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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)

INSIDE INFORMATION ANNOUNCEMENT
LITIGATION COMMENCED BY THE COMPANY AGAINST
A FORMER CONTROLLING SHAREHOLDER AND
FORMER MANAGEMENT

This announcement is made by Peking University Resources (Holdings) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to (i) the announcement of the Company dated 10 December 2021 regarding, among others, the suspected Misappropriation of funds by Peking University Resources Group Co., Ltd.* (北大資源集團有限公司) (“**Resources Group**”), a former controlling shareholder of the Company and the Misconduct by Mr. Zeng Gang (“**Mr. Zeng**”), a former executive Director and the president of the Company; (ii) the announcement of the Company dated 4 July 2022 in relation to the major findings of the Independent Investigation; and (iii) the announcements of the Company dated 15 July 2022 and 22 July 2022 in relation to the non-compliance of the Listing Rules in relation to past notifiable transactions, past connected transactions and past continuing connected transactions (together, the “**Announcements**”). Capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements unless otherwise stated.

As disclosed in the Announcements, during the Independent Investigation, it was found that the Defendants (as defined below) were involved in the following transactions:

- (a) During the period from 2 December 2016 to 15 February 2019, Kunshan Hi-Tech, a former subsidiary of the Company, transferred funds to Resources Group in the net balance of approximately RMB2,085 million, i.e. the Kunshan Hi-Tech Debt;

- (b) In March 2021, Resources Investment and Resources Hubei, both are former subsidiaries of the Company entered into and executed several debt assignment and transfer documents with Resources Group and Kunshan Hi-Tech, pursuant to which (a) Resources Investment assumed the liabilities of Resource Group and agreed to repay part of Kunshan Hi-Tech Debt in an amount of approximately RMB2,085 million to Kunshan Hi-Tech, and (b) Resources Hubei assumed the liabilities of Resource Group and agreed to repay part of Kunshan Hi-Tech Debt of approximately RMB141 million to Kunshan Hi-Tech;
- (c) During the period between 2017 and 2020, Qingdao Boya, a former subsidiary of the Company, transferred funds to Resources Group in the net balance of approximately RMB463 million, i.e. the Qingdao Boya Debt;
- (d) In March 2021, it was agreed between Resources Investment, Qingdao Boya and Resources Group that Resources Investment would assume the liabilities of Resource Group and agreed to repay the Qingdao Boya Debt to Qingdao Boya;
- (e) In January 2019, Founder Century, a subsidiary of the Company, as the borrower, and CITIC Trust, as the lender, entered into the CITIC Loan Agreement, pursuant to which CITIC Trust provided a loan of RMB2.5 billion to Founder Century, i.e. the CITIC Loan. After Founder Century received the loan, it transferred the fund drawn down from such loan to Resources Investments, and Resources Investments subsequently transferred such fund to Resources Group. The actual user of the fund drawn down from the CITIC Loan was Resources Group;
- (f) Between 2015 to 2020, Resources Investment incurred expenses for Resources Group and 21 of its associated companies, including but not limited to payments of salaries, social insurance, housing provident funds, property management fees and tenancy deposits; and
- (g) Between 2015 and 2020, Resources Group transferred funds to Resources Investment and certain former subsidiaries of the Company, i.e. the Real Estate Companies and the Real Estate Companies also transferred or deposited their funds to Resources Group in accordance with the instructions given by the Treasury Department of the Resources Group for centralized fund allocation. The interests charged on the funds transferred from Resources Group to the Real Estate Companies were usually higher than the interests charged on the funds transferred from the Real Estate Companies to Resources Group. As a result, Resources Group collected huge amounts of the interest differences from the Real Estate Companies arising from such differential interest arrangements.

In addition, it was found that Mr. Zeng and Mr. Cheung Shuen Lung (張旋龍) (“**Mr. Cheung**”), a former executive Director and the Chairman of the Company have caused unauthorized and unjustified delay of the Company’s shareholder meeting with detailed as follows:

1. Founder Information (Hong Kong) Limited (香港方正資訊有限公司) (“**Founder Information**”), being the Company’s former controlling shareholder, was ordered by the High Court of Hong Kong to be wound up on 1 February 2021, and was appointed with joint and several liquidators (“**Liquidators**”) on 1 March 2021;
2. On 15 June 2021, Founder Information submitted a requisition to the Company to convene a general meeting for considering and passing the resolutions to, among others, appoint certain new Directors to the Board (the “**1st Requisition**”);
3. On 14 July 2021, the Company gave notice that a special general meeting would take place at 10 a.m. on 23 September 2021 (the “**1st Requisition SGM**”);
4. On 17 September 2021, the Board resolved that the 1st Requisition SGM would be postponed to 9:50 a.m. on 8 October 2021 in breach of the Company’s bye-laws and without valid reasons;
5. On 19 October 2021, a civil legal proceeding has been filed by Resources Group in The First Intermediate People’s Court of Beijing* (北京市第一中級人民法院) against Resources Investment in respect of the Alleged Debts, demanding, among others, that Resources Investment immediately pay to Resources Group the Alleged Debts and overdue interest (“**Beijing Action**”);
6. As such, Mr. Zeng and Mr. Cheung acting together, allowed or caused delay in convening the Company’s shareholders’ meeting from July to early October 2021, to buy time for Resources Group to commence the Beijing Action in respect of the Alleged Debts;
7. As a result of the order made under the Beijing Action, Resources Investment’s bank account balances were frozen and assets were impounded and/or seized, causing serious disturbance to the operation of Resources Investment and its subsidiaries and further worsening their liquidity condition; and
8. Furthermore, the delay affected the Liquidators’ ability to gain possession and kick start the process of restructuring the Company, and the Company was put into an increasingly difficult position subject to many legal claims (against the Company and/or its subsidiaries) in the PRC.

The Company wishes to announce that, on 3 November 2022, the Company has instituted a legal proceeding in the Court of First Instance of the High Court of Hong Kong against: (i) Resources Group; (ii) Mr. Zeng; (iii) Mr. Cheung; and (iv) Mr. Wang Tao (王濤) (“**Mr. Wang**”, collectively with Resources Group, Mr. Zeng and Mr. Cheung as the “**Defendants**”), a former executive vice president of Resources Group (the “**Litigation**”), in relation to, among others, the following misconducts and breaches of the Defendants:

- (a) the Defendants conspiring to defraud and/or injure the Company by unlawful means, namely for the Company’s subsidiaries to assume Resources Group’s liabilities, and to benefit Resources Group via certain payment arrangements and differential interest arrangements, in particular:
 - (1) the Defendants’ procuring or allowing substantial amounts of debts due and owed by the Company (and/or its subsidiaries) to the Resources Group;
 - (2) the Defendants’ procuring or allowing the assignment of the Kunshan Hi-Tech Debt and the Qingdao Boya Debt to some other subsidiaries of the Company, without any commercial rationale, and leading to such other subsidiaries incurred liability which should have been borne by Resources Group;
 - (3) the Defendants’ procuring or allowing the entering into of the CITIC Loan Agreement, the channelling of funds to Resources Group, and Founder Century's repayments made thereunder;
 - (4) the Defendants’ procuring or allowing fund transfers between certain subsidiaries of the Company and Resources Group at different interest rates, that is, whereby Resources Group would transfer funds to the said subsidiaries at an interest, and the said subsidiaries would counter-transfer funds to Resources Group at a lower interest rate; and
 - (5) the Defendants’ procuring and/or allowing delays in the Company’s shareholders’ meeting from July to early October 2021 to buy time for Resources Group to commence the Beijing Action in respect of the Alleged Debts and *inter alia* lead to freezing of Resources Investment’s bank account, disturbance to the operation of Resources Investment and its subsidiaries and the Company being put into an increasingly difficult position subject to legal claims (against the Company and/or its subsidiaries) in the PRC;

- (b) breach of directors' duties owed to the Company by Mr. Zeng and Mr. Cheung, in particular:
 - (1) their involvement in matters stated under paragraph (a) above; and
 - (2) their permitting and/or otherwise consented to the absence of disclosure(s), circular(s) and shareholders' approval on part of the Company in relation to the transactions mentioned above in breach of the Listing Rules; and
- (c) the dishonest assistance by Resources Group and Mr. Wang in the breach of directors' duties owed to the Company by Mr. Zeng and Mr. Cheung.

The Company claims for the loss and damage to be assessed, including but not limited to:

- (a) loss arose as a result of the suspension of the trading of the Company's shares;
- (b) loss as a result of the costs incurred to investigate the said breaches;
- (c) difference between the consideration received by the Company for the disposal of the entire share capital of Hong Kong Huzi Limited and the market value and/or fetchable price of such disposal had the said breaches did not occur;
- (d) difference between the consideration will be received for the proposed disposal of the entire share capital of Founder Data Corporation International Limited (方正數碼國際有限公司) and the market value and/or fetchable price of such disposal had each of the said breaches never occurred; and
- (e) other consequential losses.

The trading in the shares of the Company on the Stock Exchange was suspended from 26 April 2021 and resumed on 11 August 2022. During the resumption process, the Company spared no efforts to address the Stock Exchange's concern over the negative impacts on the Company's financial and operation position arising from the aforementioned misconducts and breaches of the Defendants and have taken remedial actions to address the internal control deficiencies which were relevant to such misconducts and breaches. Considering the results of Independent Investigation and the aforementioned misconducts and breaches, the Board considers that the Company is obligated to commence the Litigation against the Defendants to protect the legitimate interest of the Company and its shareholders and for good corporate governance. Further announcement(s) will be made by the Company to update its shareholders and potential investors as and when appropriate.

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

Hong Kong, 3 November 2022

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

* *For identification purposes only*