



Oriental
University City
東方大學城

THIRD QUARTERLY REPORT
2017

第三季度業績報告



Oriental University City Holdings (H.K.) Limited
東方大學城控股（香港）有限公司
(incorporated in Hong Kong with limited liability)
(於香港註冊成立之有限公司)
Stock code (股票代號) : 8067

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

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 (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.

CONTENTS

Page

2	Corporate Information
4	Financial Highlights
5	Third Quarterly Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
7	Third Quarterly Condensed Consolidated Statement of Changes in Equity
8	Notes to the Third Quarterly Condensed Consolidated Results
14	Management Discussion and Analysis
17	Corporate Governance and Other Information

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, *FCS*

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

INDEPENDENT AUDITOR

BDO Limited
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 ADVISOR

As to PRC law
Hebei Ruoshi Law Firm

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB48.9 million for the nine months ended March 31, 2017, representing a decrease of 5% as compared with the corresponding period in 2016.
- Profit attributable to owners of the Company for the nine months ended March 31, 2017 amounted to approximately RMB25.4 million, representing a decrease of 3.8% as compared with the corresponding period in 2016.
- Basic earnings per share for the nine months ended March 31, 2017 amounted to RMB0.14 (2016: RMB0.15).

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months and nine months ended March 31, 2017, together with the relevant unaudited comparative figures, as follows:

THIRD QUARTERLY CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH 31, 2017

	Notes	For the three months ended		For the nine months ended	
		March 31, 2017 Unaudited RMB' 000	March 31, 2016 Unaudited RMB' 000	March 31, 2017 Unaudited RMB' 000	March 31, 2016 Unaudited RMB' 000
Revenue	3	15,767	17,033	48,895	51,488
Government grant		—	—	—	2,000
Employee costs		(434)	(464)	(1,271)	(1,650)
Depreciation of property, plant and equipment		(323)	(86)	(260)	(258)
Business taxes and surcharges		(118)	(970)	(324)	(2,899)
Property taxes and land use taxes		(2,945)	(3,148)	(8,730)	(9,500)
Property management fee		(1,573)	(1,600)	(4,746)	(4,640)
Repairs and maintenance		(80)	(268)	(2,092)	(1,819)
Legal and consulting fees		(582)	(590)	(2,581)	(1,836)
Other gains/(losses), net	4	306	(338)	(878)	2,423
Other expenses	5	(1,611)	(584)	(25,969)	(2,240)
Share of results of associates		260	241	4,568	(1,009)
Operating profit/(loss)		8,667	9,226	6,612	30,060
Interest income	6	13	74	31	151
Finance expenses	7	(318)	—	(318)	—
Profit/(loss) before income tax		8,362	9,300	6,325	30,211
Income tax/write-back of income tax	8	(555)	(1,039)	19,282	(3,491)
Profit for the period		7,807	8,261	25,607	26,720
Profit attributable to					
– Owners of the Company		7,730	8,158	25,350	26,432
– Non-controlling interests		77	103	257	288
		<u>7,807</u>	<u>8,261</u>	<u>25,607</u>	<u>26,720</u>

	Note	For the three months ended		For the nine months ended	
		March 31, 2017 Unaudited RMB' 000	March 31, 2016 Unaudited RMB' 000	March 31, 2017 Unaudited RMB' 000	March 31, 2016 Unaudited RMB' 000
Total comprehensive income attributable to					
– Owners of the Company		7,730	8,158	25,350	26,432
– Non-controlling interests		77	103	257	288
		<u>7,807</u>	<u>8,261</u>	<u>25,607</u>	<u>26,720</u>
Earnings per share for profit attributable to the owners of the Company during the period					
– Basic (RMB per share)	11	<u>0.04</u>	<u>0.05</u>	<u>0.14</u>	<u>0.15</u>
– Diluted (RMB per share)		<u>0.04</u>	<u>0.05</u>	<u>0.14</u>	<u>0.15</u>

THIRD QUARTERLY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Reserves								Total RMB' 000
	Share capital RMB' 000	Other reserves RMB' 000	Available- for-sale financial asset reserve RMB' 000	Retained profits RMB' 000	Exchange reserve RMB' 000	Proposed interim dividend RMB' 000	Equity attributable to owners of the Company RMB' 000	Non- controlling interests RMB' 000	
Balance at July 1, 2015	411,936	(71,025)	1	573,172	—	11,347	925,431	7,048	932,479
Profit for the period	—	—	—	26,432	—	—	26,432	288	26,720
Other comprehensive income	—	(112)	(1)	—	—	—	(113)	—	(113)
Total comprehensive income	—	(112)	(1)	26,432	—	—	26,319	288	26,607
Dividends	—	—	—	(469)	—	(11,347)	(11,816)	—	(11,816)
Proposed interim dividend	—	—	—	(6,027)	—	—	(6,027)	—	(6,027)
Balance at March 31, 2016	411,936	(71,137)	—	593,108	—	—	933,907	7,336	941,243
Balance at June 30, 2016 and July 1, 2016	411,936	(71,025)	911	613,423	1,390	6,166	962,801	7,616	970,417
Profit for the period	—	—	—	25,350	—	—	25,350	257	25,607
Other comprehensive income	—	—	—	—	—	—	—	—	—
Foreign currency realignment	—	—	—	66	—	—	66	—	66
Total comprehensive income	—	—	—	25,416	—	—	25,416	257	25,673
Share of other comprehensive income of an associate	—	—	—	—	1,637	—	1,637	—	1,637
Fair value losses on available- for-sale financial assets, net	—	—	(314)	—	—	—	(314)	—	(314)
Dividends	—	—	—	—	—	(6,166)	(6,166)	—	(6,166)
Proposed dividend	—	—	—	(12,679)	—	—	(12,679)	—	(12,679)
Balance at March 31, 2017	411,936	(71,025)	597	626,160	3,027	—	970,695	7,873	978,568

NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its issued shares have been listed on the GEM since January 16, 2015 (the “**Listing Date**”). The address of the Company’s registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the provision of education facilities rental services in the PRC and Malaysia.

The Directors consider that the Company’s ultimate parent is Raffles Education Corporation Limited (“**REC**”), a company incorporated in Singapore, whose issued shares are listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). These 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 nine months ended March 31, 2017 (the “**Period**”) have been prepared in accordance with Chapter 18 of the GEM Listing Rules, and in accordance with the Hong Kong Financial Reporting Standards 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, 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 audited financial statements for the year ended June 30, 2016 (the “**Year 2016**”).

The third quarterly results are unaudited but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The financial information relating to the Year 2016 that is included in these unaudited condensed consolidated financial statements for the Period as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “**Companies Ordinance**”) is as follows:

The Company has delivered the consolidated financial statements for the Year 2016 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 independent auditor has reported on those consolidated financial statements. The independent auditor’s report was unqualified, does not include a reference to any matters to which the independent 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 THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

3 SEGMENT INFORMATION

The executive Directors, who are the chief operating decision makers 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 that are used to make strategy decisions.

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 was below 10% of the total revenue during the nine months ended March 31, 2017 and 2016, business segment information is not considered necessary.

As (a) the executive Directors consider that the Group's revenue and results are all derived from education facilities leasing and commercial leasing for supporting facilities in the PRC and Malaysia; and (b) the leasing revenue from Malaysia is only included in this financial year and the revenue is not significant compared to the PRC, geographical segment information is not considered necessary.

An analysis of revenue by category for the three months and nine months ended March 31, 2017 and 2016 is as follows:

	Three months ended March 31, 2017 Unaudited RMB' 000	Three months ended March 31, 2016 Unaudited RMB' 000	Nine months ended March 31, 2017 Unaudited RMB' 000	Nine months ended March 31, 2016 Unaudited RMB' 000
Revenue				
– Education facilities leasing	14,337	16,294	45,259	48,995
– Commercial leasing for supporting facilities	1,430	739	3,636	2,493
	<u>15,767</u>	<u>17,033</u>	<u>48,895</u>	<u>51,488</u>

NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

4 OTHER GAINS/(LOSSES) – NET

	Three months ended March 31, 2017 Unaudited RMB' 000	Three months ended March 31, 2016 Unaudited RMB' 000	Nine months ended March 31, 2017 Unaudited RMB' 000	Nine months ended March 31, 2016 Unaudited RMB' 000
Gains on disposal of property, plant and equipment	—	—	172	—
Exchange gain/(loss)	(37)	(626)	(2,657)	2,135
Government grant provision written off	—	—	1,262	—
Other gain	343	288	345	288
	<u>306</u>	<u>(338)</u>	<u>(878)</u>	<u>2,423</u>

5 OTHER EXPENSES

	Three months ended March 31, 2017 Unaudited RMB' 000	Three months ended March 31, 2016 Unaudited RMB' 000	Nine months ended March 31, 2017 Unaudited RMB' 000	Nine months ended March 31, 2016 Unaudited RMB' 000
Rental expense	—	—	—	2
Utilities	—	4	186	138
Stamp duties	16	17	47	52
Insurance fee	84	—	84	84
Government grant provision written off	—	—	21,015	—
Others	1,511	563	4,637	1,964
	<u>1,611</u>	<u>584</u>	<u>25,969</u>	<u>2,240</u>

NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

6 FINANCE INCOME

	Three months ended March 31, 2017 Unaudited RMB' 000	Three months ended March 31, 2016 Unaudited RMB' 000	Nine months ended March 31, 2017 Unaudited RMB' 000	Nine months ended March 31, 2016 Unaudited RMB' 000
Finance income				
– Interest income on bank deposits	<u>13</u>	<u>74</u>	<u>31</u>	<u>151</u>

7 FINANCE EXPENSES

	Three months ended March 31, 2017 Unaudited RMB' 000	Three months ended March 31, 2016 Unaudited RMB' 000	Nine months ended March 31, 2017 Unaudited RMB' 000	Nine months ended March 31, 2016 Unaudited RMB' 000
Finance expenses				
– Interest on bank borrowing	<u>318</u>	<u>0</u>	<u>318</u>	<u>0</u>

NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

8 INCOME TAX EXPENSES

	Three months ended March 31, 2017 Unaudited RMB' 000	Three months ended March 31, 2016 Unaudited RMB' 000	Nine months ended March 31, 2017 Unaudited RMB' 000	Nine months ended March 31, 2016 Unaudited RMB' 000
Current income tax				
– PRC corporate income tax	555	1,039	2,879	3,491
– Tax provision written back	—	—	(22,161)	—
PRC corporate income tax	<u>555</u>	<u>1,039</u>	<u>(19,282)</u>	<u>3,491</u>

PRC corporate income tax

The corporate income tax rate applicable to the Group's entity located in the PRC (the "PRC Subsidiary") is 25% pursuant to the Corporate Income Tax Law of the PRC (the "PRC CIT Law"). Since January 1, 2015, the corporate income tax of the PRC Subsidiary has been levied according to accounting book under the PRC CIT Law.

PRC withholding income tax

According to the PRC CIT Law, starting from January 1, 2008, a withholding tax of 10% 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 the requirements under the tax treaty arrangements between the PRC and Hong Kong.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the condensed consolidated third quarterly financial information as the Company and the Group did not have assessable profit in Hong Kong during the nine months ended March 31, 2017 and 2016.

9 CONTINGENCIES

The Group had no significant contingent liabilities as at March 31, 2017 (March 31, 2016: nil).

NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

10 RELATED PARTY TRANSACTIONS

The Group is controlled by REC, a company incorporated in Singapore. Mr. Chew Hua Seng (“Mr. Chew”), the founding shareholder of REC, the chairman of the Board (the “Chairman”) and an executive Director, is the ultimate beneficial owner of the Group.

Transactions with related parties

A general meeting of the Company was held on July 7, 2016 at which the resolutions regarding (a) the acquisition agreements entered into between Diamond Nest Sdn. Bhd. (now known as OUC Malaysia Sdn. Bhd. (“OUC Malaysia”), a wholly-owned subsidiary of the Company, and (i) Ms. Doris Chung Gim Lian (“Ms. Chung”), the wife of Mr. Chew, or (ii) Evergreen Plus Sdn. Bhd. (“Evergreen Plus”) which is owned as to 99% by Ms. Chung and as to 1% by Madam Yeo Geok Siew (the mother-in-law of Mr. Chew) (as the case has been) in relation to the acquisitions of lands and properties in Malaysia; and (b) the tenancy agreements entered into between Ms. Chung and Evergreen Plus, respectively as landlord, and Raffles College of Higher Education Sdn. Bhd., a company owned as to 49% by REC which is the immediate holding company of the Company, as tenant for the lease of the above properties were passed by the shareholders of the Company (the “Shareholders”). For further information, please refer to the Company’s announcements dated May 30, 2016, June 5, 2016 and July 7, 2016 and circular dated June 20, 2016.

11 EARNINGS PER SHARE

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

	Three months ended March 31, 2017 Unaudited	Three months ended March 31, 2016 Unaudited	Nine months ended March 31, 2017 Unaudited	Nine months ended March 31, 2016 Unaudited
Profit attributable to the owners of the Company	7,730,000	8,157,000	25,350,000	26,432,000
Weighted average number of ordinary shares in issue	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>
Basic earnings per share for profit attributable to the owners during the period (expressed in RMB per share)	<u>0.04</u>	<u>0.05</u>	<u>0.14</u>	<u>0.15</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.

12 DIVIDEND

The Board does not declare the payment of any dividend for the Period (2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our leasing revenue decreased by 5% to RMB48.9 million for the Period compared to RMB51.5 million for the same period in 2016. This was due to the fact that some colleges had lesser new students enrolled for the Period.

Operating profit

Our operating profit for the Period was reduced by RMB2.4 million compared to RMB30.1 million for the same period in 2016, mainly due to the following reasons:

1) *Government grant*

We did not have government grant for the Period (2016: RMB2.0 million).

2) *Employee cost*

The decrease in employee cost by 23.5% to RMB1.3 million for the Period compared to RMB1.7 million for the same period in 2016 was mainly due to manpower turnover.

3) *Repairs and maintenance fees*

The increase in repairs and maintenance fees by 16.7% to RMB2.1 million for the Period from RMB1.8 million for the same period in 2016 was mainly due to upgrading the facilities during the Period.

4) *Legal and consulting fees*

The increase in legal and consulting fees by 44.4% to RMB2.6 million for the Period from RMB1.8 million for the same period in 2016 was due to an increase in legal fee and professional fee for the property overseas acquisition.

5) *Other gains/(losses) – net*

We recorded a net foreign exchange loss of RMB0.87 million for the Period, primarily due to inter-company transactions of OUC Malaysia and the Company.

6) *Other expenses*

Other expenses increased to RMB26 million for the Period from RMB2.2 million for the same period in 2016, mainly due to a write-off of RMB21.0 million of government grant granted in July 2014.

Income tax expenses

Since January 1, 2015 (PRC tax assessment year 2015) onwards, the corporate income tax of the PRC Subsidiary has been levied according to accounting book under the PRC CIT Law. We incurred RMB2.9 million corporate income tax expenses for the Period.

Tax provision written back

Tax provisions written back of RMB22.2 million for the Period, nil for the same period in 2016, was due to the reversal of the tax provisions made in July 2014. These tax provisions were made for the purpose of the group restructuring before the Listing Date. Upon reviewing the tax rule, the Group is of the view that the payment of taxes provided is less than probable and has reversed these provisions in this financial year.

Net profit

Due to the foregoing factors, our net profit for the Period was RMB25.6 million compared to RMB26.7 million for the same period in 2016.

Liquidity and Financial Resources

On February 23, 2017, Affin Bank Berhad granted a mortgage facility of Ringgit Malaysia Twenty Million (RM20,000,000) to OUC Malaysia, a wholly-owned subsidiary of the Company, to refinance the acquisition of the properties in Malaysia as described in note 10 to the third quarterly condensed consolidated results. The loan tenure is 20 years and the interest rate is 5.8% per annum.

On March 9, 2017, the Company applied for a term loan amount (lending against Mainland Bank guarantees) of HKD20,000,000 (RMB17.7 million) with Woori Bank, Hong Kong Branch for one year for working capital and the interest rate is 2.19% per annum.

BUSINESS REVIEW AND OUTLOOK

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

As the lease-out rates 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 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**”) to construct new dormitories to house approximately 3,500 students and staff. It was expected that the construction of the new dormitories would increase our total dormitory capacity by 17.9% from approximately 19,500 beds as of March 31, 2017, to approximately 23,000 beds for the 2017 to 2018 academic year. For update on the business plan of the Group, please refer to “Use of Proceeds from the Company’s Placing” section below.

In general, we expect the resident student population of the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group (the “**Contract Colleges**”) and the revenue to be generated from them to remain relatively stable in the current financial year.

USE OF PROCEEDS FROM THE COMPANY’S PLACING

The net proceeds received by the Company from the listing by way of the Placing, after deducting the amounts due to REC, the controlling shareholder of the Company and a company 36.88% owned by Mr. Chew, the Chairman and an executive Director, for listing expenses as set out in the Company’s prospectus dated December 31, 2014 (the “**Prospectus**”) and the total underwriting commission, fees and expenses relating to the Placing paid by the Company, amounted 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 Contract Colleges located in Oriental University City in Langfang Economic and Technical Development Zone in Langfang city, Hebei Province, the PRC (the “**Campus Site**”).

As at March 31, 2017, preparation works for the construction of new dormitories on the Campus Site was still ongoing. The Group has spent approximately HK\$29.7 million in purchasing construction materials, conducting soil testing for the selected sites on the Campus Site and carrying out architectural work for the new dormitories.

After soil testing had been conducted on the selected sites, the architecture firm was of the view that the original architectural design of the new dormitories should be revised and optimized. Thus, the architecture firm took additional 6 months to analyse the soil testing results, the construction methods, additional costing and building dormitories. On September 22, 2016, the architecture firm has obtained the approval of building plans from Langfang government. The Company is applying for the construction licence and selecting the contractor.

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 favour 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, 2017, none of the Directors, controlling shareholder (as defined in the GEM Listing Rules) or substantial shareholders (as defined in the GEM Listing Rules) 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, competed or might 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 contained in Appendix 15 to the GEM Listing Rules during the Period.

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

The Company did not redeem any of its Shares listed on the GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares during the Period.

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") as its own code of conduct for dealings in the Company's securities by the Directors. The Company had made specific enquiry with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings during the Period.

INTERESTS OF THE COMPLIANCE ADVISER

As at March 31, 2017, as notified by the Company's compliance adviser, BNP Paribas Securities (Asia) Limited (the "Compliance Adviser"), except for the compliance adviser agreement dated August 29, 2014 and entered into between the Company and the Compliance Adviser, which 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

As at March 31, 2017, 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

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

Notes:

- (1) Details of the interest in the Company held by Mr. Chew through 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, 2017 (i.e. 180,000,000 Shares).

(b) Shares in associated corporation of the Company

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Nature of interests</u>	<u>Number of issued shares held</u>	<u>Appropriate percentage of shareholding</u>
Mr. Chew	REC ^(Note 1)	Beneficial owner and interest of spouse	356,082,899	36.88% ^(Note 2)

Notes:

- (1) REC, a company incorporated in Singapore and listed on the SGX-ST, is the immediate holding company of the Company.
- (2) It includes (a) the 2.71% interest of Ms. Chung, the wife of Mr. Chew; and (b) the 10.91% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at March 31, 2017, none of the Directors or the chief executive of the Company had any interests or short positions 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 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, 2017, 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 Shareholders	Capacity/ Nature of interest	Number of issued Shares held	Appropriate percentage of shareholding
REC	Beneficial owner <i>(Note 1)</i>	135,000,000	75% <i>(Note 2)</i>
Ms. Chung	Interest of spouse <i>(Note 1)</i>	135,000,000	75% <i>(Note 2)</i>

Notes:

- (1) REC is owned as to (a) 23.26% by Mr. Chew, the Chairman and an executive Director; (b) 10.91% jointly by Mr. Chew and Ms. Chung, the wife of Mr. Chew; and (c) 2.71% 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 in which Mr. Chew is interested and is deemed to be interested.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at March 31, 2017 (i.e. 180,000,000 Shares).

Save as disclosed above, as at March 31, 2017, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had any interest or short position in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts 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 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.

By order of the Board

Oriental University City Holdings (H.K.) Limited
Chew Hua Seng
Chairman and Executive Director

Singapore, April 28, 2017

THIRD QUARTERLY REPORT

2017



Oriental
UniversityCity
东方大学城

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