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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)

(Stock Code: 8067)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE (THE “GEM”).

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.

*This announcement, 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 announcement 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 announcement misleading.*

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB33.3 million for the six months ended December 31, 2017, representing an increase of 0.5% as compared with the corresponding period in 2016.
- Profit attributable to owners of the Company for the six months ended December 31, 2017 amounted to approximately RMB14.7 million, representing a decrease of 15.7% as compared with the corresponding period in 2016.
- Basic earnings per share for the six months ended December 31, 2017 amounted to RMB8 cents (2016: RMB10 cents).
- An interim dividend of HK5.0 cents (equivalent to approximately RMB4.1 cents) per Share has been declared by the Board for the six months ended December 31, 2017 (2016: HK4.0 cents).

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 six months ended December 31, 2017, together with the relevant unaudited/audited comparative figures, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

		For the three months ended		For the six months ended	
		December 31,	December 31,	December 31,	December 31,
	<i>Notes</i>	2017	2016	2017	2016
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	14,929	14,555	33,294	33,128
Employee costs		(553)	(439)	(1,243)	(837)
Depreciation of property, plant and equipment		(85)	(265)	(174)	(106)
Business taxes and surcharges		(81)	(92)	(159)	(205)
Property taxes and land use taxes		(3,037)	(2,960)	(6,022)	(5,785)
Property management fee		(1,577)	(1,612)	(3,198)	(3,173)
Repairs and maintenance fees		(380)	(43)	(695)	(2,013)
Legal and consulting fees		(1,126)	(2,002)	(2,352)	(2,699)
Other gains/(losses), net	4	526	(2,580)	—	(1,184)
Other expenses	5	(1,615)	(1,201)	(1,276)	(23,657)
Share of results of associates		(140)	4,428	(285)	4,308
Operating profit/(loss)		6,861	7,789	17,890	(2,223)
Interest income	6	10	13	12	18
Interest expenses		(755)	—	(1,292)	—
Profit/(loss) before income tax		6,116	7,802	16,610	(2,205)
Income tax/write-back of income tax	7	(735)	(1,605)	(1,735)	19,836
Profit for the period		5,381	6,197	14,875	17,631
Profit attributable to					
– Owners of the Company		5,321	6,130	14,707	17,450
– Non-controlling interests		60	67	168	181
		<u>5,381</u>	<u>6,197</u>	<u>14,875</u>	<u>17,631</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	<i>Note</i>	For the three months ended		For the six months ended	
		December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
		<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>
Total comprehensive income attributable to					
– Owners of the Company		5,321	6,130	14,707	17,450
– Non-controlling interests		60	67	168	181
		5,381	6,197	14,875	17,631
Earnings per share for profit attributable to					
the owners of the Company during the period	10				
– Basic (RMB per share)		0.03	0.03	0.08	0.10
– Diluted (RMB per share)		0.03	0.03	0.08	0.10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	<i>Notes</i>	December 31, 2017 <i>Unaudited</i> RMB'000	June 30, 2017 <i>Audited</i> RMB'000
Assets			
Non-current assets			
Property and equipment	11	5,522	5,560
Investment properties	11	984,396	981,516
Investments in associates		38,580	30,862
Available-for-sale financial assets		20,659	18,869
Prepayments for purchase of property, plant and equipment and investment properties		54,931	51,636
Total non-current assets		1,104,088	1,088,443
Current assets			
Trade and other receivables and prepayment	12	7,305	8,888
Pledged bank deposit		20,000	20,000
Cash and cash equivalents	13	48,271	14,278
Total current assets		75,576	43,166
Total assets		1,179,664	1,131,609
Current liabilities			
Trade and other payables and accruals	14	10,957	15,529
Advance from customers		23,832	1,973
Bank borrowings, secured		19,969	19,316
Current tax liabilities		650	674
Total current liabilities		55,408	37,492
Net current assets		20,168	5,674
Total assets less current liabilities		1,124,256	1,094,117

	<i>Notes</i>	December 31, 2017 <i>Unaudited</i> RMB'000	June 30, 2017 <i>Audited</i> RMB'000
Non-current liabilities			
Bank borrowings, secured		41,158	29,670
Deferred tax liabilities	15	60,907	60,907
Total non-current liabilities		102,065	90,577
NET ASSETS		1,022,191	1,003,540
Equity attributable to owners of the Company			
Share capital	16	411,936	411,936
Reserves		602,064	583,580
Non-controlling interests		8,191	8,024
TOTAL EQUITY		1,022,191	1,003,540

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	Reserves								Total
	Share capital	Other reserves	Available-for-sale financial asset reserve	Retained profits	Exchange reserve	Proposed interim dividend	Equity attributable to owners of the Company	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at July 1, 2016	411,936	(71,025)	911	613,423	1,390	6,166	962,801	7,616	970,417
Profit for the period	—	—	—	17,450	—	—	17,450	181	17,631
Total comprehensive income	—	—	—	17,450	—	—	17,450	181	17,631
Share of other comprehensive income of an associate	—	—	—	—	628	—	628	—	628
Fair value losses on available-for-sale financial assets, net	—	—	(728)	—	—	—	(728)	—	(728)
Dividends	—	—	—	—	—	(6,166)	(6,166)	—	(6,166)
Proposed interim dividend (Note 18)	—	—	—	(6,297)	—	—	(6,297)	—	(6,297)
Balance at December 31, 2016	411,936	(71,025)	183	624,576	2,018	—	967,688	7,797	975,485
Balance at June 30, 2017 and July 1, 2017	411,936	(71,025)	2,128	642,825	3,374	6,278	995,516	8,024	1,003,540
Profit for the period	—	—	—	14,708	—	—	14,708	168	14,876
Exchange differences from translation of foreign operations	—	—	—	—	102	—	102	—	102
Total comprehensive income	—	—	—	14,708	102	—	14,810	168	14,978
Share of other comprehensive income of an associate	—	—	—	—	8,004	—	8,004	—	8,004
Fair value losses on available-for-sale financial assets, net	—	—	1,789	—	—	—	1,789	—	1,789
Proposed interim dividend	—	—	—	(6,119)	—	—	(6,119)	—	(6,119)
Balance at December 31, 2017	411,936	(71,025)	3,917	651,414	11,480	6,278	1,014,000	8,192	1,022,192

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

	For the six months ended	
	December 31,	December 31,
	2017	2016
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities		
Profit before income tax	14,875	17,631
Adjustments for:		
Interest Income	(12)	(18)
Depreciation of property, plant and equipment	174	106
Fair value gain on investment properties	—	—
Gain on disposal of property and equipment	—	172
Operating cash flows before working capital	15,037	17,891
(Increase)/decrease in prepayments	(3,295)	50,721
(Increase)/decrease in trade and other receivables	4,369	(49,659)
Increase/(decrease) in advance from customers	—	27,847
Increase/(decrease) in trade and other payables	29,428	5,598
Cash (used in)/generated from operations	45,539	52,398
Profits tax paid	(1,075)	(712)
Net cash generated from operating activities	44,464	51,686
Investing activities		
Interest received	12	18
Payments to acquire property and equipment	(136)	(60)
Payments to acquire investment properties	(1,583)	(212)
Proceeds from sale of property and equipment	—	(173)
Payments to acquire available-for-sale financial assets	(8,764)	(44,492)
Net cash used in investing activities	(10,471)	(44,919)
Financing activities		
Decrease in amounts due to ultimate holding company included in other payables	—	—
Issue of shares under placing	—	—
Net cash (used in)/generated from financing activities	—	—
(Decrease)/Increase in cash and cash equivalents	33,993	6,767
Cash and cash equivalents at beginning of the period	14,278	4,866
Cash and cash equivalents at end of the period	48,271	11,633

NOTES TO THE INTERIM 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 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 leasing services in the People's Republic of China (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").

This interim 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 six months ended December 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 interim results are the same as those followed in the preparation of the Group's audited financial statements for the year ended June 30, 2017 (the "Year 2017").

The interim results are unaudited but have been reviewed by the audit committee of the Board (the "Audit Committee").

The financial information relating to the Year 2017 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 2017 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; did 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.

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 11% of the total revenue during the six months ended December 31, 2017, 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 was initially included in Financial Year 2017 and the revenue is not significant compared to that of the PRC, geographical segment information is not considered necessary.

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

	Three months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>
Revenue				
– Education facilities leasing	13,208	14,105	29,798	30,922
– Commercial leasing for supporting facilities	1,721	450	3,496	2,206
	14,929	14,555	33,294	33,128

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues in the three months and six months ended December 31, 2017 and 2016:

	Three months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>
College A	10,784	10,283	21,569	20,565
College B	2,037	1,981	4,018	3,961
College C	1,437	1,637	2,875	3,014
	<u>14,259</u>	<u>13,901</u>	<u>28,462</u>	<u>27,540</u>

4 OTHER GAINS/LOSSES – NET

	Three months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>
Gains on disposal of property, plant and equipment	—	1	—	172
Exchange gain	526	(2,581)	(12)	(2,620)
Government Grant provision written off	—	—	—	1,262
Other gain	—	—	12	2
	<u>526</u>	<u>(2,580)</u>	<u>—</u>	<u>(1,184)</u>

5 OTHER EXPENSES

	Three months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>
Utilities	298	160	298	186
Stamp duties	18	16	34	31
Insurance fee	18	—	18	—
Government Grant provision written off	—	—	—	21,015
Others	1,281	1,025	926	2,425
	<u>1,615</u>	<u>1,201</u>	<u>1,276</u>	<u>23,657</u>

6 FINANCE INCOME

	Three months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>
Finance income				
– Interest income on bank deposits	<u>10</u>	<u>13</u>	<u>12</u>	<u>18</u>

7 INCOME TAX EXPENSES

	Three months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>
Current income tax				
– PRC corporate income tax	735	1,605	1,735	2,325
– Tax provision written back	—	—	—	(22,161)
	<hr/>	<hr/>	<hr/>	<hr/>
PRC corporate income tax	<u>735</u>	<u>1,605</u>	<u>1,735</u>	<u>(19,836)</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 (2007).

PRC withholding income tax

According to the PRC CIT Law (2007), 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.

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, 2017 and 2016.

8 CONTINGENCIES

The Group had no material contingent liabilities as at December 31, 2017 (December 31, 2016: Nil).

9 CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

Leasing of properties

A general meeting of the Company was held on July 7, 2016 at which the resolutions regarding, among others, the lease of the properties from OUC Malaysia Sdn. Bhd. (“**OUC Malaysia**”), a wholly-owned subsidiary of the Company (the “**Tenancy Agreements**”) to 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 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.

The Tenancy Agreements are considered to be continuing connected transactions under the GEM Listing Rules.

Subscription for shares

On June 30, 2017, the Company (as the subscriber) entered into a subscription agreement with 4 Vallees Pte. Ltd. (“**4 Vallees**”) (as the issuer) and REC (as the covenantor) (the “**Subscription Agreement**”), pursuant to which the Company shall conditionally subscribe for, and 4 Vallees shall conditionally allot and issue, a total of 4,508,151 new shares in the share capital of 4 Vallees representing approximately 13.58% of the issued share capital of 4 Vallees on an enlarged basis at the total subscription price of SGD5,421,000 (equivalent to approximately HKD30,000,000) (the “**Subscription**”). The Company, REC and 4 Vallees executed the side letters on August 31, 2017, October 20, 2017 and November 21, 2017 to extend the Long Stop Date (as defined in the Subscription Agreement) to October 20, 2017, November 21, 2017 and December 21, 2017, respectively.

4 Vallees is owned as to approximately 87.23% by REC, and approximately 12.77% by the Company. As REC is the controlling shareholder (as defined in the GEM Listing Rules) of the Company and 4 Vallees is a subsidiary of REC, 4 Vallees is an associate of REC and therefore a connected person of the Company under the GEM Listing Rules. As such, the Subscription also constitutes a connected transaction of the Company. On December 15, 2017, a general meeting of the Company was held at which the resolution regarding the Subscription was passed by the Shareholders. For further information, please refer to the Company’s announcements dated June 30, 2017, July 31, 2017, August 15, 2017, August 31, 2017, September 15, 2017, October 20, 2017, November 21, 2017 and December 15, 2017, and the circular dated November 29, 2017.

10 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 December 31, 2017 <i>Unaudited</i>	Three months ended December 31, 2016 <i>Unaudited</i>	Six months ended December 31, 2017 <i>Unaudited</i>	Six months ended December 31, 2016 <i>Unaudited</i>
Profit attributable to the owners of the Company (RMB'000)	5,321	6,130	14,707	17,450
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 of the Company during the period (expressed in RMB per share)	<u>0.03</u>	<u>0.03</u>	<u>0.08</u>	<u>0.10</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.

11 PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property and equipment <i>Unaudited</i> <i>RMB'000</i>	Investment properties <i>Unaudited</i> <i>RMB'000</i>
Six months ended December 31, 2017		
Opening amount as at July 1, 2017	5,560	981,516
Additions	136	2,880
Depreciation charge	(174)	—
	<hr/>	<hr/>
Closing amount as at December 31, 2017	5,522	984,396
	<hr/>	<hr/>
Six months ended December 31, 2016		
Opening amount as at July 1, 2016	5,705	892,183
Transfers to property and equipment	—	45,093
Additions	60	1,780
Depreciation charge	(173)	—
	<hr/>	<hr/>
Closing amount as at December 31, 2016	5,592	939,056
	<hr/>	<hr/>

Valuation techniques of investment properties

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

All the investment properties were completed investment properties as at December 31, 2017.

Fair value of completed investment properties are generally derived using the income capitalization approach. Income capitalization approach (term and reversionary method) 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 the expiry of current lease.

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

— Unit monthly rents and reversionary yield.

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

There were no changes in the valuation techniques during the Period.

12 TRADE AND OTHER RECEIVABLES

	As at December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2017 <i>Audited</i> <i>RMB'000</i>
Trade receivables		
Trade receivables	741	2,839
Trade receivables, net	741	2,839
Other receivables		
– Due from third parties	6,564	6,049
Other receivables, net	6,564	6,049
Total trade and other receivables	7,305	8,888

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, 2017 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2017 <i>Audited</i> <i>RMB'000</i>
Less than 3 months	—	1,662
Over 3 to 6 months	270	777
Over 6 to 12 months	—	—
Over 12 months	471	400
	741	2,839

13 CASH AND CASH EQUIVALENTS

	As at December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2017 <i>Audited</i> <i>RMB'000</i>
Cash at bank and in hand	<u>48,271</u>	<u>14,278</u>

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

	As at December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2017 <i>Audited</i> <i>RMB'000</i>
RMB	41,571	10,710
Hong Kong Dollars	5,331	3,531
Malaysian Ringgit	<u>1,369</u>	<u>37</u>
Cash at bank and in hand	<u>48,271</u>	<u>14,278</u>

14 TRADE AND OTHER PAYABLES

	As at December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2017 <i>Audited</i> <i>RMB'000</i>
Trade payables	4,080	6,015
Other payables	<u>6,877</u>	<u>9,514</u>
	<u>10,957</u>	<u>15,529</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 as follows:

	As at December 31, 2017 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2017 <i>Audited</i> <i>RMB'000</i>
Less than 3 months	1,930	3,344
Over 3 to 6 months	1,163	1,411
Over 6 to 12 months	597	1,231
Over 12 months	390	29
	<hr/> 4,080 <hr/>	<hr/> 6,015 <hr/>

15 DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognized and movements during the current and prior periods are as follows:

	Temporary differences on recognition of fair value gains on investment properties <i>RMB'000</i>
At July 1, 2016	50,863
Charged to profit or loss	<hr/> 10,044 <hr/>
At July 1, 2017	60,907
Charged to profit or loss	<hr/> — <hr/>
At December 31, 2017	<hr/> 60,907 <hr/>

16 SHARE CAPITAL

	Number of ordinary shares (Shares)	Share capital HKD	Share capital RMB
At June 30, 2016 and July 1, 2016	180,000,000	516,320,500	411,936,000
At June 30, 2017	180,000,000	516,320,500	411,936,000
At December 31, 2017	180,000,000	516,320,500	411,936,000

17 CAPITAL COMMITMENTS

As at December 31, 2017, 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, 2017: Nil).

18 DIVIDEND

	Six months ended December 31,	
	2017	2016
	Unaudited	Unaudited
	RMB'000	RMB'000
Dividend declared after the end of the reporting periods:		
2017: HK8.0 cents (equivalent to approximately RMB7.0 cents) per ordinary share	6,119	—
2016: HK8.0 cents (equivalent to approximately RMB7.0 cents) per ordinary share	—	6,297

During the Period, a final dividend of HK4.0 cents (equivalent to approximately RMB3.5 cents) per share totaling RMB6,119,280 was recommended by the Board on August 15, 2017 and approved by the Shareholders at the annual general meeting of the Company held on October 19, 2017, which was paid to the Shareholders in respect of the Year 2017 (December 31, 2016: HK4.0 cents for the period ended June 30, 2016).

The Board has declared an interim dividend of HK5.0 cents (equivalent to approximately RMB4.1 cents) per share for the Period (December 31, 2016: HK4.0 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our leasing revenue increased by 0.5% to approximately RMB33.3 million for the Period compared to approximately RMB33.1 million for the same period in 2016.

Operating profit

We recorded operating profit for the Period of approximately RMB17.9 million compared to operating loss of approximately RMB2.2 million for the same period in 2016, mainly due to the following reasons:

1) *Repairs and maintenance fees*

Repairs and maintenance fees decreased by 65.5% to approximately RMB0.7 million for the Period compared to approximately RMB2.0 million for the same period in 2016, mainly due to no major upgrading the facilities during the Period.

2) *Legal and consulting fees*

Legal and consulting fees decreased by 12.9% to approximately RMB2.4 million for the Period compared to approximately RMB2.7 million for the same period in 2016, due to a decrease in legal fee and professional fee during the Period.

3) *Other expenses*

Our other expenses decreased to approximately RMB1.3 million for the Period compared to approximately RMB23.7 million for the same period in 2016, due to no write-off of government grant during the Period.

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 (2007). We incurred corporate income tax expenses of approximately RMB1.7 million for the Period.

Net profit

Due to the foregoing factors, our net profit for the Period was approximately RMB14.9 million compared to approximately RMB17.6 million for the same period in 2016.

Liquidity and Financial Resources

On February 23, 2017, Affin Bank Berhad granted a term loan facility of Malaysian Ringgit Twenty Million (RM20.0 million) to OUC Malaysia to refinance the acquisition of the properties in Malaysia. The tenure of the facility is 20 years and the interest rates ranged from 5.80% to 5.96% per annum. The term loan is denominated in Malaysian Ringgit.

On September 29, 2017, Affin Bank Berhad granted a term loan facility of Malaysian Ringgit Seven Million and Seven Hundred Thousand (RM7.7 million) to OUC Malaysia to refinance the acquisition of the properties in Malaysia. The tenure of the facility is 20 years and the interest rates is based on the cost of funds +1.85%, and the current interest rate is 5.85% per annum. The term loan is denominated in Malaysian Ringgit.

On March 9, 2017, the Company applied for a term loan (lending against Mainland Bank's guarantee) of HKD20.0 million (equivalent to approximately RMB17.7 million) with Woori Bank, Hong Kong Branch for one year for working capital and the interest rate is 2.19% per annum. The term loan is denominated in Hong Kong dollars.

Cash and Cash Equivalents

The Group places a high emphasis on risk management, safety and liquidity. Cash in excess of daily operational requirements is placed in fixed deposits. The Group currently does not invest in bonds, bills, structured products or any other financial instruments. As at December 31, 2017, the Group had a cash and cash equivalents balance of approximately RMB48.3 million (June 30, 2017: RMB14.3 million). The cash and cash equivalents were denominated in RMB, Hong Kong dollars and Malaysian Ringgit.

Foreign Exchange Hedging

The Group has limited foreign currency risk as most of the transactions are denominated in the RMB as the functional currency of the operations. Thus, the Group presently does not conduct any foreign exchange hedging. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future, if necessary.

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 Kuala Lumpur, Malaysia.

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

In general, we expect the resident student population of our 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.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENT

Saved as disclosed in the prospectus of the Company dated December 31, 2014 (the “**Prospectus**”) and the section headed “**Material acquisition of disposal of subsidiaries and affiliated companies**” below, as at December 31, 2017, the Group did not hold any significant investment, and had no material capital commitments and no future plans for material investments or purchase of capital assets.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

On June 30, 2017, the Company (as the subscriber) entered into a subscription agreement with 4 Vallees Pte. Ltd. (“**4 Vallees**”) (as the issuer) and REC (as the covenantor) (the “**Subscription Agreement**”), pursuant to which the Company had agreed to conditionally subscribe for, and 4 Vallees had agreed to conditionally allot and issue, a total of 4,508,151 new shares in the share capital of 4 Vallees representing approximately 13.58% of the issued share capital of 4 Vallees on an enlarged basis at the total subscription price of SGD5,421,000 (equivalent to approximately HKD30,000,000) (the “**Subscription**”). The Company, REC and 4 Vallees executed the side letters on August 31, 2017, October 20, 2017 and November 21, 2017 to extend the Long Stop Date (as defined in the Subscription Agreement) to October 20, 2017, November 21, 2017 and December 21, 2017.

4 Vallees is owned as to approximately 87.23% by REC, and approximately 12.77% by the Company. As REC is the controlling shareholder (as defined in the GEM Listing Rules) of the Company and 4 Vallees is a subsidiary of REC, 4 Vallees is an associate of REC and therefore a connected person of the Company under the GEM Listing Rules. As such, the Subscription also constitutes a connected transaction of the Company. On December 15, 2017, a general meeting of the Shareholders was held, at which the resolution regarding the Subscription was passed by the Shareholders. For further information, please refer to the Company's announcements dated June 30, 2017, July 31, 2017, August 15, 2017, August 31, 2017, September 15, 2017, October 20, 2017, November 21, 2017 and December 15, 2017, and the circular dated November 29, 2017.

IMPORTANT EVENT AFTER THE FINANCIAL PERIOD

On January 5, 2018, the Company submitted a formal application to the Stock Exchange for the proposed transfer of the listing of all its issued shares from the GEM to the Main Board of the Stock Exchange pursuant to Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange and the relevant provisions of the GEM Listing Rules. For further information, please refer to the Company's announcement dated January 5, 2018.

CHARGE ON GROUP ASSETS

As at December 31, 2017, bank deposit of RMB20,000,000 (2016: Nil) and investment properties of RMB66,432,000 (2016: Nil) were pledged to secure banking facilities granted to the Group.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at December 31, 2017 as compared with that as at June 30, 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2017, the Group had a total of 17 full-time employees in the PRC, all of which were located in Langfang city, Hebei Province, the PRC (June 30, 2017: 17). The Group's total employee costs were approximately RMB1.2 million for the Period (December 31, 2016: RMB0.8 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.

USE OF PROCEEDS FROM THE COMPANY'S PLACING

The net proceeds received by the Company from the listing by way of a 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 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, amounted to approximately HK\$75.3 million. REC is the controlling shareholder (as defined in the GEM Listing Rules) of the Company and a company owned as to 36.88% owned by Mr. Chew Hua Seng (“**Mr. Chew**”), the chairman of the Board (the “**Chairman**”) and an executive Director.

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 Technology Development Zone in Langfang city, Hebei Province, the PRC (the “**Campus Site**”).

As at December 31, 2017, preparation works for the construction of new dormitories on the Campus Site was still on-going. 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, building dormitories. On September 22, 2016, the architecture firm obtained the approval of building plans from Langfang government. The Company is applying for the construction licence and selecting the contractor, which has been deferred as a result of an order (Lang Kai Zhu Jian [2017] 13) issued by the local government to suspend all construction activities due to air pollution till further notice. The Company will monitor the situation and recommence the construction of new dormitories once the local government lifts the suspension and the Company is of the view that the construction will commence in the near future.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the implementation plans as set out in the Prospectus with the Group's actual plans for the Period is set out below:

Timetable	Implementation Plans set out in the Prospectus	Actual Plans
December 31, 2017	– Not applicable	<ul style="list-style-type: none"> – Applying for the construction licence and selecting the contractor which has been deferred as a result of an order (Lang Kai Zhu Jian [2017] 13) issued by the local government to suspend all construction activities due to air pollution till further notice. The Company will monitor the situation and recommence the construction of new dormitories once the local government lifts the suspension and the Company is of the view that the construction will still be commenced in the near future.
To be confirmed	– Not applicable	<ul style="list-style-type: none"> – Complete the construction of the new dormitories; and – Commence and complete the interior decoration of the new dormitories.
To be confirmed	– Not applicable	<ul style="list-style-type: none"> – Complete the final inspection and obtain the relevant government permit for commencement of use of the new dormitories; – Commence the use of the new dormitories; and – Make the final settlement of the construction costs under the relevant construction contracts.

COMPETING INTERESTS

REC, the controlling shareholder (as defined in the GEM Listing Rules) of the Company, 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 December 31, 2017, none of the Directors, controlling shareholders (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.

DIVIDEND

The Board has resolved to declare an interim dividend of HK5.0 cents (equivalent to approximately RMB4.1 cents) per Share for the Period (the “**Interim Dividend**”) (December 31, 2016: HK4.0 cents) to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, March 23, 2018. The relevant dividend warrants are expected to be despatched on or about Friday, April 6, 2018.

BOOK CLOSURE DATE

For the purpose of determining Shareholders’ entitlement to the Interim Dividend, the Company’s register of members will be closed on Friday, March 23, 2018, on which day no transfer of Shares will be registered. In order to qualify for the Interim Dividend, those non-registered Shareholders must lodge all completed transfers forms accompanied by the relevant share certificate(s) for registration with the Company’s share registrar, Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Thursday, March 22, 2018.

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 enquiries with all Directors and each of them has confirmed his compliance with the Required Standard of Dealing during the Period.

INTERESTS OF THE COMPLIANCE ADVISER

As at December 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 December 14, 2017 and entered into between the Company and the Compliance Adviser, which took retrospective effect from November 1, 2017, 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.

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

As at December 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

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

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 December 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	33.58% ^(Note 2)

Notes:

- (1) REC, a company incorporated in Singapore with its issued shares listed on SGX-ST, is the immediate holding company of the Company.
- (2) It includes (a) the 2.47% interest of Ms. Doris Chung Gim Lian (“**Ms. Chung**”), the wife of Mr. Chew in REC; and (b) the 9.94% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at December 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 December 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 (Note 2)
REC	Beneficial owner (Note 1)	135,000,000	75%
Ms. Chung	Interest of spouse (Note 1)	135,000,000	75%

Notes:

- (1) REC is owned as to (a) 21.17% by Mr. Chew, the Chairman and an executive Director; (b) 9.94% jointly by Mr. Chew and Ms. Chung, the wife of Mr. Chew; and (c) 2.47% 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 December 31, 2017 (i.e. 180,000,000 Shares).

Save as disclosed above, as at December 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.

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 its holding company or any of its subsidiaries or fellow 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 interim 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

Switzerland, January 23, 2018

As at the date of this announcement, the executive Directors are Mr. Chew Hua Seng (Chairman) and Mr. Liu Ying Chun (Chief Executive Officer); the non-executive Director is Mr. He Jun; and the independent non-executive Directors are Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth and Mr. Wilson Teh Boon Piaw.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.oriental-university-city.com.