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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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED JUNE 30, 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE (THE “GEM”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on 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 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 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.

ANNUAL RESULTS

The board of Directors (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended June 30, 2018 (the “**Year**”) together with the comparative audited figures for the year ended June 30, 2017 (“**2017**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2018

	<i>Notes</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Revenue	4	67,311	60,336
Government grants reversed, net	5	—	(21,015)
Employee costs		(2,496)	(2,304)
Depreciation of property, plant and equipment		(339)	(350)
Fair value gains on investment properties	8	170,406	22,996
Business taxes and surcharges		(323)	(289)
Property taxes and land use taxes		(12,131)	(11,453)
Property management fee		(6,356)	(6,311)
Repairs and maintenance		(1,259)	(2,899)
Legal and consulting fees		(4,105)	(4,601)
Other gains/(losses), net		4,232	(1,641)
Other expenses		(3,095)	(861)
Impairment loss on trade receivables		—	(491)
Share of results of associates		9,008	5,072
Gain on de-recognition of an available-for-sale financial asset	10	1,335	—
Operating profit		222,188	36,189
Interest expense on bank borrowings		(2,585)	(879)
Interest income		545	38
Profit before income tax	5	220,148	35,348
Income tax	6	(55,402)	7,253
Profit for the year		164,746	42,601

	<i>Notes</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences from translation of foreign operations		254	(1)
Share of other comprehensive income of associates		(3,398)	1,985
Fair value (losses)/gains on available-for-sale financial asset, net	10	(793)	1,217
Reclassification adjustments on de-recognition of an available-for-sale financial asset	10	(1,335)	—
Other comprehensive income for the year		(5,272)	3,201
Total comprehensive income for the year		159,474	45,802
Profit attributable to:			
Owners of the Company		163,223	42,193
Non-controlling interests		1,523	408
		164,746	42,601
Total comprehensive income attributable to:			
Owners of the Company		157,951	45,394
Non-controlling interests		1,523	408
		159,474	45,802
Earnings per share for profit attributable to the owners of the Company during the year			
– Basic (RMB per share)	7	0.91	0.23
– Diluted (RMB per share)		0.91	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

		2018	2017
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		5,371	5,560
Investment properties	8	1,155,987	981,516
Interests in associates	9	77,928	30,862
Available-for-sale financial asset	10	—	18,869
Prepayments for purchase of property, plant and equipment, investment properties and other investment	11	28,295	51,636
Total non-current assets		1,267,581	1,088,443
Current assets			
Trade and other receivables	12	5,366	8,888
Pledged bank deposit		—	20,000
Cash and cash equivalents		26,562	14,278
Total current assets		31,928	43,166
Current liabilities			
Trade and other payables and accruals	13	16,831	15,529
Advances from customers		2,833	1,973
Bank borrowings, secured		2,266	19,316
Current tax liabilities		1,139	674
Total current liabilities		23,069	37,492
Net current assets		8,859	5,674
Total assets less current liabilities		1,276,440	1,094,117
Non-current liabilities			
Bank borrowings, secured		14,723	29,670
Deferred tax liabilities		112,071	60,907
Total non-current liabilities		126,794	90,577
NET ASSETS		1,149,646	1,003,540

	<i>Note</i>	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Capital and reserves attributable to owners of the Company			
Share capital	14	290,136	411,936
Reserves		849,963	583,580
		1,140,099	995,516
Non-controlling interests		9,547	8,024
Total equity		1,149,646	1,003,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2018

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its shares were initially listed on the GEM on January 16, 2015 (the “**Listing**”). The address of the Company’s registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong and principal place of business is Levels 1 and 2, No. 100 Zhangheng Road, Oriental University City, Langfang Economic & Technical Development Zone, Heibei Province, 065001, the People’s Republic of China (the “**PRC**”). The Group, comprising the Company and its subsidiaries, is mainly engaged in the provision of education facilities leasing 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 the Republic of Singapore, whose issued shares are listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (collectively the “**HKFRSs**”) and the provisions of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “**Companies Ordinance**”), which govern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

(c) Functional and presentation currency

The financial statements are presented in Renminbi (“**RMB**”) which is the functional currency of the Company.

3 ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs – effective July 1, 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in notes to the consolidated statement of cash flows.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1 First-time adoption of Hong Kong Financial Reporting Standards ¹
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28 Investments in Associates and Joint Ventures ²
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations ²
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12 Income Taxes ²
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23 Borrowing Costs ²
HKFRS 9	Financial Instruments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
Amendments to HKAS 40	Transfer of Investment Property ²
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) - Int 23	Uncertainty Over Income Tax Treatments ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after January 1, 2018

² Effective for annual periods beginning on or after January 1, 2019

³ The amendments were originally intended to be effective for periods beginning on or after January 1, 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

4 SEGMENT REPORTING AND REVENUE

The executive Directors who are the chief operating decision maker of the Group review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive Directors that are used to make strategic 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 current and prior years, business segment information is not considered necessary.

As (a) the executive Directors consider that most of the Group's revenue and results are derived from education facilities leasing and commercial leasing for supporting facilities in the PRC and no significant consolidated assets of the Group are located outside PRC, geographical segment information is not considered necessary.

Analysis of revenue by category for the Year is as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue:		
– Education facilities leasing	63,800	57,013
– Commercial leasing for supporting facilities	3,511	3,323
	67,311	60,336

Information about major customers

The Group's revenue was derived from the following external customers that individually contributed more than 10% of the Group's revenue for the Year:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
College A	43,138	39,453
College B	8,409	7,545
	51,547	46,998

5 PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2018	2017
	RMB'000	RMB'000
Auditor's remuneration	785	725
Direct operating expenses arising from investment properties that generated rental income during the year	17,211	16,761
Direct operating expenses arising from investment properties that did not generate rental income during the year	4,889	4,704
Government grants reversed (Note)	—	21,015
Gain on de-recognition of an available-for-sale financial asset	<u>(1,335)</u>	<u>—</u>

Note: During 2017, government subsidy receivables of RMB21,015,000 have been reversed.

6 INCOME TAX

The amount of income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	RMB'000	RMB'000
Current tax		
– Corporate income tax for the year	4,489	4,301
– Over-provision in respect of prior years	(221)	(583)
– Reversal of provision on tax liabilities arising from restructuring and preparation for the Listing previously recognised	<u>—</u>	<u>(21,015)</u>
	4,268	(17,297)
Deferred tax	<u>51,134</u>	<u>10,044</u>
Income tax	<u>55,402</u>	<u>(7,253)</u>

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the Year.

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
<u>Earnings</u>		
Earnings for the purposes of basic earnings per share	<u>163,223</u>	<u>42,193</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>180,000,000</u>	<u>180,000,000</u>

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

8 INVESTMENT PROPERTIES

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Fair value		
At beginning of the year	981,516	892,183
Additions	1,736	67,796
Exchange realignment	2,329	(1,459)
Change in fair value	<u>170,406</u>	<u>22,996</u>
At end of the year	<u>1,155,987</u>	<u>981,516</u>

(a) Valuation

Independent valuations of the Group's investment properties were performed by Colliers International Limited ("Colliers"), an independent firm of professionally qualified valuers, to determine the fair value of the Group's investment properties as at June 30, 2018, adopting a valuation method using significant unobservable inputs (Level 3).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during 2017 and the Year.

Valuation basis

The Group obtains independent valuations from Colliers for its investment properties at least annually. At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment leases and other contracts. Where such information is not available, the Directors consider information from a variety of sources including:

- (i) Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- (ii) Discounted cash flow projections based on reliable estimates of future cash flows.
- (iii) Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Valuation techniques

Fair value of completed investment properties are generally derived using the income capitalisation approach.

Income capitalisation approach (term and reversionary method) largely uses observable inputs (e.g. market rent, yield, etc.) and takes 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 the current lease.

9 INTERESTS IN ASSOCIATES

	As at June 30	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets other than goodwill	75,276	28,210
Goodwill	2,652	2,652
	<hr/>	<hr/>
	77,928	30,862
	<hr/> <hr/>	<hr/> <hr/>

10 AVAILABLE-FOR-SALE FINANCIAL ASSET

During the prior year, the Group owned 12.77% equity interests in 4 Vallees Pte. Ltd. (“4 Vallees”), a private company incorporated in Singapore with limited liability and the remaining shares are owned by REC. This was accounted for as an available-for-sale financial asset of the Group as at June 30, 2017.

During the current year, the Group acquired additional 13.58% equity interests in 4 Vallees on an enlarged basis at a cash consideration of Singapore Dollars (“SGD”) 5,421,000 (equivalent to approximately RMB26,636,000), and since then, the Group held a 24.61% equity interest in 4 Vallees and it is accounted for as an associate of the Group therefrom.

Immediately before the acquisition of the additional equity interests in 4 Vallees, the fair value of the then 12.77% equity interests in 4 Vallees was measured by reference to a valuation performed by Colliers at RMB18,076,000. Hence, a fair value loss on available-for-sale financial asset of RMB793,000 was recognised in other comprehensive income during the Year. Upon the de-recognition of the Group’s equity interest in 4 Vallees as available-for-sale financial asset, the related accumulated fair value changes in available-for-sale financial asset reserve of RMB1,335,000 was charged to the profit or loss.

During 2017, the increase in fair value of the Group’s available-for-sale financial asset of RMB1,217,000 was recognised in other comprehensive income, resulting in the carrying amount of RMB18,869,000.

11 PREPAYMENTS FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND OTHER INVESTMENT

As at June 30, 2018, included in the balances was an amount of RMB25,000,000 paid for purchase of construction materials for the construction of dormitories; and the remaining balance was a prepayment made in connection with potential acquisition of land in Mongolia of United States Dollars 500,000 (equivalent to RMB3,295,000).

As at June 30, 2017, included in the balances was an amount of RMB26,636,000 paid for purchase of additional 13.58% equity interest in 4 Vallees by subscription of additional ordinary shares of 4 Vallees. The remaining balance was an amount of RMB25,000,000 paid for purchase of construction materials for the construction of dormitories.

12 TRADE AND OTHER RECEIVABLES

	As at June 30	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (Note (a))	205	2,839
Other receivables (Note (b))	5,161	6,049
	<u>5,366</u>	<u>8,888</u>

Notes:

- (a) Included in trade receivables as at June 30, 2017 was an amount due from a fellow subsidiary of RMB1,309,000, which was unsecured, interest-free and repayable on demand. Such amount has been fully settled during the Year.
- (b) Included in the balance was an amount due from an associate of RMB356,000 (2017: RMBNil), which was unsecured, interest-free, repayable on demand and non-trade in nature.

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

The majority of the Group's revenue is received in advance. Revenue from education facilities leasing and commercial leasing for supporting facilities is settled by installments in accordance with the payment schedules specified in the agreements. The aging analysis of the trade receivables by revenue recognition date is as follows:

	As at June 30	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	—	1,662
3 months to 6 months	205	777
Over 1 year	—	400
	<u>205</u>	<u>2,839</u>

13 TRADE AND OTHER PAYABLES AND ACCRUALS

	As at June 30	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	3,001	6,015
Other payables and accruals (Note)	13,830	9,514
	<u>16,831</u>	<u>15,529</u>

Note:

Included in other payables as at June 30, 2018 were (i) interim dividend payable of RMB7,249,000 (2017: RMBNil); and (ii) amounts due to related companies of RMB48,000 (2017: RMBNil), which were unsecured, interest-free, repayable on demand and non-trade in nature.

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

	As at June 30	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	1,483	3,344
3 months to 6 months	1,403	1,411
6 months to 12 months	58	1,231
Over 1 year	57	29
	<u>3,001</u>	<u>6,015</u>

14 SHARE CAPITAL

The share capital as at June 30, 2017 and 2018 represented the issued share capital of the Company as follows:

Issued and fully paid	Number of ordinary shares (Shares)	Share capital HK\$	Share capital RMB
As at July 1, 2016, June 30, 2017 and July 1, 2017	180,000,000	516,320,500	411,936,000
Capital reduction (note)	—	(150,000,000)	(121,800,000)
As at June 30, 2018	180,000,000	366,320,500	290,136,000

Note:

Pursuant to a resolution passed in the general meeting held on May 3, 2018 regarding the reduction of the issued share capital of the Company by HK\$150,000,000 (equivalent to RMB121,800,000) (the “**Capital Reduction**”), the credit arising from the Capital Reduction has been applied towards offsetting the accumulated deficit of the Company as at the effective date (i.e. June 11, 2018), thereby reducing the accumulated deficit of the Company.

15 DIVIDENDS

	2018 RMB'000	2017 RMB'000
2018 Proposed final dividend – HK7.0 cents (equivalent to approximately RMB5.9 cents) per share	10,620	—
2018 interim dividend declared – HK5.0 cents (equivalent to approximately RMB4.1 cents) per share	7,249	—
2017 Declared final dividend – HK4.0 cents (equivalent to approximately RMB3.5 cents) per share	—	6,278
2017 interim dividend declared and paid – HK4.0 cents (equivalent to approximately RMB3.5 cents) per share	—	6,381

The proposed final dividend is subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company (the “**2018 AGM**”).

The proposed final dividend in respect of the Year declared subsequent to June 30, 2018 has not been recognised as a liability as at June 30, 2018.

16 RESERVES OF THE COMPANY

As at June 30, 2018, the Company recorded retained profits of RMB49,478,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our leasing revenue increased by 11.6% to RMB67.3 million for the Year compared to RMB60.3 million in 2017. This increase was mainly attributable to the increase of unit rental price of the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group (the “**Contract Colleges**”).

Operating profit

Our operating profit for the Year was RMB222.2 million compared to RMB36.2 million in 2017, mainly due to the following reasons:

1) Fair value gains on investment properties

Fair value gains on investment properties increased by 640.9% to RMB170.4 million for the Year compared to RMB23.0 million in 2017. This increase was mainly due to the increased price of land and buildings in Langfang, the PRC.

2) Repairs and maintenance fee

Repairs and maintenance fee decreased by 55.2% to RMB1.3 million for the Year compared to RMB2.9 million in 2017 mainly due to the system of continuous maintenance and upgrading of facilities that had been put in place since 2015.

3) Legal and consulting fees

Legal and consulting fees decreased by 10.9% to RMB4.1 million for the Year compared to RMB4.6 million in 2017 mainly due to the absence of legal fee and professional fee arising from overseas acquisition as compared in 2017.

4) Other gains/(losses), net

We recorded a net foreign exchange gain of RMB3.9 million arising from the currency conversion of our investment in 4 Vallees, an associate of the Company.

5) Share of results of associate

Share of results of associate increased by 76% to RMB9.0 million for the Year compared to RMB5.1 million in 2017 mainly due to the increase of profit from Axiom Properties Limited, a company whose shares are listed on the Australian Stock Exchange.

Income tax expenses

Since January 1, 2015 (PRC tax assessment year 2015), the corporate income tax of the Group's subsidiary located in the PRC has been levied according to the accounting book under the Corporate Income Tax Law of the PRC. We incurred RMB4.5 million of corporate income tax expenses for the Year.

Net Profit

Due to the foregoing factors, our net profit for the Year was RMB164.7 million compared to RMB42.6 million in 2017.

Liquidity and Financial Resources

As June 30, 2018, the Group had total assets of approximately RMB1,299.5 million, which were financed by total liabilities and shareholders' equity of approximately RMB149.9 million and RMB1,140.1 million, respectively. The Group's current ratio increased to 1.4 from 1.2 in 2017.

Gearing Ratio

The Group's gearing ratio as at June 30, 2018 is 1.5% (2017: about 4.9%), which is calculated based on the total bank borrowings (amounting to RMB17.0 million) divided by total equity as at the respective reporting dates.

Cash and Cash Equivalents

The Group places a high emphasis on risk management, safety and liquidity. Cash in excess of daily operational requirement are placed in fixed deposits. The Group currently does not invest in bonds, bills, structured products or any other financial instruments. As at June 30, 2018, the Group had cash and cash equivalents balance of approximately RMB26.6 million (June 30, 2017: RMB14.3 million). The cash and cash equivalents were mainly denominated in RMB.

Foreign Exchange Hedging

The Group has limited foreign currency risk as most of the transactions are denominated in RMB as the functional currency of the operations. Thus, the Group presently does not make 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 a 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 the Group's existing education facilities are located in Oriental University City, Langfang city, Hebei Province, the PRC and Kuala Lumpur, Malaysia, respectively.

In order to serve the daily needs of students, the Group also leased commercial spaces 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 Contract Colleges and the revenue to be generated from commercial leasing to remain relatively stable in the coming year.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENT

As at June 30, 2018, 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 (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% shares of the issued share capital of 4 Vallees on an enlarged basis at a 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.

Before the Subscription, REC and the Company owned 87.23% and 12.77% of the equity interest in 4 Vallees, respectively. As REC is the controlling shareholder (as defined in the GEM Listing Rules) of each of the Company and 4 Vallees, the further disposal of 13.58% of the equity interest in 4 Vallees by REC to the Company was a connected transaction of the Company under the GEM Listing Rules. On December 15, 2017, a general meeting of the Shareholders was held, at which the resolution regarding the Subscription was passed by the Shareholders. Upon completion, the Company owned in aggregate 8,172,151 shares in 4 Vallees, representing approximately 24.61% of the issued share capital of 4 Vallees. For further information, please refer to the Company's announcements dated June 30, 2017, November 21, 2017 and December 15, 2017 and circular dated November 29, 2017.

PROPOSED TRANSFER OF LISTING TO MAIN BOARD

On January 5, 2018, the Company submitted a formal application to the Stock Exchange (the "**Application**") for the proposed transfer of the listing of all its issued shares from the GEM to the Main Board of the Stock Exchange (the "**Proposed Transfer of Listing**") 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 more information, please refer to the Company's announcement dated January 5, 2018.

On July 6, 2018, the Company announced that as six months had passed since the submission of the Application, the Application had lapsed. The Company will consider whether to re-submit a new application for the Proposed Transfer of Listing at an appropriate time. For more information, please refer to the Company's announcement dated July 6, 2018.

CAPITAL REDUCTION

On March 20, 2018, the Company proposed to implement a capital reduction by reducing the credit standing to the share capital account of the Company by an amount of HK\$150,000,000 from HK\$516,320,500 as at 28 February 2018 to HK\$366,320,500 (the "**Capital Reduction**"). The credit arising from the Capital Reduction was intended to be applied to a capital reduction reserve account of the Company which might be used by the Directors to eliminate the accumulated realised losses of the Company standing in the financial statements of the Company and as a distributable reserve in accordance with the articles of association of the Company and the Companies Ordinance. On May 3, 2018, a general meeting of the Shareholders was held, at which the resolution regarding the Capital Reduction was passed by the Shareholders and the Capital Reduction became effective on June 11, 2018. For further information, please refer to the Company's announcements dated March 20, 2018 and May 3, 2018 and circular dated April 9, 2018.

The Capital Reduction was completed on June 11, 2018.

CHANGE OF BOOK CLOSURE DATES AND DIVIDEND PAYMENT DATE

As disclosed in the interim results announcement of the Company for the six months ended December 31, 2017 dated January 23, 2018, the Board had resolved to declare an interim dividend to the Shareholders whose name appeared on the register of members of the Company at the close of business on Friday, March 23, 2018, and the relevant dividend warrants were expected to be despatched on Friday, April 6, 2018. As the Company itself was unable to pay dividend while the accumulated losses existed, the Board proposed to make the payment of the interim dividend only after the effective date of the Capital Reduction. Accordingly, the book closure date and the interim dividend payment date were revised to July 20, 2018 and July 31, 2018, respectively.

CHANGE OF DIVIDEND POLICY

On March 20, 2018, the Board resolved to change the dividend policy of the Company such that dividend payments will depend upon the share capital and/or the distributable reserve of the Company and the availability of dividends that the Company received from any of its subsidiaries, and all other matters as disclosed in the paragraph headed “Dividend Policy” under the “Financial Information” section of the prospectus of the Company dated December 31, 2014 (the “**Propectus**”) remain unchanged.

CHARGE ON GROUP’S ASSETS

As at June 30, 2018, pledged bank deposit of RMBNil (2017: RMB20,000,000) and investment properties of RMB74,102,000 (2017: RMB49,181,000) 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 June 30, 2018 as compared with that as at June 30, 2017.

CONTINGENT LIABILITIES

As at June 30, 2018, the Group and the Company did not have any significant contingent liabilities (June 30, 2017: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2018, the Group had a total of 17 full-time employees in the PRC, all of which were located in Langfang city, Hebei Province (June 30, 2017: 17). The Group’s total employee costs were approximately RMB2.5 million for the Year (June 30, 2017: RMB2.3 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 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 (as defined in the GEM Listing Rules) of the Company and a company 36.88% owned by Mr. Chew Hua Seng (“**Mr. Chew**”), the chairman of the Board (the “**Chairman**”) and an executive Director, 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.

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

As at June 30, 2018, preparation work 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 and 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. Due to the air pollution in North region of the PRC, the local government has issued order (Lang Kai Zhu Jian [2017] 13) to suspend all construction activities till further notice. The Company will monitor the situation and re-commence the construction of new dormitories once the local government lifts the suspension.

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 Year is set out below:

Timetable	Implementation Plans in Prospectus	Actual Plans
June 30, 2018	– Not applicable	– Apply for the construction licence. Due to the air pollution in North region of the PRC, the local government has issued order (Lang Kai Zhu Jian [2017] 13) to suspend all construction activities till further notice. The Company will monitor the situation and re-commence the construction of new dormitories once the local government lifts the suspension.
To be confirmed	– Not applicable	– Complete the construction of the new dormitories; and – Commence and complete the interior decoration of the new dormitories.
To be confirmed	– Not applicable	– 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 for the 2018 to 2019 academic year; and – Make the final settlement of the construction costs under the relevant construction contracts.

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 June 30, 2018, 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, or 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 which, directly or indirectly, competed or might compete with the Group's business.

FINAL DIVIDEND

The Board has resolved to recommend, subject to the Shareholders' approval at the forthcoming 2018 AGM, the payment of a final dividend of HK7.0 cents (equivalent to approximately RMB5.9 cents) (2017: HK4.0 cents) per Share amounting to HK\$12,600,000 (equivalent to RMB10,620,000) for the Year to the Shareholders. The relevant dividend warrants are expected to be despatched on or before Friday, November 9, 2018.

ANNUAL GENERAL MEETING

The 2018 AGM will be held in Hong Kong on Friday, October 19, 2018 and the relevant notice and documents will be despatched to the Shareholders and published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.oriental-university-city.com) in due course in the manner as required by the GEM Listing Rules.

BOOK CLOSE DATES

For the purpose of ascertaining the entitlements to attend and vote at the 2018 AGM and to qualify for the proposed final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

For ascertaining Shareholders' entitlement to attend and vote at the 2018 AGM

Latest time to lodge transfer documents	4:30 p.m. on October 12, 2018 (Friday)
Closure of register of members	October 15, 2018 (Monday) to October 19, 2018 (Friday) (both days inclusive)
Record date	October 19, 2018 (Friday)

For ascertaining Shareholders' entitlement to the proposed final dividend

Latest time to lodge transfers documents	4:30 p.m. on October 24, 2018 (Wednesday)
Closure of register of members	October 25, 2018 (Thursday) to October 29, 2018 (Monday) (both days inclusive)
Record date	October 29, 2018 (Monday)

During the above closure periods, no transfer of Shares will be registered. To be entitled to attend and vote at the 2018 AGM and to qualify for the proposed final dividend, the non-registered Shareholders must lodge all completed and stamped transfer documents accompanied by the relevant share certificates 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 before the above latest time.

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 had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the Year.

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 of such Shares during the Year.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transaction 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 Dealings during the Year.

INTEREST OF THE COMPLIANCE ADVISER

As at April 30, 2018, as notified by the Company's compliance adviser BNP Paribas Securities (Asia) Limited (the "**Compliance Advisor**"), except for the Compliance Adviser agreement dated December 14, 2017 and entered into between the Company and the Compliance Advisor, for the six months ended April 30, 2018, neither the Compliance Adviser nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the securities of the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules for the above period.

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

As at June 30, 2018, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), 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	Percentage of shareholding^(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, the Chairman and an executive Director, 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 June 30, 2018 (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 issued shares held	Appropriate percentage of shareholding
Mr. Chew	REC ^(Note 1)	Beneficial owner and interest of spouse	462,907,764	33.58% ^(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 2.47% interest of Ms. Doris Chung Gim Lian (“**Ms. Chung**”), the wife of Mr. Chew; and (b) the 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at June 30, 2018, 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at June 30, 2018, 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 which or persons who (other than a Director or the chief executive of the Company) had 5% or more interests in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:-

Long positions in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of issued Shares held	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) 9.93% 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 and the Shares in which Mr. Chew is interested and is deemed to be interested. In addition, Mr. Chew is a director of REC.
2. The percentage of shareholding was calculated based on the Company’s total number of issued Shares as at June 30, 2018 (i.e. 180,000,000 Shares).

Save as disclosed above, as at June 30, 2018, 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 interest or short positions 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 Year.

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the Year and 2017 included in this preliminary announcement of results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the Year in due course.

The Company's independent auditor has reported on the consolidated financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

REVIEW BY AUDIT COMMITTEE

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited annual results of the Group for the Year, 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.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of this preliminary announcement of the Group's results for the Year have been agreed by the Group's independent auditor BDO Limited ("BDO") to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO on this preliminary announcement.

By order of the Board
Oriental University City Holdings (H.K.) Limited
Chew Hua Seng
Chairman and Executive Director

Singapore, August 15, 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.