Kin Wang, Peleus (*Chairman, appointed on 8 October 2021*)
Mr Chin Chi Ho, Stanley (*appointed on 8 October 2021*)
Mr Hua Yichun (*appointed on 8 December 2021*)

Remuneration Committee

Mr Chung Wai Man (*Chairman, appointed on 8 October 2021*)
Mr Wong Kai Ho (*appointed on 8 October 2021*)
Mr Chin Chi Ho, Stanley (*appointed on 8 October 2021*)

Nomination Committee

Mr Wong Kai Ho (*Chairman, appointed on 8 October 2021*)
Mr Hua Yichun (*appointed on 8 December 2021*)
Mr Chung Wai Man (*appointed on 8 October 2021*)

COMPANY SECRETARY

Mr Wong Kai Ho (*appointed on 15 October 2021*)

AUTHORISED REPRESENTATIVES

Mr Wong Kai Ho (*appointed on 8 October 2021*)
Mr Huang Zhuguang (*appointed on 1 December 2021*)

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISER

Miao & Co. (In Association with Han Kun Law Offices)

PRINCIPAL BANKERS

Bank of Beijing
Bank of Communications
Huaxia Bank
Ping An Bank
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2303, 23/F
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Principal registrar and transfer office
MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong branch share registrar and transfer office

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

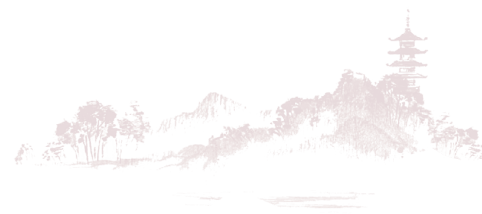
LISTING INFORMATION

Main board of The Stock Exchange of Hong Kong Limited
Stock code: 00618
Board Lot: 2,000 shares

COMPANY WEBSITE

www.pku-resources.com

Management Discussion and Analysis



MARKET REVIEW

In the first half of 2021, benefited from the scientific and effective containment and control of the pandemic, China's economic growth continued to improve with steady structure optimization. Although the household income and consumption have not yet returned to the normal level before the pandemic, a new development landscape is gradually taking shape with the domestic cycle as the mainstay complemented by the domestic-international dual cycle.

In the first half of 2021, under the principle of "houses are for living in, not for speculation and carrying out city-specific policies", China successively introduced a number of control policies on the real estate sector including "three red lines", centralized management of real estate loans and "two-centralized land supply", etc. Such policies aimed to comprehensively monitor and regulate the three main bodies of local governments, real estate enterprises and banks, which basically formed a complete closed loop for the policy regulation of the real estate industry. The real estate industry has entered an era of strict regulation under the large cycle of inventory.

In the first half of 2021, China continued to see significant growth in the sales of commercial housing with the sales amount reaching RMB9.29 trillion, representing a year-on-year increase of 38.9%; the sales area of commercial housing reached 886.0 million square meters, representing a year-on-year increase of 27.7%. However, the growth rates of sales area, investment in development and new construction area showed an inverted V-shaped trend. Given the increasing competition in the industry and the new normalized regulation, the downward pressure on the profit margin of the real estate development business intensified. On one hand, the real estate enterprises had to formulate more targeted business strategies for the differentiated market patterns of different cities, and on the other hand they needed to actively improve management efficiency for benefits.

OVERALL PERFORMANCE

The Group reported a loss for the six months ended 30 June 2021 of approximately RMB974,842,000 (six months ended 30 June 2020: loss of approximately RMB490,928,000). The Group's revenue for the reporting period has increased by 81.2% to approximately RMB4,811,655,000 (six months ended 30 June 2020: RMB2,654,962,000) as a result of the increase in areas delivered of property development projects and increase in revenue from the distribution of information products business. The Group's gross profit has increased by 14.1% to approximately RMB308,713,000 (six months ended 30 June 2020: RMB270,617,000). The gross profit margin decreased from 10.2% for the six months ended 30 June 2020 to 6.4% for the six months ended 30 June 2021 due to increase in proportion of revenue generated from property development business with lower gross profit margin. Total selling and distribution expenses and administrative and other operating expenses for the reporting period have decreased by 9.5% to approximately RMB340,001,000 (six months ended 30 June 2020: RMB375,709,000).

The increase of the loss of the Group during the reporting period was mainly due to the net results of:

- a. an increase in gross profit by 14.1% to approximately RMB308,713,000 (six months ended 30 June 2020: RMB270,617,000) as a result of increase in revenue of property development business and distribution of information products business;
- b. a decrease in other revenue and gains by RMB13,229,000 to approximately RMB38,529,000 (six months ended 30 June 2020: RMB51,758,000) as a result of decrease in bank and other interest income;
- c. a decrease in selling and distribution expenses and administrative and other operating expenses by 9.5% to approximately RMB340,001,000 (six months ended 30 June 2020: RMB375,709,000) attributable to the strict control on expenses imposed by the management;



Management Discussion and Analysis

- d. an increase in finance costs by RMB352,779,000 to approximately RMB670,376,000 (six months ended 30 June 2020: RMB317,597,000) as a result of decrease in interest capitalised of property development projects completed and increase in interest on loans during the reporting period; and
- e. an increase in income tax expenses by RMB75,350,000 to approximately RMB172,604,000 (six months ended 30 June 2020: RMB97,254,000) as a result of increase in corporate income tax and land appreciation tax in the PRC during the reporting period.

The loss attributable to the owners of the parents and non-controlling interests of the Group for the six months ended 30 June 2021 are approximately RMB921,204,000 (six months ended 30 June 2020: loss of RMB458,084,000) and RMB53,638,000 (six months ended 30 June 2020: loss of RMB32,844,000), respectively. Basic and diluted loss per share attributable to equity holders of the Company for the reporting period were RMB14.36 cents (six months ended 30 June 2020: loss of RMB7.14 cents).

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the property development business of the Group for the reporting period increased by 447.7% to approximately RMB1,732,665,000 (six months ended 30 June 2020: RMB316,376,000). The segment results recorded a loss of approximately RMB220,823,000 (six months ended 30 June 2020: loss of approximately RMB49,353,000). The improvement of segment turnover was primarily attributable to the increase in areas delivered of property development projects. The increase in losses of segment results was due to the decrease in reverse of impairment of properties under development, net and the increase in impairment of properties held for sale, net.

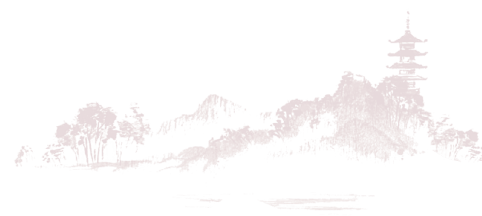
As at 30 June 2021, the Group had a total of 44 property development projects across 19 cities in Mainland China. The total area of the properties held for sales, properties under development and areas pending construction of the Group amounted to approximately 6,960,000 square meters.

The Group will further focus on the expansion of its regional property development business, while pushing forward the delivery of projects actively. Facing the changes internally and externally, the Group will make responses prudently and control risks proactively so as to maintain a stable operation of its own business, thereby pushing ahead with the steadily delivery of property projects going forward.

Contracted Sales

In the first half of 2021, in response to the ongoing pandemic and industrial changes, the Group pushed forward the resumption of work and production actively. As at 30 June 2021, there were totally 34 projects of 5,350,000 square meters under construction. During the period from January to June 2021, the Group had 32 projects on sale. Contracted sales of properties and contracted gross floor area (the "GFA") amounted to approximately RMB1.367 billion and 112,800 square meters, respectively, with an average selling price of approximately RMB12,120 per square meter.

Management Discussion and Analysis



Project List

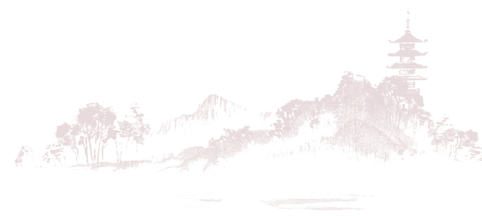
At 30 June 2021

Project Name	Project Location	Planned Development	Equity Share	Expected Year of Completion
PKU Resources • Yuefu	Tianjin	Residential/ Commercial/Villa	70%	2023
PKU Resources • Yuecheng	Tianjin	Residential/Service Apartment/ Commercial/Office	60%	N/A
Yihe 1898 (Tuanbo Project)	Tianjin	Residential/Ancillary Facilities	100%	2024
PKU Resources Square	Qingdao, Shandong	Commercial/Office	70%	N/A
Xindu Xinyuan	Qingdao, Shandong	Residential/ Commercial	70%	N/A
PKU Resources • Wei Ming Mansion	Kaifeng, Henan	Residential/ Commercial/ Clubhouse/Ancillary Facilities	100%	2022
PKU Resources • Block C, Wei Ming Mansion	Kaifeng, Henan	Residential/ Commercial/ Clubhouse/Ancillary Facilities	100%	N/A
PKU Resources • Wei Ming Yangzhe	Kaifeng, Henan	Residential/ Commercial/ Ancillary Facilities	100%	2025
Resources Rui Cheng • Wei Ming 1898	Kaifeng, Henan	Residential/ Commercial/ Public Facilities	100%	2026
109 Mu Project	Kaifeng, Henan	Residential/ Commercial	100%	N/A
PKU Resources • Jiujiu Yihe	Kunshan, Jiangsu	Commercial	51%	N/A
PKU Resources • Jiujiu Yihe (Project MK)	Kunshan, Jiangsu	Residential/ Commercial/Office	51%	N/A
PKU Resources • Yihe Tianyue (Qian Deng Project)	Kunshan, Jiangsu	Residential/Ancillary Facilities	100%	2024
PKU Resources • Wei Ming Mansion	Hangzhou, Zhejiang	Commercial/Apartment	100%	N/A
PKU Resources • Shanshui Nianhua	Wuhan, Hubei	Commercial	70%	N/A
Founder International Financial Building (Zhongbei Road Project)	Wuhan, Hubei	Commercial/Office/ Apartment/Ancillary Facilities	100%	N/A
Ezhou • Lianhu Jincheng	Ezhou, Hubei	Villa/Residential/ Commercial/Public Facilities	90%	2024
PKU Resources • Time	Changsha, Hunan	Commercial/Office	63%	N/A
PKU Resources • Ideal Home	Changsha, Hunan	Residential/ Commercial	70%	N/A

Management Discussion and Analysis

Project Name	Project Location	Planned Development	Equity Share	Expected Year of Completion
PKU Resources • Emerald Park	Zhuzhou, Hunan	Villa/Residential/ Commercial/ Serviced Apartment/ Clubhouse/Ancillary Facilities	82%	2023
PKU Resources • Yannan International	Chengdu, Sichuan	Residential/ Commercial/Hotel	70%	N/A
PKU Resources • Xishanyue	Chengdu, Sichuan	Villa/Commercial	70%	N/A
PKU Resources • Park 1898	Chengdu, Sichuan	Commercial/Ancillary Facilities	70%	N/A
PKU Resources • Yihe Emerald Mansion	Chengdu, Sichuan	Commercial	80%	N/A
PKU Resources • Yihe Yajun	Chengdu, Sichuan	Commercial	70%	N/A
PKU Resources • Kechuangcheng (Xinfan Project)	Chengdu, Sichuan	Commercial/ Residential/ Exhibition Center	70%	N/A
Boya City Plaza (Xinchuan Science & Technology Park 35 Mu Project)	Chengdu, Sichuan	Commercial/Office	51%	N/A
PKU Resources • Jiangshan Mingmen	Chongqing	Residential/ Commercial/ Kindergarten/Hotel	100%	N/A
PKU Resources • Yannan	Chongqing	Residential	70%	N/A
PKU Resources • Boya	Chongqing	Residential/ Commercial/ Kindergarten	70%	N/A
PKU Resources • Yuelai	Chongqing	Residential/ Commercial/ Kindergarten	70%	N/A
PKU Resources • Zijing Mansion (Tea Garden 155 Mu)	Chongqing	Villa/Residential/ Commercial	100%	2022
Project 580	Chongqing	Residential/ Commercial	100%	N/A
Kunming Botai City	Kunming, Yunnan	Residential/ Commercial/ Serviced Apartment/ Storeroom	85%	2023
Resources Rui Cheng • Yihe Jiujin (Yuxi Project)	Yuxi, Yunnan	Residential/ Commercial/Public Facilities	100%	2025
PKU Resources • Boya Binjiang	Foshan, Guangdong	Residential	51%	2022
Boya Gongguan 1898	Dongguan, Guangdong	Residential/ Commercial	100%	N/A

Management Discussion and Analysis



Project Name	Project Location	Planned Development	Equity Share	Expected Year of Completion
Yihe Emerald Park	Dongguan, Guangdong	Residential/ Commercial/Villa/ Kindergarten	100%	2024
PKU Resources • Dream City Duyun Project (Contracted)	Guiyang, Guizhou	Office/Commercial	70%	2022
	Guiyang, Guizhou	Residential/ Commercial	–	2022
Quanhu Project (Contracted)	Guiyang, Guizhou	Residential/ Commercial	10%	N/A
Zunyi Dream City (Contracted)	Zunyi, Guizhou	Residential/ Commercial	–	N/A
Boya Financial Plaza (Contracted)	Xining, Qinghai	Commercial/Office	–	2022
Changjiang International Cultural Plaza (Contracted)	Yichang, Hubei	Residential/ Commercial/Office	–	2022
Investment Property				
International Building of Wuhan	Wuhan, Hubei	Commercial/Office	100%	N/A
Boya City Plaza	Chengdu, Sichuan	Residential/ Commercial/Office	51%	N/A

Note: For certain projects, the expected year of completion are not available, as these projects have not commenced or pending for completion acceptance, thus it is unable to estimate the expected completion year.

Property Investment

The turnover of property investment business increased by 59.4% to approximately RMB25,000,000 (six months ended 30 June 2020: RMB15,682,000). The segment results recorded a profit of approximately RMB23,587,000 (six months ended 30 June 2020: RMB5,550,000). The increase in segment revenue was mainly attributed to the increase in rented floor area during the reporting period.

Distribution Business

Distribution of Information Products

The distribution business of the Group recorded a turnover of approximately RMB3,053,990,000 representing an increase of 31.5% as compared to that of six months ended 30 June 2020 (six months ended 30 June 2020: RMB2,322,904,000). The segment results recorded a profit of RMB69,078,000 (six months ended 30 June 2020: a loss of RMB7,585,000).

The distribution business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec, UPS power supply and notebook computer of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Microsoft, Corning, Lenovo, Huawei and DELL. The increase in turnover during the reporting period was mainly attributable to the increase in sales volume of information products which were gradually recovered with the containment and control of the pandemic.



Management Discussion and Analysis

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

It is expected that the real estate business will continue to face stringent control policies from the Chinese government and financing channels are expected to further tighten. As some leading real estate enterprises encountered cash flow problems due to overleveraging, causing substantial debt defaults, the development of external environment of the industry remains uncertain. Since February 2020, the development of the Group's real estate business has been affected by the restructuring of Peking Founder and four of its subsidiaries, resulting in a slightly slower pace of internal development. Going forward, the Group will further promote lean operation and take proactive actions including adopting prudent operation measures, such as "slowing down construction, ensuring delivery, destocking, facilitating returns and adjusting structure", optimizing inventory, controlling increment, expanding sources of income, reducing expenditure, reducing costs, increasing efficiency, and strengthening risk management and control, to cope with uncertainties of the development of external environment. In addition, the Group will continue to fortify its core strengths in terms of market, customers, products, services, channels, supply chain, cost and cash flow control in order to achieve the goal of improving the performance of its real estate business and ensuring its sustainable development.

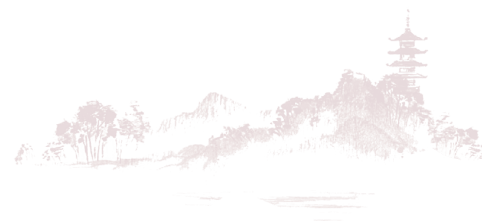
Distribution Business

With the historical sound operation and business reserve, the distribution business has already laid the foundation for further development. In the future, the Company will continue to optimize and develop the distribution business and its product mix, steadily expand the scale of the existing distribution business, actively carry out in-depth cooperation with quality manufacturers and other partners to pursue new performance growth, effectively control market risks in an effort to improve the profitability of the distribution business. Meanwhile, the Company will continue to strengthen internal operation management, enhance cost management, and improve internal operation and turnover efficiency in order to improve internal cash flow; and achieve healthy and orderly business development by stringent compliance management.

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 reporting period. The Group has approximately 905 employees as at 30 June 2021 (31 December 2020: 1,041). The decline in the number of employees is due to reduction in operation scale of property development business and distribution business.

Management Discussion and Analysis



FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the reporting 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 2021, the Group had approximately RMB12,058.2 million interest-bearing bank and other borrowings (31 December 2020: RMB12,173.9 million), of which approximately RMB462.8 million (31 December 2020: RMB469.8 million) were floating interest bearing and RMB11,583.4 million (31 December 2020: RMB11,704.1 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust loans and loans from certain subsidiaries and associates of Peking Founder, and borrowings from financial institutions. All of interest-bearing bank and other borrowings are denominated in RMB, with amount of approximately RMB12,058.2 million (31 December 2020: RMB12,173.9 million) were repayable within one year. The Group's banking facilities were secured by corporate guarantee given by the Company, Peking Founder and Resources Group, and certain properties under development, properties held for sale, the Group's stakes and assignment of return arising from the Group's certain properties under development and properties held for sale. The increase in other payables and accruals by 5.9% to approximately RMB20,007.0 million (31 December 2020: RMB18,882.5 million) was due to increase in contract liabilities arising from sale of properties.

As at 30 June 2021, the Group recorded total assets of approximately RMB36,606.3 million (31 December 2020: RMB38,190.6 million), corresponding liabilities of approximately RMB38,302.1 million (31 December 2020: RMB38,898.5 million), non-controlling interests of approximately RMB1,082.8 million (31 December 2020: RMB1,136.2 million) and negative equity attributable to owners of the parent of approximately RMB2,778.6 million (31 December 2020: negative equity of RMB1,844.1 million). The decrease in equity was attributable to loss for the reporting period. The Group's net asset value per share as at 30 June 2021 was negative RMB0.43 (31 December 2020: negative RMB0.11). The decrease in net asset value per share was attributable to loss for the reporting period.

The Group had total cash and cash equivalents and restricted cash of approximately RMB1,165.9 million and RMB400.2 million, respectively as at 30 June 2021 (31 December 2020: RMB1,401.9 million and RMB461.3 million). As at 30 June 2021, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was negative 7.1 (31 December 2020: negative 17.2) while the Group's current ratio was 0.91 (31 December 2020: 0.94). As at 30 June 2021, the capital commitments for contracted, but not provided for, properties under development were approximately RMB3,894.7 million (31 December 2020: RMB4,959.2 million).

The Group is currently in discussion with the lenders to extend the repayment of principal and interest of loans defaulted. The Group will continue to focus on improving the net cash from operating activities and to meet its funding requirements in its usual course of operation by cash flows generated from operations, as well as implementing tighter control over costs, working capital and capital expenditure.

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 United States Dollars ("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. dollars 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.



Management Discussion and Analysis

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 2021 (31 December 2020: 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 2021.

Charges on assets

As at 30 June 2021, properties under development of approximately RMB12,036.1 million (31 December 2020: RMB12,176.1 million), properties held for sale of approximately RMB4,399.9 million (31 December 2020: RMB5,451.7 million), property, plant and equipment of approximately RMB26.3 million (31 December 2020: RMB23.2 million), investment properties of approximately RMB163.8 million (31 December 2020: RMB165.3 million), bank deposits of approximately RMB10.0 million (31 December 2020: RMB10.4 million), certain equity interests of certain subsidiaries and the assignment of returns arising from certain properties under development and properties held for sale of the Group 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 2021, 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 RMB5,445.7 million (31 December 2020: RMB7,886.6 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 2021 (31 December 2020: Nil).

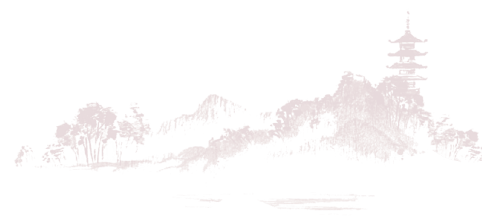
Events after the reporting period

1. The restructuring process of Peking Founder Group

The Company received a notification letter from the administrator of Peking Founder on 5 July 2021, which stated that a written civil ruling (No. (2020)京01破13號之五) served by The First Intermediate People's Court of Beijing was received by it on the same day, in which it was held that the "Restructuring Proposal of the Five Companies including Peking University Founder Group Company Limited (Draft)" (the "Restructuring Proposal (Draft)") was approved and the restructuring procedure was terminated. Accordingly, the Restructuring Proposal (Draft) has become effective and is in the phase of execution.

Details of the restructuring and liquidation process of Peking Founder Group is set out in the announcements of the Company dated 25 January 2021, 29 January 2021, 2 February 2021, 22 February 2021, 12 March 2021, 3 May 2021, 31 May 2021 and 8 July 2021, respectively.

Management Discussion and Analysis



2. Change of controlling shareholders and substantial shareholders of the Company

As informed by the Liquidators, Founder Information (acting by the Liquidators) conducted several sales of the shares in the Company, details of which are set out as follow:

- (1) on 29 June 2021, Founder Information (acting by the Liquidators) accepted an irrevocable offer made by Ample Grace Investments Limited (“Ample Grace”), pursuant to which, Founder Information agreed to sell 641,615,565 shares in the Company (representing approximately 10% of total issued share capital of the Company) (“Accepted Offer Shares”) to Ample Grace; and Ample Grace was granted a right to require Founder Information to purchase from Ample Grace all Accepted Offer Shares (subject to the completion of such sale set out above). Details of the transfer are set out in the announcement of the Company dated 8 July 2021;
- (2) on 12 August 2021, Founder Information (acting by the Liquidators) sold 1,276,384,435 shares in the Company (representing approximately 19.89% of total issued share capital of the Company) to Ample Grace. The 1,918,000,000 shares in the Company held by Ample Grace are subject to the share charge entered into by Ample Grace and Founder Information on 11 August 2021 and the put option in respect of the Accepted Offer Shares was terminated. Details of the transfer and the share charge are set out in the announcement of the Company dated 31 August 2021;
- (3) on 8 October 2021, Founder Information (acting by the Liquidators) sold 1,276,814,973 shares in the Company (representing approximately 19.90% of the issued share capital of the Company) to Firstunion Animation Technology (HK) Co. Limited (“Firstunion”). Upon completion of such transfer on 18 October 2021, Firstunion became a substantial shareholder of the Company and Founder Information beneficially owned 655,319,434 shares in the Company (representing approximately 10.21% of the issued share capital of the Company) and ceased to be a controlling shareholder of the Company. Details of the transfer are set out in the announcement of the Company dated 29 October 2021; and
- (4) on 20 October 2021, Founder Information (acting by the Liquidators) accepted an irrevocable offer made by Kaiya Fund Pte. Ltd. (“Kaiya Fund”), pursuant to which Founder Information (acting by the Liquidators) agreed to sell a total of 641,600,000 shares in the Company (representing approximately 10.00% of the issued share capital of the Company) to Kaiya Fund. Upon completion of the transfer on 5 November 2021, Founder Information (acting by the Liquidators) beneficially owned 13,719,434 shares in the Company (representing approximately 0.21% of the issued share capital of the Company) and Kaiya Fund beneficially owned 641,600,000 shares in the Company (representing approximately 10.00% of the issued share capital of the Company). As a result, Kaiya Fund became a substantial shareholder of the Company and Founder Information ceased to be a substantial shareholder of the Company. Details of the transfer are set out in the announcement of the Company dated 30 November 2021.

Management Discussion and Analysis

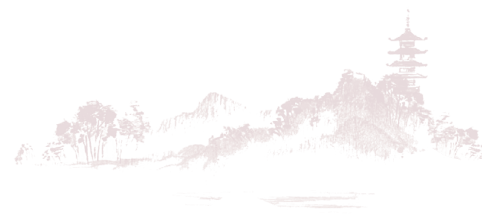
3. Litigations

The Group has been involved in the following major legal proceedings after the reporting period:

- (1) in August 2021, Zhonghang Trust Company Limited* (“Zhonghang Trust”) filed a civil complaint in the Intermediate People’s Court of Nanchang, Jiangxi Province against Kunshan Hi-Tech in respect of the outstanding debts amounting to RMB1,035,850,924.54 (including outstanding principal of RMB400 million and outstanding interest and the default interest accrued as of 30 June 2021). In December 2021, the Intermediate People’s Court of Nanchang, Jiangxi Province issued a civil judgment, which ruled that Kunshan Hi-Tech shall repay to Zhonghang Trust the principal amount of the loan of RMB400 million together with the outstanding interest up to the date of actual repayment and the default payment, and that Zhonghang Trust shall have a prioritized right to compensation over the proceeds from the discounting, auction or sale of the state-owned land use rights mortgaged by Kunshan Hi-Tech. In January 2022, Kunshan Hi-Tech filed an appeal against the judgment with the Intermediate People’s Court of Nanchang, Jiangxi Province;
- (2) in August 2021, Shanghai International Trust Company Limited* (“Shanghai Trust”) filed a civil complaint in the Shanghai Financial Court against the indirectly wholly-owned subsidiaries of the Company, namely Chongqing Yingfeng Property Co., Ltd.* (“Chongqing Yingfeng”), Kunshan Fangshi Property Development Co., Limited* (“Kunshan Fangshi”) and Hong Kong Yingfeng Holdings Limited (“Hong Kong Yingfeng”) in respect of the outstanding debts amounting to RMB413,640,127.62. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court. Details of this legal proceeding are set out in the announcements of the Company dated 15 October 2021 and 27 January 2022;
- (3) in August 2021, Shanghai Trust filed a civil complaint in the Shanghai Financial Court against Beijing Founder Century Information System Co., Ltd. (“Beijing Founder”) and Chongqing Yingfeng in respect of the outstanding debts amounting to RMB716,171,285.90 (including outstanding principal and interest). In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court. Details of this legal proceeding are set out in the announcements of the Company dated 15 October 2021 and 27 January 2022;
- (4) in August 2021, Shanghai Trust filed a civil complaint in the Shanghai Financial Court against Kunshan Fangshi in respect of the outstanding entrusted loans amounting to RMB982,523,221.99 (including the outstanding principal, damages and legal costs). In September 2021, Shanghai Trust filed an application to the Shanghai Financial Court to add Peking University Resources Group Investment Co., Limited (“Resources Investment”) as a defendant of the same case. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court. Details of this legal proceeding are set out in the announcement of the Company dated 27 January 2022;
- (5) in August 2021, Minmetals International Trust Co., Ltd (“Minmetals International”) filed a civil complaint in the Intermediate People’s Court of Xining, Qinghai Province against Dongguan Yihui Property Co., Limited (“Dongguan Yihui”), Yuxi Runya Property Company Limited* (“Yuxi Runya”) and Chongqing Yingfeng in respect of the outstanding debts amounting to approximately RMB1,510 million (Minmetals International changed the amount of outstanding debts of the case to RMB1,458,513,421.66 in December 2021);

* For identification purposes only

Management Discussion and Analysis



- (6) in August 2021, Minmetals International filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against Wuhan Tianhe Jinrui Property Development Company Limited*, Yuxi Runya and Resources Investment in respect of the outstanding entrusted loans amounting to approximately RMB631 million (including outstanding principal of RMB620 million and outstanding interest and default interest as of 19 August 2021);
- (7) in August 2021, Kunshan Hi-Tech filed a civil complaint in the Intermediate People's Court of Suzhou, Jiangsu Province against Peking University Resources (Hubei) Asset Management Co., Limited ("Resources Hubei") in respect of the outstanding debts amounting to RMB178,517,969.43 (including the outstanding principal and interest accrued as of 31 August 2021);
- (8) in October 2021, the People's Court of Haidian District, Beijing made an order that 70% of the equity interests of Qingdao Boya Real Estate Co., Limited*, a subsidiary of Resources Investment, shall be auctioned and sold;
- (9) in November 2021, Peking University Resources Group Limited* ("Resources Group") filed a civil legal proceeding in the First Intermediate People's Court of Beijing against Resources Investment in respect of the amount owed by Resources Investment to Resources Group, which Resources Group claimed to be approximately RMB7,926 million, details of which are set out in the announcement of the Company dated 10 November 2021;
- (10) in November 2021, Resources Investment filed a legal proceeding in the People's Court of Haidian District, Beijing against Mr. Zeng Gang to request him to return the business licenses, company seals and other necessary documents of Resources Investment;
- (11) in December 2021, the People's Court of Haidian District, Beijing made an order that 70% of the equity interests of Qingdao Boya Real Estate Co., Limited*, a subsidiary of Resources Investment, shall be frozen;
- (12) in December 2021, Resources Hubei filed a derivative action with the Intermediate People's Court of Chengdu, Sichuan Province against Mr. Zeng Gang in respect of losses and damages suffered by Resources Investment as a result of Mr. Zeng Gang's misconduct, details of which are set out in the announcement of the Company dated 24 January 2022; and
- (13) Beijing Founder received a notice in January 2022 from the Dongguan City Court regarding an Amended Application for Realisation of Pledged Interests* (the "Application") filed by CITIC Trust Co., Ltd.* ("CITIC Trust") against Dongguan Yihui with the Dongguan City Court. In January 2019, Beijing Founder as the borrower and CITIC Trust as the lender entered into a loan agreement (the "Loan Agreement"), pursuant to which CITIC Trust provided a loan of RMB2.5 billion to Beijing Founder. Dongguan Yihui mortgaged its properties to secure the repayment of loan under the Loan Agreement. In addition, Resources Group agreed to act as the co-borrower and the guarantor for the repayment of loan under the Loan Agreement. Pursuant to the Application, CITIC Trust sought a decision from the Dongguan City Court for the auction, sale or otherwise the legal disposition of specified properties of Dongguan Yihui to repay in priority the outstanding debt due to CITIC Trust under the Loan Agreement of RMB1,142,789,983.70 (calculated up to 15 November 2021).

* For identification purposes only



Management Discussion and Analysis

4. Resumption Guidance

On 23 July 2021 and 18 January 2022, the Company received the following resumption guidance from the Stock Exchange (the “Resumption Guidance”):

- (i) publish the revised consolidated financial statements of the Company for the year ended 31 December 2020 and address any audit modifications;
- (ii) demonstrate the Company’s compliance with Rule 13.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”);
- (iii) announce all material information for the Company’s shareholders and investors to appraise the Company’s position;
- (iv) publish all outstanding financial results and address any audit modifications;
- (v) conduct an independent investigation into the Misappropriation and Misconduct (as defined in the announcement of the Company dated 10 December 2021), announce the investigation findings, assess and announce the impact on the Company’s financial and operation position, and take appropriate remedial actions; and
- (vi) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the Listing Rules.

Details of the Resumption Guidance are set out in the announcements of the Company dated 28 July 2021 and 21 January 2022.

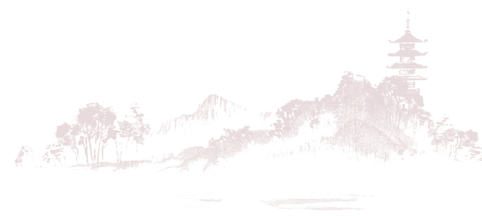
5. Change of financial year end date

As disclosed in the Company’s announcement dated 5 January 2022, the Board resolved to change the financial year end date of the Company from 31 December to 31 March with effect from 5 January 2022.

Following the change of financial year end date, in respect of the Company’s audited consolidated financial information for the 15-month period from 1 January 2021 to 31 March 2022, the Company will be required to publish results announcement on or before 30 June 2022, and the financial report on or before 31 July 2022.

Thereafter, the Company will announce its unaudited interim results for the 6-month period from 1 April to 30 September and the audited annual results for the 12-month period from 1 April to 31 March on or before 30 November and 30 June each year, respectively.

Management Discussion and Analysis



6. **Revision of the information contained in the final results announcement for the year ended 31 December 2020 of the Company dated 31 March 2021 (the “Final Results Announcement”)**

On 31 March 2021, the Company published the Final Results Announcement. Subsequently, on 28 April 2021, the Company made an announcement that as the then indirect controlling shareholder of the Company, informed in April 2021 that the amount due to then indirect controlling shareholder included in “Other payables and accruals” in consolidated statement of financial position as at 31 December 2020 should be revised, the management of the Company needed time to reconcile the balance with the related party and to further discuss and consult on whether to adjust the consolidated financial statements of the Company, and thus, more time was needed for the Company to prepare and finalise relevant information to be contained in the annual report for the year ended 31 December 2020.

Subsequent to the publishing of the Final Results Announcement, the auditor of the Company revised the independent auditor’s report on the consolidated financial statements of the Company for the year ended 31 December 2020, materially amended the basis for their disclaimer of opinion. As such, the section headed “Extract of Independent Auditor’s Report on the Consolidated Financial Statements for the Year Ended 31 December 2020” in the Final Results Announcement has been superseded. For details, including the reasons for the changes and the potential impact on the consolidated financial statements of the Company for the year ended 31 December 2020, please refer to the supplemental announcement to the Final Results Announcement published by the Company on 12 January 2022.

7. **Major transaction in relation to the disposal of entire issued share capital of Hong Kong Huzi Limited**

On 21 January 2022, the Company and Wealth Elite Group Investment Limited, an independent third party, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and Wealth Elite Group Investment Limited has conditionally agreed to acquire, the entire issued share capital of Hong Kong Huzi Limited, a direct wholly-owned subsidiary of the Company, at the consideration of HK\$20,000,000. Details of the transaction are set out in the announcement of the Company dated 21 January 2022.

Saved as disclosed above, there is no other important event affecting the Group after the reporting period and up to date of this interim report.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

INTERIM RESULTS

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 2021, together with the comparative figures for the corresponding period in 2020. 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 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	5	4,811,655	2,654,962
Cost of sales		(4,502,942)	(2,384,345)
Gross profit		308,713	270,617
Other income and gains	6	38,529	51,758
Selling and distribution expenses		(121,171)	(146,469)
Administrative and other operating expenses		(218,830)	(229,240)
Other expenses and losses, net		(139,103)	(21,306)
Finance costs	7	(670,376)	(317,597)
Share of losses of associates		–	(1,437)
Loss before tax		(802,238)	(393,674)
Income tax expense	9	(172,604)	(97,254)
Loss for the period	8	(974,842)	(490,928)
Attributable to:			
Owners of the parent		(921,204)	(458,084)
Non-controlling interests		(53,638)	(32,844)
		(974,842)	(490,928)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted		RMB(14.36) cents	RMB(7.14) cents

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021



	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	(974,842)	(490,928)
Other comprehensive loss:		
Item that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(12,963)	(16,164)
Other comprehensive loss for the period, net of tax	(12,963)	(16,164)
Total comprehensive loss for the period	(987,805)	(507,092)
Total comprehensive loss for the period attributable to:		
Owners of the parent	(934,431)	(474,487)
Non-controlling interests	(53,374)	(32,605)
	(987,805)	(507,092)

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	86,830	87,843
Investment properties		1,819,484	1,523,097
Right-of-use assets		13,447	18,878
Other intangible assets		3,857	4,465
Investments in associates		734	752
Deferred tax assets		107,264	107,264
		2,031,616	1,742,299
Current assets			
Properties under development		17,177,269	18,243,990
Properties held for sale		11,070,007	12,001,730
Inventories		289,261	531,193
Trade and bills receivables	13	1,056,886	1,040,140
Prepayments, other receivables and other assets		2,414,825	1,767,755
Prepaid tax		685,084	685,084
Other current assets		315,227	315,227
Restricted cash		400,246	461,300
Cash and cash equivalents		1,165,906	1,401,854
		34,574,711	36,448,273
Current liabilities			
Trade payables	14	3,367,445	4,920,330
Other payables and accruals		20,006,960	18,882,542
Interest-bearing bank and other borrowings		12,058,229	12,173,944
Tax payable		2,565,565	2,616,625
Lease liabilities		9,374	9,454
Provision		78,775	78,775
		38,086,348	38,681,670
Net current liabilities		(3,511,637)	(2,233,397)
Total assets less current liabilities		(1,480,021)	(491,098)

Interim Condensed Consolidated Statement of Financial Position

At 30 June 2021



	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current liabilities		
Lease liabilities	–	1,118
Deferred tax liabilities	215,742	215,742
	215,742	216,860
NET LIABILITIES	(1,695,763)	(707,958)
Capital and reserves		
Issued capital	545,335	545,335
Reserves	(3,323,901)	(2,389,470)
Equity attributable to owners of the parent	(2,778,566)	(1,844,135)
Non-controlling interests	1,082,803	1,136,177
TOTAL DEFICIT	(1,695,763)	(707,958)

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company										
	Issued capital RMB'000	Share premium account RMB'000 (Note a)	Contributed surplus RMB'000 (Note a)	Merger reserve RMB'000 (Note a)	Non-controlling interests reserve RMB'000 (Note a)	Exchange fluctuation reserve RMB'000 (Note a)	General reserve RMB'000 (Note a)	Accumulated losses RMB'000 (Note a)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (Audited)	545,335	258	1,297,299	(238,675)	(134,812)	(55,710)	584,688	(3,842,518)	(1,844,135)	1,136,177	(707,958)
Loss for the period	-	-	-	-	-	-	-	(921,204)	(921,204)	(53,638)	(974,842)
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	(13,227)	-	-	(13,227)	264	(12,963)
Total comprehensive loss for the period	-	-	-	-	-	(13,227)	-	(921,204)	(934,431)	(53,374)	(987,805)
At 30 June 2021 (Unaudited)	545,335	258	1,297,299	(238,675)	(134,812)	(68,937)	584,688	(4,763,722)	(2,778,566)	1,082,803	(1,695,763)

Note:

- (a) These reserve accounts comprise the consolidated deficits of RMB3,323,901,000 (31 December 2020: RMB2,389,470,000) in the condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020



	Attributable to owners of the Company										
	Issued capital	Share premium account	Contributed surplus	Merger reserve	Non-controlling interests reserve	Exchange fluctuation reserve	General reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note a)	(Note a)	(Note a)	(Note a)	(Note a)	(Note a)	(Note a)			
At 1 January 2020 (Audited)	545,335	258	1,297,299	(238,675)	(134,812)	(96,173)	527,031	(1,759,468)	140,795	962,845	1,103,640
Loss for the period	-	-	-	-	-	-	-	(458,084)	(458,084)	(32,844)	(490,928)
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	(16,403)	-	-	(16,403)	239	(16,164)
Total comprehensive loss for the period	-	-	-	-	-	(16,403)	-	(458,084)	(474,487)	(32,605)	(507,092)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
At 30 June 2020 (Unaudited)	545,335	258	1,297,299	(238,675)	(134,812)	(112,576)	527,031	(2,217,552)	(333,692)	924,240	590,548

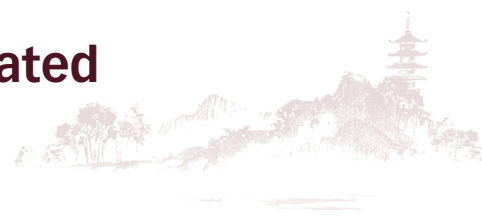
Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Net cash used in operating activities	(179,332)	(18,178)
Cash flows from investing activities		
Purchases of property, plant and equipment	(181)	(4,489)
Proceeds from disposal of property, plant and equipment	–	1,696
Net cash used in investing activities	(181)	(2,793)
Cash flows from financing activities		
New bank and other borrowings	–	425,875
Repayment of bank and other borrowings	(115,715)	(980,536)
Decrease in restricted cash pledged for borrowings	61,054	14,017
Principal portion lease payments	(1,816)	(3,572)
Dividends paid to non-controlling shareholders	–	(6,000)
Net cash used in financing activities	(56,477)	(550,216)
Net decrease in cash and cash equivalents	(235,990)	(571,187)
Cash and cash equivalents at beginning of period	1,401,854	1,556,977
Effect of foreign exchange rate changes, net	42	77
Cash and cash equivalents at end of period	1,165,906	985,867
Analysis of cash and cash equivalents		
Cash and bank balances	1,165,906	985,867

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



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 Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, 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; and
- property investment

As at 30 June 2021, the Company was owned as to approximately 60.01% by Founder Information (Hong Kong) Limited 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”, together with its subsidiaries, the “Peking Founder Group”). 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*) as at 30 June 2021, which is established in the People’s Republic of China (the “PRC”).

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 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 2020.

Going concern basis

The Group incurred a net loss of RMB974,842,000 for the six months ended 30 June 2021. As at 30 June 2021, the Group had a net deficit attributable to the owners of the parent of RMB2,778,566,000 and the Group’s current liabilities exceeded its current assets by RMB3,511,637,000. Other than the above, the following are the conditions that may cast significant doubt on the Group’s ability to continue as a going concern:

Breaches of loan covenants and loan defaults

In 2019, Peking Founder defaulted on its bond redemption of RMB2,000,000,000 and the Group defaulted on its loan repayments of RMB1,211,770,000, resulting in borrowings of RMB11,147,071,000 becoming repayable on demand as at 31 December 2019 because these defaults caused breaches of loan covenants of the Group’s borrowings. In 2020, the Group also defaulted on its loan repayments of RMB8,201,000,000. As at 31 December 2020, the Group’s borrowings repayable within one year amounted to RMB35,000,000 and the Group’s borrowings repayable on demand amounted to RMB12,138,944,000 which arose from the aforementioned defaults in 2019 and 2020.

* For identification purposes only



Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

Breaches of loan covenants and loan defaults (continued)

In February 2020, Bank of Beijing applied to The First Intermediate People's Court of Beijing (the "Beijing Court") for the initiation of reorganisation procedures against Peking Founder (the "Peking Founder Reorganisation") and a liquidation team which consisted of the People's Bank of China, Ministry of Education, relevant financial regulatory institutions and relevant functional departments of Beijing was appointed as the administrator of Peking Founder (the "Administrator"), details of which are included in the Company's announcement dated 18 February 2020.

On 29 January 2021, the Company received a notification letter from the Administrator that Zhuhai Huafa Group Co., Ltd. (on behalf of Zhuhai State-owned Assets), Ping An Insurance (Group) Company of China Ltd. and Shenzhen SDG Group Co., Ltd. (collectively referred to as the "Investors") formed a consortium as investors of restructuring Peking Founder. The Company received a notification letter from the Administrator on 30 April 2021, which stated that the Investors entered into a restructuring investment agreement on 30 April 2021. On 5 July 2021, the Company received a notification letter from the Administrator, which stated that a written civil ruling served by Beijing Court was received by it on the same day, in which it was held that the Peking Founder Reorganisation was approved and the restructuring procedure was terminated.

Legal actions initiated by lenders

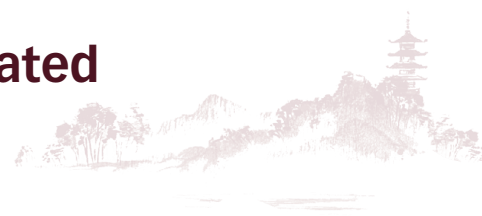
In November and December 2019, the Group received (1) a pre-litigation property attachment, which aimed to freeze the bank account balances or impound or seize other equivalent assets of the borrower with the equivalent amount of the borrowings in concern, issued by Xining City Intermediate People's Court of Qinghai Province (the "Xining City Court") in relation to borrowings of RMB2,320,000,000, (2) legal proceedings in Dongguan City Third People's Court of Guangdong Province (the "Dongguan City Court") requiring the repayment of principal, interest and default penalty of a loan amounting to RMB1,061,770,000 (later changed to RMB773,656,000), and (3) an application for arbitration of a securities conflict case in Shenzhen Court of International Arbitration (the "Shenzhen Court") requiring the payment of principal involved in the relevant securities and the expected revenue amounting to RMB496,991,000.

In August and September 2020, the Group received (1) a writ of summons in respect of a dispute over borrowings amounting to RMB570,000,000, whereupon the lender requested one of the Group's subsidiaries to pay the general repurchase amount and the premium repurchase amount totaling approximately RMB600,000,000 in relation to the relevant borrowings, and grant a preferential right of compensation on the collateral provided by another subsidiary within the scope of the creditor's rights determined by the aforementioned judgement, of which the legal case has been admitted by the Intermediate People's Court of Fuzhou City, Fujian Province (the "Fuzhou City Court"), and (2) a pre-litigation property attachment, issued by the Intermediate People's Court of Shijiazhuang City, Hebei Province (the "Shijiazhuang City Court"), against the Group's properties valued not more than RMB314,000,000 in relation to borrowings of RMB280,000,000.

Based on the latest information available to the Group, the plaintiff who applied for the pre-litigation property attachment in the Xining City Court did not initiate further legal proceedings against the Group, the Shijiazhuang City Court has released the pre-litigation property attachment, and the Dongguan City Court and the Shenzhen Court have terminated the aforementioned trial or arbitration. Based on the civil judgement from the Fuzhou City Court received by the Group on 15 March 2021, two of the Group's subsidiaries, as defendants, are liable to repay the principal amount of the borrowings as well as the corresponding interests to the plaintiff.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



2. BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

Legal actions initiated by lenders (continued)

The Group has been involved in the following major legal actions initiated by lenders after the reporting period:

- (1) In August 2021, a lender filed a civil complaint in the Intermediate People's Court of Nanchang, Jiangxi Province against one of the Group's subsidiaries in respect of the outstanding debts amounting to RMB1,035,850,924.54. In December 2021, the Intermediate People's Court of Nanchang, Jiangxi Province issued a civil judgment, which ruled that the subsidiary shall repay to the lender the principal amount of the loan of RMB400 million together with the outstanding interest up to the date of actual repayment and the default payment, and that the lender shall have a prioritized right to compensation over the proceeds from the discounting, auction or sale of the state-owned land use rights mortgaged by the subsidiary. In January 2022, the subsidiary filed an appeal against the judgment with the Intermediate People's Court of Nanchang, Jiangxi Province;
- (2) In August 2021, a lender filed a civil complaint in the Shanghai Financial Court against various subsidiaries of the Group in respect of the outstanding debts amounting to RMB413,640,127.62. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and the lender. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court;
- (3) In August 2021, a lender filed a civil complaint in the Shanghai Financial Court against two of the Group's subsidiaries in respect of the outstanding debts amounting to RMB716,171,285.90. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and the lender. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court;
- (4) In August 2021, a lender filed a civil complaint in the Shanghai Financial Court against one of the Group's subsidiaries in respect of the outstanding entrusted loans amounting to RMB982,523,221.99. In September 2021, the lender filed an application to the Shanghai Financial Court to add another subsidiary of the Group as a defendant of the same case. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and the lender. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court;
- (5) In August 2021, a lender filed a civil complaint in the Xining City Court against, among other, two of the subsidiaries of the Group in respect of the outstanding debts amounting to approximately RMB1,510 million (the lender changed the amount of outstanding debts of the case to RMB1,458,513,421.66 in December 2021);
- (6) In August 2021, a lender filed a civil complaint in the Xining City Court against, among others, one of the Group's subsidiaries in respect of the outstanding entrusted loans amounting to approximately RMB631 million;



Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

Legal actions initiated by lenders (continued)

- (7) In August 2021, Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited* (“Kunshan Hi-Tech”) filed a civil complaint in the Intermediate People’s Court of Suzhou, Jiangsu Province against a subsidiary of the Company in respect of the outstanding debts amounting to RMB178,517,969.43;
- (8) In October 2021, the People’s Court of Haidian District, Beijing made an order that 70% of the equity interests of one of the Group’s subsidiaries shall be auctioned and sold;
- (9) In November 2021, a former substantial shareholder of the Company filed a civil legal proceeding in the First Intermediate People’s Court of Beijing against one of the Group’s subsidiaries in respect of the outstanding debts claimed to be amounting to approximately RMB7,926 million;
- (10) In December 2021, the People’s Court of Haidian District, Beijing made an order that 70% of the equity interests of one of the Group’s subsidiaries shall be frozen; and
- (11) The Group received a notice in January 2022 from the Dongguan City Court regarding an Amended Application for Realisation of Pledged Interests* filed by a lender against a subsidiary of the Company with the Dongguan City Court, which sought a decision from the Dongguan City Court for the auction, sale or otherwise the legal disposition of specified properties of the subsidiary of the Company to repay in priority the outstanding debt of RMB1,142,789,983.70 (calculated up to 15 November 2021).

Winding up petition against Founder Information

On 28 October 2020, The Bank of New York Mellon, London Branch filed a petition at the High Court of Hong Kong for the winding up of Founder Information, the immediate holding company of the Company, on the ground that Founder Information was unable to pay a debt arising from bonds issued by another subsidiary of Founder Information in which Founder Information is the guarantor of such bonds (the “Petition”).

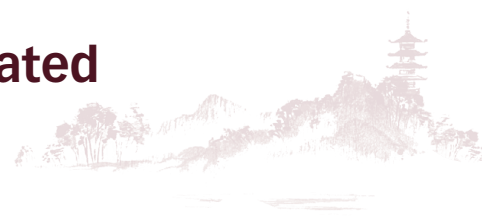
On 5 March 2021, a sealed regulating order was issued by the High Court of Hong Kong regarding the appointment of the liquidators of Founder Information, which shall have the powers, including but not limited to, taking possession of the property of Founder Information and selling any of the property of Founder Information (including the shares of the Company) by way of public auction or private contract, with power to transfer the whole of it to any person or to sell the same in parcels. Founder Information (acting by the Liquidators) has conducted several sales of the Company’s shares during June to November 2021. As at the date of this report, Founder Information (acting by the Liquidators) beneficially owned 13,719,434 shares in the Company, representing approximately 0.21% of the issued share capital of the Company. As a result, Founder Information (acting by the Liquidators) ceased to be a substantial shareholder of the Company.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

* For identification purposes only

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



2. BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

Winding up petition against Founder Information (continued)

In view of such circumstances, the board of directors of the Company (the "Board") has given careful consideration to the future liquidity of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

- (i) The Group has actively negotiating with existing lenders for loan extension, the waiver of the repayable on demand clause and breach of the undertaking and restrictive covenant requirements of certain bank and other borrowings.
- (ii) The management of the Group has prepared a business strategy plan, which have been reviewed by the board of directors of the Company. The business strategy plan mainly focuses on the acceleration of pre-sale of suitable properties of the Group as well as the implementation of cost control measurements, and the disposal of certain inefficient assets to reduce the financial burden of the Group.

The Board is of the opinion that, taking into account the above measures which may bring in additional new sources of financing to the Group, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months. Accordingly, the Group will have sufficient financial resources to continue as a going concern.

Notwithstanding the above, significant uncertainties exist as to whether management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) successfully negotiating with the Group's existing lenders to seek extension of the due dates of the Group's borrowings;
- (ii) successfully carrying out the Group's business strategy plan and cost control measures and completing the disposal of inefficient assets so as to improve the Group's working capital and cash flow position; and
- (iii) successfully obtaining additional new sources of financing going forward.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these interim condensed consolidated financial information.



Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”), HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. 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.

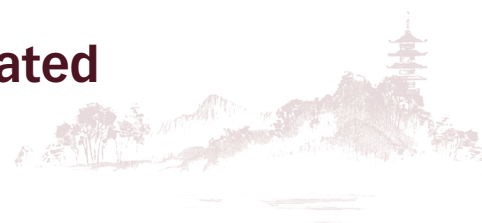
Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss 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.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



4. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the six months ended 30 June 2021

	Distribution of information products RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue, other income and gains				
Segment revenue from external customers	3,053,990	1,732,665	25,000	4,811,655
Other income and gains	33	28,020	368	28,421
	3,054,023	1,760,685	25,368	4,840,076
Segment results	69,078	(220,823)	23,587	(128,158)
<i>Reconciliation:</i>				
Interest income				10,108
Corporate and unallocated expenses				(14,429)
Finance costs (other than interest on lease liabilities)				(669,759)
Loss before tax				(802,238)

For the six months ended 30 June 2020

	Distribution of information products RMB'000 (Unaudited)	Property development RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue, other income and gains				
Segment revenue from external customers	2,322,904	316,376	15,682	2,654,962
Other income and gains	97	31,478	–	31,575
	2,323,001	347,854	15,682	2,686,537
Segment results	(7,585)	(49,353)	5,550	(51,388)
<i>Reconciliation:</i>				
Interest income				20,183
Corporate and unallocated expenses				(45,689)
Finance costs (other than interest on lease liabilities)				(316,780)
Loss before tax				(393,674)

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

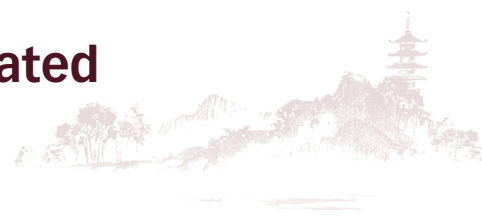
4. SEGMENT INFORMATION (CONTINUED)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020, respectively.

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
Segment assets				
As at 30 June 2021 (Unaudited)	4,474,581	32,544,596	684,516	37,703,693
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,246,904)
Corporate and other unallocated assets				1,149,538
Total assets (Unaudited)				36,606,327
As at 31 December 2020 (Audited)	4,871,369	32,103,398	685,246	37,660,013
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(2,124,943)
Corporate and other unallocated assets				2,655,502
Total assets (Audited)				38,190,572
Segment liabilities				
As at 30 June 2021 (Unaudited)	1,134,985	24,402,433	403,888	25,941,306
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,246,904)
Corporate and other unallocated liabilities				14,607,688
Total liabilities (Unaudited)				38,302,090
As at 31 December 2020 (Audited)	1,338,208	24,269,323	409,631	26,017,162
<i>Reconciliation:</i>				
Elimination of intersegment payables				(2,124,943)
Corporate and other unallocated liabilities				15,006,311
Total liabilities (Audited)				38,898,530

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



4. SEGMENT INFORMATION (CONTINUED)

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 six months ended 30 June 2021				
Mainland China	3,040,067	1,732,665	24,733	4,797,465
Hong Kong	13,923	–	267	14,190
	3,053,990	1,732,665	25,000	4,811,665
For the six months ended 30 June 2020				
Mainland China	2,322,593	316,376	14,601	2,653,570
Hong Kong	311	–	1,081	1,392
	2,322,904	316,376	15,682	2,654,962

The information above is based on the location of the customers.

5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	3,053,990	2,322,904
Sales of properties	1,732,665	316,376
	4,786,655	2,639,280
<i>Revenue from other sources</i>		
Gross rental income	25,000	15,682
	4,811,655	2,654,962

All of the Group's revenue are recognised when goods and properties are transferred at a point of time.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Other income		
Bank interest income	3,876	3,490
Other interest income from related companies	6,232	16,693
Management and consultancy service fee income	20,792	22,677
Government grants*	170	254
Others	7,459	8,644
	38,529	51,758

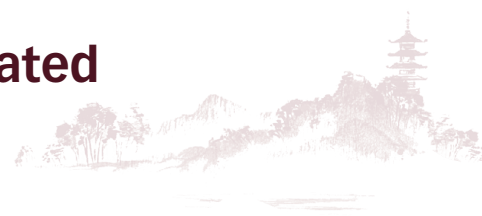
* Various government grants have been received for investments in certain regions in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on bank and other borrowings	530,135	505,130
Interest on loans from related companies	361,217	164,498
Interest expenses arising from revenue contracts	286,804	430,065
Interest expenses arising from lease contracts	617	817
Interest on discounted bills	1,481	932
Total interest expenses	1,180,254	1,101,442
Less: Interest capitalised	(509,878)	(783,845)
	670,376	317,597

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



8. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cost of inventories sold	1,583,744	2,260,789
Cost of properties sold	2,916,994	252,263
Provision against inventories	304	510
Reverse of impairment of properties under development, net	(810)	(112,105)
Impairment of/(reverse of impairment of) properties held for sale, net	2,710	(17,112)
Cost of sales	4,502,942	2,384,345
Depreciation of property, plant and equipment	1,008	6,499
Depreciation of right-of-use assets	196	5,009
Amortisation of other intangible assets	608	1,066
Impairment of financial assets:		
Impairment of trade receivables*	150	6,060
Impairment of financial assets included in prepayments, other receivables and other assets*	-	2,036
Loss on disposal of properties, plant and equipment*	4	11
Foreign exchange losses, net*	1,598	1,804
Claim provision*	-	11,395

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

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current – Hong Kong		
Charge for the period	–	120
Current – Mainland China		
Charge for the period	29,012	69,971
PRC land appreciation tax	143,592	15,373
	172,604	85,464
Deferred tax	–	11,790
Total tax charge for the period	172,604	97,254

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong in previous period.

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2020: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

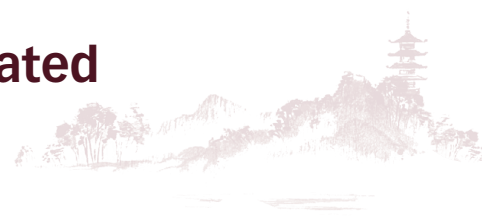
According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer 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. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share (six months ended 30 June 2020: loss per share) amount is based on the loss for the period attributable to ordinary equity holders of the parent of approximately RMB921,204,000 (six months ended 30 June 2020: loss of approximately RMB458,084,000), and the weighted average number of ordinary shares of 6,416,155,647 (six months ended 30 June 2020: 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 2020: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment at a total cost of RMB181,000 (six months ended 30 June 2020: RMB4,489,000), and disposed of items of property, plant and equipment with a total net carrying amount of RMB185,000 (six months ended 30 June 2020: RMB1,707,000).

13. TRADE AND BILLS RECEIVABLES

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade receivables	1,101,185	1,088,687
Bills receivables	47,278	42,880
	1,148,463	1,131,567
Impairment	(91,577)	(91,427)
	1,056,886	1,040,140

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.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

13. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade and bills 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:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 6 months	1,022,585	997,003
7 to 12 months	19,353	5,719
13 to 24 months	9,218	32,972
Over 24 months	5,730	4,446
	1,056,886	1,040,140

As at 30 June 2021, included in the Group's trade and bills receivables are amounts due from fellow subsidiaries of approximately RMB1,102,000 (31 December 2020: RMB2,372,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

14. TRADE PAYABLES

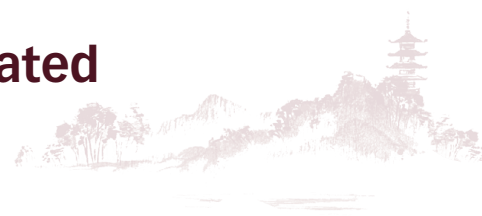
	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Trade payables	3,367,445	4,920,330

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

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Within 6 months	2,788,949	4,679,208
Over 6 months	578,496	241,122
	3,367,445	4,920,330

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



14. TRADE PAYABLES (CONTINUED)

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

As at 30 June 2021, included in the Group's trade and bills payables are amounts due to fellow subsidiaries of approximately RMB14,400,000 (31 December 2020: RMB7,344,593), which are repayable on credit terms similar to those offered by other similar suppliers of the Group.

15. CONTINGENT LIABILITIES

Saved as disclosed elsewhere in the interim condensed consolidated financial information, 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 RMB5,445,710,000 as at 30 June 2021 (31 December 2020: RMB7,886,614,000). 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 2021 (31 December 2020: Nil).

16. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	At 30 June 2021 RMB'000 (Unaudited)	At 31 December 2020 RMB'000 (Audited)
Contracted, but not provided for: Properties under development	3,894,736	4,959,157

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

17. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties

- (a) In addition to the related party transactions and balances disclosed elsewhere in this condensed consolidated financial information, the Group had the following material transactions and/or balances with related parties during the period/or at the end of the reporting period:

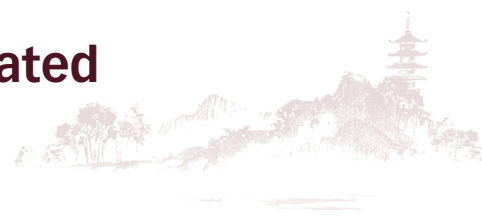
	Notes	Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Transactions with fellow subsidiaries			
Sales of goods	(i)	3,081	2,088
Purchase of goods	(i)	1,865	6,423
Service fee income	(i)	1,873	22,677
Rental expenses	(i)	–	4,250
Service fee expenses	(i)	3,192	13,995
Interest income	(ii)	–	8,755
Interest expenses	(iii)	3,117	837
Transactions with intermediate holding companies			
Interest income	(ii)	–	–
Interest expenses	(iii)	174,372	157,804
Transactions with non-controlling shareholders			
Interest income	(ii)	–	7,351
Interest expenses	(iii)	–	5,857
Transactions with an associate			
Interest income	(ii)	1,740	587

Notes:

- (i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) The interest income was attributable to deposits placed at PKU Founder Group Finance Co., Ltd. ("Founder Finance"), a financial institution approved by the People's Bank of China (the "PBOC"), which bear interests at rates ranging from 0.455% to 1.495% per annum (six months ended 30 June 2020: from 0.455% to 1.495% per annum), loans to certain fellow subsidiaries which bear interests at a rate of 8% per annum (six months ended 30 June 2020: 8% per annum), loans to a non-controlling shareholder which bear interests at rate of 10.5% per annum (six months ended 30 June 2020: 8% per annum), and loans to an associate which bear interests at a rate of 10% per annum (six months ended 30 June 2020: 10% per annum).
- (iii) The interest expenses were attributable to loans from intermediate holding companies, which bear interests at rates 6.5% and 15% per annum (six months ended 30 June 2020: 6.5% and 15% per annum), loans from fellow subsidiaries which bear interests at rates ranging from 8.5% to 15% per annum (six months ended 30 June 2020: from 8.5% to 15% per annum) and loan from a non-controlling shareholder of a subsidiary which bear interest at rate of 10% per annum (six months ended 30 June 2020: 10% per annum).

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



17. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions and balances with related parties (continued)

- (b) At 30 June 2021, included in the Group's interest-bearing bank and other borrowings are loans from Peking Founder amounting to RMB396,596,000 (31 December 2020: RMB240,000,000), three fellow subsidiaries amounting to RMB360,045,000 (31 December 2020: RMB370,085,000) and a non-controlling shareholder amounting to RMB124,496,000 (31 December 2020: RMB115,220,000), which are unsecured, interest-bearing at rates ranging from 6.5% to 10% (31 December 2020: 6.5% to 10%) and are repayable on demand.
- (c) At 30 June 2021, included in the Group's other receivables are amounts due from fellow subsidiaries amounting to RMB105,291,000 (31 December 2020: RMB14,647,000), which are unsecured, interest free and repayable on demand, and amounts due from a non-controlling shareholder of a subsidiary and an associate amounting to RMB149,100,000 (31 December 2020: RMB149,100,000) and RMB12,573,000 (31 December 2020: RMB12,573,000), respectively, which are unsecured, repayable on demand and bear interests at rates of 10.5% and 10% per annum, respectively (31 December 2020: 10.5% and 10%, respectively).
- (d) At 30 June 2021, included in the Group's other payables are amounts due to the immediate holding company, intermediate holding companies, fellow subsidiaries and a non-controlling shareholder of a subsidiary amounting to RMB718,364,000, RMB177,511,000, RMB884,989,000 and RMB23,427,000 (31 December 2020: RMB726,532,000, RMB244,038,000, RMB869,137,000 and RMB9,276,000), respectively, which are unsecured, interest-free and repayable on demand, except for an amount due to an intermediate holding company amounting to RMB2,522,033,000 (31 December 2020: RMB2,350,831,000), which are unsecured, bear interests at rates ranging from 7.5% to 15% per annum.
- (e) At 30 June 2021, included in the Group's cash and cash equivalents are deposits of RMB1,567,000 (31 December 2020: RMB7,575,000) placed with Founder Finance. The interest rates for these deposits were the prevailing savings rates offered by the PBOC.

Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Short-term employee benefits	1,594	1,531
Post-employment benefit	–	5
Salaries, allowances and benefits in kind	1,995	1,767
Total compensation paid to key management personnel	3,589	3,303



Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

18. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the financial statements, the Group's significant subsequent events after the end of reporting period are as follows:

(a) Disputes over the Group's amount due to a then intermediate holding company

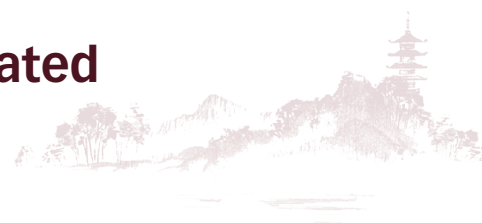
On 13 April 2021, Peking University Resources Group Investment Company Limited (the "Resources Investment"), a wholly-owned subsidiary of the Company, received a notice (the "Notice") from the administrator of Peking University Founder Group Company Limited (the "Administrator"), which stated that the Administrator did not agree Resources Investment's amount due to Peking University Resources Group Co., Ltd. (the "Resources Group"), a then intermediate holding company of the Company, of approximately RMB2,351 million at 31 December 2020 as disclosed in the consolidated financial statements of the Company for the year ended 31 December 2020 (the "Disputed Amount"). In the Notice, there was no indication of the amount owed by Resources Investment to Resources Group according to Resources Group's record at 31 December 2020. On 28 April 2021, the Company made an announcement that the management of the Company need time to reconcile the Disputed Amount with the then intermediate holding company and to further discuss and consult on whether to adjust the Group's consolidated financial statements. As the Company was not able to issue 2020 annual reports before 30 April 2021, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended with effect from 26 April 2021 at the request of the Company.

On 19 October 2021, a civil legal proceeding has been filed by Resources Group in the Beijing Court against Resources Investment, in respect of the Disputed Amount (the "Litigation"). According to the statement of claim, up to 30 September 2020, the amounts due owed by Resources Investment to Resources Group were approximately RMB7,926 million (the "Alleged Debts"). Resources Group demanded that (i) Resources Investment immediately pay to Resources Group the Alleged Debts; (ii) Resources Investment pay the overdue interests in respect of the Alleged Debts based on the loan prime rate announced by the National Interbank Funding Center for the period from the date of the statement of claim to the actual date of full settlement of the Alleged Debts; and (iii) the litigation costs of the Litigation be borne solely by Resources Investment. The Litigation has been admitted by the Court but the court hearing date in respect of the Litigation has yet to be fixed. The Company is in the course of collecting relevant evidences and will file a defence with respect to the Litigation when appropriate.

On 10 December 2021, the Company published an announcement that the Board is of the view that Resources Group had arranged certain subsidiaries of the Company to transfer or deposit their funds into Resources Group, resulting in large amount of indebtedness due from Resources Group to the Group, and have also undertaken a series of transactions in 2020 and 2021 to transfer, assign and/or offset the respective debts between Resources Group, Resources Investment and other subsidiaries of the Company, and then claimed that there were discrepancies regarding the amount payable by the Group to Resources Group and filed a civil lawsuit against Resources Investment for the repayment of the Alleged Debts. As of the date of approval of these financial statements, the dispute on the current accounts remained unresolved.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



18. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(b) Litigations

The Group has been involved in the following major legal proceedings after the reporting period:

- (1) in August 2021, Zhonghang Trust Company Limited* (“Zhonghang Trust”) filed a civil complaint in the Intermediate People’s Court of Nanchang, Jiangxi Province against Kunshan Hi-Tech in respect of the outstanding debts amounting to RMB1,035,850,924.54 (including outstanding principal of RMB400 million and outstanding interest and the default interest accrued as of 30 June 2021). In December 2021, the Intermediate People’s Court of Nanchang, Jiangxi Province issued a civil judgment, which ruled that Kunshan Hi-Tech shall repay to Zhonghang Trust the principal amount of the loan of RMB400 million together with the outstanding interest up to the date of actual repayment and the default payment, and that Zhonghang Trust shall have a prioritized right to compensation over the proceeds from the discounting, auction or sale of the state-owned land use rights mortgaged by Kunshan Hi-Tech. In January 2022, Kunshan Hi-Tech filed an appeal against the judgment with the Intermediate People’s Court of Nanchang, Jiangxi Province;
- (2) in August 2021, Shanghai International Trust Company Limited* (“Shanghai Trust”) filed a civil complaint in the Shanghai Financial Court against the indirectly wholly-owned subsidiaries of the Company, namely Chongqing Yingfeng Property Co., Ltd.* (“Chongqing Yingfeng”), Kunshan Fangshi Property Development Co., Limited* (“Kunshan Fangshi”) and Hong Kong Yingfeng Holdings Limited (“Hong Kong Yingfeng”) in respect of the outstanding debts amounting to RMB413,640,127.62. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court;
- (3) in August 2021, Shanghai Trust filed a civil complaint in the Shanghai Financial Court against Beijing Founder Century Information System Co., Ltd. (“Beijing Founder”) and Chongqing Yingfeng in respect of the outstanding debts amounting to RMB716,171,285.90 (including outstanding principal and interest). In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court;
- (4) in August 2021, Shanghai Trust filed a civil complaint in the Shanghai Financial Court against Kunshan Fangshi in respect of the outstanding entrusted loans amounting to RMB982,523,221.99 (including the outstanding principal, damages and legal costs). In September 2021, Shanghai Trust filed an application to the Shanghai Financial Court to add Resources Investment as a defendant of the same case. In December 2021, a mediation agreement was entered into between the relevant subsidiaries and Shanghai Trust. In January 2022, a civil mediation letter was issued by the Shanghai Financial Court;
- (5) in August 2021, Minmetals International Trust Co., Ltd (“Minmetals International”) filed a civil complaint in the Intermediate People’s Court of Xining, Qinghai Province against Dongguan Yihui Property Co., Limited (“Dongguan Yihui”), Yuxi Runya Property Company Limited* (“Yuxi Runya”) and Chongqing Yingfeng in respect of the outstanding debts amounting to approximately RMB1,510 million (Minmetals International changed the amount of outstanding debts of the case to RMB1,458,513,421.66 in December 2021);

* For identification purposes only

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

18. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

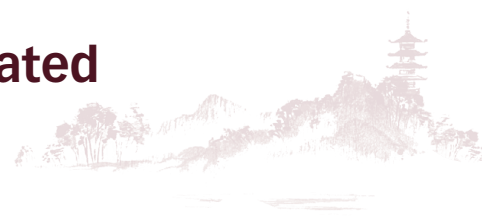
(b) Litigations (continued)

- (6) in August 2021, Minmetals International filed a civil complaint in the Intermediate People's Court of Xining, Qinghai Province against Wuhan Tianhe Jinrui Property Development Company Limited*, Yuxi Runya and Resources Investment in respect of the outstanding entrusted loans amounting to approximately RMB631 million (including outstanding principal of RMB620 million and outstanding interest and default interest as of 19 August 2021);
- (7) in August 2021, Kunshan Hi-Tech filed a civil complaint in the Intermediate People's Court of Suzhou, Jiangsu Province against Peking University Resources (Hubei) Asset Management Co., Limited ("Resources Hubei") in respect of the outstanding debts amounting to RMB178,517,969.43 (including the outstanding principal and interest accrued as of 31 August 2021);
- (8) in October 2021, the People's Court of Haidian District, Beijing made an order that 70% of the equity interests of Qingdao Boya Real Estate Co., Limited*, a subsidiary of Resources Investment, shall be auctioned and sold;
- (9) in November 2021, Resources Group filed a civil legal proceeding in the First Intermediate People's Court of Beijing against Resources Investment in respect of the amount owed by Resources Investment to Resources Group, which Resources Group claimed to be approximately RMB7,926 million;
- (10) in November 2021, Resources Investment filed a legal proceeding in the People's Court of Haidian District, Beijing against Mr. Zeng Gang to request him to return the business licenses, company seals and other necessary documents of Resources Investment;
- (11) in December 2021, the People's Court of Haidian District, Beijing made an order that 70% of the equity interests of Qingdao Boya Real Estate Co., Limited*, a subsidiary of Resources Investment, shall be frozen;
- (12) in December 2021, Resources Hubei filed a derivative action with the Intermediate People's Court of Chengdu, Sichuan Province against Mr. Zeng Gang in respect of losses and damages suffered by Resources Investment as a result of Mr. Zeng Gang's misconduct; and
- (13) Beijing Founder received a notice in January 2022 from the Dongguan City Court regarding an Amended Application for Realisation of Pledged Interests* (the "Application") filed by CITIC Trust Co., Ltd.* ("CITIC Trust") against Dongguan Yihui with the Dongguan City Court. In January 2019, Beijing Founder as the borrower and CITIC Trust as the lender entered into a loan agreement (the "Loan Agreement"), pursuant to which CITIC Trust provided a loan of RMB2.5 billion to Beijing Founder. Dongguan Yihui mortgaged its properties to secure the repayment of loan under the Loan Agreement. In addition, Resources Group agreed to act as the co-borrower and the guarantor for the repayment of loan under the Loan Agreement. Pursuant to the Application, CITIC Trust sought a decision from the Dongguan City Court for the auction, sale or otherwise the legal disposition of specified properties of Dongguan Yihui to repay in priority the outstanding debt due to CITIC Trust under the Loan Agreement of RMB1,142,789,983.70 (calculated up to 15 November 2021).

* For identification purposes only

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021



18. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(c) Changes of directors

As of the date of approval of the financial statements, other than Mr Zheng Fu Shuang, all of the directors of the Company as at 30 June 2021 have either resigned or been removed, of which Mr Cheung Shuen Lung resigned on 10 November 2021, Mr Zeng Gang resigned on 12 November 2021, Ms Sun Min, Mr Ma Jian Bin and Ms Liao Hang were removed on 10 November 2021, and Mr Chan Chung Kik, Lewis, Mr Lau Ka Wing and Mr Lai Nga Ming, Edmund resigned on 30 September 2021.

New directors were appointed as follows:

Executive directors

Mr Wong Kai Ho *(appointed on 8 October 2021)*
Mr Wang Guiwu *(appointed on 8 October 2021)*
Mr Huang Zhuguang *(appointed on 1 December 2021)*

Non-executive director

Mr Yau Pak Yue *(appointed on 8 October 2021 and resigned on 7 December 2021)*

Independent non-executive directors

Mr Chu Kin Wang, Peleus *(appointed on 8 October 2021)*
Mr Chin Chi Ho, Stanley *(appointed on 8 October 2021)*
Mr Ning Rui *(appointed on 8 October 2021 and resigned on 8 December 2021)*
Mr Chung Wai Man *(appointed on 8 October 2021)*
Mr Hua Yichun *(appointed on 1 December 2021)*
Mr Wang Bingzhong *(appointed on 1 December 2021)*

(d) Major transaction in relation to the disposal of entire issued share capital of Hong Kong Huzi Limited

On 21 January 2022, the Company and Wealth Elite Group Investment Limited, an independent third party, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and Wealth Elite Group Investment Limited has conditionally agreed to acquire, the entire issued share capital of Hong Kong Huzi Limited, a direct wholly-owned subsidiary of the Company, at the consideration of HK\$20,000,000.

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The condensed consolidated financial information was approved and authorised for issue by the board of directors on 15 February 2022.

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the directors in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of ordinary shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation (Note)		
Mr Zheng Fu Shuang	200,019,000	584,984,000	785,003,000	12.23

Note: Mr Zheng Fu Shuang is interested in the 584,984,000 shares of the Company, through Starry Nation Limited, a company which is ultimately beneficially owned by Mr Zheng Fu Shuang.

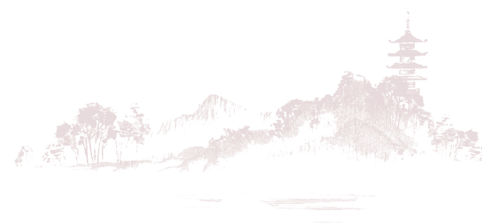
Short positions in ordinary shares of the Company:

Name of director	Number of ordinary shares held, capacity and nature of interest	Percentage of the Company's issued share capital
	Through controlled corporation	
Mr Zheng Fu Shuang (Note)	100,000,000	1.56

Note: Mr Zheng Fu Shuang is interested in these shares through Starry Nation Limited, a company which is ultimately beneficially owned by Mr Zheng Fu Shuang.

Save as disclosed above, as at 30 June 2021, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Notes	Capacity and nature of interest	Long positions		Short positions	
			Number of ordinary shares held	Percentage of the Company's issued share capital	Number of ordinary shares held	Percentage of the Company's issued share capital
北大資產經營有限公司 (Peking University Asset Management Company Limited*) ("PKU Asset Management")	1, 11	Through a controlled corporation	3,950,134,407	61.57	-	-
北大資源集團有限公司 (Peking University Resources Group Co., Ltd.*) ("PKU Resources Group")	2, 11	Through a controlled corporation	3,950,134,407	61.57	-	-
北大資源集團控股有限公司 (Peking University Resources Group Holdings Co., Ltd.*)	3, 11	Through a controlled corporation	3,950,134,407	61.57	-	-
北大資源集團城市開發有限公司 (Peking University Resources Group City Development Company Limited*)	4, 11	Through a controlled corporation	3,950,134,407	61.57	-	-
北大方正集團有限公司 (Peking University Founder Group Company Limited*) ("Peking Founder")	5, 11	Through a controlled corporation	3,950,134,407	61.57	-	-
Founder Information (Hong Kong) Limited ("Founder Information")	6, 11	Directly beneficially owned	3,850,134,407	60.01	-	-
		Through a controlled corporation	100,000,000	1.56	-	-
Mr Zheng Fu Shuang	7	Through a controlled corporation	785,003,000	12.23	100,000,000	1.56
Shine Crest Group Limited	8	Through a controlled corporation	584,984,000	9.12	100,000,000	1.56
Starry Nation Limited		Directly beneficially owned	584,984,000	9.12	100,000,000	1.56
Rongtong Fund Management Co., Ltd.	9	Through a controlled corporation	575,076,000	8.94	-	-
Rongtong Ronghai No. 10 SNIA QDII		Directly beneficially owned	575,076,000	8.94	-	-
Mr Ho Kwok Leung Glen	10, 11	Through a controlled corporation	3,850,134,407	60.01	-	-
Mr Lai Kar Yan	10, 11	Through a controlled corporation	3,850,134,407	60.01	-	-
Ample Grace Investments Limited ("Ample Grace")	11	Directly beneficially owned	641,615,565	10.00	-	-
Mr Wong Kai Ho	12	Through a controlled corporation	641,615,565	10.00	-	-
Mr Wang Guiwu	13	Through a controlled corporation	641,615,565	10.00	-	-

* For identification purposes only



Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

Notes:

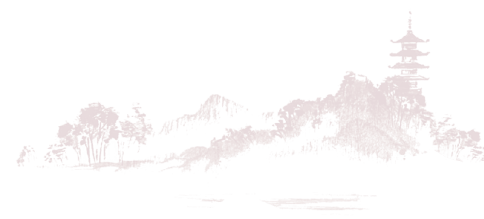
1. PKU Asset Management is deemed to be interested in the 3,950,134,407 shares of the Company under the SFO by virtue of its interest in PKU Resources Group.
2. PKU Resources Group is deemed to be interested in the 3,950,134,407 shares of the Company under the SFO by virtue of its interest in Peking University Resources Group Holdings Co., Ltd..
3. Peking University Resources Group Holdings Co., Ltd. is deemed to be interested in the 3,950,134,407 shares of the Company under the SFO by virtue of its interest in Peking University Resources Group City Development Company Limited.
4. Peking University Resources Group City Development Company Limited is deemed to be interested in the 3,950,134,407 shares of the Company under the SFO by virtue of its interest in Founder Information.
5. Peking Founder is deemed to be interested in the 3,950,134,407 shares of the Company under the SFO by virtue of its interest in Founder Information.
6. Founder Information is interested in the 3,950,134,407 shares of the Company, out of which 100,000,000 shares are charged to Fountain Luck Holdings Limited, which is indirectly wholly owned by Founder Information, by Starry Nation Limited.
7. Mr Zheng Fu Shuang is interested in 785,003,000 shares of the Company, out of which 200,019,000 shares are held directly by Mr Zheng Fu Shuang and 584,984,000 shares are held through Starry Nation Limited. The 100,000,000 shares of the Company held by Starry Nation Limited are charged to Fountain Luck Holdings Limited, which is indirectly wholly owned by Founder Information, and are classified as a short position of Starry Nation Limited under the SFO.
8. Shine Crest Group Limited is deemed to be interested in the 584,984,000 shares of the Company under the SFO by virtue of its interest in Starry Nation Limited.
9. Rongtong Fund Management Co., Ltd. is deemed to be interested in 575,076,000 shares of the Company under the SFO by virtue of its interest in Rongtong Ronghai No. 10 SNIA QDII.
10. Mr Lai Kar Yan and Mr Ho Kwok Leung Glen, of Deloitte Touche Tohmatsu were appointed as the joint and several liquidators of Founder Information (the "Liquidators") by the order of the High Court of Hong Kong on 1 March 2021.
11. On 29 June 2021, Founder Information (acting by the Liquidators) accepted an irrevocable offer made by Ample Grace, pursuant to which, Founder Information agreed to sell 641,615,565 shares in the Company (representing approximately 10% of total issued share capital of the Company) ("Accepted Offer Shares") to Ample Grace; and Ample Grace was granted a right to require Founder Information to purchase from Ample Grace all Accepted Offer Shares (subject to the completion of such sale set out above). Details of the transfer are set out in the announcement of the Company dated 8 July 2021.
12. Mr Wong Kai Ho is deemed to be interested in the 641,615,565 shares of the Company under the SFO by virtue of his interest in Ample Grace.
13. Mr Wang Guiwu is deemed to be interested in the 641,615,565 shares of the Company under the SFO by virtue of his interest in Ample Grace.

Save as disclosed above, as at 30 June 2021, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 2021.

Other Information



CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

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 (save that the Company did not receive the confirmations from Mr. Cheung Shuen Lung (ex-Director who resigned on 10 November 2021), Mr. Zeng Gang (ex-Director who resigned on 12 November 2021), Ms. Sun Min (ex-Director who was removed on 10 November 2021), Mr. Ma Jian Bin (ex-Director who was removed on 10 November 2021), Ms. Liao Hang (ex-Director who was removed on 10 November 2021) 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 2021, including the accounting principles adopted by the Group, with the Company's management.

DISCLOSURES PURSUANT TO RULES 13.21 AND 13.22 OF THE LISTING RULES

In accordance with the disclosure requirements of Rule 13.21 of the Listing Rules, the following disclosures are included in respect of the Company's facility agreement, which contain covenants requiring performance obligations of the controlling shareholders of the Company. On 22 October 2019, the Company (as borrower) signed a facility agreement (the "Facility Agreement") with a financial institution for a facility up to an aggregate amount of USD15,000,000 (the "Facility") for a term of 364 days following the utilisation date. On 22 October 2019, the Group mortgaged a real property in Hong Kong (the "Property") in favour of the lender to secure the performance of the obligations under the Facility Agreement.

Under the Facility Agreement, a mandatory prepayment event occurs if, among other things: (1) Founder Information ceases to (i) directly or indirectly own and hold not less than 51% of the outstanding shares of the Company; (ii) directly or indirectly remain as the single largest shareholder of the Company; or (iii) have the ability to appoint and/or remove all or majority of the members of the Board; or (2) the financial statements of the Company ceases to be consolidated with the financial statements of Founder Information under Hong Kong Financial Reporting Standards; or (3) Resources Group and its subsidiaries together cease to directly or indirectly own and hold not less than 51% of the outstanding shares of Founder Information; or (4) PKU Asset Management ceases to directly or indirectly control Resources Group. On 18 November 2020, the Company and, among others, the lender to the Facility Agreement entered into a supplemental deed to the Facility Agreement to extend the repayment date of the Facility (the "Renewed Facility") to 21 October 2021. Save for the Renewed Facility, the specific performance obligations on Founder Information, Resources Group and its subsidiaries together and PKU Asset Management in the Facility Agreement remain unchanged. As a mandatory repayment event subsequently occurred, the lender appointed a receiver in respect of the Property and the receiver completed a sale of the Property on 15 October 2021. Subsequent to the sale, the receiver had apportioned and distributed approximately HK\$131,261,000 out of the sale proceeds to the lender as full and final settlement of the principal and interest owed and payable by the Company to the lender as of 20 October 2021. As at the date of this report, the Facility Agreement and the Renewed Facility had been repaid in full.



Other Information

CHANGES IN INFORMATION OF DIRECTOR(S) AND CHIEF EXECUTIVE(S)

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of director(s) and chief executive(s) of the Company are set out below:

By the resolution of the remuneration committee of the Company,

- (i) Mr. Wong Kai Ho's annual remuneration has increased from HK\$1 to RMB1,800,000 (comprising basic salary of RMB1,440,000 and standard bonus of RMB360,000), which was deemed to be effective on the date of his appointment as a director of the Company;
- (ii) Mr. Shi Lei's annual remuneration has increased from HK\$1,500,000 to RMB1,680,000 (comprising basic salary of RMB1,008,000 and standard bonus of RMB672,000), which is deemed to be effective on the date of his appointment as the chief executive officer of the Company;
- (iii) Mr. Xia Ding's annual remuneration has increased from HK\$1,250,000 to RMB1,580,000 (comprising basic salary of RMB790,000 and standard bonus of RMB790,000), which is deemed to be effective on the date of his appointment as the chief operational officer of the Company; and
- (iv) Each of Mr Wong Kai Ho, Mr Shi Lei and Mr Xia Ding are also entitled to a full year bonus, the amounts of which are to be determined by the Company on a discretionary basis and shall not exceed three times of their respective standard bonus.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises executive directors of Mr. Wong Kai Ho (Chairman), Mr. Wang Guiwu, Mr. Zheng Fu Shuang and Mr. Huang Zhuguang; and the independent non-executive directors of Mr. Chu Kin Wang, Peleus, Mr. Chin Chi Ho, Stanley, Mr. Chung Wai Man, Mr. Hua Yichun and Mr. Wang Bingzhong.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited was suspended from 9:00 a.m. on 26 April 2021 and will remain suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
PEKING UNIVERSITY RESOURCES (HOLDINGS) COMPANY LIMITED
Wong Kai Ho
Chairman

Hong Kong
15 February 2022



北大资源
PKU RESOURCES