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**资源控股**  
RESOURCES HOLDINGS

**Peking University Resources (Holdings) Company Limited**  
**北大资源(控股)有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 00618)

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

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 September 2022, together with the comparative figures for the six months ended 30 June 2021. This interim condensed consolidated financial information has not been audited, but has been reviewed by the audit committee of the Company.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 September 2022*

	<i>Notes</i>	<b>Six months ended 30 September 2022 RMB'000 (Unaudited)</b>	<b>Six months ended 30 June 2021 RMB'000 (Unaudited) (Restated)</b>
<b>Revenue</b>	5	<b>3,846,310</b>	4,811,655
Cost of sales		<u><b>(3,349,016)</b></u>	<u>(4,500,738)</u>
Gross profit		<b>497,294</b>	310,917
Other income and gains	6	<b>102,863</b>	38,529
Impairment of inventories reversed/ (recognised), net		<b>12,536</b>	(304)
Impairment of properties for sale reversed/ (recognised), net		<b>63,499</b>	(1,900)
Selling and distribution expenses		<b>(63,661)</b>	(121,171)
Administrative and other operating expenses		<b>(102,346)</b>	(218,830)
Other expenses and losses, net		<b>(156,794)</b>	(139,103)
Finance costs	7	<u><b>(138,428)</b></u>	<u>(670,376)</u>
<b>Profit/(loss) before tax</b>	8	<b>214,963</b>	(802,238)
Income tax expense	9	<u><b>(150,188)</b></u>	<u>(172,604)</u>
<b>Profit/(loss) for the period</b>		<u><b>64,775</b></u>	<u>(974,842)</u>

		<b>Six months ended 30 September 2022</b>	Six months ended 30 June 2021
	<i>Notes</i>	<b><i>RMB'000</i></b> <b>(Unaudited)</b>	<b><i>RMB'000</i></b> <b>(Unaudited)</b> <b>(Restated)</b>
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>86,202</b>	(921,204)
Non-controlling interests		<b>(21,427)</b>	(53,638)
		<b>64,775</b>	(974,842)
<b>Profit/(loss) for the period</b>			
		<b><i>RMB cents</i></b> <b>(Unaudited)</b>	<b><i>RMB cents</i></b> <b>(Unaudited)</b>
<b>Earnings/(loss) per share attributable to</b>			
<b>owners of the Company</b>			
Basic	11	<b>1.34</b>	(14.36)
Diluted		<b>N/A</b>	<b>N/A</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2022*

	<b>Six months ended 30 September 2022 RMB'000 (Unaudited)</b>	Six months ended 30 June 2021 RMB'000 (Unaudited) (Restated)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>64,775</b>	(974,842)
<b>Other comprehensive income/(loss):</b>		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	43,740	(12,963)
Item that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	246,178	–
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>289,918</b>	(12,963)
<b>Total comprehensive income/(loss) for the period</b>	<b>354,693</b>	(987,805)
<b>Total comprehensive income/(loss) for the period attributable to:</b>		
Owners of the Company	376,120	(934,431)
Non-controlling interests	(21,427)	(53,374)
<b>Total comprehensive income/(loss) for the period</b>	<b>354,693</b>	(987,805)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2022*

		30 September 2022	31 March 2022
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	12	40,077	42,346
Investment properties		520,261	520,261
Right-of-use assets		4,964	4,530
Other intangible assets		2,756	3,018
Financial assets at fair value through profit or loss		113,818	113,818
Deferred tax assets		69,501	69,515
<b>Total non-current assets</b>		<b>751,377</b>	753,488
<b>Current assets</b>			
Properties for sale			
– under development		5,845,864	7,551,322
– completed		3,325,971	3,093,713
Inventories		140,426	506,132
Trade and bills receivables	13	652,214	664,799
Prepayments, other receivables and other assets		5,356,058	5,014,011
Income tax recoverable		–	4
Restricted cash		44,314	41,971
Cash and cash equivalents		807,393	641,949
<b>Total current assets</b>		<b>16,172,240</b>	17,513,901
<b>Current liabilities</b>			
Trade payables	14	1,949,560	2,012,227
Other payables and accruals		3,727,370	4,254,000
Provisions		215,562	215,562
Contract liabilities		1,664,570	3,488,096
Interest-bearing bank and other borrowings		2,931,585	3,497,854
Lease liabilities		5,109	4,046
Income tax payable		1,505,207	1,302,254
<b>Total current liabilities</b>		<b>11,998,963</b>	14,774,039
<b>Net current assets</b>		<b>4,173,277</b>	2,739,862
<b>Total assets less current liabilities</b>		<b>4,924,654</b>	3,493,350

	<b>30 September 2022 RMB'000 (Unaudited)</b>	31 March 2022 RMB'000 (Audited)
<b>Non-current liabilities</b>		
Interest-bearing bank and other borrowings	<b>1,886,130</b>	1,020,130
Lease liabilities	<b>881</b>	1,495
Deferred tax liabilities	<b>83,956</b>	83,188
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<b>Total non-current liabilities</b>	<b>1,970,967</b>	1,104,813
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<b>Net assets</b>	<b>2,953,687</b>	2,388,537
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<b>Equity</b>		
Share capital	<b>545,335</b>	545,335
Reserves	<b>(488,626)</b>	(1,007,416)
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Equity attributable to owners of the Company	<b>56,709</b>	(462,081)
Non-controlling interests	<b>2,896,978</b>	2,850,618
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<b>Total equity</b>	<b>2,953,687</b>	2,388,537
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## NOTES

### 1. CORPORATE INFORMATION

Peking University Resources (Holdings) Company Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and Room 2303, 23/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, respectively.

The Company is an investment holding company and, together with its subsidiaries (together with the Company, the “Group”), are principally engaged in distribution of information products, property development as well as property investment in Mainland China (the “PRC”).

As at 31 December 2020, the Company was owned as to approximately 60.01% by Founder Information (Hong Kong) Limited (“Founder Information”), which was in turn owned effectively as to approximately 81.64% by 北大方正集團有限公司 (Peking University Founder Group Company Limited) (“Peking Founder”). The directors of the Company (the “Directors”) considered the ultimate holding company of the Company as at 31 December 2020 to be 北大資產經營有限公司 (Peking University Asset Management Company Limited\*), which was established in the PRC. During the period from 1 January 2021 to 31 March 2022, Founder Information disposed of its shareholding in the Company to several third parties, details of which are set out in the Company’s announcements dated 6 November 2020, 27 November 2020, 2 February 2021, 22 February 2021, 12 March 2021, 12 April 2021, 3 May 2021, 3 June 2021, 8 July 2021, 6 August 2021, 31 August 2021, 30 September 2021 and 29 October 2021 and following the completion of the disposal, the Company ceased to have any parent company.

#### Change of accounting period

During the last financial period, the Group changed its reporting period end date from 31 December to 31 March because the Directors consider it better coincide with the seasonal operating cycle of the Group’s property development business, which usually records higher sales of properties in the first quarter of each year. Such busy season demands heightened commercial efforts, and the change of financial year end date will enable the Group to better utilize its resources on executing its business plans during such busy season. Accordingly, the unaudited interim condensed consolidated financial information for the current period cover the six-month period from 1 April 2022 to 30 September 2022. The corresponding comparative amounts shown for the consolidated statement of profit or loss, consolidated statement of comprehensive income and related notes cover six months from 1 January 2021 to 30 June 2021 and therefore may not be comparable with amounts shown for the current period.

### 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited 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 consolidated financial statements for the fifteen months ended 31 March 2022 which have been prepared in accordance with Hong Kong Financial Reporting Standards.

#### Going concern basis

The Group had cash and cash equivalents amounted to approximately RMB807,393,000 at 30 September 2022 and at that date, the Group had bank and other borrowings amounted to approximately RMB4,817,715,000, of which approximately RMB2,931,585,000 was included in current liabilities, substantially all of which represent the overdue borrowings due for immediate repayments. In addition, the Group had recorded accrued interests payable amounted to approximately RMB636,817,000 on bank and other borrowings at 30 September 2022 which was included in other payables and accruals.

The unaudited interim condensed consolidated financial information of the Group have been prepared on a going concern basis notwithstanding that the Group had significant cash shortfall of approximately RMB2,761,009,000 at 30 September 2022, which was calculated as the difference between the aggregate of the current portion of bank and other borrowings and the accrued interests payable at 30 September 2022 and the Group's cash and cash equivalents as at that date. This cash shortfall may have a significant adverse impact to the going concern of the Group.

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.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance 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 and plans are being undertaken or will be undertaken by the Group to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

- (a) The Directors are considering various proposals, including but not limited to conducting equity fundraising activities or pledges of the Group's properties for sales, in order to obtain additional funds to support the Group's working capital needs. As at 30 September 2022, the book value of the properties under development for sale and completed properties for sale of the Group amounted to approximately RMB5,845.9 million and RMB3,326.0 million, respectively.
- (b) The Group has been actively negotiating with existing lenders for loan extension, the waiver of the repayable on demand clause and the waiver of possible breach of the undertaking and restrictive covenant requirements relating to certain bank and other borrowings.
- (c) The management of the Group has prepared a business strategy plan, which have been reviewed by the board of Directors (the "Board"). The business strategy plan mainly focuses on:

*(i) the acceleration of pre-sale and sale of suitable properties of the Group*

The Group formulated the sales strategy tailored to the local market conditions of each property development project based on their respective product structure and actively responded to the market demands, so as to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group strengthened communication and coordination with cooperative banks to speed up the receipt of proceeds from pre-sale and sale of properties under development and completed properties.

*(ii) the implementation of cost control measures*

The Group formulated and closely monitored the budgeted cost for each stage of property development projects. Cost management system was adopted for real-time cost management and control. The Group has achieved product standardisation and adopted transparent tender system for centralised purchase and subcontracting with standard procedures and documents to determine reasonable and competitive bidding price. The structure of marketing expenses has been adjusted in each stage so as to improve the cost-effectiveness ratio in the process of pre-sale and sale of properties under development and completed properties. The Group is also tightening cost controls over the daily administrative, other operating expenses and disposal of certain insignificant assets aiming at improving the working capital and cash flow position of the Group.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due at least within the next twelve months after 30 September 2022. Accordingly, the unaudited interim condensed consolidated financial information have been prepared on a going concern basis.

Notwithstanding the above measures, given the volatility of the property sector in Mainland China, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures effectively and whether these plans and measures will generate adequate working capital for the Group to operate as a going concern.

Should the Group be unable to operate as a going concern, adjustments will have to be made to write down the carrying values of the Group's assets to their net realisable 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 the unaudited interim condensed consolidated financial information for the current period.

### **3. AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim condensed consolidated financial information for the current accounting period:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract

The application of the above amendments to HKFRSs in the current period had no material impact on the Group's financial positions and performance for the current period and prior years and/or on the disclosures set out in these unaudited interim condensed consolidated financial information.

Certain new accounting standards, amendments to standards and interpretations issued by the HKICPA are not yet effective in respect of the financial year beginning on 1 April 2022 have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

### **4. SEGMENT INFORMATION**

The executive Directors (the “Executive Directors”) are regarded as the chief operating decision-maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Operating segments were determined based on these reports.

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.

The Executive Directors 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 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, income tax recoverable, 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, income tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

**For the six months ended 30 September 2022**

	<b>Distribution of information products RMB'000 (Unaudited)</b>	<b>Property development RMB'000 (Unaudited)</b>	<b>Property investment RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<b>Segment revenue, other income and gains</b>				
Segment revenue from external customers	1,133,622	2,681,994	30,694	3,846,310
Other income and gains	–	99,071	1,328	100,399
	<u>1,133,622</u>	<u>2,781,065</u>	<u>32,022</u>	<u>3,946,709</u>
<b>Segment (loss)/profit</b>	<b>(119,919)</b>	<b>482,280</b>	<b>5,433</b>	<b>367,794</b>
Interest income				2,464
Corporate and unallocated expenses				(16,867)
Finance costs				<u>(138,428)</u>
Profit before tax				<u><u>214,963</u></u>

**For the six months ended 30 June 2021**

	<b>Distribution of information products RMB'000 (Unaudited)</b>	<b>Property development RMB'000 (Unaudited)</b>	<b>Property investment RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<b>Segment revenue, other income and gains</b>				
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
	<u>3,054,023</u>	<u>1,760,685</u>	<u>25,368</u>	<u>4,840,076</u>
<b>Segment profit/(loss)</b>	<b>69,078</b>	<b>(220,823)</b>	<b>23,587</b>	<b>(128,158)</b>
Interest income				10,108
Corporate and unallocated expenses				(14,429)
Finance costs (other than interest on lease liabilities)				<u>(669,759)</u>
Loss before tax				<u><u>(802,238)</u></u>

There were no inter-segment sales for both of the current period and the comparative prior period.

The following table presents the assets and liabilities of the Group's operating segments as at 30 September 2022 and 31 March 2022, respectively.

	<b>Distribution of information products</b> <i>RMB'000</i>	<b>Property development</b> <i>RMB'000</i>	<b>Property investment</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Segment assets</b>				
As at 30 September 2022 (Unaudited)	<b>4,364,495</b>	<b>11,140,132</b>	<b>637,305</b>	<b>16,141,932</b>
Elimination of intersegment receivables Corporate and other unallocated assets				<b>(253,342)</b> <b>1,035,027</b>
Total assets (Unaudited)				<b>16,923,617</b>
As at 31 March 2022 (Audited)	4,786,085	12,118,723	638,304	17,543,112
Elimination of intersegment receivables Corporate and other unallocated assets				(101,052) 825,329
Total assets (Audited)				<b>18,267,389</b>
<b>Segment liabilities</b>				
As at 30 September 2022 (Unaudited)	<b>2,715,328</b>	<b>4,800,379</b>	<b>300,687</b>	<b>7,816,394</b>
Elimination of intersegment payables Corporate and other unallocated liabilities				<b>(253,342)</b> <b>6,406,878</b>
Total liabilities (Unaudited)				<b>13,969,930</b>
As at 31 March 2022 (Audited)	2,101,978	7,657,294	317,204	10,076,476
Elimination of intersegment payables Corporate and other unallocated liabilities				(101,052) 5,903,428
Total liabilities (Audited)				<b>15,878,852</b>

## Geographic information

### (a) Revenue from external customers

	<b>Distribution of information products</b> <i>RMB'000</i> (Unaudited)	<b>Property development</b> <i>RMB'000</i> (Unaudited)	<b>Property investment</b> <i>RMB'000</i> (Unaudited)	<b>Total</b> <i>RMB'000</i> (Unaudited)
For the six months ended 30 September 2022				
Mainland China	1,133,622	2,681,994	30,694	3,846,310
Hong Kong	–	–	–	–
	<u>1,133,622</u>	<u>2,681,994</u>	<u>30,694</u>	<u>3,846,310</u>
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
	<u>3,053,990</u>	<u>1,732,665</u>	<u>25,000</u>	<u>4,811,665</u>

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

### (b) Non-current assets

	<b>At 30 September 2022</b> <i>RMB'000</i> (Unaudited)	<b>At 31 March 2022</b> <i>RMB'000</i> (Audited)
Mainland China	567,854	569,946
Hong Kong	204	209
	<u>568,058</u>	<u>570,155</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

## 5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 September 2022 RMB'000 (Unaudited)	Six months ended 30 June 2021 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of goods	1,133,622	3,053,990
Sales of properties	2,681,994	1,732,665
	<u>3,815,616</u>	<u>4,786,655</u>
<i>Revenue from other sources</i>		
Gross rental income	30,694	25,000
	<u>3,846,310</u>	<u>4,811,655</u>

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

## 6. OTHER INCOME AND GAINS

	Six months ended 30 September 2022 RMB'000 (Unaudited)	Six months ended 30 June 2021 RMB'000 (Unaudited) (Restated)
<b>Other income</b>		
Bank interest income	2,464	3,876
Other interest income from related companies	–	6,232
Management and consultancy service fee income	2,093	20,792
Government grants*	–	170
Others	4,099	7,459
	<u>8,656</u>	<u>38,529</u>
<b>Gains</b>		
Gains on debt restructuring**	94,207	–
	<u>102,863</u>	<u>38,529</u>

\* 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.

\*\* China Cinda Asset Management Co., Ltd. Chongqing Branch (the “Cinda Asset”) entered into the Creditor’s Rights Transfer Agreement with Xingye International Trust Limited (the “Xingye Trust”) in April 2022, under which the creditor’s rights and other accompanying security rights in respect of the loan granted by Xingye Trust to a subsidiary of the Company, Chongqing Yingfeng Property Co., Ltd. (“Chongqing Yingfeng”) have been lawfully transferred to Cinda Asset. In August 2022, Cinda Asset, Chongqing Yingfeng and other relevant parties entered into the enforcement settlement agreement, pursuant to which Chongqing Yingfeng was required to repay the loan and interest thereon by instalments to Cinda Asset not later than 31 December 2025. The gains on debt restructuring recognised for the current period was calculated as the difference between the total amount of outstanding principal and interest payable recognised by the Group and the aggregate outstanding amounts to be settled by the Group in accordance with the enforcement settlement agreement.

## 7. FINANCE COSTS

	<b>Six months ended 30 September 2022 RMB’000 (Unaudited)</b>	Six months ended 30 June 2021 RMB’000 (Unaudited)
Interest on bank and other borrowings	<b>138,744</b>	530,135
Interest on loans from related companies	–	361,217
Interest expenses arising from revenue contracts	<b>82,170</b>	286,804
Interest expenses arising from lease contracts	<b>282</b>	617
Interest on discounted bills	<b>85</b>	1,481
	<hr/>	<hr/>
Total interest expenses	<b>221,281</b>	1,180,254
Less: Interest capitalised	<b>(82,853)</b>	(509,878)
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	<b>138,428</b>	670,376
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## 8. PROFIT/(LOSS) BEFORE TAX

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

	<b>Six months ended 30 September 2022 RMB'000 (Unaudited)</b>	<b>Six months ended 30 June 2021 RMB'000 (Unaudited) (Restated)</b>
Cost of inventories sold	1,214,714	1,583,744
Cost of properties sold	<u>2,134,302</u>	<u>2,916,994</u>
Cost of sales	<b>3,349,016</b>	4,500,738
Depreciation of property, plant and equipment	1,573	1,008
Depreciation of right-of-use assets	1,585	196
Amortisation of other intangible assets	262	608
Impairment of trade receivables*	1,825	150
Loss on disposal of property, plant and equipment*	39	4
Foreign exchange losses, net*	<u>10,736</u>	<u>1,598</u>

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

## 9. INCOME TAX EXPENSE

	<b>Six months ended 30 September 2022 RMB'000 (Unaudited)</b>	<b>Six months ended 30 June 2021 RMB'000 (Unaudited)</b>
Provision for:		
– Hong Kong profits tax	–	–
– PRC corporate income tax	115,951	29,012
– PRC LAT	<u>34,237</u>	<u>143,592</u>
Income tax expenses	<u>150,188</u>	<u>172,604</u>

### Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both of the current period and the comparative prior period.

### PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (six months ended 30 June 2021: 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.

No deferred tax charge was recognised for both of the current period and the comparative prior period as the amount involved is insignificant.

## 10. DIVIDENDS

No dividends have been declared and paid by the Company during the six months ended 30 September 2022 and the six months ended 30 June 2021, nor has any dividend been proposed since the end of the reporting period.

## 11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/loss per share is based on the profit for the period attributable to owners of the Company of approximately RMB86,202,000 (six months ended 30 June 2021: loss for the period attributable to owners of the Company of approximately RMB921,204,000), and the weighted average number of 6,416,155,647 ordinary shares (six months ended 30 June 2021: 6,416,155,647 ordinary shares) in issue during the period.

Diluted earnings per share for the six months ended 30 September 2022 is not presented as the effects arising from exercise of the Company’s share options granted are anti-dilutive.

No diluted loss per share is presented for the six months ended 30 June 2021 as there were no potential ordinary shares in issue during that period.

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired items of property, plant and equipment at a total cost of RMB417,000 (six months ended 30 June 2021: RMB181,000), and disposed of items of property, plant and equipment with a total net carrying amount of RMB101,000 (six months ended 30 June 2021: RMB185,000).

## 13. TRADE AND BILLS RECEIVABLES

	At 30 September 2022 RMB’000 (Unaudited)	At 31 March 2022 RMB’000 (Audited)
Trade receivables	691,808	699,007
Bills receivables	514	4,075
	<hr/>	<hr/>
	692,322	703,082
Impairment loss on trade receivables	(40,108)	(38,283)
	<hr/>	<hr/>
	<b>652,214</b>	<b>664,799</b>
	<hr/> <hr/>	<hr/> <hr/>

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

An ageing analysis of the trade 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 September 2022 <i>RMB'000</i> (Unaudited)	At 31 March 2022 <i>RMB'000</i> (Audited)
Within 6 months	460,799	607,961
7 to 12 months	152,883	3,105
13 to 24 months	14,083	40,781
Over 24 months	24,449	12,952
	<u>652,214</u>	<u>664,799</u>

#### 14. TRADE PAYABLES

	At 30 September 2022 <i>RMB'000</i> (Unaudited)	At 31 March 2022 <i>RMB'000</i> (Audited)
Trade payables	<u>1,949,560</u>	<u>2,012,227</u>

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 September 2022 <i>RMB'000</i> (Unaudited)	At 31 March 2022 <i>RMB'000</i> (Audited)
Within 6 months	1,633,667	1,570,654
Over 6 months	315,893	441,573
	<u>1,949,560</u>	<u>2,012,227</u>

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

## 15. SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include (i) any director (whether executive or non-executive, including any independent non-executive director), senior management, employee (whether full time or part time) of any member of the Group or any substantial shareholder of the Company or any company controlled by a substantial shareholder of the Company or (ii) any one or entity who, in the sole opinion the board of the directors of the Company, has contributed or will contribute to the Group or any substantial shareholder of the Company. The Scheme became effective on 29 May 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date when the Scheme was approved by the shareholders of the Company in a general meeting. The maximum number of shares issuable under share options granted to each eligible participant under the Scheme and any other share option scheme of the Company within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options is deemed to have been accepted when the duplicate offer letter comprising the acceptance of the option is signed and upon payment of a nominal consideration of HK\$1 for a share option by the grantee. The exercise period of the share options granted is determinable by the Board and ends on a date as the Board may determine but in any event shall not be later than ten years from the date of offer of the share options.

The exercise price of the share options is determinable by the Board, but should be the highest of (i) the closing price of the shares of the Company as stated on the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

On 2 September 2022, the Company has granted share options to certain eligible individuals to subscribe for up to a total of 147,051,211 shares under the Scheme. The exercise price of the share options granted was HK\$0.125 per share and the fair value of the share options granted was HK\$9,000,000, which was fully recognised as equity-settled share option expenses during the reporting period.

## 16. CONTINGENT LIABILITIES

Save as disclosed below, the Group had no contingent liabilities at the end of the reporting period:

- (a) The Group had outstanding litigations as detailed in the section headed “Major Litigations” in this announcement.
- (b) the Group has given guarantees in favour of certain banks in relation to mortgages granted by these banks to purchasers of the Group’s properties amounting to approximately RMB2,899,261,000 (31 March 2022: RMB3,136,710,000). Pursuant to the terms of the guarantees, upon default in mortgage payments, if any, by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks 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 the building ownership certificates which are generally available within one to two years after the purchasers take possession of the relevant properties. The Directors consider that, in the 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 interest and penalty and therefore no provision has been made for the guarantees in the unaudited interim condensed consolidated financial information for the current period (31 March 2022: Nil).

## 17. COMMITMENTS

The Group had the following commitments for the Group’s development properties:

	At 30 September 2022 <i>RMB’000</i> (Unaudited)	At 31 March 2022 <i>RMB’000</i> (Audited)
Contracted for:		
Properties under development	<u>1,319,201</u>	<u>1,829,014</u>

## 18. COMPARATIVE FIGURES

The Directors, in the preparation of the unaudited condensed consolidated statement of profit or loss, considered it more appropriate to present separately the impairment of inventories reversed/recognised and the impairment of property for sale reversed/recognised, which was previously included in the cost of sales. Comparative figures for these impairment of inventories and the impairment of property for sale have been restated to conform with the current period’s presentation. The restatement of the aforementioned comparative figures did not give rise to any impact in the Group’s loss for the comparative period or its assets and liabilities as at 31 March 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MARKET REVIEW**

Since the beginning of 2022, the global economic conditions remained uncertain and volatile. The economy of the Western developed countries was haunted by the heightened risk of inflation and recession. Further driving up the commodity prices, the geopolitical conflicts have threatened the global supply chain. Under the recurring and sporadic domestic pandemic, the economic development was extremely unusual. In the face of such extraordinarily complex and difficult situation, various government authorities in different regions effectively coordinated the measures to contain the pandemic and promote the socio-economic development, has put more efforts in macroeconomic regulatory adjustment and effectively launched a string of policies and initiatives to stabilize the economy. The resurgence of the pandemic was thus effectively in control, while the national economy recovered in stability, the marginal demand for production was improved and the market prices were basically stabilized. With such strong and effective livelihood support, the high-quality development trend continued, and the society remained stable generally. For the first to third quarter of 2022, the gross domestic product increased by 3.0% year-on-year. By quarter, the domestic economy continued its growth despite the pressure. It registered a year-on-year growth of 4.8% in the first quarter of 2022, 0.4% in the second quarter and 3.9% in the third quarter. During the first to third quarter of 2022, added value of the secondary industries increased by 3.7% and national fixed-asset investments increased by 5.9% year-on-year, while disposable income per capita effectively grew by 3.2% in China.

### **Real Estate Business**

During the first to third quarter of 2022, the Chinese real estate industry operated in ongoing volatility amidst the recurring and sporadic pandemic. Stakeholders' confidence in the industry waned as the financing channels of real estate developers shrank and the events of private developers' negative credibility developed one after another. During the first to third quarter of 2022, the sales gross floor area of commodity housing decreased by 26.7% year-on-year, while the sales of commodity housing decreased by 26.3% year-on-year and the accumulated investment in real estate development recorded a negative year-on-year growth for the first time, representing a decrease of 8.0%. In the face of the status-quo of the industry, the Central Government urged various local governments to carry out city-specific policies and effectively make maximum use of the policy tools, support the rigid housing demand and demand for upgraded homes, and fully discharge their responsibilities of local governments to ensure delivery of properties and stable livelihood, and the industrial policy regulation and control entered into a new cycle.

## **Distribution Business**

From the macroscopic perspective, digital economy's stabilizing role was more prominent. In the first half of 2022, against the backdrop of the critical economic challenges, digital economy maintained relatively strong growth momentum. Shouldering the key mission mandated by the policy and initiative package for stabilizing the economy, digital economy was capable to counteract the downward pressure on the traditional economy. Regarding the industry, digital industrialization and industry digitalization supported each other with synergy. Remaining its robust growth momentum, digital industrialization continued to consolidate its foundation and maintained its shapable conditions of structure, where the development of network systems was well in progress. Transformation of industry digitalization accelerated its further vertical development. While industry digitalization acted as the main arena for the development of digital economy, the accelerating digital transformation of agricultural, industrial and service sectors were underway.

The trends suggested that digital economy was gradually converged into platforms with medium growth rate. As China entered into a new phase of economic development, the digital economy has grown to a sizeable scale. The favorable conditions for the growth of digital economy including the internet consumption gradually reached the ceiling, leading to more difficulties in maintaining a high growth rate. With the slowdown in the potential growth of the digital economy, its role as economic growth driver was diminishing marginally.

On the one hand, trends of digital economy and macroscopic economy have changed from divergence into convergence. As one of the core industries of digital economy, the added value of information transmission, software and information technology services industry increased by 7.6% year-on-year in the first two quarters of this year, representing a decline for 5 consecutive quarters. The growth rate dropped to single digit for the first time since 2015. According to calculation, the correlation coefficient between the added value of information transmission, software and information technology services industry and GDP growth was -0.65 for 2015 to 2018, while they were convergent with a correlation coefficient of 0.45 during 2019 to 2021.

On the other hand, its capability in counteracting the downward growth momentum of traditional economy was diminished. Regarding the production side, the added value of high-tech industry increased by 9.6% year-on-year in the first half of 2022, accounting for only around a half of the growth of the previous year, which showed a significant fall in growth level. In terms of the supply side, the year-on-year growth of online sales of physical goods in the first half of 2022 was approximately half of that of the previous year, representing only a mild increase from February 2020 when the market was hit hardest by the pandemic.

## OVERALL PERFORMANCE

As disclosed in the announcement of the Company dated 5 January 2022, the Board resolved to change the financial year end date of the Company from 31 December to 31 March. The first interim reporting period of the Group following the change of financial year end date is the six-month period from 1 April 2022 to 30 September 2022 (the “Reporting Period”).

The Group reported profit of approximately RMB64,775,000 for the Reporting Period (six months ended 30 June 2021: loss of approximately RMB974,842,000). The Group’s profit recorded for the Reporting Period was mainly attributable to the combined effects of the following factors:

- a. a decrease in revenue of the Group by approximately 20.1% to approximately RMB3,846,310,000 during the Reporting Period (six months ended 30 June 2021: RMB4,811,655,000), which was due to the decrease in revenue from the distribution of information products business by approximately RMB1,920,368,000, the increase in revenue from property development business by approximately RMB949,329,000 as a result of increase in areas delivered and the increase in revenue from the property investment business by approximately RMB5,694,000. The gross profit of the Group increased by 60% to approximately RMB497,294,000 (six months ended 30 June 2021: RMB310,917,000). The gross profit margin improved from 6.5% for the Reporting Period to 12.9% for the six months ended 30 September 2022 due to the increase in proportion of revenue generated from property development business with higher gross profit margin;
- b. a substantial decrease in the aggregate of selling and distribution expenses and administrative and other operating expenses by 51.2% to approximately RMB166,007,000 during the Reporting Period (six months ended 30 June 2021: RMB340,001,000), which was due to the more simplified organisational structure following the disposal of Hong Kong Huzi Limited (“HK Huzi”, together with its subsidiaries, the “Huzi Group”) and its subsidiaries in March 2022 and the strict cost control measures adopted by the Group;
- c. the gains on debt restructuring amounting to RMB94,207,000 from the debt settlement with relevant financial institutions, which resulted in the increase in other income and gains by 167.0% to approximately RMB102,863,000 (six months ended 30 June 2021: RMB38,529,000);
- d. a decrease in interest-bearing financial liabilities following the disposal of Huzi Group by the Group in March 2022, which resulted in the decrease in finance costs by 79% to approximately RMB138,428,000 (six months ended 30 June 2021: RMB670,376,000); and
- e. a decrease in income tax expense by 13% to approximately RMB150,188,000 (six months ended 30 June 2021: RMB172,604,000), which was due to the decrease in PRC land appreciation tax for the Reporting Period.

The profit attributable to the owners of the Company and loss attributable to non-controlling interests for the Reporting Period are approximately RMB86,202,000 (six months ended 30 June 2021: loss of RMB921,204,000) and RMB21,427,000 (six months ended 30 June 2021: loss of RMB53,638,000) respectively. Basic earnings per share attributable to owners of the Company for the Reporting Period were RMB1.34 cents (six months ended 30 June 2021: loss of RMB14.36 cents).

## **OPERATING REVIEW**

### **Real Estate Business**

#### *Property Development*

The turnover of the property development business of the Group for the Reporting Period increased by 54.8% to approximately RMB2,681,994,000 (six months ended 30 June 2021: RMB1,732,665,000). The segment recorded a profit of approximately RMB482,280,000 (six months ended 30 June 2021: loss of approximately RMB220,823,000). The increase in segment turnover was primarily attributable to the increase in areas delivered for property development projects. The turn from loss to profit under the segment was due to the increase in gross profit of properties sold.

As at 30 September 2022, the Group had 13 property development projects across 9 cities in Mainland China. The total area of the properties held for sale, properties under development and areas pending construction amounted to approximately 2,780,000 square meters. During the Reporting Period, in response to the ongoing pandemic and industrial changes, the Group pushed for the resumption of work and production actively. During the Reporting Period, contracted sales of properties and contracted gross floor area (the “GFA”) amounted to approximately RMB535 million and approximately 134,000 square meters, respectively, with an average selling price of approximately RMB4,003.6 per square meter.

## Project List

As at 30 September 2022

<b>Project Name</b>	<b>Project Location</b>	<b>Planning and Development</b>	<b>Planned GFA (sq.m)</b>	<b>Equity Share</b>	<b>Expected Year of Completion</b>
Boya Binjiang	Foshan, Guangdong	Residential/ Commercial	914,183	51%	2023
Yihe Emerald Mansion	Yuxi, Yunnan	Residential/ Commercial	468,777	100%	2026
Wei Ming 1898	Kaifeng, Henan	Commercial/ Residential	297,651	100%	2023
Boya	Chongqing	Residential/ Commercial	493,462	70%	Completed
Jiangshan Mingmen	Chongqing	Residential/ Commercial	679,223	100%	Completed
Yuelai	Chongqing	Residential/ Commercial	394,572	70%	Completed
Zijing Mansion	Chongqing	Residential/ Commercial	209,337	100%	2023
Boya City Plaza	Chengdu, Sichuan	Commercial/ Office	144,008	51%	Completed
Wei Ming Mansion	Hangzhou, Zhejiang	Residential/ Commercial	193,771	100%	Completed
580 Project	Chongqing	Residential/ Commercial	613,530	100%	N/A
Lianhu Jincheng	Ezhou, Hubei	Residential/ Commercial	755,978	90%	N/A
Shanshui Nianhua	Wuhan, Hubei	Residential/ Commercial	276,468	70%	Completed
Dream City	Guiyang, Guizhou	Residential/ Commercial	1,014,000	70%	2024

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

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.

## ***Property Investment***

During the Reporting Period, the turnover of property investment business increased by 22.8% to approximately RMB30,694,000 (six months ended 30 June 2021: RMB25,000,000). The segment recorded a profit of approximately RMB5,433,000 (six months ended 30 June 2021: RMB23,587,000). The increase in segment revenue was mainly attributed to the increase in rented GFA during the Reporting Period.

## **Distribution Business**

### ***Distribution of Information Products***

During the Reporting Period, the distribution business of the Group recorded a turnover of approximately RMB1,133,622,000, representing a decrease of 62.9% as compared to that of the six months ended 30 June 2021 (six months ended 30 June 2021: RMB3,053,990,000). The segment recorded a loss of RMB119,919,000 (six months ended 30 June 2021: a profit of RMB69,078,000).

The distribution business 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 decrease in turnover during the Reporting Period was mainly attributable to the litigations initiated against the Group by a creditor and Peking Founder, the former controlling shareholder of the Company.

## **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**

Looking into the second half of 2022, under the heightened pressure on the economic slowdown in China, domestic demand and investment are expected to remain sluggish. It is envisaged that the stringent domestic COVID-19 containment measures and globally intertwined geopolitical conflicts will continue. Coupled with external uncertainties, the economic outlook will be more unpredictable and complex. Since the beginning of 2022, the Central Government and local governments have launched and enhanced the incentive measures in relation to real estates, aiming to recuperate property sales and rise beneath the current bleak conditions of the industry. Notwithstanding any change in the governmental policies on real estate, the Group will remain prudent in the prospects of the industry in the second half of 2022.

During the downturn of the industry in the first half of 2022, the Group accumulated precious experience and demonstrated its resilience in operating capacities. In response to the prevailing challenges in the industry, the Group will continue to place emphasis on financial security and strengthen the organizational structure and management efficiency. The Group pursues the primary business objective of maintaining adequate liquidity for operation, deleveraging and stabilizing debt level. Under the new situation and norms of the industry, the Group will follow its main operating approaches to revitalize inventories, control new projects, reduce costs and enhance efficiency, and maintain the increase in cash flows. In terms of business operation, the Group will strive to optimize and expand the product lines to accommodate different customer groups, and actively develop the business of asset-light operation in the post-property era. Leveraging the technological platform of metaverse, it will commence virtual and physical real estate development business and diversified O2O online and offline value-added lifestyle service business so as to ensure stability of the core teams of the Group, precisely overcome the challenges of the industry, staggering the cyclical effect of the sector and seize the opportunities for future development.

### **Distribution Business**

Digital economy will be the main force of development of the technology industry. On 25 October 2022, the report to the 20th National Congress of the Communist Party of China (20th National Congress report) was published. It has made a full deployment plan for the future development in five years such as building a digital China, accelerating the development of digital economy, promoting the in-depth integration of digital and real economies and building internationally competitive digital industry clusters.

Digital economy serves for real economy. Content concerning the deployment plan of digital economy in the 20th National Congress report is stated in the chapter in relation to the development of modernized industries and systems, which include adherence to placing emphasis on the real economy during economic development, advancing new industrialization, moving faster to boost China's strength in manufacturing, product quality, aerospace, transportation, cyberspace and digital development. Comparing to the traditional industries, digital economy, as an innovative economic format, has the greatest advantage of incorporating itself onto other industries as if growing the efficient digital "wings" for the pillar industries with competitive edge, thereby increasing the industrial strengths of the real economy and promoting the sector toward higher-end, smarter, and greener development.

In accordance with the requirements of the "14th Five Year Plan for the Development of the Digital Economy" promulgated by the State Council, the core industries of the domestic digital economy shall account for 10% of GDP by 2025, which shows the top to bottom consensus of developing the digital economy on the market. China attaches great importance to the development of digital economy and continues to put the relevant top-level strategies fully in place, which facilitates the implementation of strategies promoting the digital economy by the industry and locally.

Continuing its mission of acting as the leader in China’s industrial informatization, the Company will persistently explore the advanced business models of high-end services of information and communications technology (“ICT”) based on the innovative technologies and new trends of ICT. Through the integration of capital and resources, the Company will step up efforts to introduce new industry ecosystems, thereby fostering an organic system of sharing resources and mutual benefits and developing harmonically. Furthermore, the Company will render more comprehensive and quality products, solutions and services for customers, and empower the digital transformation of the industry and development of digital economy while continuously driving the compound growth of the distribution business.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2022, the Group had approximately 347 employees (31 March 2022: 565). The decline in the number of employees was attributable to the reduction in operation scale of the property development business and the distribution business.

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 (the “Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The Share Option Scheme is a share incentive scheme formulated in accordance with Chapter 17 of the Listing Rules.

The total number of shares of the Company (the “Shares”) in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue on the adoption date, i.e. 163,396,901 Shares. During the Reporting Period, the Company has granted share options to certain eligible individuals to subscribe for up to a total of 147,051,211 shares under the Share Option Scheme. Details of the options granted under the Share Option Scheme are set out in the announcement of the Company dated 2 September 2022.

As at 30 September 2022, the Company had 147,051,211 outstanding options granted pursuant to the Share Option Scheme. As at 30 September 2022, the total number of Shares to be issued upon the exercise of the share options available for grant under the Share Option Scheme was 16,345,690 Shares, representing approximately 0.21% of the total Shares in issue as at the date of this announcement.

The table below sets out the details of the outstanding options granted to the grantees under the Share Option Scheme and movements during the Reporting Period:

Name or category of participant	Date of the grant	Vesting period	Exercise period	Exercise price	Outstanding as at 1 April 2022	Number of the share options			Outstanding as at 30 September 2022	Closing price (weighted average) of the Shares immediately before the dates on which the options were exercised
						Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/lapsed during the Reporting Period		
Director and chief executive										
- Wong Kai Ho	2 September 2022	From the date of grant until the commencement of the exercise period	From 1 November 2022 until 31 October 2026 (both days inclusive)	HK\$0.125 per Share ( <i>Note</i> )	-	6,416,155	-	-	6,416,155	N/A
- Xia Ding					-	38,000,000	-	-	38,000,000	N/A
- Jiang Xiaoping					-	34,000,000	-	-	34,000,000	N/A
Other employees					-	68,635,056	-	-	68,635,056	N/A
					<u>-</u>	<u>147,051,211</u>	<u>-</u>	<u>-</u>	<u>147,051,211</u>	

*Note:* The exercise price is HK\$0.125 per Share, which is higher than the following: (i) the closing price of HK\$0.119 per Share on the date of grant; (ii) the average closing price of HK\$0.1242 per Share for the five (5) business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.10 per Share.

## 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 the PRC. As at 30 September 2022, the Group had interest-bearing bank and other borrowings of approximately RMB4,817.7 million (31 March 2022: RMB4,518.0 million), of which approximately RMB456.8 million (31 March 2022: RMB456.8 million) were floating interest bearing and RMB4,360.9 million (31 March 2022: RMB4,061.2 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 RMB2,931.6 million (31 March 2022: RMB3,497.9 million) were repayable within one year, approximately RMB1,110.1 million (31 March 2022: RMB1,020.1 million) were repayable within two years and approximately RMB776.0 million (31 March 2022: Nil) were repayable within three years. The Group's banking facilities were secured by guarantee given by Peking Founder and Peking University Resources Group Co., Ltd. (北大資源集團有限公司) (each of them is a former controlling shareholder of the Company), and certain properties under development and properties held for sale of the Group, equity interests of certain subsidiaries of the Group, receivables of certain subsidiaries in the Group and assignment of return arising from the Group's certain properties under development and properties held for sale. The decrease in other payables and accruals by 12.4% to approximately RMB3,727.4 million (31 March 2022: RMB4,254.0 million) was due to partial repayment of other payables.

As at 30 September 2022, the Group recorded total assets of approximately RMB16,923.6 million (31 March 2022: RMB18,267.4 million), total liabilities of approximately RMB13,969.9 million (31 March 2022: RMB15,878.9 million), non-controlling interests of approximately RMB2,897.0 million (31 March 2022: RMB2,850.6 million) and equity attributable to owners of the Company of approximately RMB56.7 million (31 March 2022: deficit of approximately RMB462.1 million). The turnaround from the deficit position was due to the profit for the Reporting Period. The Group's net asset value per share as at 30 September 2022 was RMB46.0 cents (31 March 2022: RMB37.2 cents). The increase in net asset value per share was attributable to the profit for the Reporting Period.

As at 30 September 2022, the Group had total cash and cash equivalents and restricted cash of approximately RMB851.7 million (31 March 2022: RMB683.9 million). As at 30 September 2022, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was 1.63 (31 March 2022: 1.89) while the Group's current ratio was 1.35 (31 March 2022: 1.19).

As at 30 September 2022, the capital commitments for contracted, but not provided for, properties under development were approximately RMB1,319.2 million (31 March 2022: RMB1,829.0 million).

## **Treasury policies**

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are held mainly in Hong Kong Dollars ("HK\$"), RMB and United States Dollars ("U.S. dollars"). Surplus cash is generally placed in short term deposits denominated in HK\$, RMB and U.S. dollars.

## ***Market risk***

The Group's assets are predominantly in the form of land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in China, these assets may not be readily realised.

## ***Interest rate risk***

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

## ***Foreign exchange risk***

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 is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of foreign currencies into RMB is subject to the rules and regulations of the foreign exchange controls promulgated by the Chinese government. The Group has minimal exposure to exchange rate fluctuation. No financial instrument was used for hedging purposes.

## ***Credit risk***

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

## ***Liquidity risk***

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

## **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 September 2022 (31 March 2022: 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 Reporting Period except as follows:

On 21 April 2022, Chongqing Ruihesheng Project Management Co., Limited\* (重慶睿和升項目管理有限公司) (“Chongqing Ruihesheng”), an indirectly wholly-owned subsidiary of the Company, entered into the equity transfer agreement with certain independent third parties, Chengdu Moding Zhishi Investment Management Co., Limited\* (成都摩頂智識投資管理有限公司) (“Chengdu Moding”), Chengdu Yizhong Wisdom Investment Management Co., Limited\* (成都一眾智慧投資管理有限公司) (“Chengdu Yizhong”), and Chongqing Shengfu Future Industry Co., Limited\* (重慶盛福未來實業有限公司) (“Chongqing Shengfu”), pursuant to which Chengdu Moding has agreed to acquire 26% equity interest of Chongqing Xinlongrui Information Technology Co., Limited\* (重慶鑫隆睿信息科技有限公司) (“Chongqing Xinlongrui”) from Chongqing Ruihesheng at the consideration of approximately RMB51,240,000, Chengdu Yizhong has agreed to acquire 17% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of approximately RMB33,503,000, and Chongqing Shengfu has agreed to acquire 8% equity interest of Chongqing Xinlongrui from Chongqing Ruihesheng at the consideration of approximately RMB15,766,000, respectively. Chongqing Xinlongrui is an investment holding company and, through its subsidiaries, are principally engaged in property development business in the PRC. Details of the aforementioned disposal are set out in the Company's announcement dated 21 April 2022.

## **Charges on assets**

As at 30 September 2022, properties under development of approximately RMB2,716.1 million (31 March 2022: RMB2,425.2 million), properties held for sale of approximately RMB224.5 million (31 March 2022: RMB912.3 million), accounts receivable of approximately RMB32.1 million (31 March 2022: Nil), 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 and other financial institutions to secure general banking facilities and loans 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.

## Major litigations

As at 30 September 2022, the Group has been involved in the following significant legal proceedings and has been proactively responding to such legal proceedings:

- (1) In August 2021, Minmetals International Trust Co., Ltd (五礦國際信託有限公司) (“Minmetals International”), filed a civil complaint in the Intermediate People’s Court of Xining, Qinghai Province against a subsidiary of HK Huzi, Dongguan Yihui Property Co., Limited\* (東莞億輝地產有限公司) (“Dongguan Yihui”), and the Company’s subsidiaries, Yuxi Runya Property Company Limited\* (玉溪潤雅置業有限公司) (“Yuxi Runya”) and Chongqing Yingfeng Property Co., Ltd.\* (重慶盈豐地產有限公司) (“Chongqing Yingfeng”), in respect of the outstanding debts with principal amount of approximately RMB1,458,513,000. In February 2022, the Intermediate People’s Court of Xining, Qinghai Province issued a civil judgement, which ruled that (i) Dongguan Yihui and Yuxi Runya shall jointly repay to Minmetals International the principal amount of the borrowings of approximately RMB1,458,513,000 together with the related interest and the other costs, and (ii) Minmetals International has the priority of the compensation from the proceeds of auction and sale of the collateral provided by Yuxi Runya and Chongqing Yingfeng.

Yuxi Runya has appealed the judgement to the Higher People’s Court of Qinghai Province. In July 2022, the Higher People’s Court of Qinghai Province issued a civil judgement, ruling that the appeal of Yuxi Runya was dismissed and the first instance judgment was upheld. Currently, Minmetals International, Dongguan Yihui, Yuxi Runya and Chongqing Yingfeng are actively negotiating for the settlement of the outstanding debts under this litigation, the directors of the Company considered that no additional provision in relation to this litigation was required to be made for the six months ended 30 September 2022. Details of the litigation are set out in the announcement of the Company dated 30 September 2022.

- (2) 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\* (武漢天合錦瑞房地產開發有限公司) (“Wuhan Tianhe”), Peking University Resources Group Investment Company Limited\* (北大資源集團投資有限公司) (“Resources Investment”), both of which are subsidiaries of HK Huzi, as well as Yuxi Runya, in respect of the outstanding entrusted loans with principal of RMB620 million. In February 2022, the Intermediate People’s Court of Xining, Qinghai Province issued a civil judgement, which ruled that Wuhan Tianhe and Yuxi Runya shall jointly repay to Minmetals International the outstanding principal of RMB620 million together with the related interest and other costs and Minmetals International has the priority of compensation from the proceeds of auction and sale of the collateral provided by Wuhan Tianhe and Resources Investment. Wuhan Tianhe appealed the judgement to the Higher People’s Court of Qinghai Province. In July 2022, the Higher People’s Court of Qinghai Province issued a civil judgement, ruling that the appeal of Wuhan Tianhe was dismissed and the first instance judgment was

upheld. Currently, Minmetals International, Wuhan Tianhe, Yuxi Runya and Resources Investment are actively negotiating for the settlement of the outstanding debts under this litigation, the directors of the Company considered that no additional provision in relation to this litigation was required to be made for the six months ended 30 September 2022. Details of the litigation are set out in the announcement of the Company dated 30 September 2022.

- (3) CITIC Trust Co., Ltd. (中信信託有限責任公司) (“CITIC Trust”) filed a civil complaint in the Beijing Financial Court against certain subsidiaries of the Company, namely Hong Kong Tianhe Holdings Limited (香港天合控股有限公司) (“HK Tianhe”), Ezhou Jinfeng Property Development Co., Limited\* (鄂州金豐房地產開發有限公司) (“Ezhou Jinfeng”), and Tianhe Property Development Co., Limited\* (天合地產發展有限公司) (“Tianhe Property”) as defendants in respect of the (i) outstanding debts amounting to approximately RMB1.05 billion (which includes the related interest calculated up to 10 November 2021); and (ii) CITIC Trust’s priority in compensation over the proceeds from the auction or sale of the 90% equity interests in Tianhe Property held by HK Tianhe and the land use rights in several properties held by Ezhou Jinfeng. As at the date of this announcement, the case is still on-going. Details of the litigation are set out in the announcement of the Company dated 8 April 2022.
- (4) a civil legal proceeding has been filed by CITIC Trust with the Beijing Financial Court against Beijing Founder Century Information System Co., Ltd.\* (北京方正世紀信息系統有限公司) (“Founder Century”), Dongguan Yihui and Dongguan Sanyuan Yinghui Investment & Development Co., Ltd.\* (東莞市三元盈暉投資發展有限公司) (“Sanyuan Yinghui”) in respect of the outstanding debts with principals, interests and penalties amounting to approximately RMB1.67 billion (calculated up to 30 June 2022). CITIC Trust sought a decision that, *inter alia*, (i) Founder Century shall repay the outstanding principals, interests and penalties amounting to approximately RMB1.67 billion (calculated up to 30 June 2022); and (ii) it shall have the priority in compensation over the proceeds from the auction or sale of the mortgaged properties of Sanyuan Yinghui and Dongguan Yihui. As at the date of this announcement, the case is still on-going. Currently, Founder Century and CITIC Trust are actively negotiating for a settlement of this Litigation. Details of the litigation are set out in the announcement of the Company dated 26 August 2022; and
- (5) a civil legal proceeding has been filed by Peking Founder with the People’s Court of Haidian District of Beijing against Founder Century in respect of the outstanding debt in a principal amount of approximately RMB357,715,000 owed by Founder Century to Peking Founder. Peking Founder requested that Founder Century to repay the outstanding debt together with the accrued interests. As at the date of this announcement, the case is still on-going. Details of the litigation are set out in the announcement of the Company dated 13 October 2022.

## **EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed below, there are no other significant events affecting the Group after the Reporting Period and up to the date of this announcement:

- (1) On 19 October 2022, the Company (as vendor) and Ms. Zhao Ge (as purchaser) entered into the sale and purchase agreement (subsequently amended by a supplemental agreement dated 10 November 2022), pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, the entire issued share capital of Founder Data Corporation International Limited (the “Disposal Company”) at the consideration of HK\$1 million.

The Disposal Company is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. The Disposal Company is principally engaged in investment holding and through its subsidiaries, is principally engaged in the distribution of information products business in the PRC. Completion is conditional on the conditions being fulfilled (or waived) and the disposal has not yet completed as at the date of this announcement. Details of the disposal are set out in the announcements of the Company dated 19 October 2022 and 10 November 2022.

- (2) On 22 August 2022, the Company (as issuer) entered into eight subscription agreements with eight subscribers in respect of the subscription of an aggregate of 1,283,231,129 Shares at the subscription price of HK\$0.10 per Share. The completion of the subscriptions took place on 24 October 2022 in accordance with the terms and conditions of the subscription agreements and an aggregate of 1,283,231,129 Shares have been issued and allotted to the subscribers. Details of the subscription are set out in the announcements of the Company dated 22 August 2022, 25 August 2022 and 24 October 2022.

## **INTERIM DIVIDEND**

The Board has resolved not to pay interim dividend for the six months ended 30 September 2022.

## **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 September 2022.

## **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 September 2022.

## **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 of the Company have confirmed that they have complied with the Model Code regarding directors’ securities transactions during the six months ended 30 September 2022.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed the Group’s interim condensed consolidated financial information for the six months ended 30 September 2022, including the accounting principles adopted by the Group, with the Company’s management.

## **PUBLICATION OF INTERIM REPORT**

The interim report of the Company for the six months ended 30 September 2022 containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.pku-resources.com](http://www.pku-resources.com)) in due course.

By Order of the Board  
**Peking University Resources (Holdings) Company Limited**  
**Wong Kai Ho**  
*Chairman*

Hong Kong  
23 November 2022

*As at the date of this announcement, the Board comprises executive Directors of Mr. Wong Kai Ho (Chairman), Mr. Wang Guiwu, Mr. Huang Zhuguang and Mr. Guo Langhua; and the independent non-executive Directors of Mr. Chin Chi Ho, Stanley, Mr. Chung Wai Man and Mr. Hua Yichun.*

\* *For identification purposes only*