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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)

MAJOR TRANSACTION
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF
HONG KONG HUZI LIMITED

Financial adviser to
Peking University Resources (Holdings) Company Limited



FIRST CAPITAL INTERNATIONAL FINANCE LIMITED

THE DISPOSAL

The Board is pleased to announce that on 21 January 2022 (after trading hours of the Stock Exchange), the Company, as vendor, and the Purchaser, as purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Disposal Company, at the Consideration of HK\$20,000,000.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal contemplated under the Sale and Purchase Agreement exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Disposal and hence no Director is required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal and therefore, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a property valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 16 February 2022 in order to allow sufficient time for the Company to prepare the necessary information to be included in the circular.

Completion is conditional on the Conditions being fulfilled (or waived). Accordingly, the Disposal may or may not materialize. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 21 January 2022 (after trading hours of the Stock Exchange), the Company, as vendor, and the Purchaser, as purchaser, entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Disposal Company, at the Consideration of HK\$20,000,000. Details of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date

21 January 2022 (after trading hours of the Stock Exchange)

Parties

- (i) the Company, as vendor; and
- (ii) Wealth Elite Group Investment Limited, as purchaser.

The Purchaser is a company incorporated in the British Virgin Island with limited liability and is principally engaged in investment holding. As at the date of this announcement, Rui Cheng, an indirect wholly-owned subsidiary of the Company, is indebted to the Purchaser in the aggregate amount of approximately HK\$184 million, i.e. the Rui Cheng Debt.

Assets to be disposed of

The Sale Shares, represent the entire issued share capital of the Disposal Company, and are free from any Encumbrances. The Disposal Company was incorporated in Hong Kong with limited liability and is the holding company of the Disposal Group. The Company is the legal and beneficial owner of the Sale Shares, representing the entire issued share capital of the Disposal Company.

Consideration

The Consideration for the Disposal of the Sale Shares shall be HK\$20,000,000. The Consideration was arrived at after arm's length negotiation between the Company and the Purchaser after taking into account (i) the unaudited consolidated net losses of approximately RMB1,702.9 million, RMB1,391.4 million and RMB1,282.4 million incurred by the Disposal Group for the years ended 31 December 2019 and 2020 and the eleven months ended 30 November 2021, respectively; (ii) the unaudited consolidated net deficit position of the Disposal Group as at 30 November 2021 of approximately RMB5,684.3 million; (iii) the potential implication of the RG Litigation against the Disposal Group; and (iv) the fact that the Consideration represents a premium over the net deficit position of the Disposal Group. As such, the Directors consider that the Disposal represents a valuable opportunity for the Group to dispose of the Disposal Group to offload the financial and operational burdens of the Disposal Group on the Group.

As at the date of this announcement, Rui Cheng, an indirect wholly-owned subsidiary of the Company, is indebted to the Purchaser in the aggregate amount of approximately HK\$184 million, i.e. the Rui Cheng Debt. It has been agreed that the Consideration shall be satisfied by the Purchaser offsetting in full against part of the Rui Cheng Debt on dollar-for-dollar basis on the Completion Date.

Conditions precedent

Completion is conditional upon fulfilment or, as the case may be, waiver or modification of the following Conditions:

- (a) the Purchaser being satisfied with the results of the due diligence review of the assets, liabilities, contracts, commitments, business, financial, legal and taxation aspects of the Disposal Group;
- (b) all necessary authorizations, consents and approvals required to be obtained on the part of the Company and the Disposal Company in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained;

- (c) all necessary authorizations, consents and approvals required to be obtained on the part of the Purchaser in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained;
- (d) where applicable, passing by the Shareholders (other than those prohibited from voting under the Listing Rules, if applicable) resolution(s) at the general meeting of the Company approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (e) all the representations, undertakings and warranties given by the Purchaser under the Sale and Purchase Agreement are and shall remain true, accurate, correct in all material respects up to the Completion Date; and
- (f) all the representations, undertakings and warranties given by the Company under the Sale and Purchase Agreement are and shall remain true, accurate, correct in all material respects up to the Completion Date.

Neither the Company or the Purchaser shall be entitled to waive any of the Conditions (b) to (d) above. The Company may, at its absolute discretion, waive the Condition (e) above at any time by notice in writing to the Purchaser and such waiver may be made subject to such terms and conditions as are agreed by the Company and the Purchaser. The Purchaser may, at its absolute discretion, waive the Conditions (a) and (f) above at any time by notice in writing to the Company and such waiver may be made subject to such terms and conditions as are agreed by the Company and the Purchaser.

If any of the Conditions is not fulfilled or waived by the Long Stop Date or if the parties to the Sale and Purchase Agreement mutually agree to terminate the Sale and Purchase Agreement, neither the Company nor the Purchaser shall be obliged to proceed with the sale and purchase of the Sale Shares. In such circumstances, the provisions of the Sale and Purchase Agreement (other than such clauses relating to publication of announcements, confidentiality and governing law, which shall remain in full force and effect) shall have no effect and the Company and the Purchaser shall be released from any further obligations without any liability save for any claims arising out of any antecedent breach of the Sale and Purchase Agreement.

Completion

Subject to the fulfillment or waiver (as the case may be) of the Conditions, Completion shall take place in Hong Kong on the Completion Date.

INFORMATION OF THE PARTIES

The Company and the Group

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 618). The Group is principally engaged in distribution of information products, property development and property investment businesses.

The Purchaser

The Purchaser is a company incorporated in the British Virgin Island with limited liability and is principally engaged in investment holding. The Purchaser is wholly owned by Mr. Oh Choon Gan, Eric, who is a Singaporean. Mr. Oh is an entrepreneur and has over 30 years of experience in audit, financial advisory and corporate finance.

To the best of the Director's knowledge, information and belief, after having made all reasonable enquiries, each of the Purchaser and Mr. Oh Choon Gan, Eric is a third party independent of the Company and its connected persons.

The Disposal Group

The Disposal Company is a company established in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. The Disposal Company is principally engaged in investment holding.

The Disposal Group, comprising the Disposal Company and 28 Disposal Subsidiaries owned by the Disposal Company, is principally engaged in property development business in the PRC. Each of the Disposal Subsidiaries is either an intermediary holding company or a company holding property development project(s). Set out below are details of (i) the property development projects being developed by the Disposal Group in the PRC; and (ii) inventories of completed projects held by the Disposal Group:

Property development projects

Location in the PRC	Project name	Effective equity interest (%)	Planned development	Expected year of completion	Market value	Projected
					in existing state attributable to the Disposal Group as at 30 November 2021 (RMB million) (Note)	outstanding construction cost required to complete the project (finance costs not included) (RMB million)
Tianjin (天津)	頤和1898 (Yihe 1898*)	100%	Residential	2024	99.0	274.2
	北大資源•閱府 (PKU Resources • Yuefu*)	70%	Residential	2023	266.0	114.0
Kaifeng, Henan Province (河南開封)	北大資源•未名府 (PKU Resources • Mei Ming Mansion*)	100%	Residential	2022	1,157.0	565.0
	北大資源•未名央著 (PKU Resources • Mei Ming Yangzhe*)	100%	Residential	2025	234.0	753.0
Kunshan, Jiangsu Province (江蘇昆山)	北大資源•頤和天樾 花園 (PKU Resources • Yihe Tianyue*)	100%	Residential	2024	1,262.0	804.0
	北大資源•九錦頤和 (PKU Resources • Jiujin Yihe*)	51%	Residential	2025	116.8	744.8
Wuhan, Hubei Province (湖北武漢)	方正國際金融大廈 (Founder International Financial Building*)	100%	Residential, commercial and office	2025	1,567.0	1,514.7
Zhuzhou, Hunan Province (湖南株洲)	北大資源•翡翠公園 (PKU Resources • Emerald Park*)	82%	Residential	2023	549.4	518.0
Chengdu, Sichuan Province (四川成都)	北大資源•科創城 (PKU Resources • Kechuangcheng*)	70%	Residential, commercial and exhibition center	2025	106.4	764.4

Location in the PRC	Project name	Effective equity interest (%)	Planned development	Expected year of completion	Market value in existing state attributable to the Disposal Group as at 30 November 2021 (RMB million) (Note)	Projected outstanding construction cost required to complete the project (finance costs not included) (RMB million)
Kunming, Yunnan Province (雲南昆明)	昆明博泰城 (Kunming Botai City*)	85%	Residential and commercial	2022	1,551.2	145.0
Dongguan, Guangdong Province (廣東東莞)	頤和翡翠花園 (Yihe Emerald Park*)	100%	Residential	2024	2,770.0	734.0
Total					<u>9,678.8</u>	<u>6,931.1</u>

Note: The market values of the property development projects were determined based on the preliminary valuation of the property development projects as at 30 November 2021 conducted by an independent valuer.

The aggregate market value of the above property development projects attributable to the Disposal Group as at 30 November 2021 was approximately RMB9,678.8 million without taking into account the projected outstanding construction costs required (finance costs not included) to complete the projects of approximately RMB6,931.1 million.

Inventories of completed projects held by the Disposal Group

Location in the PRC	Project name	Effective equity interest (%)	Type and number of properties held	Market value attributable to the Disposal Group as at 30 November 2021 (RMB million) (Note)
Tianjin (天津)	北大資源•閱城 (PKU Resources • Yuecheng*)	60%	13 residential units, 149 retail shops, 330 office units and 2,067 car parking spaces	1,408.2
	北大資源•閱府 (PKU Resources • Yuefu*)	70%	116 villas, 314 residential units, 50 retail shops and 380 car parking spaces	126.7
Qingdao, Shandong Province (山東青島)	北大資源廣場 (PKU Resources Square*)	70%	33 retail shops, 605 office units and 783 car parking spaces	928.2
	新都心苑 (Xinduxinyuan*)	70%	22 retail shops and 86 car parking spaces	27.3
Kunshan, Jiangsu Province (江蘇昆山)	北大資源•九錦頤和 (PKU Resources • Jiujin Yihe*)	51%	11 retail shops	42.8
Wuhan, Hubei Province (湖北武漢)	武漢國際大廈 (International Building of Wuhan*)	100%	68 office units and 20 car parking spaces	No commercial value as allocated land is not freely transferrable in market
Zhuzhou, Hunan Province (湖南株洲)	北大資源•翡翠公園 (PKU Resources • Emerald Park*)	82%	36 villas, 14 residential units and 677 car parking spaces	106.6

Location in the PRC	Project name	Effective equity interest (%)	Type and number of properties held	Market value attributable to the Disposal Group as at 30 November 2021
				(RMB million) (Note)
Chengdu, Sichuan Province (四川成都)	北大資源•頤和雅郡 (PKU Resources • Yihe Yajun*)	70%	36 retail shops and 1,534 car parking spaces	61.6
	北大資源•溪山越 (PKU Resources • Xishanyue*)	70%	4 villas, 28 retail shops and 89 car parking spaces	17.5
	北大資源•燕楠國際 (PKU Resources • Yannan International*)	70%	11 residential units, a hotel, 356 retail shops and 3,491 car parking spaces	462.7
	北大資源•頤和翡翠府 (PKU Resources • Yihe Emerald Mansion*)	80%	2 retail shops and 1,258 car parking spaces	79.2
	北大資源•公園1898 (PKU Resources • Park 1898*)	70%	79 retail shops, ancillary facilities and 1,146 car parking spaces	130.9
Dongguan, Guangdong Province (廣東東莞)	博雅公館 1898 (Boya Gongguan 1898*)	100%	14 residential units, 45 retail shops and 78 car parking spaces	134.0
Total				<u>3,525.7</u>

Note: The market values of the completed projects were determined based on the preliminary valuation of the completed projects as at 30 November 2021 conducted by an independent valuer.

The aggregate market value of the above completed projects attributable to the Disposal Group as at 30 November 2021 was approximately RMB3,525.7 million.

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below is the unaudited consolidated financial information of the Disposal Group for the two years ended 31 December 2019 and 31 December 2020, and for the eleven months ended 30 November 2021 respectively:

	For the year ended		For the
	31 December		eleven months
	2019	2020	ended
	<i>(RMB million)</i>	<i>(RMB million)</i>	30 November
			2021
			<i>(RMB million)</i>
Revenue	8,885.5	2,284.6	2,540.5
Net loss for the year before taxation	1,182.7	1,331.4	1,239.5
Net loss for the year after taxation	1,702.9	1,391.4	1,282.4
	As at 31 December		As at
	2019		30 November
	2020		2021
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Total assets	37,299.6	30,161.0	21,220.7
Total liabilities	38,953.1	33,211.9	26,905.0
Net liabilities	1,653.6	3,050.9	5,684.3
			<i>(RMB million)</i>

Major items included in the total assets of the Disposal Group

(1) Inventories, properties held for sale and properties under development <i>(Note)</i>	15,597.6
(2) Receivables	4,059.4
(3) Cash and cash equivalent	557.0
(4) Investment properties <i>(Note)</i>	492.4

Note: These figures represent the carrying values of the inventories, properties held for sale, properties under development and investment properties as set out in the unaudited consolidated management accounts of the Disposal Group as at 30 November 2021 which have not been adjusted for the market values of the properties and property development projects held by the Disposal Group as at 30 November 2021. If the market values of the properties and property development projects held by the Disposal Group as at 30 November 2021 were taken into account, the adjusted carrying value of the inventories, properties held for sale and properties under development and the investment properties would be RMB15,646.0 million in aggregate before taking into account the minority interests.

(RMB million)

Major item included in the total liabilities of the Disposal Group

(1) Payables	15,415.3
(2) Borrowings – current and non-current portions	7,069.9
(3) Prepayments received	4,189.3
(4) Tax payable	746.8

FINANCIAL EFFECT OF THE DISPOSAL

Immediately after Completion, the Company will cease to have any interests in the Disposal Group. The financial results, assets and liabilities of the Disposal Group will no longer be consolidated into the Group's consolidated financial statements.

As at 30 November 2021, the Disposal Group was indebted to the Retained Group in the aggregate amount of approximately RMB7,530 million. Based on the preliminary assessment, a preliminary impairment on the receivable from the Disposal Group of approximately RMB2,423 million would be made having considered the unaudited consolidated net deficit position of the Disposal Group as at 30 November 2021, the aggregate market value of the property development projects and property inventories attributable to the Disposal Group as at 30 November 2021 and the total liabilities of the Disposal Group. The actual impairment to be recorded is subject to audit by the Company's auditors and may be different from the preliminary amount as stated above.

Based on the Consideration of HK\$20,000,000 and the unaudited net deficit (excluding minority interests) of the Disposal Group as at 30 November 2021, it is expected that the Group would record a net gain from the Disposal of approximately RMB3,778 million, before taking into account the expenses in relation to the Disposal and after taking into account the market value of the properties and property development projects attributable to the Disposal Group, minority interests of the Disposal Group and the preliminary impairment of the receivable from the Disposal Group as disclosed above. The actual net gain from the Disposal can only be determined at Completion based on the financial information of the Disposal Group at Completion and shall be subject to audit by the Company's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Following the change in the composition of the Board since October 2021, the current Board has been reviewing the business operations of the Group and its financial performance and positions with a view to devise an action plan for resumption. The Board considered that the Disposal will enable the Company to realize its investment in the Disposal Group and fulfill the Resumption Guidance in order to resume the trading in the Shares as soon as practicable. In particular, the Board has considered the following issues:

(1) Impacts on the financial reporting of the Group

On 30 March 2021, the Company published its 2020 Annual Results. Subsequently, the administrator of Peking Founder, being a former controlling Shareholder, informed the Company that the amount due to Resources Group in “other payables and accruals” in the consolidated statement of financial position of the Company as at 31 December 2020 should be revised. The amount due to Resources Group represents the amount owed by the Disposal Group to Resources Group. The Company withheld the publication of the 2020 Annual Report as the management of the Company needed time to reconcile the balance with Resources Group and to further discuss and consult on whether to adjust the consolidated financial statements of the Company. As a result, trading in the Shares was suspended since 26 April 2021.

On 12 January 2022, the Company published the 2020 Annual Report. However, in view of the dispute in the amount due to Resources Group, the auditor of the Company, stated in its independent auditor’s report set out in the 2020 Annual Report that they are unable to form an opinion on the consolidated financial statements of the Group, on the basis of, among others, the uncertainties relating to an amount due to Resources Group and its subsidiaries.

The Board is concerned that the on-going dispute in respect of the Alleged Debt has affected the normal financial reporting cycle of the Company and resulted in the delay in the publication of the 2020 Annual Report which may also affect the subsequent timetable for publication of financial results of the Group.

Furthermore, it is one of the resumption conditions under the Resumption Guidance that the Company shall publish the revised consolidated financial statements for the year ended 31 December 2020 and address any audit modifications, which requires the Company to take all necessary actions to address the disclaimer of opinion with respect to the amount due to the Resources Group to the effect that no such disclaimer of opinion will be made in the forthcoming audited financial statements of the Company. Having considered the unresolved disputes and on-going RG Litigation initiated by Resources Group against Resources Investment with respect to the Alleged Debt, the Company faces difficulties in providing its auditor with sufficient and appropriate audit evidence to substantiate the amount owed by the Disposal Group to Resources Group and to remove such disclaimer of opinion in the forthcoming audited financial statements, which would significantly affected the Company’s progress in fulfilling the Resumption Guidance.

Following completion of the Disposal, the financial results of the Disposal Group will be deconsolidated from the Group, thereby reducing the impacts on the Company's financial statement caused by the disputes in respect of the Alleged Debt.

(2) RG Litigation by Resources Group relating to the amount due to Resources Group

Due to the dispute of the amount due to Resources Group, Resources Group filed the RG Litigation in the Beijing Court against Resources Investment in respect of the amount of approximately RMB7,926 million (i.e. the Alleged Debts) allegedly owed by Resources Investment to Resources Group. According to the relevant court documents, 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 全國銀行間同業拆借中心 (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 costs of the litigation be borne solely by Resources Investment.

The RG Litigation imposes significant uncertainty on the Disposal Group. Furthermore, the amount of resources, in the form of time, financial and human resources, required for the Group to deal with the RG Litigation may be significant. This would cause additional distractions for the management of the Group in its efforts to resolve the issues leading to the suspension of trading in the Shares and to enable the Company to comply with the Resumption Guidance. Following completion of the Disposal, the Disposal Group will no longer be part of the Group and therefore removes the uncertainties arising from the RG Litigation.

(3) Suspected Misappropriate and Misconduct implicated the Disposal Group

As set out in the Company's announcement dated 10 December 2021, the Company conducted an investigation on the discrepancies between the Alleged Debts and the records of the Group, and based on the information available, the Board has discovered that, Resources Group, being a former controlling Shareholder, is suspected to have carried out the Misappropriation, and Mr. Zeng Gang, a former executive Director, is suspected to have carried out the Misconduct. For details of the Misappropriation and the Misconduct, please refer to the Company's announcement dated 10 December 2021.

The Board is concerned that the Misappropriation and the Misconduct will have adverse implications on certain Disposal Subsidiaries, namely Resources Hubei, which is an indirect wholly-owned subsidiary of the Disposal Company, and Kunshan Hi-Tech, which is an indirect non wholly-owned subsidiary of the Disposal Company. Following completion of the Disposal, the Disposal Group will no longer be part of the Group and therefore remove the uncertainties arising from the Misappropriation and the Misconduct, which are related to the RG Litigation.

(4) Business of the Disposal Group

The principal business of the Disposal Group is property development and property investment. In recent months, the debt crisis faced by Chinese property developers has affected the sentiment in China's property market with reports from the media that some Chinese property developers have struggled to keep up with interest payments on their debts. This has adversely affected the financing ability of property development projects and the banks and financial institutions are less willing to finance property development projects due to high risk unless they can impose higher interest rates. Furthermore, with rising concerns over development and construction progress of property projects and non-delivery of completed units, the weak sentiment in China's property market has affected the buying interest of potential customers and property price.

As set out in the section headed "INFORMATION OF THE PARTIES – The Disposal Group" above, the Disposal Group has property development projects which are still in the development and construction stage and require additional financing to continue with the development projects. Based on the estimates of the management of the Group, the aggregate amount of funding required for the development projects is approximately RMB6,931.1 million. In view of the aforesaid current market conditions and the current financial position of the Disposal Group, it is unlikely that the Disposal Group will be able to finance its property development project with its internal resources or by way of equity financing and there is significant uncertainty on the Disposal Group's property development projects and prospects. Accordingly, the management of the Group is of the view that the Disposal Group would not make any significant level of positive contributions to the Group in the short term. Following the Disposal, although the Retained Group will continue to hold a few property development projects, which are facing similar current market conditions and uncertainties, the management consider that the scale of the property development projects following completion of the Disposal will be relatively smaller and more manageable.

(5) Financial positions of the Disposal Group

The Disposal Group had net deficit attributable to its shareholders of approximately RMB3,050.9 million and RMB5,684.3 million as at 31 December 2020 and 30 November 2021 respectively. As mentioned above, the management of the Group expects that the Disposal Group would finance the property development projects by debt financing. This would impose a significant impact on the indebtedness positions of the Group and the Disposal Group and worsen their respective net deficit positions. Moreover, as most of the properties of the Disposal Group have been pledged with banks and financial institutions to secure the loans from them, the Disposal Group would not have other assets available for collaterals to secure debt financing for its property development projects. As mentioned above, the property market in China is experiencing weak sentiment which may have adverse impact on the valuation of the property portfolio of the Disposal Group. The net deficit position of the Disposal Group and lower valuation of the property portfolio may potentially lead to breach of loan covenants resulting in enforcement of pledged properties or affect the bargaining position of the Disposal Group with banks and financial institutions when the loans are due for renewal.

In view of the various business challenges faced by the Group, the management of the Group is determined to turn the Group around with a view to lowering the debt ratio of the Group, improving its cash reserve, laying a solid foundation for the Group's long-term development and facilitating the restructuring of the financial position of the Group, the Board believes that the Disposal represents a good opportunity for the Group to realize its investment in the Disposal Group and improve the financial position of the Group for its future development and prospects.

In light of the above, the Directors consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

Pursuant to the Sale and Purchase Agreement, the Consideration shall be satisfied by the Purchaser offsetting in full against part of the Rui Cheng Debt on dollar-for-dollar basis on the Completion Date. As such, there will not be any cash proceeds generated from the Disposal.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal contemplated under the Sale and Purchase Agreement exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors had material interests in the Disposal and hence no Director is required to abstain from voting on the Board resolutions approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal and therefore, no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Ample Grace, being a Substantial Shareholder, is interested in 1,918,000,000 Shares, representing 29.89% of the total issued share capital of the Company. Ample Grace is owned as to 60% by Mr. Wang Guiwu and 40% by Mr. Wong Kai Ho, both being executive Directors. Ample Grace has given an undertaking in writing to the Company that it will vote in favour of the resolution(s) to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

DESPATCH OF CIRCULAR

A SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a property valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before 16 February 2022 in order to allow sufficient time for the Company to prepare the necessary information to be included in the circular.

WARNING

Completion is conditional on the Conditions being fulfilled (or waived). Accordingly, the Disposal may or may not materialize. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

CONTINUED SUSPENSION OF TRADING

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

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“2020 Annual Report”	the annual report for the financial year ended 31 December 2020 published by the Company on 12 January 2022
“2020 Annual Results”	the final results announcement for the financial year ended 31 December 2020 published by the Company on 30 March 2021
“Alleged Debt”	the amounts of approximately RMB7,926 million allegedly owing by Resources Investment to Resources Group as claimed by Resources Group in its civil proceeding filed in the Beijing Court against Resources Investment in November 2021
“Ample Grace”	Ample Grace Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a Substantial Shareholder
“Beijing Court”	The First Intermediate People’s Court of Beijing

“Board”	the board of Directors
“Business Day(s)”	a day on which banks are generally open for business in Hong Kong, except a Sunday and a Saturday or a day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	Peking University Resources (Holdings) Company Limited (北大資源(控股)有限公司), an exempted company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 618), being the vendor of the Sale Shares
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	a date falling within three Business Days after the fulfillment (or waiver) of the Conditions (or such other date as the Company and the Purchaser may mutually agree in writing), on which Completion is to take place in accordance with the terms and conditions of the Sale and Purchase Agreement
“Conditions”	the conditions precedent specified under the Sale and Purchase Agreement as set out in the section headed “Sale and Purchase Agreement – Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$20,000,000 payable by the Purchaser to the Company for the Sale Shares under the Sale and Purchase Agreement for the Disposal
“Director(s)”	directors of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Disposal Company”	Hong Kong Huzi Limited (香港琥諮有限公司), a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of the Company

“Disposal Group”	the Disposal Company and the Disposal Subsidiaries
“Disposal Subsidiaries”	the 28 subsidiaries owned by the Disposal Company and “Disposal Subsidiary” means any one of them
“Encumbrance(s)”	any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind; or other third party right (including pre-emptive right) of any kind
“Founder Information”	Founder Information (Hong Kong) Limited (in liquidation), a company incorporated in Hong Kong with limited liability and a former controlling Shareholder of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kunshan Hi-Tech”	昆山高科電子藝術創意產業發展有限公司 (Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited*), a company established in the PRC with limited liability, being an indirect 51%-owned subsidiary of the Disposal Company, and a Disposal Subsidiary
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	28 February 2022 (or such later date mutually agreed in writing by the Company and the Purchaser)
“Misappropriation”	the suspected misappropriation which involves, among others, Resources Group and its associates, Resources Investment and some other members of the Group undertaking a series of transactions to transfer, assign and/or offset their respective debts, and resulted in Resources Investment and Resources Hubei having incurred vast amount of debts which should have been borne by Resources Group, details of which are set out in the announcement of the Company dated 10 December 2021

“Misconduct”	the suspected misconduct by Mr. Zeng Gang (i) who was involved in the series of debt transfer, assignment and/or offsetting transactions between Resources Group, Resources Investment and other members of the Group; and (ii) despite ceasing to be the legal representative of Resources Investment with effect from 25 October 2021, Mr. Zeng Gang remains un-cooperative and refused to return the original business licenses, company seals, financial documents and other business documents of Resources Investment, details of which are set out in the announcement of the Company dated 10 December 2021
“Peking Founder”	北大方正集團有限公司 (Peking University Founder Group Company Limited*), a company established in the PRC with limited liability and a former indirect controlling Shareholder of the Company through its interest in Founder Information
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Properties”	all the property development projects and properties held by the Disposal Group
“Purchaser”	Wealth Elite Group Investment Limited, a company incorporated in the British Virgin Islands with limited liability, being the purchaser of the Sale Shares
“Resources Group”	北大資源集團有限公司 (Peking University Resources Group Co. Ltd.*), a company established in the PRC with limited liability and a former indirect controlling Shareholder of the Company through its interest in 北大資源集團控股有限公司 (Peking University Resources Group Holdings Co. Ltd.*), 北大資源集團城市開發有限公司 (Peking University Resources Group City Development Co. Ltd.*) and Founder Information
“Resources Hubei”	北大資源 (湖北) 資產管理有限公司 (Peking University Resources (Hubei) Asset Management Co., Limited*), a company established in the PRC with limited liability, being a direct wholly-owned subsidiary of the Disposal Company, and a Disposal Subsidiary

“Resources Investment”	北大資源集團投資有限公司 (Peking University Resources Group Investment Company Limited*), a company established in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Disposal Company, and a Disposal Subsidiary
“Resumption Guidance”	the resumption guidance imposed by the Stock Exchange for the Company on 23 July 2021 and 18 January 2022, details of which are set out in the announcements of the Company dated 28 July 2021 and 21 January 2022
“Retained Group”	the Company and its subsidiaries following the completion of the Disposal
“RG Litigation”	the civil legal proceeding initiated by Resources Group in the Beijing Court against Resources Investment in respect of the Alleged Debt, which Resources Group claimed to be approximately RMB7,926 million in November 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Rui Cheng”	Hong Kong Resources Rui Cheng Property Holdings Limited (香港資源睿成地產控股有限公司), a company incorporated in Hong Kong with limited liability, being an indirect wholly-owned subsidiary of the Company
“Rui Cheng Debt”	all obligations, liabilities and debts owing or incurred by Rui Cheng to the Purchaser on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion which as at the date of the Sale and Purchase Agreement, amounted to approximately HK\$184 million
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 21 January 2022 entered into between the Purchaser and the Company in relation to the Disposal
“Sale Shares”	the 10,000 issued shares in the Disposal Company, representing the entire issued share capital of the Disposal Company, which is wholly-owned by the Company as at the date of this announcement

“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the same meaning ascribed thereto under the Listing Rules
“%”	per cent.

Unless otherwise specified in this announcement, amount denominated in HK\$ have been converted into RMB at the rate of HK\$1.00 = RMB0.8. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.

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

Hong Kong, 21 January 2022

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

* *for identification purposes only*