Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

北大资源
PKU RESOURCES

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

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

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the "Board") of Peking University Resources (Holdings) Company Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020 together with the comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	5	**9,085,402**	24,131,590
Cost of sales		**(8,550,165)**	(22,029,951)
Gross profit		**535,237**	2,101,639
Other income and gains	5	**583,075**	173,230
Selling and distribution expenses		**(323,672)**	(483,688)
Administrative expenses		**(534,920)**	(621,412)
Impairment losses on financial assets, net		**(16,965)**	(71,670)
Other expenses and losses, net		**(485,058)**	(4,464)
Finance costs	6	**(1,030,769)**	(824,349)
Share of losses of associates		**(3,809)**	(2,017)
PROFIT/(LOSS) BEFORE TAX	7	**(1,276,881)**	267,269
Income tax expense	8	**(568,157)**	(1,960,595)
LOSS FOR THE YEAR		**(1,845,038)**	(1,693,326)
Attributable to:			
Owners of the parent		**(2,025,393)**	(2,421,877)
Non-controlling interests		**180,355**	728,551
		(1,845,038)	(1,693,326)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted		**RMB(31.57) cents**	RMB(37.75) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(1,845,038)**	(1,693,326)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of non-Mainland China entities' investments	**46,378**	(46,670)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**46,378**	(46,670)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**(6,938)**	40,082
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(6,938)**	40,082
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**39,440**	(6,588)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,805,598)**	(1,699,914)
Attributable to:		
Owners of the parent	**(1,984,930)**	(2,428,783)
Non-controlling interests	**179,332**	728,869
	(1,805,598)	(1,699,914)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 *RMB'000*	2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**87,843**	94,470
Investment properties		**1,523,097**	757,166
Right-of-use assets		**18,878**	28,248
Goodwill		**–**	–
Other intangible assets		**4,465**	6,508
Investments in associates		**752**	4,662
Deferred tax assets		**107,264**	213,941
Other non-current assets		**–**	50,000
Total non-current assets		**1,742,299**	1,154,995
CURRENT ASSETS			
Properties under development		**18,243,990**	17,626,739
Properties held for sale		**12,001,730**	12,465,450
Inventories		**531,193**	651,171
Trade and bills receivables	10	**1,040,140**	1,276,186
Prepayments, other receivables and other assets		**1,767,755**	1,942,541
Prepaid tax		**685,084**	594,591
Other current assets		**315,227**	315,227
Restricted cash		**461,300**	957,536
Cash and cash equivalents		**1,401,854**	1,556,977
Total current assets		**36,448,273**	37,386,418
CURRENT LIABILITIES			
Trade and bills payables	11	**4,920,330**	5,462,358
Other payables and accruals		**18,882,542**	16,438,769
Interest-bearing bank and other borrowings		**12,173,944**	12,654,876
Lease liabilities		**9,454**	9,596
Tax payable		**2,616,625**	2,384,772
Provision		**78,775**	104,320
Total current liabilities		**38,681,670**	37,054,691
NET CURRENT ASSETS/(LIABILITIES)		**(2,233,397)**	331,727
TOTAL ASSETS LESS CURRENT LIABILITIES		**(491,098)**	1,486,722

	2020	2019
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**–**	258,079
Lease liabilities	**1,118**	8,480
Deferred tax liabilities	**215,742**	116,523
Total non-current liabilities	**216,860**	383,082
Net assets/(liabilities)	**(707,958)**	1,103,640
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**545,335**	545,335
Reserves	**(2,389,470)**	(404,540)
	(1,844,135)	140,795
Non-controlling interests	**1,136,177**	962,845
Total equity	**(707,958)**	1,103,640

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

Peking University Resources (Holdings) Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company are located at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- distribution of information products
- property development
- property investment

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"). In the opinion of the directors, the ultimate holding company is 北大資產經營有限公司 (Peking University Asset Management Company Limited*), which is established in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, bills receivable, other assets included in prepayments, other receivables and other assets, and other non-current assets which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

The Group incurred a net loss of RMB1,845,038,000 for the year ended 31 December 2020. As at 31 December 2020, the Group had a net deficit attributable to the owners of the parent of RMB1,844,135,000 and the Group's current liabilities exceeded its current assets by RMB2,233,397,000. Other than the above, the following are the conditions that may cast significant doubt on the Group's ability to continue as a going concern:

Breaches of loan covenants and loan defaults

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

* *For identification purposes only*

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

Subsequent to the end of the reporting period, on 29 January 2021, the Company received a notification letter from the Administrator that Zhuhai Huafa Group Co., Ltd. (on behalf of Zhuhai State-owned Assets), Ping An Insurance (Group) Company of China Ltd. and Shenzhen SDG Group Co., Ltd. (collectively referred to as the "Investors") formed a consortium as investors of restructuring Peking Founder. As at the date of approval of these financial statements, the Investors and the Administrator are still in the process of finalising the restructuring proposal regarding Peking Founder as well as the investment agreements.

Legal actions initiated by lenders

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

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

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

Winding up petition against Founder Information

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

Subsequent to the end of the reporting period, on 5 March 2021, a sealed regulating order was issued by the High Court of Hong Kong regarding the appointment of the liquidators of Founder Information, which shall have the powers, including but not limited to, taking possession of the property of Founder Information and selling any of the property of Founder Information (including the shares of the Company) by way of public auction or private contract, with power to transfer the whole of it to any person or to sell the same in parcels. As at the date of approval of these financial statements, the Company is not aware of any further progress of the Petition other than those disclosed in the Company's announcement dated 12 March 2021.

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

(i) The Group has submitted written loan extension applications to two lenders for an aggregate loan amount of RMB861,000,000, and are in active verbal negotiation with ten lenders to explore the possibility of loan extension with an aggregate amount of RMB2,744,000,000. These loan extension negotiations are still in progress as of the date of approval of these financial statements.

(ii) The management of the Group has prepared a business strategy plan and a corresponding cash flow forecast covering the period up to 31 December 2021, which have been reviewed by the board of directors of the Company. The business strategy plan mainly focuses on the acceleration of pre-sale of suitable properties of the Group as well as the implementation of cost control measurements.

The board of directors of the Company is of the opinion that, taking into account the above measures as well as the possible positive outcome of the Peking Founder Reorganisation which may bring in additional new sources of financing to the Group, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2020. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2020 on a going concern basis.

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

(i) successfully negotiating with the Group's existing lenders to seek extension of the due dates of the Group's borrowings;

(ii) successfully carrying out the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position; and

(iii) successfully obtaining additional new sources of financing upon the completion of the Peking Founder Reorganisation.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's buildings have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB835,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the distribution of information products segment sells information products;

(b) the property development segment sells properties; and

(c) the property investment segment leases and subleases properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude restricted cash, cash and cash equivalents, prepaid tax, deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

Year ended 31 December 2020

	Distribution of information products *RMB'000*	Property development *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue, other income and gains *(note 5)*				
Revenue from external customers	**5,235,950**	**3,811,529**	**37,923**	**9,085,402**
Other income and gains	**524**	**65,090**	**478,617**	**544,231**
	5,236,474	**3,876,619**	**516,540**	**9,629,633**
Segment results	**28,837**	**(739,754)**	**510,883**	**(200,034)**
Reconciliation:				
Interest income				**38,844**
Corporate and unallocated expenses				**(86,701)**
Finance costs (other than interest on lease liabilities)				**(1,028,990)**
Loss before tax				**(1,276,881)**
Segment assets	**4,871,369**	**32,103,398**	**685,246**	**37,660,013**
Reconciliation:				
Elimination of intersegment receivables				**(2,124,943)**
Corporate and other unallocated assets				**2,655,502**
Total assets				**38,190,572**
Segment liabilities	**1,338,208**	**24,269,323**	**409,631**	**26,017,162**
Reconciliation:				
Elimination of intersegment payables				**(2,124,943)**
Corporate and other unallocated liabilities				**15,006,311**
Total liabilities				**38,898,530**
Other segment information				
Share of losses of associates	**912**	**2,897**	**–**	**3,809**
Investments in associates	**649**	**103**	**–**	**752**
Fair value gains on transfers from properties held for sale to investment properties	**–**	**–**	**478,556**	**478,556**
Fair value gain on investment properties	**–**	**–**	**61**	**61**
Impairment of trade receivables	**10,846**	**–**	**–**	**10,846**
Impairment of financial assets included in prepayments, other receivables and other assets, net	**6,511**	**(392)**	**–**	**6,119**
Provision against inventories, net	**(22,880)**	**–**	**–**	**(22,880)**
Impairment of properties under development, net	**–**	**583,253**	**–**	**583,253**
Impairment of properties held for sale, net	**–**	**60,808**	**–**	**60,808**
Depreciation and amortisation	**10,526**	**14,367**	**433**	**25,326**
Capital expenditure*	**3,216**	**3,323**	**–**	**6,539**
Interest penalty on loan defaults	**8,345**	**443,736**	**–**	**452,081**

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and investment properties.

Year ended 31 December 2019

	Distribution of information products *RMB'000*	Property development *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Segment revenue, other income and gains *(note 5)*				
Revenue from external customers	8,880,025	15,216,685	34,880	24,131,590
Other income and gains	343	126,752	–	127,095
	8,880,368	15,343,437	34,880	24,258,685
Segment results	(15,705)	1,182,839	30,791	1,197,925
Reconciliation:				
Interest income				46,135
Corporate and unallocated expenses				(154,897)
Finance costs (other than interest on lease liabilities)				(821,894)
Profit before tax				267,269
Segment assets	5,015,514	31,170,911	685,959	36,872,384
Reconciliation:				
Elimination of intersegment receivables				(1,654,016)
Corporate and other unallocated assets				3,323,045
Total assets				38,541,413
Segment liabilities	1,604,536	21,791,464	281,539	23,677,539
Reconciliation:				
Elimination of intersegment payables				(1,654,016)
Corporate and other unallocated liabilities				15,414,250
Total liabilities				37,437,773
Other segment information				
Share of losses of associates	2,017	–	–	2,017
Investments in associates	1,662	3,000	–	4,662
Fair value losses on investment properties, net	–	–	560	560
Impairment of trade receivables	9,843	–	–	9,843
Impairment of financial assets included in prepayments, other receivables and other assets, net	33,466	28,361	–	61,827
Provision against inventories	21,682	–	–	21,682
Impairment of properties under development, net	–	917,744	–	917,744
Impairment of properties held for sale, net	–	2,350,895	–	2,350,895
Depreciation and amortisation	5,974	21,138	433	27,545
Capital expenditure*	2,227	19,824	–	22,051
Claim provision, net	–	3,810	–	3,810

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and investment properties.

Geographic information

(a) ***Revenue from external customers***

	Distribution of information products RMB'000	Property development RMB'000	Property investment RMB'000	Total RMB'000
For the year ended 31 December 2020				
Mainland China	**5,233,024**	**3,811,529**	**35,942**	**9,080,495**
Hong Kong	**2,926**	**–**	**1,981**	**4,907**
	5,235,950	**3,811,529**	**37,923**	**9,085,402**
For the year ended 31 December 2019				
Mainland China	8,836,069	15,216,685	32,411	24,085,165
Hong Kong	43,956	–	2,469	46,425
	8,880,025	15,216,685	34,880	24,131,590

The revenue information above is based on the locations of the customers.

(b) ***Non-current assets***

	2020 ***RMB'000***	2019 *RMB'000*
Mainland China	**1,634,386**	889,392
Hong Kong	**649**	1,662
	1,635,035	891,054

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

Information about major customers

During the year, there was no revenue from sales to an external customer which accounted for 10% or more of the Group's total revenue (2019: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue from contracts with customers is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of properties	**3,811,529**	15,216,685
Sale of information products	**5,235,950**	8,880,025
	9,047,479	24,096,710
Revenue from other sources		
Gross rental income	**37,923**	34,880
	9,085,402	24,131,590

Information about the Group's performance obligations in relation to revenue from contracts with customers is summarised below:

Sale of properties

The performance obligation is satisfied when the construction of the relevant property has been completed and the property has been delivered to the customer pursuant to the sales agreements. Payment in advance from customers is normally required and the remaining balance is settled no later than the delivery date of the property or in some circumstances, settled within an agreed period upon the delivery of the property as determined on a case-by-case basis.

Sale of information products

The performance obligation is satisfied upon delivery of goods and payment is generally due in three to six months from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which gives rise to variable consideration subject to constraint.

An analysis of other income and gains is as follows:

	2020	2019
	RMB'000	*RMB'000*
Other income		
Management and consultancy service fee income	**31,974**	89,923
Bank interest income	**9,823**	24,919
Other interest income from related companies	**29,021**	21,216
Government grants*	**1,361**	1,711
Gain on lease revision	**160**	–
Others	**23,662**	27,476
	96,001	165,245
Gains		
Fair value gains on transfers from properties held for sale to investment properties	**478,556**	–
Fair value gain on investment properties	**61**	–
Foreign exchange gains, net	**8,457**	7,985
	487,074	7,985
	583,075	173,230

* Various government grants have been received for investments in certain regions in Mainland China in which the Company's subsidiaries operate. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**1,051,682**	1,393,783
Interest on loans from related companies	**647,067**	902,578
Interest expense arising from revenue contracts	**700,353**	764,308
Interest on discounted bills	**1,308**	6,711
Interest expense arising from lease contracts	**1,779**	2,455
Total interest expense	**2,402,189**	3,069,835
Less: Interest capitalised	**(1,371,420)**	(2,245,486)
	1,030,769	824,349

7. PROFIT/(LOSS) BEFORE TAX

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

	2020 *RMB'000*	2019 *RMB'000*
Cost of inventories sold	**5,090,963**	8,629,000
Cost of properties sold	**2,838,021**	10,110,630
Provision against inventories, net	**(22,880)**	21,682
Impairment of properties under development, net	**583,253**	917,744
Impairment of properties held for sale, net	**60,808**	2,350,895
Cost of sales	**8,550,165**	22,029,951
Auditor's remuneration	**4,380**	4,180
Depreciation of property, plant and equipment	**11,896**	14,724
Less: Depreciation capitalised in properties under development	**(3,437)**	(1,329)
	8,459	13,395
Depreciation of right-of-use assets	**11,361**	9,284
Amortisation of other intangible assets	**2,069**	3,537
Loss on disposal of property, plant and equipment*	**21**	94
Fair value loss on investment properties, net*	**–**	560
Impairment of financial assets, net:		
Impairment of trade receivables	**10,846**	9,843
Impairment of financial assets included in prepayments, other receivables and other assets, net	**6,119**	61,827
	16,965	71,670
Interest penalty on loan defaults*	**452,081**	–
Penalty on late payment of land cost*	**32,956**	–
Lease payments not included in the measurement of lease liabilities	**9,458**	14,804
Employee benefit expense (including the directors' remuneration):		
Wages and salaries	**304,026**	393,414
Pension scheme contributions**	**5,935**	18,860
	309,961	412,274

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

** At 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2019: Nil).

8. INCOME TAX

	2020	2019
	RMB'000	*RMB'000*
Current – Hong Kong		
Charge for the year	**297**	482
Current – Mainland China		
Charge for the year	**203,178**	1,108,693
PRC LAT	**158,280**	854,497
Deferred	**206,402**	(3,077)
Total tax charge for the year	**568,157**	1,960,595

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2019: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC 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.

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of RMB2,025,393,000 (2019: RMB2,421,877,000), and the weighted average number of ordinary shares of 6,416,155,647 (2019: 6,416,155,647) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2020 (2019: Nil).

10. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**1,088,687**	1,235,603
Bills receivable	**42,880**	121,164
	1,131,567	1,356,767
Impairment	**(91,427)**	(80,581)
	1,040,140	1,276,186

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are settled in accordance with the terms of the respective contracts. The credit period is generally three to six months. 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 receivables. Trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables, based on the invoice date and/or bills receipt date and net of loss allowance, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**997,003**	1,229,984
7 to 12 months	**5,719**	25,871
13 to 24 months	**32,972**	8,462
Over 24 months	**4,446**	11,869
	1,040,140	1,276,186

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**80,581**	70,738
Impairment losses, net *(note 7)*	**10,846**	9,843
At end of year	**91,427**	80,581

The increase in the loss allowance for the year ended 31 December 2020 was mainly due to the increase in fully impaired trade receivables of RMB7,880,000 which were past due for over 3 years. The increase in the loss allowance for the year ended 31 December 2019 was mainly due to the increase in trade receivables of RMB17,020,000 which were past due for over 2 years.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020

		Past due			
	Current	**Less than 1 year**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**0.98%**	**3.04%**	**15.14%**	**97.52%**	**8.40%**
Gross carrying amount *(RMB'000)*	**881,120**	**115,872**	**12,270**	**79,425**	**1,088,687**
Expected credit losses *(RMB'000)*	**8,595**	**3,517**	**1,858**	**77,457**	**91,427**

As at 31 December 2019

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.31%	2.54%	14.60%	87.31%	6.52%
Gross carrying amount *(RMB'000)*	1,001,488	143,636	7,157	83,322	1,235,603
Expected credit losses *(RMB'000)*	3,132	3,655	1,045	72,749	80,581

Included in the Group's trade and bills receivables are amounts due from fellow subsidiaries of approximately RMB2,372,000 (2019: RMB6,858,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

Transferred financial assets that are not derecognised in their entirety

At 31 December 2020, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB15,900,000 (2019: RMB35,650,000) to certain of its suppliers in order to settle the trade payables due to these suppliers (the "Endorsement"). In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers had recourse was RMB15,900,000 as at 31 December 2020 (2019: RMB35,650,000).

Transferred financial assets that are derecognised in their entirety

At 31 December 2020, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB114,963,000 (2019: RMB146,824,000). The Derecognised Bills had a maturity within six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills (2019: Nil). No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

11. TRADE AND BILLS PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**4,920,330**	5,396,987
Bills payable	**–**	65,371
	4,920,330	5,462,358

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:

	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**4,679,208**	5,371,556
Over 6 months	**241,122**	90,802
	4,920,330	5,462,358

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

Included in the Group's trade and bills payables are amounts due to fellow subsidiaries of approximately RMB7,344,593 (2019: RMB9,830,000), which are repayable on credit terms similar to those offered by other similar suppliers of the Group.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As set out in note 2.1 to the consolidated financial statements, the Group incurred a net loss of RMB1,845,038,000 for the year ended 31 December 2020. As at 31 December 2020, the Group had a net deficit attributable to the owners of the parent of RMB1,844,135,000 and the Group's current liabilities exceeded its current assets by RMB2,233,397,000.

In addition, as a result of the default repayment of the Group's borrowings and the reorganisation procedure against Peking University Founder Group Company Limited (the "Peking Founder Reorganisation"), which owns as to approximately 81.64% effective interest of the immediate holding company of the Company and is also a guarantor of certain of the Group's borrowings, the Group was not able to fulfil certain covenants relating to borrowings of RMB12,138,944,000 and these borrowings became repayable on demand as at 31 December 2020. There were also legal actions initiated by certain lenders against the Group to demand repayment of borrowings and/or to secure their interests in the Group's assets. In 2021, the High Court of Hong Kong has appointed liquidators of Founder Information (Hong Kong) Limited ("Founder Information"), the immediate holding company of the Company. The liquidators shall have the powers, including but not limited to, taking possession of the property of Founder Information and selling any of the property of Founder Information (including the shares of the Company). These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) successfully negotiating with the Group's existing lenders to seek extension of the due dates of the Group's borrowings; (ii) successfully carrying out the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position; and (iii) successfully obtaining additional new sources of financing upon the completion of the Peking Founder Reorganisation.

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

DIVIDEND

No interim dividend is paid during the year and previous year. The Board does not recommend the payment of any final dividend for the year (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2020, amidst the global COVID-19 pandemic, which caused severe economic downturn and economic de-globalization, the world is experiencing a huge once-in-a-century transformation with turmoil, restructuring and complicated economic and political situations. China took the lead in controlling the pandemic and resuming work and production in the world, becoming the only major economy to achieve positive economic growth worldwide. In the second half of the year, as key industrial and economic indicators basically returned to normality, the economy has returned to the track of organic growth. The RMB loans increased by RMB19.63 trillion for the year and the accumulated increment of the financing to the real economy amounted to RMB34.86 trillion. The gross domestic product for the year reached RMB101.5986 trillion, representing a year-on-year increase of 2.3%.

In respect of policies, despite the pandemic in 2020, the general approach towards real-estate market in China remained unchanged. The central government adhered to the principle that "houses are for living in, not for speculation and carrying out city-specific policies" as well as stabilising land prices, housing prices and market expectations, rather than regard real estate as a means to stimulate the economy for the short term, so as to ensure the stable and healthy development of the real-estate market. Meanwhile, by maintaining the continuity, consistency and stability of the financial policies for real-estate, the central government accelerated the establishment of a long-term management system for real estate finance. In the second half of the year, with the introduction of "three red line" requirements, the real-estate finance regulation was gradually tightened as a whole.

As the stabilizer and cornerstone of economic development in China, the real-estate industry outperformed expectation in 2020 and the real-estate market nationwide has completely recovered from the impact of the pandemic and entered a normal track. In 2020, the sales area of commercial housing in China reached 1.76086 billion square meters, representing a year-on-year increase of 2.6%; the sales volume of commercial housing increased by 8.7% to RMB17.3613 trillion.

OVERALL PERFORMANCE

The Group reported a loss for the year ended 31 December 2020 of approximately RMB1,845.0 million (year ended 31 December 2019: profit of RMB1,693.3 million). The Group's revenue for the current financial year decreased by 62.4% to approximately RMB9,085.4 million (year ended 31 December 2019: RMB24,131.6 million) as a result of the decrease in areas delivered of property development projects. The Group's gross profit has decreased by 74.5% to approximately RMB535.2 million (year ended 31 December 2019: RMB2,101.6 million) mainly due to decrease in proportion of property development business ("Property Development Business") of the Group with higher gross profit margin.

The increase in loss for the year was mainly due to the net results of:

a. a decrease in gross profit by 74.5% to RMB535.2 million (year ended 31 December 2019: RMB2,101.6 million) as a result of decrease in revenue of Property Development Business and distribution of information products business ("Distribution Business") of the Group;

b. a decrease in impairment of property under development and property held for sale, net incurred from the realizable net values of certain property projects based on the assessment of the prevailing market conditions, by 80.3% to RMB644.1 million (year ended 31 December 2019: RMB3,268.6 million);

c. an increase in other income and gains by RMB409.8 million to RMB583.1 million (year ended 31 December 2019: RMB173.2 million) attributable to net increase in fair value gains on investment properties;

d. a decrease in total selling and distribution expenses and administrative expenses by 22.3% to RMB858.6 million (year ended 31 December 2019: RMB1,105.1 million) attributable to the strict control on expenses imposed by the management;

e. a decrease in impairment losses on financial assets, net by 76.3% to RMB17.0 million (year ended 31 December 2019: RMB71.7 million) attributable to decrease in impairment of trade and other receivables;

f. an increase in other expenses and losses, net by RMB480.6 million to RMB485.1 million (year ended 31 December 2019: RMB4.5 million) attributable to increase in claim penalty on late repayment of bank and other borrowings;

g. an increase in finance cost by 25.0% to approximately RMB1,030.8 million (year ended 31 December 2019: RMB824.3 million) attributable to decrease in interest capitalised of those subsidiaries with their property development projects completed during the year; and

h. a decrease in income tax expenses by 71.0% to approximately RMB568.2 million (year ended 31 December 2019: RMB1,960.6 million) as a result of decrease in corporate income tax and land appreciation tax in the PRC for the year.

The loss attributable to the owners of the parents and the profit attributable to the non-controlling interests of the Group for the year ended 31 December 2020 are approximately RMB2,025.4 million (year ended 31 December 2019: loss of RMB2,421.9 million) and RMB180.4 million (year ended 31 December 2019: profit of RMB728.6 million) respectively.

Basic and diluted loss per share attributable to equity holders of the Company for the year ended 31 December 2020 were RMB31.57 cents (year ended 31 December 2019: RMB37.75 cents).

OPERATING REVIEW

Real Estate Business

Property Development

The turnover of the Property Development Business for the current financial year was approximately RMB3,811.5 million (year ended 31 December 2019: RMB15,216.7 million). The segment results recorded a loss of approximately RMB739.8 million (year ended 31 December 2019: profit of RMB1,182.8 million). The deterioration of segment turnover was primarily attributable to the decrease in areas delivered of property development projects. The decline in segment results was due to the net effect of decline in segment revenue and reversal of impairment of properties under development, net and properties held for sale, net.

As at 31 December 2020, the Group had a total of 39 property development projects across 18 cities in Mainland China. The total area of the properties held for sales, properties under development and areas pending construction of the Group amounted to approximately 6.72 million square meters.

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

Contracted Sales

During the year, in response to the regularized pandemic and industrial changes, the Group pushed forward the resumption of work and production actively. As at 31 December 2020, there were totally 24 projects of 3.89 million square meters under construction. During the year, the Group had 35 projects on sale. Contracted sales of properties and contracted gross floor area (the "GFA") amounted to approximately RMB3.15 billion and 0.34 million square meters, respectively, with an average selling price of approximately RMB9,297 per square meter.

Property Investment

The property investment business of the Group recorded an increase in turnover by 8.7% to approximately RMB37.9 million (year ended 31 December 2019: RMB34.9 million) and segment profit of approximately RMB510.9 million (year ended 31 December 2019: profit of RMB30.8 million) during the current financial year. The increase in segment revenue was mainly attributed to the increase in rentable floor area due to transfer from properties held for sale during the year. The improvement in segment results was mainly due to increase in fair value gains on investment properties arising from transfer from properties held for sale during the year.

Distribution Business

Distribution of Information Products

The Distribution Business recorded a turnover of approximately RMB5,236.0 million representing a decrease of 41.0% as compared to last financial year (year ended 31 December 2019: RMB8,880.0 million). The segment results recorded a profit of RMB28.8 million (year ended 31 December 2019: loss of RMB15.7 million). The improvement in segment results was due to reduction in operating cost and impairment of other receivables.

The Distribution Business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations, optical screen products, video conference host, conference controller, codec, UPS power supply and notebook computer of a number of internationally famed and branded information product manufacturers such as HP, H3C, CommScope, Microsoft, Corning, Lenovo, Huawei and DELL. The decrease in turnover during the year was mainly attributable to decrease in sales volume of information products under the impact of COVID-19 pandemic and reduce in scale of operation under the intense market competition.

As the business environment in China is becoming more competitive with the unfavorable factors arising from the macro control policies, the management of the Group will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business.

PROSPECTS

Real Estate Business

Looking forward to 2021, the world economic situation remains complicated and tough with unstable and imbalanced recovery and ineligible risks arising from the pandemic. In the future, China will continue to smooth the domestic cycle by implementing various measures so as to fully unleash the potential of domestic demand and hence laying a solid foundation for forming the new landscape of "dual cycle". As the momentum of resuming the upward economic trend continues, the economy in China will return to its normal track in 2021. With the constantly strengthening regulation over real-estate finance, the Chinese government will, by continuing to adhere to the position that "houses are for living in, not for speculation" as well as carrying out city-specific policies and balancing between lease and purchase, continue to facilitate healthy development of housing consumption as well as stable and sound development of the real-estate market.

By keeping abreast with the direction of national policy and market changes and adhering to the strategic guideline of "One Body, Two Wings and Three Cores", the Group will continue to focus on key national city clusters and adopt the operation model integrating asset-light and asset-heavy, enhance the development of city-industry integration, push ahead with the establishment of core big healthcare and technology IPs and implement the strategy towards becoming a "technology and innovation services provider".

Distribution Business

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

EMPLOYEE

The Group has developed its human resources policies and procedures based on performance and contributions of employees. The Group ensures that the remuneration level of its employees are competitive and employees are rewarded on a performance basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. The Group adopts share option scheme for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group had not granted any share options to its eligible directors and employees during the current financial year.

The Group has 911 employees as at 31 December 2020 (31 December 2019: 1,205).

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the current financial year, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Mainland China. As at 31 December 2020, the Group had approximately RMB12,173.9 million interest-bearing bank and other borrowings (31 December 2019: RMB12,913.0 million), of which approximately RMB469.8 million (31 December 2019: RMB480.0 million) were floating interest bearing and RMB11,704.1 million (31 December 2019: RMB12,433.0 million) were fixed interest bearing. The borrowings, which were subject to little seasonality, consisted of mainly bank loans, trust receipt loans and loans from certain subsidiaries and associates of Peking Founder, and borrowings from financial institutions. Peking Founder is the substantial shareholders of the Company. Almost all of interest-bearing bank and other borrowings are denominated in Renminbi ("RMB"), of which RMB12,173.9 million (31 December 2019: RMB12,654.9 million) were repayable within one year and nil (31 December 2019: RMB258.1 million) was repayable within two years. The Group's banking facilities were secured by corporate guarantee given by the Company, Peking Founder, Founder Information (Hong Kong) Limited ("Founder Information") and Peking University Resources Group Co., Ltd. (a substantial shareholder of the Company), and certain properties under development, properties held for sale, the Group's stakes and assignment of return arising from the Group's certain properties under development and properties held for sale. The decrease in bank and other borrowings was mainly attributed to the repayment of bank loans for Property Development Business during the current financial year. The increase in other payables and accruals by 14.9% to RMB18,882.5 million (31 December 2019: RMB16,438.8 million) was due to increase in contract liabilities arising from sale of properties.

As at 31 December 2020, the Group recorded total assets of approximately RMB38,190.6 million (31 December 2019: RMB38,541.4 million) which were financed by liabilities of approximately RMB38,898.5 million (31 December 2019: RMB37,437.8 million), non-controlling interests of approximately RMB1,136.2 million (31 December 2019: RMB962.8 million) and deficit attributable to owners of the parent of approximately RMB1,844.1 million (31 December 2019: equity of RMB140.8 million). The decrease in equity was attributable to loss for the current financial year. The Group's net asset value per share as at 31 December 2020 was negative RMB0.11 (31 December 2019: positive RMB0.17). The decrease in net asset value per share was attributable to the loss for the current financial year.

The Group had total cash and cash equivalents and restricted cash of approximately RMB1,863.2 million as at 31 December 2020 (31 December 2019: RMB2,514.5 million). As at 31 December 2020, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total equity, was negative 17.2 (31 December 2019: positive 11.7) while the Group's current ratio was 0.94 (31 December 2019: 1.01).

As at 31 December 2020, the capital commitments for contracted, but not provided for, properties under development were approximately RMB4,959.2 million (31 December 2019: RMB4,517.1 million).

Treasury policies

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

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in 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 HKD and U.S. dollars. The values of RMB against the U.S. dollar 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.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

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 31 December 2020 (31 December 2019: 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.

Charges on assets

As at 31 December 2020, properties under development of approximately RMB12,176.1 million (31 December 2019: RMB10,299.9 million), properties held for sale of approximately RMB5,451.7 million (31 December 2019: RMB6,081.9 million), property, plant and equipment of approximately RMB23.2 million (31 December 2019: RMB24.8 million), investment properties of approximately RMB165.3 million (31 December 2019: RMB179.6 million), bank deposits of approximately RMB10.4 million (31 December 2019: RMB25.1 million), certain equity interests of certain subsidiaries and the assignment of returns arising from certain properties under development and properties held for sale of the Group were pledged to banks to secure general banking facilities granted, as deposits for construction of the relevant properties and as guarantees deposits for certain mortgage loans granted by banks to purchasers of the Group's properties.

Contingent liabilities

As at 31 December 2020, the Group had contingent liabilities relating to guarantees mainly in respect of mortgages granted by certain banks to certain purchasers of the Group's properties amounting to approximately RMB7,886.6 million (31 December 2019: RMB6,254.0 million). This represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers 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 fair value of the guarantees is not significant and the directors of the Company consider that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made for the guarantees in the consolidated financial statements for the year ended 31 December 2020 (31 December 2019: Nil).

Events after the reporting period

The Company received a notification letter from Peking Founder on 25 January 2021, regarding a civil order received by the administrator of Peking University Founder Group Company Limited from The First Intermediate People's Court of Beijing on 22 January 2021. Pursuant to the civil order, the deadline for the submission of the restructuring proposal will be extended to 30 April 2021.

The Company received the "Notification letter in relation to determination of restructuring investors of Peking Founder" from the administrator of Peking University Founder Group Company Limited on 29 January 2021. It is stated in the notification letter that after multiple rounds of competitive selection, it is finally determined that Zhuhai Huafa Group Co., Ltd. (on behalf of Zhuhai State-owned Assets), Ping An Insurance (Group) Company of China, Ltd. and Shenzhen SDG Group Co., Ltd.* formed a consortium as investors of restructuring of Peking Founder. In the next step, the administrator of Peking University Founder Group Company Limited will proceed the signing of investment agreements and drafting of restructuring proposals in accordance with the laws.

On 5 March 2021, a sealed regulating order was issued by the High Court of Hong Kong regarding the appointment of the liquidators of Founder Information, the immediate holding company of the Company, which shall have the powers, including but not limited to, taking possession of the property of Founder Information and selling any of the property of Founder Information (including the shares of the Company) by way of public auction or private contract, with power to transfer the whole of it to any person or to sell the same in parcels.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2020.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has fully complied with the code provisions set out in the Corporate Governance Code, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities throughout the year ended 31 December 2020.

* *For identification purpose only*

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditors, Ernst & Young, to the amount set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The 2020 annual report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.pku-resources.com) in due course.

By Order of the Board
Peking University Resources (Holdings) Company Limited
Cheung Shuen Lung
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises executive directors of Mr. Cheung Shuen Lung (Chairman), Mr. Zeng Gang (President), Ms. Sun Min, Mr. Ma Jian Bin, Ms. Liao Hang and Mr. Zheng Fu Shuang, and the independent non-executive directors of Mr. Chan Chung Kik, Lewis, Mr. Lau Ka Wing and Mr. Lai Nga Ming, Edmund.