



**Oriental**  
UniversityCity  
东方大学城

Oriental University City Holdings (H.K.) Limited  
東方大學城控股（香港）有限公司  
Stock code (股票代號) : 8067

# INTERIM | 中期 REPORT | 報告 2014/2015

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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*This report, for which the directors of Oriental University City Holdings (H.K.) Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Chew Hua Seng (*Chairman*)  
Mr. Liu Ying Chun (*Chief Executive Officer*)

#### Non-executive Director

Mr. He Jun

#### Independent Non-executive Directors

Mr. Lam Bing Lun, Philip  
Mr. Tan Yeow Hiang, Kenneth  
Mr. Wilson Teh Boon Piaw

### COMPANY SECRETARY

Mr. Kwok Siu Man

### COMPLIANCE OFFICER

Mr. Liu Ying Chun

### AUTHORISED REPRESENTATIVES

Mr. Chew Hua Seng  
Mr. Liu Ying Chun

### AUDIT COMMITTEE

Mr. Lam Bing Lun, Philip (*Chairman*)  
Mr. Tan Yeow Hiang, Kenneth  
Mr. Wilson Teh Boon Piaw

### REMUNERATION COMMITTEE

Mr. Wilson Teh Boon Piaw (*Chairman*)  
Mr. Chew Hua Seng  
Mr. Tan Yeow Hiang, Kenneth

### NOMINATION COMMITTEE

Mr. Tan Yeow Hiang, Kenneth (*Chairman*)  
Mr. Chew Hua Seng  
Mr. Lam Bing Lun, Philip  
Mr. Wilson Teh Boon Piaw

### RISK MANAGEMENT COMMITTEE

Mr. He Jun (*Chairman*)  
Mr. Lam Bing Lun, Philip  
Mr. Wilson Teh Boon Piaw

### STOCK CODE/BOARD LOTS

8067/1,000

### COMPANY'S WEBSITE

[www.oriental-university-city.com](http://www.oriental-university-city.com)

### INDEPENDENT AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants

### REGISTERED OFFICE

31st Floor  
148 Electric Road  
North Point  
Hong Kong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Levels 1 and 2  
100 Zhangheng Road  
Oriental University City  
Langfang Economic & Technical Development Zone  
Hebei Province 065001, the PRC

**SHARE REGISTRAR AND TRANSFER OFFICE**

Boardroom Share Registrars (HK) Limited  
31st Floor  
148 Electric Road  
North Point  
Hong Kong

**PRINCIPAL BANKERS**

United Overseas Bank Limited (Hong Kong Branch)  
Bank of Langfang (Development Zone Sub-branch)  
Industrial and Commercial Bank of China  
(Langfang Chaoyang Sub-branch)  
Langfang City Suburban Rural Credit Cooperatives  
(Tongbai Credit Union)

**COMPLIANCE ADVISOR**

BNP Paribas Securities (Asia) Limited

**LEGAL ADVISORS**

Hebei Ruoshi Law Firm

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2014

	Note	December 31, 2014 RMB' 000 (Unaudited)	June 30, 2014 RMB' 000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	7	6,082	800
Investment properties	7	824,773	816,179
		<u>830,855</u>	<u>816,979</u>
<b>Current assets</b>			
Prepayments		9,872	7,258
Trade and other receivables	8	28,428	37,592
Cash and cash equivalents	9	45,246	50,563
		<u>83,546</u>	<u>95,413</u>
<b>Total assets</b>		<u><u>914,401</u></u>	<u><u>912,392</u></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	10	331,898	331,898
Reserves		(71,025)	(71,025)
Retained earnings		543,713	542,391
		<u>804,586</u>	<u>803,264</u>
<b>Non-controlling interests</b>		<u>6,572</u>	<u>6,526</u>
<b>Total equity</b>		<u><u>811,158</u></u>	<u><u>809,790</u></u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

AS AT DECEMBER 31, 2014

	Note	December 31, 2014 RMB' 000 (Unaudited)	June 30, 2014 RMB' 000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	11	<u>24,524</u>	<u>20,404</u>
<b>Current liabilities</b>			
Current income tax liabilities		24,030	23,882
Advance from customers		7,216	615
Trade and other payables	12	<u>47,473</u>	<u>57,701</u>
		<u>78,719</u>	<u>82,198</u>
<b>Total liabilities</b>		<u>103,243</u>	<u>102,602</u>
<b>Total equity and liabilities</b>		<u>914,401</u>	<u>912,392</u>
<b>Net current assets</b>		<u>4,827</u>	<u>13,215</u>
<b>Total assets less current liabilities</b>		<u>835,682</u>	<u>830,194</u>

The notes on pages 10 to 25 are an integral part of this interim financial information.

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

		Unaudited	
		Six months ended	
		December 31,	
	Note	2014	2013
		RMB' 000	RMB' 000
Revenue	6	30,628	29,848
Government grant		—	8,648
Employee cost		(1,328)	(1,702)
Depreciation		(333)	(426)
Fair value (losses)/gains on investment properties	7	(437)	9,090
Business taxes and surcharges		(1,715)	(1,671)
Property taxes and land use taxes		(5,952)	(5,863)
Property management fee		(3,051)	(3,051)
Repairs and maintenance		(2,022)	(1,506)
Legal and consulting fees	13	(9,416)	(3,569)
Other gains - net	14	1,218	104
Other expenses	15	(1,301)	(2,172)
<b>Operating profit</b>		<b>6,291</b>	<b>27,730</b>
Finance income	16	106	509
<b>Profit before income tax</b>		<b>6,397</b>	<b>28,239</b>
Income tax expenses	17	(5,029)	(1,224)
<b>Profit for the period</b>		<b>1,368</b>	<b>27,015</b>
<b>Profit attributable to</b>			
– Shareholders of the Company		1,322	26,745
– Non-controlling interests		46	270
		<b>1,368</b>	<b>27,015</b>
<b>Earnings per share for profit attributable to the shareholders of the Company for the period (expressed in RMB per share)</b>			
– Basic earnings per share	21	0.01	0.20
– Diluted earnings per share	21	0.01	0.20
Dividends	22	—	—

The notes on pages 10 to 25 are an integral part of this interim financial information.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Unaudited	
	Six months ended	
	December 31,	
	2014	2013
	RMB' 000	RMB' 000
Profit for the period	1,368	27,015
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income for the period	<u>1,368</u>	<u>27,015</u>
Total comprehensive income attributable to		
– Shareholders of the Company	1,322	26,745
– Non-controlling interests	<u>46</u>	<u>270</u>
	<u>1,368</u>	<u>27,015</u>

The notes on pages 10 to 25 are an integral part of this interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Unaudited					Total equity RMB' 000
	Attributable to the shareholders of the Company				Non- controlling interests RMB' 000	
	Share capital RMB' 000 (note10)	Reserves RMB' 000	Retained earnings RMB' 000	Total RMB' 000		
Balance as at July 1, 2014	331,898	(71,025)	542,391	803,264	6,526	809,790
Comprehensive income						
Profit for the period	—	—	1,322	1,322	46	1,368
Total comprehensive income	—	—	1,322	1,322	46	1,368
Balance as at December 31, 2014	331,898	(71,025)	543,713	804,586	6,572	811,158

	Unaudited					Total equity RMB' 000
	Attributable to the shareholders of the Company				Non- controlling interests RMB' 000	
	Share capital RMB' 000	Reserves RMB' 000	Retained earnings RMB' 000	Total RMB' 000		
Balance as at 1 July 2013	8	260,865	501,986	762,859	6,106	768,965
Comprehensive income						
Profit for the period	—	—	26,745	26,745	270	27,015
Total comprehensive income	—	—	26,745	26,745	270	27,015
Balance as at 31 December 2013	8	260,865	528,731	789,604	6,376	795,980

The notes on pages 10 to 25 are an integral part of this interim financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

	Unaudited Six months ended December 31,	
	2014	2013
	RMB' 000	RMB' 000
<b>Cash flows from operating activities</b>		
Cash generated from operations	15,940	33,767
Income tax paid	(761)	(713)
<b>Net cash generated from operating activities</b>	<u>15,179</u>	<u>33,054</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment and investment property	(36,102)	(594)
Proceeds from disposal of property and equipment	30	—
Repayments of cash from related parties to the Group	14,946	1,112
Cash advance made to related parties	—	(8,000)
<b>Net cash used in investing activities</b>	<u>(21,126)</u>	<u>(7,482)</u>
<b>Cash flows from financing activities</b>		
Advance provided by the ultimate holding company	2,320	700
Payment of Listing expenses	(1,690)	(94)
<b>Net cash generated from financing activities</b>	<u>630</u>	<u>606</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(5,317)</u>	<u>26,178</u>
Cash and cash equivalents at beginning of the period	<u>50,563</u>	<u>47,363</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>45,246</u></u>	<u><u>73,541</u></u>

The notes on pages 10 to 25 are an integral part of this interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. The address of the Company's registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company and its subsidiary is principally engaged in the provision of education facilities rental services in the PRC.

The Company's shares were listed on the GEM of the Stock Exchange on January 16, 2015 (the "Listing Date").

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated.

This condensed consolidated interim financial information was approved by the Board of Directors of the Company on February 6, 2015.

### 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended December 31, 2014 has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim information should be read in conjunction with the annual financial statements for the year ended June 30, 2014 as set out in the prospectus of the Company dated December 31, 2014 (the "Prospectus"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The financial information relating to the year ended June 30, 2014 that is included in the condensed consolidated interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended June 30, 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on those financial statements. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended June 30, 2014, as described in the Prospectus.

The following new standards and amendments to standards are mandatory for the Group's financial year beginning on or after January 1, 2014. The adoption of these new standards and amendments to standards does not have any significant impact to the results and financial position of the Group:

Standards/Interpretation	Subject of amendment	Effective for accounting periods beginning on or after
Amendment to HKAS 32	Financial instruments: Presentation on assets and liabilities offsetting	January 1, 2014
Amendments to HKFRS 10, HKFRS 12, and HKAS 27	Consolidation of investment entities	January 1, 2014
Amendment to HKAS 36	Impairment of assets on recoverable amount disclosures	January 1, 2014
Amendment to HKAS 39	Financial instruments: Recognition and Measurement – Novation of derivatives	January 1, 2014
HK (IFRIC) 21	Levies	January 1, 2014
Amendment to HKAS19	Employee Benefits	July 1, 2014
Annual improvements 2012	2010-2012 cycle of the annual improvements	July 1, 2014
Annual improvements 2013	2011-2013 cycle of the annual improvements	July 1, 2014

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

### 4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended June 30, 2014, with the exception of changes in estimates that are required in determining the provision for deferred income tax disclosed in note 11.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended June 30, 2014.

There have been no significant changes in the risk management department or in any risk management policies since June 30, 2014.

##### *(a) Credit risk*

Compared to June 30, 2014, the trade receivable increased to RMB7,367,000 as at December 31, 2014 (RMB619,000 as at June 30, 2014). The increase of trade receivable was due to the reason that the Group has extended the payment date of two colleges to March 2015, i.e. after the academic winter holidays from January to February 2015. Management did not make any provision of trade receivables at December 31, 2014 as management is confident to collect the trade receivables due from the two colleges in March 2015.

#### 5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce any unnecessary cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at December 31, 2014, the Group did not have outstanding borrowings (June 30, 2014: nil).

#### 5.3 Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables, and financial liabilities including trade and other payables, approximate their fair values due to their short maturities.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION

The executive directors of the Company, who is the chief operating decision maker of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

Management regularly reviews the operating results from a service category perspective. The reportable operating segments derive their revenue primarily from education facilities leasing. As the revenue from the commercial leasing for supporting facilities is below 10% of the total revenue during the six months ended December 31, 2014 and 2013, business segment information is not considered necessary.

As the executive directors consider the Group's revenue and results are all derived from education facilities leasing and commercial leasing for supporting facilities in the PRC and no Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

Analysis of revenue by category for the six months ended December 31, 2014 and 2013 is as follows:

	Six months ended December 31,	
	2014 RMB' 000	2013 RMB' 000
<b>Revenue:</b>		
– Education facilities leasing	29,240	28,463
– Commercial leasing for supporting facilities	1,388	1,385
	<u>30,628</u>	<u>29,848</u>

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues in the six months ended December 31, 2014 and 2013:

	Six months ended December 31,	
	2014 RMB' 000	2013 RMB' 000
College A	16,808	16,067
College B	7,142	7,548
College C	4,016	2,993
	<u>27,966</u>	<u>26,608</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property and equipment RMB' 000	Investment properties RMB' 000
<b>Six months ended December 31, 2014</b>		
Opening amount as at July 1, 2014	800	816,179
Transfers from investment properties (note (a))	4,475	—
Transfers to property and equipment (note (a))	—	(4,475)
Additions	1,140	13,506
Depreciation charge	(333)	—
Fair value losses on investment properties	—	(437)
<b>Closing amount as at December 31, 2014</b>	<b>6,082</b>	<b>824,773</b>
<b>Six months ended December 31, 2013</b>		
Opening amount as at July 1, 2013	949	760,950
Additions	107	1,323
Depreciation charge	(426)	—
Fair value gains on investment properties	—	9,090
<b>Closing amount as at December 31, 2013</b>	<b>630</b>	<b>771,363</b>

*Note (a):*

During the six months ended December 31, 2014, a property with carrying value of RMB4,475,000 previously used for rental yield was transferred to office building for self-use.

#### Valuation techniques of investment properties

A valuation of the Group's investment properties was performed by the Company's management, to determine the fair value of the investment properties as at December 31, 2014. The revaluation gains or loss is included in "Fair value (losses)/gains on investment properties" in income statement.

Fair value measurements used significant unobservable inputs (Level 3).

All the investment properties are completed investment properties as at December 31, 2014.

Fair value of completed investment properties are generally derived using the income capitalisation approach. Income capitalisation approach (term and reversionary method) which largely uses inputs (such as unit market rent, yield, etc.) and is taking into account the significant adjustment on term yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES – *continued*

The main Level 3 inputs used by the Group are as follows:

- Unit monthly rents and reversionary yield.

For completed investment properties, increase in unit monthly rent may result in increase of fair value, and increase in reversionary yield may result in decrease of fair value.

There were no changes in valuation techniques during the six months ended December 31, 2014.

### 8 TRADE AND OTHER RECEIVABLES

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
<b>Trade receivables</b>		
Trade receivables	7,367	619
Less: provision for impairment	—	—
Trade receivables, net	<u>7,367</u>	<u>619</u>
<b>Other receivables</b>		
– due from related parties (note 19(b))	—	14,946
– due from third parties (note (a))	21,061	22,027
Other receivables, net	<u>21,061</u>	<u>36,973</u>
<b>Total trade and other receivables</b>	<u><u>28,428</u></u>	<u><u>37,592</u></u>

*Notes:*

- (a) In prior years, the Group has recognised government grants according to certain approval circulars issued by Langfang City Government and Langfang City Finance Ministry (“**Approval Circulars**”). As at December 31, 2014, the government grants receivable recognised according to the Approval Circulars amounted to RMB21,057,000, which was granted by a local authority to subsidise the corporate income taxes of RMB19,752,000 and stamp duties of RMB1,305,000 derived from the land title rationalisation.

On November 27, 2014, the State Council issued the “Notice of the State Council on trimming and regulating preferential tax policies 《國務院關於清理規範稅收等優惠政策的通知》” (“**Notice**”), which provided that preferential policies linked to tax payment and non-tax incomes of enterprises and their investors (or administrators), including Levy First Refund Later (先徵後返), Disbursement in Income and Expenditure (列收列支), fiscal incentives or grants, reduction and exemption of land grant income by way of payment or grants formulated in violation of laws and regulations shall be abolished.

After consultation with the Company’s PRC legal advisor, the Directors considered that:

- The Approval Circulars previously obtained by Langfang Development Zone Oriental University City Education Consulting Co., Ltd. (“Langfang Education Consultancy”) do not violate the relevant laws and regulations from the date of their issuance to the date of the issuance of the Notice, and are legally valid prior to the issuance of the Notice;

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8 TRADE AND OTHER RECEIVABLES – *continued*

- There is no requirement in the Notice for corporations to refund those government grants which were already received prior to the issue of the Notice, and accordingly that there is no obligation for Langfang Education Consultancy to refund those government grants it had received under the Approval Circulars;
- As at the approval date of the interim financial information, there is no further public information in relation to the implementation measure of the Notice announced by the Hebei Province and Langfang City governments and it is uncertain if the Approval Circulars would be abolished. No provision is necessary for such government grant receivable as at December 31, 2014. If there is any further implementation measure being put in place in Langfang city, Langfang City Government and Langfang City Finance Ministry may revoke the Approval Circulars in accordance with the Notice, under such circumstance, Langfang Education Consultancy would not be able to receive the outstanding government grants. Accordingly, under such circumstance, the Group will need to write off such government grants receivable of RMB21,057,000 in full.

(b) The carrying amounts of the Group's trade and other receivables approximate their fair values.

#### Trade receivables

Revenue from education facilities leasing and commercial leasing for supporting facilities is settled in cash by instalments in accordance with the payment schedules specified in the agreements. The aging analysis of the trade receivables is as follows:

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
Within 3 months	3,658	36
3 to 6 months	3,670	—
6 to 12 months	39	531
Over 1 year	—	52
	<u>7,367</u>	<u>619</u>

#### Other receivables

The aging analysis of other receivables is as follows:

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
Within 1 year	4	12,278
1-2 years	1,746	5,384
2-3 years	19,311	19,311
	<u>21,061</u>	<u>36,973</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 CASH AND CASH EQUIVALENTS

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
Cash at bank and in hand	<u>45,246</u>	<u>50,563</u>

Cash and cash equivalents of the Group are denominated in the following currencies:

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
RMB (note (a))	45,239	50,556
HKD	<u>7</u>	<u>7</u>
	<u>45,246</u>	<u>50,563</u>

*Note:*

- (a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 11 DEFERRED INCOME TAX

The PRC corporate income tax applicable to the Group's subsidiary established in the PRC is 25% pursuant to the PRC Corporate Income Tax Law.

According to the relevant approval from the in-charge tax bureau, Langfang Education Consultancy applied deemed profit basis (“核定徵收”) in PRC corporate income tax computation and filing for the calendar years ended December 31, 2014 and 2013, the tax losses are not allowable to be carried forward against future taxable income under the deemed profit basis. Therefore, no deferred income tax asset in respect of tax losses was recognised as at December 31, 2014.

The profit rate from the revenue is deemed as 10% under the deemed profit basis. Therefore, there was no timing difference arising from tax deduction basis and no deferred tax assets were recognised on the temporary differences derived from the expenses deduction.

As advised by our PRC legal advisor, the PRC subsidiary should adopt the accounting book method (“查賬徵收”) for the PRC corporate income tax calculation after the Company's Listing on the GEM on January 16, 2015. Under the accounting book method, the PRC corporate income tax is calculated based on the assessable income of the subsidiary established in the PRC. As at the approval date of this interim financial information, the in-charge tax bureau has not yet notified the PRC subsidiary to adopt accounting book basis after the Company's Listing. However, the Directors are of the view that the PRC subsidiary should adopt the accounting book basis starting from calendar year beginning on January 1, 2015. Deferred tax assets and deferred tax liabilities as at December 31, 2014 were reassessed according to the accounting book method, differences arising from the reassessment were recognised in the income tax expenses for the period ended December 31, 2014.

The movement in deferred income tax liabilities during the six months ended December 31, 2014 and 2013 is as follows:

	Six months ended December 31,	
	2014	2013
	RMB' 000	RMB' 000
Opening balance at July 1	20,404	19,024
Charged to profit or loss	4,120	260
Closing balance at December 31	<u>24,524</u>	<u>19,284</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12 TRADE AND OTHER PAYABLES

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
Trade payables	6,483	5,515
Other payables due to		
– related parties	16,552	14,232
– third parties	17,235	33,817
Staff welfare benefit payable	232	183
Accruals	1,838	1,327
Other taxes payable	5,133	2,627
	<u>47,473</u>	<u>57,701</u>

Trade payables are generated by the daily maintenance cost for the education facilities. The aging analysis of the trade payables based on invoice date is follows:

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
Within 3 months	1,175	1,418
3 to 6 months	1,869	1,345
6 to 12 months	3,439	2,752
	<u>6,483</u>	<u>5,515</u>

### 13 LEGAL AND CONSULTING FEES

The amounts are mainly comprised of the Listing expenses incurred during six months period ended December 31, 2014 and 2013.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14 OTHER GAINS – NET

	Six months ended December 31,	
	2014	2013
	RMB' 000	RMB' 000
Gains on disposal of property and equipment	30	3
Net foreign exchange gain	1,188	66
Others	—	35
	<u>1,218</u>	<u>104</u>

### 15 OTHER EXPENSES

Other expenses consisted of the following:

	Six months ended December 31,	
	2014	2013
	RMB' 000	RMB' 000
Auditor's remuneration	830	165
Rental expense	11	1,328
Utilities	9	57
Stamp duties	46	35
Insurance fee	80	68
Others	325	519
	<u>1,301</u>	<u>2,172</u>

### 16 FINANCE INCOME

	Six months ended December 31,	
	2014	2013
	RMB' 000	RMB' 000
Finance income		
– Interest income on bank deposits	106	509
	<u>106</u>	<u>509</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17 INCOME TAX EXPENSES

	Six months ended December 31,	
	2014 RMB' 000	2013 RMB' 000
Current income tax		
– PRC corporate income tax	909	964
Deferred income tax		
– PRC corporate income tax	4,120	260
	<u>5,029</u>	<u>1,224</u>

#### PRC corporate income tax

The current corporate income tax provision has been calculated at the applicable tax rate on the deemed profit for the period under deemed profit basis. The deferred income tax provision has been calculated taking into consideration of the adoption of accounting book method (note 11).

#### PRC withholding income tax

According to the Corporate Income Tax Law of the PRC, starting from January 1, 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after January 1, 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong. As at December 31, 2014, the Group has not accrued relevant withholding tax liabilities for the earnings of its PRC subsidiary generated in the period from January 1, 2008 to December 31, 2014 as the Group has no plan to distribute profit of the PRC subsidiary in the foreseeable future.

#### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial information as the Company and the Group did not have assessable profit in Hong Kong during the six months ended December 31, 2014 and 2013.

### 18 CONTINGENCIES

The Group has no significant contingent liabilities as at December 31, 2014 (June 30, 2014: nil).



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19 RELATED PARTY TRANSACTIONS

The Group is controlled by REC (a company incorporated in Singapore). Mr. Chew Hua Seng, the founding shareholder of REC, is the ultimate beneficial owner of the Group.

#### (a) Transactions with related parties

##### *Purchase of services*

In June 2013, the Group entered into an agreement with Langfang Development Zone Shenglong Property Management Services Co., Ltd (“Shenglong Property Management”), it was agreed that (1) the service provided by Shenglong Property Management will be charged at RMB57,000 per year from July 1, 2013 to June 30, 2016 and (2) an office premise owned by Hebei Oriental Zhuyun Property Development Co., Ltd. (“Zhuyun”) will be leased to the Group through Shenglong Property Management from July 1, 2013 to June 30, 2016 with rentals of RMB66,000 per year.

During the six months ended December 31, 2013, the service fee charged by Shenglong Property Management amounted to RMB29,000 and the rental expenses of the office premise charged by Shenglong Property Management amounted to RMB33,000.

The above agreement with Shenglong Property Management was terminated from August 31, 2014.

During the six months ended December 31, 2014, the service fee charged by Shenglong Property Management amounted to RMB10,000 and the rental expenses of the office premise charged by Shenglong Property Management amounted to RMB11,000.

The Group entered into an agreement with Zhuyun to lease dormitories from July 2012 to December 2013. Rental expenses for the six months ended December 31, 2014 and 2013 amounted to nil and RMB1,295,000 respectively.

#### (b) Balances with related parties

The Group had the following significant non-trade balances with related parties:

	As at December 31, 2014 RMB' 000	As at June 30, 2014 RMB' 000
Amounts due from		
– Fellow subsidiaries	—	14,946
Amounts due to		
– Ultimate holding company	16,552	14,232

*Note:* Amounts due from/to related parties are unsecured, interest-free and have no fixed terms of repayment. The amount due to the ultimate holding company of RMB16,552,000 as at December 31, 2014 was subsequently settled in cash on January 16, 2015 (note 23 (c)).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 19 RELATED PARTY TRANSACTIONS – *continued*

#### (c) Key management compensation

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Six months ended December 31,	
	2014 RMB' 000	2013 RMB' 000
Salaries and other employee benefits	<u>947</u>	<u>1,157</u>

### 20 CAPITAL COMMITMENTS

As at December 31, 2014, the Group did not have capital expenditure contracted but not yet incurred for construction of either investment properties or self-use properties and equipment (June 30, 2014: RMB9,331,000 for construction of investment properties).

### 21 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended December 31,	
	2014	2013
Profit attributable to equity holders of the Company (RMB)	1,322,000	26,745,000
Weighted average number of ordinary shares in issue	<u>135,000,000</u>	<u>135,000,000</u>
Basic earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	<u>0.01</u>	<u>0.20</u>

The Company did not have any potential ordinary shares outstanding during the period. Diluted earnings per share are equal to basic earnings per share.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been adjusted for the effect of bonus issue of 134,800,000 shares on January 15, 2015 as set out in note 23(a).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 22 DIVIDENDS

The Board of the Company resolved not to declare any dividend in respect of the six months ended December 31, 2014 (six months ended December 31, 2013: nil).

### 23 EVENTS AFTER THE BALANCE SHEET DATE

#### (a) Bonus issue

On December 17, 2014, pursuant to the resolution of the then sole shareholder of the Company, it was approved for the Company to issue 134,800,000 ordinary shares to the then sole shareholder without payment before Listing of the Company's shares on the GEM (the "Bonus Issue"). Such shares were issued on January 15, 2015.

#### (b) Placing of shares

On January 15, 2015, the Company issued a total of 45,000,000 ordinary shares at a placing price of HK\$2.64 per share as a result of the completion of the placing of shares. Proceeds after deducting prepaid Listing expenses of approximately HK\$101,404,000 (equivalent to RMB80,038,000) were credited to the Company's share capital account. Number of total issued shares of the Company was increased to 180,000,000 shares upon completion of the placing of shares and the Bonus Issue.

#### (c) Settlement of amounts due to ultimate holding company

The amounts due to ultimate holding company were all settled on January 16, 2015 by way of cash repayment to REC from the Listing proceeds.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

Our revenue increased by 2.68% to RMB30.6 million for the six months ended December 31, 2014 (the “Period”) from RMB29.8 million for the same period in 2013. This increase is mainly attributable to higher education facilities leasing fees from Beijing University of Medicine Dongfang College by RMB0.7 million, of which RMB0.6 million is from leasing of teaching buildings.

#### Government grant

We did not record any government grant for the Period as we have not received any grant during the Period, while we recorded government grant received amounting to RMB8.6 million for the six months ended December 31, 2013. The treatment is in line with the Group’s accounting policy on government grant recognition.

#### Operating profit

Our operating profit for the Period was RMB6.3 million, compared to RMB27.7 million for the same period in 2013, mainly due to the following reasons:

#### Employee cost

Employee cost decreased by 24% to RMB1.3 million for the Period compared to RMB1.7 million for the same period in 2013 mainly because we terminated employment of 17 commercial property management team staff members in our effort to rationalise the needs of the Group in September 2013. This led to decreased costs for wages and salaries, pensions, housing benefit, medical benefit and other allowances and benefits for the Period (for which we only had a total head count of 15).

#### Fair value (losses)/gains on investment properties

Fair value loss on investment properties was RMB0.4 million for the Period based on assessment performed by the management and the same valuation inputs used in previous independent valuation exercise, compared to fair value gain of RMB9.1 million on pre-existing investment properties during the same period in 2013.

#### Property taxes and land use taxes

Property taxes and land use taxes increased by 1.7%, to RMB6.0 million for the Period, compared to RMB5.9 million for the same period in 2013, as we have a slight increase in leasing revenue.

### Repair and maintenance fees

Repair and maintenance fees increased by 33.3% to RMB2.0 million for the Period from RMB1.5 million for the same period in 2013, primarily due to RMB0.3 million renovation expenses on converting building to our own offices in August 2014.

### Legal and consulting fees

Legal and consulting fees increased by 161.1% to RMB9.4 million for the Period from RMB3.6 million for the same period in 2013 due to additional Listing expenses incurred.

### Other gains – net

We incurred a net other gain of RMB1.2 million for the Period from a gain of RMB0.1 million for the same period in 2013. We recorded a net foreign exchange gain of RMB1.2 million for the Period primarily due to fluctuations of related party payables denominated in Singapore dollars which were affected by an appreciation in RMB exchange rate versus the Singapore dollar.

### Other expenses

Our other expenses decreased to RMB1.3 million for the Period from RMB2.2 million for the same period in 2013, primarily due to the lease contract of dormitories from an independent third party had expired.

### Finance income – net

For the Period and the same period in 2013, we recorded finance income of RMB0.1 million and RMB0.5 million respectively from bank deposits.

### Income tax expenses

Our PRC subsidiary will be taxed using accounting book method from 1 January 2015 (PRC tax assessment year 2015) onwards, as such we incurred RMB3.9 million additional deferred corporate income tax expense for the Period because of the said change in tax computation method.

### Net profit

Due to the foregoing factors, our net profit for the Period was RMB1.4 million, compared to RMB27.0 million for the same period in 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCING

#### Net current assets

As of June 30, 2014 and December 31, 2014, our net current assets were RMB13.2 million and RMB4.8 million respectively. The decrease in net current asset as of December 31, 2014 as compared to June 30, 2014 was primarily due to decrease in trade and other receivables by RMB9.2 million and increase in advance from customers by RMB6.6 million.

	December 31, 2014 RMB' 000 (Unaudited)	June 30, 2014 RMB' 000 (Audited)
<b>Current assets</b>		
Prepayments	9,872	7,258
Trade and other receivables	28,428	37,592
Cash and cash equivalents	45,246	50,563
	<u>83,546</u>	<u>95,413</u>
<b>Current liabilities</b>		
Current income tax liabilities	24,030	23,882
Advance from customers	7,216	615
Trade and other payables	47,473	57,701
	<u>78,719</u>	<u>82,198</u>
<b>Net current assets</b>	<u>4,827</u>	<u>13,215</u>

The decrease in trade and other receivables was mainly due to the collection from a related party of RMB14.9 million whereas the increase in advance from customers was mainly related to collection of education facilities leasing fee for year ending June 30, 2015.

As at December 31, 2014, the Group had a cash and cash equivalent balance of approximately RMB45.2 million (June 30, 2014: RMB50.6 million). Prior to the completion of the Listing in January 2015, operations of the Group are conducted in mainland China and its revenue, expenses, assets and liabilities are principally denominated in RMB. The Directors of the Company are currently contemplating plans and procedures to remit Listing proceeds which are denominated in Hong Kong dollars to mainland China to fund our new dormitories construction project.

The gearing ratio, defined as total bank borrowings divided by total equity as at December 31, 2014 was not applicable as we do not have any bank borrowings (June 30, 2014: not applicable). We currently do not intend to raise material debt financing in the future and there are currently no charge on the assets of the Group.

### Capital expenditures

We expect to finance our planned capital expenditure project through the net proceeds from the Listing. Our planned capital expenditure project consists of new dormitories as described in the section “Strategy and Use of Proceeds” in the Company’s prospectus dated December 31, 2014.

For the remainder of year ending June 30, 2015, our total planned capital expenditure for the construction of new dormitories is expected to be approximately RMB1.7 million. However, the Group has not yet entered into any contracts for such planned construction.

### BUSINESS REVIEW AND OUTLOOK

We own and lease education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC. All of our existing education facilities are located in Oriental University City, Langfang city, Hebei.

Apart from education facilities leasing, in order to serve the daily needs of students and staff, our business, to a much lesser extent, includes commercial leasing. We lease buildings and premises to tenants operating a range of supporting facilities, including grocery stores, laundry shops, internet cafes and canteens.

As the lease-out rate for our dormitories are close to full capacity and to diversify the type of dormitories we provide, we plan to use all of our net proceeds from the Listing to construct new dormitories to house approximately 3,500 students and staff. The construction of the new dormitories will increase our total dormitory capacity by 17.9% from 19,504 beds as of December 31, 2014 to approximately 23,004 beds for the 2016 to 2017 academic year.

In general, we expect the resident student population of our Contract Colleges and the revenue to be generated from them to remain relatively stable in the current financial year.

### EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2014, the Group had a total of 15 full-time employees in the PRC, all of which were located in Langfang city, (December 31, 2013: 14). The Group’s total employee costs were approximately RMB1.3 million for the Period, (period ended December 31, 2013: RMB1.7 million). The employees’ remuneration is determined by reference to the market salary of their respective experience and performance. The Company provides training to its employees to improve and upgrade their management and professional skills. As required by the PRC social security regulations, the Company makes contributions to mandatory social security funds for its employees to provide for their retirement and provides medical, unemployment, work-related injury and maternity benefits.

### CONTINGENT LIABILITIES

The Group has no significant contingent liabilities as at December 31, 2014 (June 30, 2014: nil).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIVIDEND

The Board has resolved not to declare an interim dividend for the Period (period ended December 31, 2013: Nil).

### USE OF PROCEEDS FROM THE COMPANY'S PLACING

The net proceeds received by the Company from the placing of 45,000,000 ordinary shares of the Company (the "Shares") at a price of HK\$2.64 each on January 16, 2015 (the "Placing"), after deducting the amounts due to REC, the controlling shareholder of the Company and a company 35.40% owned by Mr. Chew Hua Seng, the chairman and an executive director of the Company for Listing expenses as set out in the Prospectus and the total underwriting commission, fees and expenses relating to the Placing paid by the Company, amount to approximately HK\$75.3 million.

The Directors intend to apply all the above net proceeds for constructing new dormitories on the campus site owned by the Group, housing the colleges, universities, schools, education training centre and corporate entities that lease facilities from the Group, located in Oriental University City in Langfang Economic and Technology Development Zone in Langfang city, Heibei, the PRC.

### COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As the Listing is subsequent to December 31, 2014, the Group has not yet executed its implementation plans as set out in the sub-section headed "Implementation Plans" in the section headed "Strategy and Use of Proceeds" of the Prospectus during the Period. The Group will endeavor to achieve its business objectives as stated in the Prospectus.

### COMPETING INTERESTS

REC has confirmed that save for its shareholding in the Company, it is neither engaged nor interested in any business which, directly or indirectly, competes or may compete with the Group's business (save as disclosed under the heading "Excluded Businesses" in the section headed "History and Development - Post-Reorganization" of the Prospectus).

On December 22, 2014, REC entered into a deed of non-competition and call option in favor of the Company, pursuant to which it has undertaken not to compete with the business of the Company. For further details, please refer to the sub-section headed "Deed of Non-Compete" in the section headed "Relationship with the Controlling Shareholder" of the Prospectus.

The Directors have confirmed that saved as disclosed above, as at December 31, 2014, none of the Directors, controlling shareholder or substantial shareholders of the Company, directors of any of the Company's subsidiaries or any of their respective close associates (as defined in the GEM Listing Rules) has interest in any business (other than our Group) which, directly or indirectly, competes or may compete with the Group's business.



### CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholder value through solid corporate governance.

As the Shares were only listed on the GEM of the Stock Exchange on the Listing Date, the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules was not applicable to the Company during the Period. However, the Company adopted the CG Code as its own code of corporate governance on December 17, 2014.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

As the Shares were only listed on the GEM of the Stock Exchange on the Listing Date, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares from the Listing Date to February 6, 2015.

### SECURITIES TRANSACTIONS BY DIRECTORS

As the Shares were only listed on the GEM of the Stock Exchange on the Listing Date, the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Required Standard of Dealings”) was not applicable to the Company for the Period. However, the Company adopted the Required Standard of Dealings on December 17, 2014. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his compliance with the Required Standard of Dealing from the Listing Date to February 6, 2015.

### INTERESTS OF THE COMPLIANCE ADVISER

As at December 31, 2014, as notified by the Company’s compliance adviser, BNP Paribas Securities (Asia) Limited (the “Compliance Adviser”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated August 29, 2014 and became effective on the Listing Date, neither the Compliance Adviser nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Since the Shares were only listed on the GEM of the Stock Exchange on the Listing Date, as at December 31, 2014, no disclosure of interests or short positions of any Director and/or the chief executive of the Company in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) was made to the Company under the provision of Divisions 7 and 8 of Part XV of the SFO.

Upon the Listing and as at February 6, 2015, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:-

#### Long positions

##### (a) Shares in the Company

Name of Director	Capacity/ Nature of interest	Number of issued Shares held	Appropriate percentage of shareholding <sup>(Note 2)</sup>
Chew Hua Seng ("Mr. Chew")	Interest of a controlled corporation <sup>(Note 1)</sup>	135,000,000	75%

#### Notes:

- (1) Details of the interest in the Company held by REC are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at February 6, 2015 (i.e. 180,000,000 Shares).

*(b) Shares in associated corporation of the Company*

Name of Director	Name of Associated Corporation	Nature of interests	Number of shares	Appropriate percentage of shareholding
Mr. Chew	REC <sup>(Note 1)</sup>	Beneficial owner and interest of spouse	357,032,899	35.40%

(1) REC, a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited, is the immediate holding company of the Company.

(2) It includes (a) the 2.60% interest of Ms. Doris Chung Gim Lian (“**Ms. Chung**”), the wife of Mr. Chew in REC; and (b) the 14.41% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, upon the Listing and as at February 6, 2015, none of the Directors or the chief executive of the Company had any interests or short positions in the shares of the Company or any of its associate corporation (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

#### **SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

Since the Shares were only listed on the GEM of the Stock Exchange on the Listing Date, as at December 31, 2014, no disclosure of interests or short positions in any Shares or underlying Shares was made to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Upon the Listing and as at February 6, 2015, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which/who had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:-

#### **Long position in the Shares**

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held	Appropriate percentage of shareholding <sup>(Note 2)</sup>
REC	Beneficial owner <sup>(Note 1)</sup>	135,000,000	75%

#### *Notes:*

- REC is owned as to (a) 18.39% by Mr. Chew, the chairman and an executive director of the Company; (b) 14.41% jointly by Mr. Chew and Ms. Chung; and (c) 2.60% by Ms. Chung. Under the SFO, Mr. Chew is deemed to be interested in the Shares in which REC is interested and Ms. Chung is deemed to be interested in the Shares that Mr. Chew is interested.
- The percentage of shareholding was calculated based on the Company’s total number of issued Shares as at February 6, 2015 (i.e. 180,000,000 Shares).

### SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company passed on December 17, 2014, the Group has conditionally adopted a share option scheme (the “Share Option Scheme”), under which any full-time employees of the Company, any of its subsidiaries or Invested Entities (as defined in the Prospectus) and any Directors (including the executive or non-executive and independent non-executive Directors) may be granted options to subscribe for the Shares.

The Share Option Scheme took effect on January 16, 2015, the date on which the Listing Division of the Stock Exchange granted approval of the Listing of, and permission to deal in, on the GEM of the Stock Exchange, such number of the Shares to be issued by the Company pursuant to the exercise of the options to be granted. No share option has been granted under the Share Option Scheme since then.

### DIRECTORS’ INTERESTS IN CONTRACTS

Save as otherwise disclosed, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Period.

### REVIEW BY AUDIT COMMITTEE AND AUDITOR

The audit committee of the Company (the “Audit Committee”) was established on December 17, 2014 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company’s financial reporting process, internal control and risk management systems, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth and Mr. Wilson Teh Boon Piaw with Mr. Lam Bing Lun, Philip serving as the chairman.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements of the Group for the Period and this report.

The unaudited interim condensed consolidated financial information of the Group for the six months ended December 31, 2014 has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

On behalf of the Board

**Chew Hua Seng**  
*Chairman*  
Singapore

February 6, 2015

# INTERIM REPORT

2014/2015



**Oriental**  
UniversityCity  
东方大学城

Oriental University City Holdings (H.K.) Limited  
東方大學城控股（香港）有限公司  
Tel:+86 0316 6056302 Fax:+86 0316 6056611  
[www.oriental-university-city.com](http://www.oriental-university-city.com)