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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
FOUNDER DATA CORPORATION INTERNATIONAL LIMITED**

Financial adviser



首控集團

CHINA FIRST CAPITAL GROUP

FIRST CAPITAL INTERNATIONAL FINANCE LIMITED

THE DISPOSAL

The Board is pleased to announce that on 19 October 2022 (after trading hours of the Stock Exchange), the Company, as vendor, and the Purchaser, as the 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\$1 million.

LISTING RULES IMPLICATION

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.

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) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the SGM, will be despatched to the Shareholders on or before 22 November 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 19 October 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\$1 million. Details of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date

19 October 2022 (after trading hours of the Stock Exchange)

Parties

- (i) the Company, as vendor; and
- (ii) Ms. Zhao Ge, as purchaser.

Assets to be disposed of

The Sale Shares, representing the entire issued share capital of the Disposal Company.

The Sale Shares shall be sold free from all encumbrances upon Completion. The Disposal Company was incorporated in the British Virgin Islands with limited liability and is the holding company of the Disposal Group. The Company is the legal and beneficial owner of the Sale Shares.

Consideration

The Consideration for the Sale Shares shall be HK\$1 million, which 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 RMB18.1 million, RMB544.3 million and RMB684.0 million incurred by the Disposal Group for the year ended 31 December 2020, the fifteen months ended 31 March 2022 and the six months ended 30 September 2022, respectively; (ii) the unaudited consolidated net deficit position of the Disposal Group as at 30 September 2022 of approximately RMB1,099.5 million; and (iii) the potential implication of the Litigations against the Disposal Group.

The Consideration will be satisfied in cash by the Purchaser on Completion.

Conditions precedent

Completion is conditional upon fulfilment or, as the case may be, waiver 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) passing by the Shareholders (other than those prohibited from voting under the Listing Rules or applicable laws) 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 confidentiality, taxes and costs, damages, termination and other miscellaneous provisions, 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

Completion shall take place on the third Business Day (or such other date as the parties thereto may agree in writing) after the date on which the last of the Conditions is satisfied or waived (if applicable).

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 an individual investor with extensive investment experience in the capital market.

As disclosed in the announcements of the Company dated 22 August 2022 and 25 August 2022, the Purchaser has entered into a subscription agreement with the Company on 22 August 2022, pursuant to which the Purchaser agreed to subscribe for 105,000,000 Shares, representing approximately 1.64% of the issued share capital of the Company as at the date of this Announcement. Such subscription has not yet completed. Pursuant to the subscription agreement, the completion shall take place on the third Business Day after the payment of the subscription price by the Purchaser (which shall be paid on or before 31 October 2022), or such other date as the parties may agree.

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

The Disposal Group

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.

The Disposal Group comprises the Disposal Company and its two wholly-owned subsidiaries, namely Founder Century and Beijing Jiaxin. The Disposal Group is principally engaged in the Distribution Business in the PRC.

The Disposal Group also indirectly held (i) approximately 99.67% equity interest of Chongqing Chuang Ruixin and (ii) 49% equity interest of Chongqing Litao. Since (i) Chongqing Heyue Yingyu, an indirect wholly-owned subsidiary of the Company, holds approximately 0.17% equity interest of Chongqing Chuang Ruixin and is the managing partner of Chongqing Chuang Ruixin; and (ii) Chongqing Heyue Yingxu, an indirect wholly-owned subsidiary of the Company, holds 51% shareholding interest in Chongqing Litao, Chongqing Chuang Ruixin and Chongqing Litao were not be accounted for as subsidiaries of the Disposal Group. The Disposal Group accounted for its investment in Chongqing Chuang Ruixin and Chongqing Litao as financial assets at fair value through profit or loss.

FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Set out below is the unaudited consolidated financial information of the Disposal Group extracted from the unaudited consolidated management accounts of the Disposal Group for the year ended 31 December 2020, the fifteen months ended 31 March 2022 and the six months ended 30 September 2022, respectively:

	For the year ended 31 December 2020 (RMB million)	For the fifteen months ended 31 March 2022 (RMB million)	For the six months ended 30 September 2022 (RMB million)
Revenue	5,240.4	7,373.1	895.1
Net loss for the year/period before taxation	22.5	518.5	662.4
Net loss for the year/period after taxation	18.1	544.3	684.0

	As at 31 December 2020 <i>(RMB million)</i>	As at 31 March 2022 <i>(RMB million)</i>	As at 30 September 2022 <i>(RMB million)</i>
Total assets	4,660.2	4,174.1	3,072.3
Total liabilities	4,509.3	4,550.7	4,171.8
Net assets/(liabilities)	150.9	(376.5)	(1,099.5)

FINANCIAL EFFECT OF THE DISPOSAL

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

For the reason disclosed in the paragraph headed "Information of the parties—The Disposal Group" above, Chongqing Chuang Ruixin and Chongqing Litao will remain as the subsidiaries of the Company after the Completion and thus their financial results, assets and liabilities will be consolidated into the Group's consolidated financial statements after Completion.

As at 30 September 2022, the Disposal Group was indebted to the Retained Group in the aggregate amount of approximately RMB265.0 million. Based on the preliminary assessment, a preliminary impairment on the receivable from the Disposal Group of approximately RMB265.0 million would be made having considered the net deficit position of the Disposal Group as at 30 September 2022. 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.

As disclosed in the announcements of the Company dated 15 October 2021 and 27 January 2022, Shanghai Trust initiated civil complaint against Founder Century and Chongqing Yingfeng for the repayment of entrusted loans granted to Founder Century with the outstanding principal and interest of approximately RMB716.2 million together with default interest and other expenses. Chongqing Yingfeng has pledged certain properties to secure the repayment of such loans. Founder Century, Chongqing Yingfeng and Shanghai Trust subsequently entered into a settlement agreement in January 2022, pursuant to which Founder Century was required to pay the settlement amounts in instalments to Shanghai Trust by 31 December 2023, and if Founder Century fails to pay the settlement amounts, Shanghai Trust has the right to demand the pledged properties provided by Chongqing Yingfeng be auctioned and sold to enable prioritised compensation to Shanghai Trust. Following the Completion, it is expected that a provision of approximately RMB435.8 million for the guarantee liability undertaken by Chongqing Yingfeng, a wholly-owned subsidiary of the Company will be recognised in the consolidated financial statements of the Group.

Based on (i) the Consideration of HK\$1 million; (ii) the unaudited consolidated net deficit position of the Disposal Group as at 30 September 2022; (iii) the estimated provision of approximately RMB435.8 million for the guarantee liability undertaken by the Group as disclosed above; and (iv) impairment on the receivable from the Disposal Group of approximately RMB265.0 million as disclosed above, it is expected that the Group would record a net gain of approximately RMB399.6 million from the Disposal, before taking into account the expenses in relation to the Disposal. 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

(1) The Litigations

As disclosed in the announcements of the Company dated 26 August 2022 and 13 October 2022, the Disposal Group has involved in the Litigations as follows:

- (i) CITIC Trust initiated civil complaint with the Beijing Financial Court* (北京金融法院) against, among others, Founder Century in respect of the outstanding debts under the CITIC Loan. CITIC Trust sought a decision that, *inter alia*, Founder Century shall repay the outstanding principals, interests and penalties in respect of the CITIC Loan amounting to approximately RMB1.67 billion (calculated up to 30 June 2022); and
- (ii) Peking Founder initiated civil complaint with the People's Court of Haidian District of Beijing* (北京市海淀区人民法院) against Founder Century in respect of the outstanding debt in a principal amount of approximately RMB357.7 million owed by Founder Century to Peking Founder. Peking Founder requested that Founder Century to repay the outstanding debt together with the accrued interests.

The Litigations impose 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 Litigations may be significant. It is explicitly stated in the Sale and Purchase Agreement that the Company would not undertake or assume any liabilities, actual or contingent, arising from the Litigations. Following Completion, the Disposal Group will no longer be part of the Group and the uncertainties and burden arising from the Litigations will therefore be removed.

(2) Business of the Disposal Group

The principal business of the Disposal Group is the Distribution Business, which is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference hosts, conference controllers, codec, UPS power supply and notebook computers of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Microsoft, Corning, Lenovo, Huawei and Dell.

Since June 2022, the Disposal Group has gradually reduced its business operation and the Distribution Business has been shifted to other entities of the Group. From 1 June 2022 to 30 September 2022, revenue of the Distribution Business generated by the Disposal Group was approximately RMB52.8 million, while the revenue of the Distribution Business carried out by the other entities of the Group amounted to approximately RMB448.6 million for the same period. As at 30 September 2022, the Distribution Business carried out by other entities of the Group had 99 customers, which contributed approximately 87% of the turnover of the Group's Distribution Business for the fifteen months ended 31 March 2022. As such, the management of the Company is of the view that the Disposal would not have material adverse impacts to the Distribution Business of the Group. Following Completion, the principal businesses of the Retained Group remain the same.

(3) Financial positions of the Disposal Group

The unaudited consolidated net deficit position of the Disposal Group as at 30 September 2022 amount to approximately RMB1,099.5 million. The Disposal Group had bank and other borrowings amounted to approximately RMB2,494.8 million of which approximately RMB1,874.7 million was included in the current liabilities as at 30 September 2022, a substantial part of which represent the overdue borrowings due for immediate repayments. The financial costs incurred by the Disposal Group was approximately RMB65.4 million for the six months ended 30 September 2022.

The management of the Company believes that the Disposal Group has imposed a significant burden on the indebtedness positions of the Group. As such, the Board believes that the Disposal represents a good opportunity for the Group to reduce its indebtedness and improve its financial position for the Group's 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

The net proceeds from the Disposal will be used as general working capital of the Group.

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.

The Purchaser and its associates are required to abstain from voting on the resolutions to approve the the Sale and Purchase Agreement and the transactions contemplated thereunder at the SGM to be convened by the Company. Save as disclosed and to the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, no other Shareholders has a material interest in the Disposal and is required to abstain from voting on the resolutions to approve the aforesaid matters at the SGM.

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) other information as required to be disclosed under the Listing Rules; and (iii) a notice of the SGM, will be despatched to the Shareholders on or before 22 November 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.

DEFINITIONS

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

“Beijing Jiaxin”	Beijing Jiaxin Century Information System Co., Ltd.* (北京嘉信世紀信息系統有限公司), an indirect wholly-owned subsidiary of the Disposal Company
“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.
“Chongqing Chuang Ruixin”	Chongqing Chuang Ruixin Information Technology Partnership (Limited Partnership)* (重慶創睿鑫信息技術合夥企業(有限合夥)), which was indirectly held as to approximately 99.67% by the Disposal Company
“Chongqing Heyue Yingxu”	Chongqing Heyue Yingxu Project Management Co., Ltd.* (重慶合悅盈旭項目管理有限公司), an indirect wholly-owned subsidiary of the Company and held 51% equity interest of Chongqing Litao
“Chongqing Heyue Yingyu”	Chongqing Heyue Yingyu Project Management Co., Ltd.* (重慶合悅盈裕項目管理有限公司), an indirect wholly-owned subsidiary of the Company which held approximately 0.17% equity interest of Chongqing Chuang Ruixin and also being the managing partner of Chongqing Chuang Ruixin
“Chongqing Litao”	Chongqing Litao Project Management Co., Ltd.* (重慶立滔項目管理有限公司), which was indirectly held as to 49% by the Disposal Company
“Chongqing Yingfeng”	Chongqing Yingfeng Property Co., Ltd.* (重慶盈豐地產有限公司), an indirect wholly-owned subsidiary of the Company
“CITIC Loan”	A loan of RMB2.5 billion provided by CITIC Trust to Founder Century
“CITIC Trust”	CITIC Trust Co., Ltd.* (中信信託有限責任公司), being a creditor of the Disposal Group

“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”	the date 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 “The Sale and Purchase Agreement – Conditions precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$1 million payable by the Purchaser to the Company for the Sale Shares under the Sale and Purchase Agreement
“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”	Founder Data Corporation International Limited (方正數碼國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Disposal Group”	the Disposal Company and its subsidiaries
“Distribution Business”	the business of distribution of information products of the Group
“Founder Century”	Beijing Founder Century Information System Co., Ltd.* (北京方正世紀信息系統有限公司), a wholly-owned subsidiary of the Disposal 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Litigations”	the litigations as set out in the section headed “Reasons for and benefits of the Disposal – (1) The Litigations” in this announcement
“Long Stop Date”	180 days after the date of the Sale and Purchase Agreements
“Peking Founder”	Peking University Founder Group Company Limited* (北大方正集團有限公司)
“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
“Purchaser”	Ms. Zhao Ge (趙軻), being the purchaser of the Sale Shares
“Retained Group”	the Company and its subsidiaries following Completion
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 19 October 2022 entered into between the Purchaser and the Company in relation to the Disposal
“Sale Shares”	the 20,000 issued shares in the Disposal Company, representing the entire issued share capital of the Disposal Company
“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
“Shanghai Trust”	Shanghai International Trust Company Limited* (上海國際信託有限公司), a creditor of the Disposal Group
“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

“%” per cent.

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

Hong Kong, 19 October 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, Mr. Hua Yichun and Mr. Wang Bingzhong.

* *For identification purposes only*