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北大资源
PKU RESOURCES

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)

**(1) SUSPECTED MISAPPROPRIATION OF FUNDS
BY A FORMER CONTROLLING SHAREHOLDER
(2) MISCONDUCT OF A FORMER EXECUTIVE DIRECTOR
AND
(3) UPDATE ON RESUMPTION PLAN AND THE PROGRESS**

References are made to the announcements of Peking University Resources (Holdings) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 April 2021, 7 July 2021, 23 July 2021, 25 July 2021, 31 August 2021, 25 October 2021 and 10 November 2021 (the “**Announcements**”) in relation to, among others, the delay in despatch of annual report of the Company for the year ended 31 December 2020, the quarterly updates on recent development of suspension of trading and the Litigation. Capitalised terms used in this announcement shall bear the same meanings as defined in the Announcements unless otherwise stated.

SUSPECTED MISAPPROPRIATION OF FUNDS BY A FORMER CONTROLLING SHAREHOLDER

Based on the information currently available, the Board has discovered that, Resources Group, being a former controlling shareholder of the Company is suspected to have misappropriated funds of the Group (the “**Misappropriation**”) in the following manner:

- (i) Resources Group had arranged certain subsidiaries of the Company (“**Group Companies**”) to transfer or deposit their funds (the “**Funds**”) into Resources Group, resulting in large amount of indebtedness due from Resources Group to the Group.

- (ii) In 2020 and 2021, Resources Group and its associates, Resources Investment and some other Group Companies have undertaken a series of transactions to transfer, assign and/or offset their respective debts. In particular, Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Limited* (昆山高科電子藝術創意產業發展有限公司) (“**Kunshan Hi-Tech**”), a subsidiary of the Company had transferred and deposited its funds to Resources Group, leading to an aggregated debt of approximately RMB2,417 million owed by Resources Group to Kunshan Hi-Tech (the “**Kunshan Hi-Tech Debt**”). On 25 March 2021, Resources Group, Resources Investment, Kunshan Hi-Tech and Peking University Resources (Hubei) Asset Management Co., Limited* (北大資源(湖北)資產管理有限公司) (“**Resources Hubei**”), an indirect subsidiary of the Company entered into and executed several debt assignment and transfer documents (“**Kunshan Hi-Tech Debt Documents**”), 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. Thus, Resources Investment and Resources Hubei have incurred vast amount of debts which should have been borne by Resources Group.
- (iii) While being fully aware of the transactions as disclosed above, Resources Group knowingly and willfully claimed that there were discrepancies regarding the amount payable by Resources Investment to Resources Group and filed a civil lawsuit against Resources Investment for the repayment of the Alleged Debts of approximately RMB7,926 million.

The Board is of the view that the suspected Misappropriation has adversely affected the financial conditions and business operation of the Group and has prejudiced the interest of the Group and the shareholders of the Company as a whole. In relation to the suspected Misappropriation, the Company is currently seeking legal advices and will continue to conduct investigation over the conducts of Resources Group. The Group will take proactive follow-up actions to safeguard the Group’s interests and assets. Further announcement(s) will be made to update the shareholders and potential investors of the Company as and when appropriate.

MISCONDUCT OF A FORMER EXECUTIVE DIRECTOR

The Board also discovered the following misconduct (the “**Misconduct**”) of Mr. Zeng Gang (“**Mr. Zeng**”), a former executive Director of the Company who resigned on 12 November 2021:

- (i) During the period when Mr. Zeng was an executive Director and president of the Company, he was also the director and/or senior management of Resources Group and Resources Investment. It is suspected that Mr. Zeng was involved in the series of debt transfer, assignment and/or offsetting transactions between Resources Group, Resources Investment and other Group Companies. In particular, it came to the attention of the Board that, Mr. Zeng attended the relevant meetings with Resources Group regarding the assignment of Kunshan Hi-Tech Debt, which, in the view of the Board, constituted serious conflict of interest and breaches of his duties as the Director of the Company.
- (ii) By a shareholder resolution of Resources Investment dated 25 October 2021, Mr. Zeng ceased to be the legal representative of Resources Investment with effect from 25 October 2021. However, despite the repeated requests of Resources Investment, Mr. Zeng remains un-cooperative and refused to return the original business licenses, company seals, financial documents and other business documents of Resources Investment. Although Resources Investment has used its best endeavours to apply to the relevant authorities in China and has received the new business licenses and company seals, the absence of the necessary documents still exposes Resources Investment to significant business and financial risks. Resources Investment has already filed a civil complaint in The People’s Court of Haidian District, Beijing* (北京市海澱區人民法院) against Mr. Zeng to request him to return the business licenses, company seals and other necessary documents. As at the date of this announcement, the complaint has been admitted by the court but the court hearing date has yet to be fixed.

The Company is also seeking legal advice in relation to the Misconduct and will take appropriate and necessary legal actions against Mr. Zeng in order to protect the legitimate interests of the Group and the shareholders of the Company as a whole. Further announcement(s) will be made to update the shareholders and potential investors of the Company as and when appropriate.

UPDATE ON THE RESUMPTION PLAN AND THE PROGRESS

As disclosed above, the Company is seeking legal advice in relation to the suspected Misappropriation and the Misconduct. The Company is also taking appropriate steps to comply with the Resumption Guidance, including actively seeking professional advices on resolving the issues leading to the suspension of trading in the shares of the Company. In particular, the Company has engaged financial advisers, legal advisers and valuer to assist the Company in dealing with the subsidiaries implicated in the suspected Misappropriation and the Misconduct. Further announcement(s) will be made to update the shareholders and potential investors of the Company on, among others, the progress of the resumption plan as and when appropriate.

CONTINUED SUSPENSION OF TRADING

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

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

Hong Kong, 10 December 2021

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

* *Unofficial English translation denotes for identification purpose only*