



Oriental
University *City*
東方大學城

INTERIM REPORT
2019
中期報告



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

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

GEM has been positioned as a market designed to accommodate 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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Kwok Siu Man, *FCS*

COMPLIANCE OFFICER

Mr. Liu Ying Chun

AUTHORISED REPRESENTATIVES

Mr. Chew Hua Seng
Mr. Liu Ying Chun

AUDIT COMMITTEE

Mr. Lam Bing Lun, Philip (*Chairman*)
Mr. Tan Yeow Hiang, Kenneth
Mr. Guo Shao Zeng

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Guo Shao Zeng (*Chairman*)
Mr. Chew Hua Seng
Mr. Lam Bing Lun, Philip
Mr. Wilson Teh Boon Piaw

RISK MANAGEMENT COMMITTEE

Mr. Tan Yeow Hiang, Kenneth (*Chairman*)
Mr. Liu Ying Chun
Mr. Wilson Teh Boon Piaw

STOCK CODE / BOARD LOTS

8067/1,000

COMPANY'S WEBSITE

www.oriental-university-city.com

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants

REGISTERED OFFICE

31st Floor
148 Electric Road
North Point
Hong Kong

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

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

CORPORATE INFORMATION

SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point, Hong Kong

PRINCIPAL BANKERS

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

LEGAL ADVISOR

As to PRC law
Hebei Ruoshi Law Firm

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB37.8 million for the six months ended December 31, 2018, representing an increase of 13.4% as compared with the corresponding period in 2017.
- Profit attributable to owners of the Company for the six months ended December 31, 2018 amounted to approximately RMB16.9 million, representing an increase of 14.9% as compared with the corresponding period in 2017.
- Basic earnings per share for the six months ended December 31, 2018 amounted to RMB9.0 cents (2017: RMB8.0 cents).
- An interim dividend of HK5.0 cents (equivalent to approximately RMB4.4 cents) per Share has been declared by the Board for the six months ended December 31, 2018 (2017: HK5.0 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, 2018, 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, 2018

	Notes	For the three months ended		For the six months ended	
		December 31, 2018 Unaudited RMB' 000	December 31, 2017 Unaudited RMB' 000	December 31, 2018 Unaudited RMB' 000	December 31, 2017 Unaudited RMB' 000
Revenue	3	19,555	14,929	37,754	33,294
Government grants		—	—	200	—
Employee costs		(504)	(553)	(1,339)	(1,243)
Depreciation of property, plant and equipment		(82)	(85)	(163)	(174)
Business taxes and surcharges		(96)	(81)	(187)	(159)
Property taxes and land use taxes		(3,350)	(3,037)	(6,551)	(6,022)
Property management fee		(1,620)	(1,577)	(3,188)	(3,198)
Repairs and maintenance fees		(906)	(380)	(1,432)	(695)
Legal and consulting fees		(836)	(1,126)	(2,185)	(2,352)
Other gains/(losses), net	4	(1,668)	526	(1,092)	—
Other expenses	5	(1,484)	(1,615)	(1,091)	(1,276)
Share of results of associates		(308)	(140)	(903)	(285)
Operating profit		8,701	6,861	19,823	17,890
Interest income	6	654	10	673	12
Interest expense	6	(252)	(755)	(477)	(1,292)
Profit before income tax		9,103	6,116	20,019	16,610
Income tax	7	(1,442)	(735)	(2,921)	(1,735)
Profit for the period		7,661	5,381	17,098	14,875
Profit attributable to					
– Owners of the Company		7,562	5,321	16,901	14,707
– Non-controlling interests		99	60	197	168
		7,661	5,381	17,098	14,875

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

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Notes	For the three months ended		For the six months ended	
		December 31, 2018 Unaudited RMB' 000	December 31, 2017 Unaudited RMB' 000	December 31, 2018 Unaudited RMB' 000	December 31, 2017 Unaudited RMB' 000
Total comprehensive income attributable to					
– Owners of the Company		7,562	5,321	16,901	14,707
– Non-controlling interests		99	60	197	168
		<u>7,661</u>	<u>5,381</u>	<u>17,098</u>	<u>14,875</u>
Earnings per share for profit attributable to the owners of the Company during the period	10				
– Basic (RMB per share)		<u>0.04</u>	<u>0.03</u>	<u>0.09</u>	<u>0.08</u>
– Diluted (RMB per share)		<u>0.04</u>	<u>0.03</u>	<u>0.09</u>	<u>0.08</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Notes	December 31, 2018 Unaudited RMB' 000	June 30, 2019 Audited RMB' 000
Assets			
Non-current assets			
Property, plant and equipment	11	5,285	5,371
Investment properties	11	1,158,001	1,155,987
Investments in associates		80,480	77,928
Prepayments for purchase of property, plant and equipment and investment properties		28,532	28,295
Total non-current assets		1,272,298	1,267,581
Current assets			
Trade and other receivables and prepayment	12	23,842	5,366
Cash and cash equivalents	13	39,460	26,562
Total current assets		63,302	31,928
Total assets		1,335,600	1,299,509
Current liabilities			
Trade and other payables and accruals	14	10,307	16,831
Advance from customers		36,250	2,833
Bank borrowings, secured		2,278	2,266
Current tax liabilities		1,447	1,139
Total current liabilities		50,282	23,069
Net current assets		13,020	8,859
Total assets less current liabilities		1,285,318	1,276,440

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Notes	December 31, 2018 Unaudited RMB'000	June 30, 2019 Audited RMB'000
Non-current liabilities			
Bank borrowings, secured		13,615	14,723
Deferred tax liabilities	15	112,071	112,071
Total non-current liabilities		125,686	126,794
NET ASSETS			
Equity attributable to owners of the Company			
Share capital	16	290,136	290,136
Reserves		859,752	849,963
Non-controlling interests		9,744	9,547
TOTAL EQUITY		1,159,632	1,149,646

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Reserves								Total RMB' 000
	Share capital RMB' 000	Other reserves RMB' 000	Available- for-sale financial asset reserve RMB' 000	Retained profits RMB' 000	Exchange reserve RMB' 000	Proposed dividend RMB' 000	Equity attributable to owners of the Company RMB' 000	Non- controlling interests RMB' 000	
Balance at 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
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
Total comprehensive income	—	—	1,789	14,708	8,106	—	24,603	168	24,771
2018 proposed interim dividend (Note 18)	—	—	—	(6,119)	—	—	(6,119)	—	(6,119)
Balance at December 31, 2017	<u>411,936</u>	<u>(71,025)</u>	<u>3,917</u>	<u>651,414</u>	<u>11,480</u>	<u>6,278</u>	<u>1,014,000</u>	<u>8,192</u>	<u>1,022,192</u>
Balance at June 30, 2018 and July 1, 2018	290,136	(71,025)	—	910,138	230	10,620	1,140,099	9,547	1,149,646
Profit for the period	—	—	—	16,901	—	—	16,901	197	17,098
Exchange differences from translation of foreign operations	—	—	—	—	52	—	52	—	52
Share of other comprehensive income of an associate	—	—	—	—	3,456	—	3,456	—	3,456
Total comprehensive income	—	—	—	16,901	3,508	—	20,409	197	20,606
2018 proposed final dividend paid	—	—	—	—	—	(10,620)	(10,620)	—	(10,620)
2019 proposed interim dividend (Note 18)	—	—	—	(7,860)	—	7,860	—	—	—
Balance at December 31, 2018	<u>290,136</u>	<u>(71,025)</u>	<u>—</u>	<u>919,179</u>	<u>3,738</u>	<u>7,860</u>	<u>1,149,888</u>	<u>9,744</u>	<u>1,159,632</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	For the six months ended	
	December 31, 2018 Unaudited RMB' 000	December 31, 2017 Unaudited RMB' 000
Operating activities		
Profit before income tax	20,019	16,610
Adjustments for:		
Interest income	(673)	(12)
Depreciation of property, plant and equipment	163	174
Gain on disposal of property, plant and equipment	(1)	—
Operating cash flows before working capital	19,508	16,772
Increase in prepayments	(237)	(3,295)
(Increase)/decrease in trade and other receivables	(15,395)	2,634
Increase in trade and other payables	31,591	17,287
Cash generated from operations	35,467	33,398
Profits tax paid	(2,612)	(1,075)
Net cash generated from operating activities	32,855	32,323
Investing activities		
Interest received	673	12
Payments to acquire property and equipment	(77)	(136)
Payments to acquire investment properties	(1,589)	(1,583)
Proceeds from sale of property and equipment	1	—
Payments to acquire available-for-sale financial assets	—	(8,764)
Net cash used in investing activities	(992)	(10,471)
Financing activities		
Dividends paid	(17,869)	—
Proceeds from bank borrowings	—	12,141
Repayment of bank borrowings	(1,096)	—
Net cash (used in)/ generated from financing activities	(18,965)	12,141
Increase in cash and cash equivalents	12,898	33,993
Cash and cash equivalents at beginning of the period	26,562	14,278
Cash and cash equivalents at end of the period	39,460	48,271

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 GEM since January 16, 2015. The address of the Company's registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong. The Company acts as an investment holding company and its subsidiaries are 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 the Republic of Singapore ("Singapore"), whose issued shares are listed on Singapore Exchange Securities Trading Limited (the "SGX-ST").

These 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, 2018 (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 ("HKFRSs") which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), 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, 2018 (the "Year 2018").

These 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 2018 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 2018 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Changes in accounting policy and disclosures:

The HKICPA has issued a number of new standards and amendments to HKFRSs which are first effective for the current accounting period of the Group. Of these, the following are relevant to the Group's condensed interim financial information:

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers

The impact of the adoption of these standards and the new accounting policy are disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

HKFRS 9, Financial instruments

The key changes to the Group's accounting policies resulting from the adoption of HKFRS 9 are summarised below.

HKFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). HKFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing HKAS 39, Financial Instruments: Recognition and Measurement, categories of held-to-maturity investments, loans and receivables and available-for-sale financial assets.

HKFRS 9 largely retains the existing requirements in HKAS 39 for the classification of financial liabilities.

Investment in equity instruments is classified and measured at FVTPL except when the equity investment is not held for trading and an election is made to present the fair value changes in other comprehensive income (i.e. FVTOCI). This election is made on an investment-by-investment basis on initial recognition and is irrevocable. The gains or losses (both on subsequent measurement and derecognition) of investments that are measured at FVTPL are recognised in profit or loss. If the equity investment is designated as at FVTOCI, all gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, except for dividend income that is generally recognised in profit or loss.

Impairment of financial assets

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. The new impairment model also applies to certain financial guarantee contracts but not to equity investments.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 9, Financial instruments *(Continued)*

Impact of initial application

Classification and measurement of financial instruments

On July 1, 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. No reclassifications are necessary in this aspect.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Impairment of financial assets

The Group was required to revise its impairment methodology under HKFRS 9 for each class of assets.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade receivables and considers that the expected credit loss is immaterial. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at July 1, 2018.

For other financial assets at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The new revenue standard is not likely to have a significant impact on how the Group recognises revenue from rental income from investment properties of the Group.

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 around 5% of the total revenue during the six months ended December 31, 2018 and 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 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, 2018 and 2017 is as follows:

	Three months ended December 31, 2018 Unaudited RMB' 000	Three months ended December 31, 2017 Unaudited RMB' 000	Six months ended December 31, 2018 Unaudited RMB' 000	Six months ended December 31, 2017 Unaudited RMB' 000
Revenue				
– Education facilities leasing	18,661	13,208	35,887	29,798
– Commercial leasing for supporting facilities	894	1,721	1,867	3,496
	<u>19,555</u>	<u>14,929</u>	<u>37,754</u>	<u>33,294</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

3 SEGMENT INFORMATION *(Continued)*

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, 2018 and 2017:

	Three months ended December 31, 2018 Unaudited RMB' 000	Three months ended December 31, 2017 Unaudited RMB' 000	Six months ended December 31, 2018 Unaudited RMB' 000	Six months ended December 31, 2017 Unaudited RMB' 000
College A	11,737	10,784	23,473	21,569
College B	2,032	2,037	4,002	4,018
College C	1,559	1,437	3,117	2,875
	<u>15,328</u>	<u>14,258</u>	<u>30,592</u>	<u>28,462</u>

4 OTHER GAINS/(LOSSES) – NET

	Three months ended December 31, 2018 Unaudited RMB' 000	Three months ended December 31, 2017 Unaudited RMB' 000	Six months ended December 31, 2018 Unaudited RMB' 000	Six months ended December 31, 2017 Unaudited RMB' 000
Gain on disposal of property, plant and equipment	1	—	1	—
Exchange gain/(loss)	(1,669)	526	(1,093)	(12)
Other gain	—	—	—	12
	<u>(1,668)</u>	<u>526</u>	<u>(1,092)</u>	<u>—</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

5 OTHER EXPENSES

	Three months ended December 31, 2018 Unaudited RMB' 000	Three months ended December 31, 2017 Unaudited RMB' 000	Six months ended December 31, 2018 Unaudited RMB' 000	Six months ended December 31, 2017 Unaudited RMB' 000
Utilities	260	298	268	298
Stamp duties	34	18	52	34
Insurance fee	6	18	27	18
Others	1,184	1,281	744	926
	<u>1,484</u>	<u>1,615</u>	<u>1,091</u>	<u>1,276</u>

6 FINANCE INCOME/(EXPENSE)

	Three months ended December 31, 2018 Unaudited RMB' 000	Three months ended December 31, 2017 Unaudited RMB' 000	Six months ended December 31, 2018 Unaudited RMB' 000	Six months ended December 31, 2017 Unaudited RMB' 000
Finance income/(expense)				
– Interest income on bank deposits	654	10	673	12
– Interest expense on bank borrowings	(252)	(755)	(477)	(1,292)
	<u>402</u>	<u>(745)</u>	<u>196</u>	<u>(1,280)</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

7 INCOME TAX

	Three months ended December 31, 2018 Unaudited RMB' 000	Three months ended December 31, 2017 Unaudited RMB' 000	Six months ended December 31, 2018 Unaudited RMB' 000	Six months ended December 31, 2017 Unaudited RMB' 000
Current income tax				
– PRC corporate income tax	1,298	687	2,625	1,599
– Malaysian corporate income tax	144	48	296	136
	<u>1,442</u>	<u>735</u>	<u>2,921</u>	<u>1,735</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 unaudited 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, 2018 and 2017.

Malaysian corporate income tax

The Malaysian income tax rate applicable to the Group entity located in Malaysia is 24%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

8 CONTINGENCIES

The Group had no material contingent liabilities as at December 31, 2018 (December 31, 2017: Nil).

9 CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

Major and connected transactions in relation to the acquisition of properties

On August 29, 2018 the Company exercised the call option that was granted by REC (the “**Seller**”) in December 2014 to the Company to purchase the whole or part of Zhuyun Education Land located in Langfang City, Hebei Province, the PRC (the “**Properties**” and the “**Call Option**”, respectively) pursuant to the deed, whereby the Seller granted and undertook to procure Langfang Tonghui Education Consultancy Co., Ltd (“**LFTH**”) to grant the Call Option to the Company.

On the same date, the Company, Langfang Kaifaqu Oriental University Education Consultancy Co., Ltd, LFTH and the Seller entered into a sale and purchase agreement, pursuant to which the Seller has conditionally agreed to sell and the Company has conditionally agreed to acquire the Properties at a consideration of RMB252,370,000 (the “**Major and Connected Transaction**”). A general meeting was held on December 20, 2018 and the shareholders of the (the “**Shareholders**”) have approved the Major and Connected Transaction. For further information, please refer to the announcements of the Company dated August 29, September 3, September 13, October 31, December 20, and December 31, 2018, respectively and its circular dated November 29, 2018.

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 “**Existing Tenancy Agreements**”) to Raffles College of Higher Education Sdn. Bhd. (“**Raffles College**”), a company owned as to 70% by REC which is the immediate holding company of the Company, as tenant were passed by the Shareholders. For further information, please refer to the Company’s announcements dated May 30, June 5, and July 7, 2016, respectively and its circular dated June 20, 2016.

As the Existing Tenancy Agreements were due to expire on December 31, 2018, OUC Malaysia and Raffles College entered into a tenancy agreement (the “**Tenancy Agreement**”) on December 18, 2018 for a term of three years commencing on January 1, 2019 and expiring on December 31, 2021. For further information, please refer to the Company’s announcements dated December 18 and December 19, 2018.

The entering into the Tenancy Agreement and the transaction contemplated thereby are considered to be the continuing connected transaction of the Company under the GEM Listing Rules.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

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, 2018 Unaudited	Three months ended December 31, 2017 Unaudited	Six months ended December 31, 2018 Unaudited	Six months ended December 31, 2017 Unaudited
Profit attributable to the owners of the Company (RMB' 000)	7,562	5,321	16,901	14,707
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><u>0.04</u></u>	<u><u>0.03</u></u>	<u><u>0.09</u></u>	<u><u>0.08</u></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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

11 PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property and equipment Unaudited RMB' 000	Investment properties Unaudited RMB' 000
Six months ended December 31, 2018		
Opening amount as at July 1, 2018	5,371	1,155,987
Additions	77	1,589
Depreciation charge	(163)	—
Exchange difference	—	425
Closing amount as at December 31, 2018	<u>5,285</u>	<u>1,158,001</u>
Six months ended December 31, 2017		
Opening amount as at July 1, 2017	5,560	981,516
Transfers to property and equipment		
Additions	136	2,880
Depreciation charge	(174)	—
Closing amount as at December 31, 2017	<u>5,522</u>	<u>984,396</u>

Valuation techniques of investment properties

Fair value measurements used significant unobservable inputs Level 3 (Level 3: inputs for assets or liability that are not based on observable market data (unobservable inputs.)).

All the investment properties were completed investment properties as at December 31, 2018.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

12 TRADE AND OTHER RECEIVABLES

	As at December 31, 2018 Unaudited RMB' 000	As at June 30, 2018 Audited RMB' 000
Trade receivables		
Trade receivables	16,267	205
Trade receivables, net	16,267	205
Other receivables		
– Due from third parties	7,575	5,161
Other receivables, net	7,575	5,161
Total trade and other receivables	23,842	5,366

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, 2018 Unaudited RMB' 000	As at June 30, 2018 Audited RMB' 000
Less than 3 months	662	—
Over 3 to 6 months	15,605	205
	16,267	205

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

13 CASH AND CASH EQUIVALENTS

	As at December 31, 2018 Unaudited RMB' 000	As at June 30, 2018 Audited RMB' 000
Cash at bank and in hand	<u>39,460</u>	<u>26,562</u>

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

	As at December 31, 2018 Unaudited RMB' 000	As at June 30, 2018 Audited RMB' 000
RMB	28,405	5,499
Hong Kong Dollars ("HKD")	11,007	20,716
Malaysian Ringgit ("RM")	<u>48</u>	<u>347</u>
Cash at bank and in hand	<u>39,460</u>	<u>26,562</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

14 TRADE AND OTHER PAYABLES

	As at December 31, 2018 Unaudited RMB' 000	As at June 30, 2018 Audited RMB' 000
Trade payables	3,136	3,001
Other payables	7,171	13,830
	<u>10,307</u>	<u>16,831</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, 2018 Unaudited RMB' 000	As at June 30, 2018 Audited RMB' 000
Less than 3 months	1,596	1,483
Over 3 to 6 months	986	1,403
Over 6 to 12 months	497	58
Over 12 months	57	57
	<u>3,136</u>	<u>3,001</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

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 RMB' 000
At July 1, 2017	60,907
Charged to profit or loss	51,134
Exchange alignment	30
At July 1, 2018	<u>112,071</u>
Charged to profit or loss	<u>—</u>
At December 31, 2018	<u><u>112,071</u></u>

16 SHARE CAPITAL

	Number of ordinary shares (Shares)	Share capital HKD	Share capital RMB
At June 30, 2017 and July 1, 2017	180,000,000	516,320,500	411,936,000
Capital reduction	<u>—</u>	<u>(150,000,000)</u>	<u>(121,800,000)</u>
At June 30, 2018	<u>180,000,000</u>	<u>366,320,500</u>	<u>290,136,000</u>
At December 31, 2018	<u><u>180,000,000</u></u>	<u><u>366,320,500</u></u>	<u><u>290,136,000</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

17 CAPITAL COMMITMENTS

During the period, the Company entered into a sale and purchase agreement and conditionally agreed to acquire the whole or part of Zhuyun Education Land located in Langfang City, Hebei Province, the PRC at a consideration of RMB252,370,000. Other than this, the Group did not have any significant capital commitment as at December 31, 2018. (June 30, 2018: Nil).

18 DIVIDEND

	Six months ended December 31,	
	2018	2017
	Unaudited	Unaudited
	RMB' 000	RMB' 000
Dividend declared after the end of the reporting periods:		
2019 proposed interim dividend - HK5.0 cents (equivalent to approximately RMB4.4 cents) per ordinary share	7,860	—
2018 interim dividend declared and paid - HK4.0 cents (equivalent to approximately RMB3.5 cents) per ordinary share	—	6,119

During the Period, a final dividend of HK7.0 cents (equivalent to approximately RMB5.9 cents) per share in respect of the Year 2018 (December 31, 2017: HK4.0 cents for the period ended June 30, 2017), totaling RMB10,620,000 was recommended by the Board on August 15, 2018 and approved by the Shareholders at the annual general meeting of the Company held on October 19, 2018, which was paid to the Shareholders.

The Board has declared an interim dividend of HK5.0 cents (equivalent to approximately RMB4.4 cents) per share for the Period (December 31, 2017: HK5.0 cents).

19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our leasing revenue increased by 13.4% to approximately RMB37.8 million for the Period compared to approximately RMB33.3 million for the same period in 2017.

Operating profit

We recorded an operating profit for the Period of approximately RMB19.8 million compared to operating profit of approximately RMB17.9 million for the same period in 2017, mainly due to the increase in revenue above-mentioned and the following reasons:

1) *Government grant*

We received a one-time government grants of RMB0.2 million from local government for our good performance in Langfang Economic and Technological Development Zone.

2) *Other expenses*

Our other expenses decreased to RMB1.1 million for the Period in comparison to RMB1.3 million for the same period in 2017 due to decreases in utility expenses and travel expenses during the Period.

and despite the following:

a) *Employee costs*

Employee costs increased by 7.7% to RMB1.3 million for the Period, compared to RMB1.2 million for the same period in 2017 due to increases in social security benefit and annual salary review.

b) *Business taxes and surcharges*

Business taxes and surcharges increased by 17.6% to RMB0.19 million for the Period from RMB0.16 million for the same period in 2017 due to an increase in revenue for the Period.

c) *Property taxes and land use taxes*

Property taxes and land use taxes increased to RMB6.5 million for the Period from RMB6.0 million for the same period in 2017. This was due to an increase in facilities leasing revenue that gave rise to higher property taxes for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

d) Repairs and maintenance fees

Repairs and maintenance fees increased to RMB1.4 million for the Period compared to RMB0.7 million for the same period in 2017, mainly due to repairs and improvement of campus facilities for new tenants.

e) Other losses - net

We recorded other losses of approximately RMB1.1 million for the Period primarily caused by fluctuations of exchange rate.

Income tax

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 RMB2.9 million for the Period.

Net profit

Due to the foregoing factors, our net profit for the Period was approximately RMB17.1 million compared to approximately RMB14.9 million for the same period in 2017.

Liquidity and Financial Resources

On February 23, 2017, Affin Bank Berhad granted a term loan facility of RM20.0 million to OUC Malaysia to refinance its acquisition of the properties in Malaysia. The tenure of the facility is 20 years and the current interest rate is 6.10% per annum. The term loan is denominated in RM.

On September 29, 2017, Affin Bank Berhad granted a term loan facility of RM7.7 million to OUC Malaysia to refinance its acquisition of the properties in Malaysia. The tenure of the facility is 20 years and the interest rates are based on the cost of funds +1.85%, and the current interest rate is 6.10% per annum. The term loan is denominated in RM.

As at December 31, 2018, the Group had total assets of approximately RMB1,335.6 million, which were financed by total liabilities and equity attributable to owner of the Company of approximately RMB176.0 million and RMB1,150.0 million, respectively. The Group's current ratio decreased to 1.3 from 1.4 for the same period in 2017.

Gearing Ratio

The Group's gearing ratio as at December 31, 2018 was 1.4% (June 30, 2018: about 1.5%), which is calculated based on the total bank borrowings (amounting to RMB16 million) divided by total equity.

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2018, the Group had a cash and cash equivalents balance of approximately RMB39.5 million (June 30, 2018: RMB26.6 million). The cash and cash equivalents were denominated in RMB, HKD and RM.

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 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 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 our 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 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

Save as disclosed in the section headed "Material acquisition or disposal of subsidiaries and affiliated companies" below, as at December 31, 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

The Shareholders approved the acquisition of the Properties (defined in note 9) by the Company at a general meeting held on December 20, 2018. Please refer to the announcements of the Company dated August 29, September 3, September 13, October 31, December 20 and December 31, 2018, respectively and the circular of the Company dated November 29, 2018. Save as disclosed, the Group did not have any material acquisition and disposal of subsidiaries, affiliated companies or joint ventures during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER REPORTING PERIOD

On January 21, 2019, the Company, OUCEC, LFTH and the Seller have entered into an addendum to revise certain terms of the sale and purchase agreement in relation to the Major and Connected Transaction. For further information, please refer to the announcement of the Company dated January 21, 2019.

CHARGE ON GROUP ASSETS

As at December 31, 2018, bank deposit of RMB Nil (2017: RMB20 million) and investment properties of RMB67.1 million (2017: RMB66.5 million) 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, 2018 as compared with that as at June 30, 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2018, the Group had a total of 19 full-time employees in the PRC, all of which were located in Langfang city, Hebei Province, the PRC (June 30, 2018: 17). The Group's total employee costs were approximately RMB1.3 million for the Period (December 31, 2017: RMB1.2 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. The Company adopted a share option scheme on December 17, 2014 as an incentive to the Directors and other eligible participants.

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 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 of the Company dated December 31, 2014 (the "Prospectus") and the total underwriting commission, fees and expenses relating to the Placing paid by the Company, 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 33.58% 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 Technological Development Zone in Langfang city, Hebei Province, the PRC (the "Campus Site").

The Company has obtained the building construction permit on November 29, 2018. As at December 31, 2018, the construction of new dormitories on the Campus Site is still on-going. The Group has spent approximately HK\$10.1 million in the construction of new dormitories.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 save as disclosed above, as at December 31, 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, 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 RMB4.4 cents) per Share for the Period (the "Interim Dividend") (December 31, 2017: HK4.0 cents) to Shareholders whose names will appear on the register of members of the Company at the close of business on Friday, March 22, 2019. The relevant dividend warrants are expected to be despatched on or about Monday, April 8, 2019.

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 22, 2019, on which day no transfer of Shares will be registered. In order to qualify for the Interim Dividend, the 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 21, 2019.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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

As at December 31, 2018, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions

(a) Shares in the Company

Name of Director	Capacity/Nature of interest	Number of issued Shares held	Percentage of shareholding (Note 2)
Mr. Chew ^(Note 1)	Interest of a controlled corporation/ Corporate interest	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 December 31, 2018 (i.e. 180,000,000 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

(b) Shares in associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interests	Number of issued shares held	Approximate 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 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 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at December 31, 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 the GEM Listing Rules.

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

As at December 31, 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 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	Percentage of shareholding ^(Note 2)
REC ^(Note 1)	Beneficial owner/Personal interest	135,000,000	75%
Ms. Chung ^(Note 1)	Interest of spouse/Family interest	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 in 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 December 31, 2018 (i.e. 180,000,000 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at December 31, 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 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.

SHARE OPTION SCHEME

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

The Share Option Scheme took effect on January 16, 2015, the date on which the Listing Division of the Stock Exchange granted approval of the Listing of, and permission to deal in, on the GEM, such number of the Shares to be issued by the Company pursuant to the exercise of the options to be granted. No share option has been granted under the Share Option Scheme since then. Therefore, no options were exercised or cancelled or lapsed during the Period and there were no outstanding options under the Share Option Scheme as at December 31, 2018.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CHANGE IN INFORMATION OF DIRECTORS

Subsequent to the date of the 2018 annual report of the Company, the changes in Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are set out below:

With effect from October 31, 2018

- | | | |
|--|---|--|
| Mr. Tan Yeow Hiang,
Kenneth ("Mr. Tan") | — | appointed as a member and the chairman of the risk management committee of the Board (the "Risk Management Committee") |
| Mr. He Jun | — | resigned as a non-executive Director and ceased to act as the chairman of the Risk Management Committee |

With effect from the conclusion of the general meeting of the Company held on December 20, 2018

- | | | |
|--------------------------|---|--|
| Mr. Guo Shao Zeng | — | appointed as an independent non-executive Director (the "INED") and the chairman of the nomination committee of the Board (the "Nomination Committee") and a member of the Audit Committee |
| Mr. Liu Ying Chun | — | appointed as a member of the Risk Management Committee |
| Mr. Tan | — | resigned as a member and the chairman of the Nomination Committee |
| Mr. Wilson Teh Boon Piaw | — | resigned as a member of the Audit Committee |
| Mr. Lam Bing Lun, Philip | — | resigned as a member of the Risk Management Committee |

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three INEDs, namely Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth and Mr. Guo Shao Zeng with Mr. Lam Bing Lun, Philip serving as the chairman.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the unaudited condensed consolidated interim results of the Group for the Period and this report and was of the opinion that such results had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board

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

Singapore, January 25, 2019

INTERIM REPORT

2019



Oriental
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