



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

T H I R D
Q U A R T E R L Y
R E P O R T
2015

第 三 季 度
業 績 報 告

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 LOT

8067/1,000

COMPANY'S WEBSITE

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

As to PRC law
Hebei Ruoshi Law Firm

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB 45.9 million for the nine months ended March 31, 2015, representing an increase of 2.7% as compared with the corresponding period in 2014.
- Profit attributable to shareholders of the Company for the nine months ended March 31, 2015 amounted to approximately RMB 9.5 million, representing a decrease of 72.0% as compared with the corresponding period in 2014.
- Basic earnings per share for the nine months ended March 31, 2015 amounted to RMB 0.06 (2014: RMB 0.25).
- The Board does not declare the payment of an interim dividend for the nine months ended March 31, 2015.

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiary (together, the “Group”) for the three months and nine months ended March 31, 2015, together with the unaudited comparative figures for the corresponding periods in 2014, as follows:

THIRD QUARTERLY CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH 31, 2015

	Note	For the three months ended March 31		For the nine months ended March 31	
		2015	2014	2015	2014
		(Unaudited) RMB' 000	(Unaudited) RMB' 000	(Unaudited) RMB' 000	(Unaudited) RMB' 000
Revenue		15,244	14,852	45,872	44,700
Government grant		—	—	—	8,648
Employee cost		(957)	(749)	(2,285)	(2,450)
Depreciation and amortisation		(163)	(306)	(496)	(548)
Fair value (losses)/gains on investment properties		—	—	(437)	9,090
Business taxes and surcharges		(854)	(832)	(2,569)	(2,503)
Property taxes and land use taxes		(2,883)	(2,927)	(8,836)	(8,790)
Property management fee		(1,279)	(1,625)	(4,329)	(4,677)
Repairs and maintenance		(273)	(62)	(2,295)	(1,568)
Legal and consulting fees		(782)	(1,116)	(10,197)	(4,705)
Other gains – net	3	1,092	321	2,312	425
Other expenses	4	(925)	(354)	(2,228)	(2,628)
Operating profit		8,220	7,203	14,512	34,994
Finance income – net	5	39	404	145	913
Profit before income tax		8,259	7,607	14,657	35,907
Income tax expenses	6	(22)	(371)	(5,051)	(1,730)
Profit for the period		8,237	7,236	9,606	34,177
Profit attributable to					
– Shareholders of the Company		8,142	7,162	9,468	33,825
– Non-controlling interests		95	74	138	352
		8,237	7,236	9,606	34,177
Earnings per share for profit attributable to the Shareholders of the Company for the period (expressed in RMB per share)	9				
– Basic earnings per share		0.04	0.05	0.06	0.25
– Diluted earnings per share		0.04	0.05	0.06	0.25
Dividends		—	—	—	—

THIRD QUARTERLY CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED MARCH 31, 2015

	For the nine months ended March 31,	
	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000
Profit for the period	9,606	34,177
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income for the period	<u>9,606</u>	<u>34,177</u>
Total comprehensive income attributable to		
– Shareholders of the Company	9,468	33,825
– Non-controlling interests	<u>138</u>	<u>352</u>
	<u>9,606</u>	<u>34,177</u>

THIRD QUARTERLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Attributable to the shareholders of the Company						Total equity RMB' 000
	Share capital RMB' 000	Share Premium RMB' 000	Reserves RMB' 000	Retained earnings RMB' 000	Total RMB' 000	Non-controlling interests 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	—	—	—	9,468	9,468	138	9,606
Total comprehensive income	—	—	—	9,468	9,468	138	9,606
Contributions by and distributions to the owners of the Company recognized directly in equity							
Issue of bonus shares on January 15, 2015	—	—	—	—	—	—	—
Issue of new shares of January 15, 2015	80,038	—	—	—	80,038	—	80,038
Total contributions by and distributions to the owners of the Company recognized directly in equity	80,038	—	—	9,468	89,506	138	89,644
Balance as at March 31, 2015	411,936	—	(71,025)	551,859	892,770	6,664	899,434
	Attributable to the shareholders of the Company						
	Share capital RMB' 000	Share Premium RMB' 000	Reserves RMB' 000	Retained earnings RMB' 000	Total RMB' 000	Non-controlling interests RMB' 000	Total equity RMB' 000
Balance as at July 1, 2013	8	—	260,865	501,986	762,859	6,106	768,965
Comprehensive income							
Profit for the period	—	—	—	33,825	33,825	352	34,177
Total comprehensive income	—	—	—	33,825	33,825	352	34,177
Contributions by and distributions to the owners of the Company recognized directly in equity							
Issue of new shares	8	331,882	(331,890)	—	—	—	—
Transition to no-par value regime on March 3, 2014	331,882	(331,882)	—	—	—	—	—
Total contributions by and distributions to the owners of the Company recognized directly in equity	331,890	—	(331,890)	—	—	—	—
Balance as at March 31, 2014	331,898	—	(71,025)	535,811	796,684	6,458	803,142

NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

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 initially listed on the GEM of the Stock Exchange on January 16, 2015 (the "Listing Date").

This third quarterly results are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the three months and nine months ended March 31, 2015 (the "Period") have been prepared in accordance with Chapter 18 of the GEM Listing Rules, and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. Except as described below, the accounting policies and methods of computation used in preparing these quarterly results are the same as those followed in the preparation of the Group's unaudited condensed consolidated interim financial information for the six months ended December 31, 2014.

The third quarterly results are unaudited but have been reviewed by the audit committee of the Company.

3 OTHER GAINS – NET

	Three months ended March 31,		Nine months ended March 31,	
	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000
Gains on disposal of property and equipment	15	304	45	339
Net foreign exchange gain	1,077	17	2,267	86
Other	—	—	—	—
	<u>1,092</u>	<u>321</u>	<u>2,312</u>	<u>425</u>

NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

4 OTHER EXPENSES

	Three months ended March 31,		Nine months ended March 31,	
	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000
Auditor's remuneration	150	150	980	450
Rental expense	—	16	11	1,344
Utilities	11	—	20	16
Stamp duties	31	15	77	45
Insurance fee	—	—	80	71
Others	733	173	1,060	702
	<u>925</u>	<u>354</u>	<u>2,228</u>	<u>2,628</u>

5 FINANCE INCOME

	Three months ended March 31,		Nine months ended March 31,	
	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000
Finance income				
– Interest income on bank deposits	39	404	145	913
	<u>39</u>	<u>404</u>	<u>145</u>	<u>913</u>

6 INCOME TAX EXPENSES

	Three months ended March 31,		Nine months ended March 31,	
	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000	2015 (Unaudited) RMB' 000	2014 (Unaudited) RMB' 000
Current income tax				
– PRC corporate income tax	22	371	931	1,474
Deferred income tax				
– PRC corporate income tax	—	—	4,120	256
	<u>22</u>	<u>371</u>	<u>5,051</u>	<u>1,730</u>

NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

6 INCOME TAX EXPENSES – *continued*

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.

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 March 31, 2015, 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 March 31, 2015 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 nine months ended March 31, 2015 and 2014.

7 CONTINGENCIES

The Group has no significant contingent liabilities as at March 31, 2015 (March 31, 2014: nil).

NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

8 RELATED PARTY TRANSACTIONS

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

Transactions with related parties

- (a) In June 2013, the Group entered into an agreement with Langfang Development Zone Shenglong Property Management Services Co., Ltd (“**Shenglong Property Management**”), whereby 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 premises 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 nine months ended March 31, 2015, the service fee charged by Shenglong Property Management amounted to RMB9,000 (2014: RMB57,000) and the rental expenses of the office premises charged by Shenglong Property Management amounted to RMB11,000 (2014: RMB7,000).

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

- (b) The Group entered into an agreement with Zhuyun to lease dormitories from July 2012 to December 2013. Rental expenses for the three months and nine months ended March 31, 2015 amounted to RMB Nil and RMB Nil (2014: RMB1,942,000) respectively.

NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

9 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.

	Nine months ended March 31,	
	2015 (Unaudited)	2014 (Unaudited)
Profit attributable to the shareholders of the Company (RMB)	9,468,000	33,825,000
Weighted average number of ordinary shares in issue	<u>147,321,000</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>0.06</u>	<u>0.25</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.

FINANCIAL REVIEW**Revenue**

Our revenue increased by 2.68% to RMB45.9 million for the Period from RMB44.7 million for the same period in 2014. This increase is mainly attributable to higher education facilities leasing fees from our major customer, Beijing University of Chinese Medicine, by Peking Founder Technology by RMB1.2 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 nine months ended March 31, 2014. The treatment is in line with the Group's accounting policy on government grant recognition.

Operating profit

Our operating profit for the Period was RMB14.5 million, compared to RMB35.0 million for the same period in 2014, mainly due to the following reasons:

Employee cost

Employee cost decreased by 8% to RMB2.3 million for the Period compared to RMB2.5 million for the same period in 2014 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 (as of May 6, 2015 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 2014.

Property taxes and land use taxes

Property taxes and land use taxes increased by 1.1%, to RMB8.8 million for the Period, compared to RMB8.7 million for the same period in 2014, as we have a slight increase in leasing revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Repair and maintenance fees

Repair and maintenance fees increased by 43.8% to RMB2.3 million for the Period from RMB1.6 million for the same period in 2014, primarily due to RMB0.3 million renovation expenses on converting building to our own offices and a further RMB0.3 million on maintaining certain auxiliary facilities.

Legal and consulting fees

Legal and consulting fees increased by 117% to RMB10.2 million for the Period from RMB4.7 million for the same period in 2014 due to additional Listing expenses incurred.

Other gains – net

We incurred a net other gain of RMB2.3 million for the Period from a gain of RMB0.4 million for the same period in 2014. We recorded a net foreign exchange gain of RMB2.3 million for the Period primarily due to fluctuations of Hong Kong Dollar deposits kept with financial institution in Hong Kong which were affected by an appreciation in RMB exchange rate versus Hong Kong Dollar.

Other expenses

Our other expenses decreased to RMB2.2 million for the Period from RMB2.6 million for the same period in 2014, 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 2014, we recorded finance income of RMB145,000 and RMB913,000 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 RMB9.6 million, compared to RMB34.2 million for the same period in 2014.

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 placing. We lease buildings and premises to tenants operating a range of supporting facilities, including grocery stores, laundry shops, internet cafes and canteens. For update on the plan, please see “Use of Proceeds from the Company’s Placing” section below.

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 placing 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 March 31, to approximately 23,004 beds for the 2016 to 2017 academic year. For update on the plan, please see “Use of Proceeds from the Company’s Placing” section below.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 for Listing expenses as set out in the prospectus of the Company dated December 31, 2014 (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.

As at May 6, 2015, the management is currently reviewing various designs of the new dormitories and at the same time, necessary construction planning application had been submitted to local authority for approval.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The Group has commenced the implementation of its 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 March 31, 2015, 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) had 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.

The Company has complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules from the Listing Date to March 31, 2015.

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

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 March 31, 2015.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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”). 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 March 31, 2015.

INTERESTS OF THE COMPLIANCE ADVISOR

As at March 31, 2015, as notified by the Company’s compliance advisor, BNP Paribas Securities (Asia) Limited (the “Compliance Advisor”), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated August 29, 2014, which became effective on the Listing Date, neither the Compliance Advisor 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

As at March 31, 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 Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("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 ^(Note 2)
Chew Hua Seng ("Mr. Chew")	Interest of a controlled corporation ^(Note 1)	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 March 31, 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 ^(Note 1)	Beneficial owner and interest of spouse	357,032,899	35.59% ^(Note 2)

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

(2) It includes (a) the 2.61% interest of Ms. Doris Chung Gim Lian (“**Ms. Chung**”), the wife of Mr. Chew; and (b) the 14.49% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at March 31, 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 corporations (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

As at March 31, 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 ^(Note 2)
REC	Beneficial owner ^(Note 1)	135,000,000	75%

Notes:

- REC is owned as to (a) 18.49% by Mr. Chew, the chairman and an executive director of the Company; (b) 14.49% jointly by Mr. Chew and Ms. Chung; and (c) 2.61% 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 and is deemed to be interested.
- The percentage of shareholding was calculated based on the Company’s total number of issued Shares as at March 31, 2015 (i.e. 180,000,000 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

The audit committee of the Company (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 third quarterly results of the Group for the Period, and was of the opinion that such results had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures had been made.

On behalf of the Board

Chew Hua Seng
Chairman
Langfang, the PRC

May 6, 2015

THIRD QUARTERLY REPORT

2015



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