



**Oriental**  
University City  
東方大學城

THIRD QUARTERLY REPORT  
2019  
第三季度業績報告



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

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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.

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*This report, for which the directors of Oriental University City Holdings (H.K.) Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 Shaozeng

#### COMPANY SECRETARY

Mr. Kwok Siu Man, *FCIS, 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 Shaozeng

#### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

Mr. Guo Shaozeng (*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](http://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 RMB57.1 million for the nine months ended March 31, 2019, representing an increase of 13.7% as compared with that of the corresponding period in 2018.
- Profit attributable to owners of the Company for the nine months ended March 31, 2019 amounted to approximately RMB27.2 million, representing a decrease of 22.4% as compared with that of the corresponding period in 2018.
- Basic earnings per share for the nine months ended March 31, 2019 amounted to RMB0.15 (2018: RMB0.19).

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “Group”) for the three months and nine months ended March 31, 2019, together with the relevant unaudited comparative figures, as follows:

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH 31, 2019

	Notes	For the three months ended		For the nine months ended	
		March 31, 2019 Unaudited RMB'000	March 31, 2018 Unaudited RMB'000	March 31, 2019 Unaudited RMB'000	March 31, 2018 Unaudited RMB'000
Revenue	3	19,326	16,922	57,080	50,216
Government grant		200	—	400	—
Employee costs		(674)	(499)	(2,158)	(1,877)
Depreciation of property, plant and equipment		(84)	(84)	(248)	(258)
Business taxes and surcharges		(97)	(81)	(283)	(241)
Property taxes and land use taxes		(2,612)	(3,054)	(9,164)	(9,077)
Property management fee		(1,777)	(1,572)	(4,966)	(4,771)
Repairs and maintenance		(70)	(220)	(1,503)	(915)
Legal and consulting fees		(265)	(811)	(3,027)	(3,461)
Other gains/(losses), net	4	138	(2,101)	(952)	(1,980)
Other expenses	5	(1,609)	(1,351)	(1,976)	(2,314)
Share of results of associates		(475)	14,773	(1,378)	14,488
<b>Operating profit</b>		<b>12,001</b>	<b>21,922</b>	<b>31,825</b>	<b>39,810</b>
Interest income	6	163	516	836	529
Finance expenses	7	(250)	(717)	(728)	(2,009)
<b>Profit before income tax</b>		<b>11,914</b>	<b>21,721</b>	<b>31,933</b>	<b>38,330</b>
Income tax	8	(1,485)	(1,243)	(4,406)	(2,978)
<b>Profit for the period</b>		<b>10,429</b>	<b>20,478</b>	<b>27,527</b>	<b>35,352</b>
Profit attributable to					
– Owners of the Company		10,315	20,385	27,216	35,091
– Non-controlling interests		114	93	311	261
		<b>10,429</b>	<b>20,478</b>	<b>27,527</b>	<b>35,352</b>

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED MARCH 31, 2019

	<i>Note</i>	For the three months ended		For the nine months ended	
		March 31, 2019 <i>Unaudited</i> <i>RMB'000</i>	March 31, 2018 <i>Unaudited</i> <i>RMB'000</i>	March 31, 2019 <i>Unaudited</i> <i>RMB'000</i>	March 31, 2018 <i>Unaudited</i> <i>RMB'000</i>
Total comprehensive income attributable to					
– Owners of the Company		10,315	20,385	27,216	35,091
– Non-controlling interests		114	93	311	261
		<u>10,429</u>	<u>20,478</u>	<u>27,527</u>	<u>35,352</u>
Earnings per share for profit attributable to the owners of the Company during the period	11				
– Basic (RMB per share)		<u>0.06</u>	<u>0.11</u>	<u>0.15</u>	<u>0.19</u>
– Diluted (RMB per share)		<u>0.06</u>	<u>0.11</u>	<u>0.15</u>	<u>0.19</u>



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Share capital	Other reserves	Available-for-sale financial assets reserve	Retained profits	Exchange reserve	Proposed interim dividend	Equity attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	—	—	—	35,091	—	—	35,091	261	35,352
Exchange differences from translation of foreign operations	—	—	—	—	20	—	20	—	20
Share of other comprehensive income of an associate	—	—	(2,490)	—	—	—	(2,490)	—	(2,490)
Fair value losses on available-for-sale financial assets, net	—	—	(1,965)	—	—	—	(1,965)	—	(1,965)
Total comprehensive income	—	—	(4,455)	35,091	20	—	30,656	261	30,917
2017 final dividend paid	—	—	—	159	—	(6,278)	(6,119)	—	(6,119)
2018 interim dividend paid	—	—	—	(7,249)	—	7,249	—	—	—
2018 final dividend paid	—	—	—	(7,249)	—	—	(7,249)	—	(7,249)
Balance at March 31, 2018	<u>411,936</u>	<u>(71,025)</u>	<u>(2,327)</u>	<u>663,577</u>	<u>3,394</u>	<u>7,249</u>	<u>1,012,804</u>	<u>8,285</u>	<u>1,021,089</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	—	—	—	27,216	—	—	27,216	311	27,527
Exchange differences from translation of foreign operations	—	—	—	—	101	—	101	—	101
Share of other comprehensive income of an associate	—	—	—	—	(346)	—	(346)	—	(346)
Total comprehensive income	—	—	—	27,216	(245)	—	26,971	311	27,282
2018 final dividend paid	—	—	—	—	—	(10,620)	(10,620)	—	(10,620)
2019 interim dividend	—	—	—	(7,672)	—	—	(7,672)	—	(7,672)
Balance at March 31, 2019	<u>290,136</u>	<u>(71,025)</u>	<u>—</u>	<u>929,682</u>	<u>(15)</u>	<u>—</u>	<u>1,148,778</u>	<u>9,858</u>	<u>1,158,636</u>

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its issued shares have been listed on 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 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 third quarterly results are presented in Renminbi ("RMB"), unless otherwise stated.

### 2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group's unaudited condensed consolidated results for the nine months ended March 31, 2019 (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 ("HKICPA"), and accounting principles generally accepted in Hong Kong. Except as described below, the accounting policies and methods of computation used in preparing these quarterly results are the same as those followed in the preparation of the Group's audited financial statements for the year ended June 30, 2018 (the "Year 2018").

These third quarterly 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 for the Year 2018. The independent auditor's report was unqualified, does not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 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; and

HKFRS 15 Revenue from contracts with customers

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have a 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" ("ECL") model. The new impairment model also applies to certain financial guarantee contracts but not to equity investments.

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(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 had assessed which business models applied to the financial assets held by the Group and 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 FVTPL 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 ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the ECLs, 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 ECL is immaterial. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified ECL 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 ECL is based on the 12-month ECL. It is the portion of lifetime ECL 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 ECL. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the ECL is immaterial.

##### **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.

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 3 SEGMENT INFORMATION

The executive Directors who are the chief operating decision makers of the Group review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive Directors that are used to make strategy decisions.

Management regularly reviews the operating results from a service category perspective. The reportable operating segments derive their revenue primarily from education facilities leasing. As the revenue from the commercial leasing for supporting facilities was around 5% of the total revenue during the nine months ended March 31, 2019 and 2018, 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 included and the revenue is not significant compared to that from the PRC, geographical segment information is not considered necessary.

An analysis of revenue by category for the three months and nine months ended March 31, 2019 and 2018 is as follows:

	Three months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>
<b>Revenue</b>				
– Education facilities leasing	18,534	15,207	54,421	45,005
– Commercial leasing for supporting facilities	792	1,715	2,659	5,211
	<u>19,326</u>	<u>16,922</u>	<u>57,080</u>	<u>50,216</u>

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 4 OTHER GAINS/(LOSSES), NET

	Three months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>
Gain on disposal of property, plant and equipment	—	—	1	—
Exchange gain/(losses)	23	(2,101)	(1,069)	(1,981)
Impairment loss on investment properties	(103)	—	(103)	—
Other gains	218	—	219	1
	<u>138</u>	<u>(2,101)</u>	<u>(952)</u>	<u>(1,980)</u>

### 5 OTHER EXPENSES

	Three months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>
Utilities	168	20	436	318
Stamp duties	141	20	193	54
Insurance fee	11	115	38	133
Others	1,289	1,196	1,309	1,809
	<u>1,609</u>	<u>1,351</u>	<u>1,976</u>	<u>2,314</u>

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 6 INTEREST INCOME

	Three months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>
Finance income				
– Interest income on bank deposits	<u>163</u>	<u>516</u>	<u>836</u>	<u>529</u>

### 7 FINANCE EXPENSES

	Three months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>
Finance expenses				
– Interest on bank borrowing	<u>250</u>	<u>717</u>	<u>728</u>	<u>2,009</u>

### 8 INCOME TAX

	Three months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Nine months ended March 31, 2018 <i>Unaudited</i> <i>RMB' 000</i>
Current income tax				
– PRC corporate income tax	1,360	1,188	3,985	2,788
– Malaysian corporate income tax	<u>125</u>	<u>55</u>	<u>421</u>	<u>190</u>
	<u>1,485</u>	<u>1,243</u>	<u>4,406</u>	<u>2,978</u>

## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 8 INCOME TAX *(Continued)*

#### PRC corporate income tax

The corporate income tax rate applicable to the Group's entity located in the PRC is 25% pursuant to the Corporate Income Tax Law of the PRC (the "PRC CIT Law").

#### PRC withholding income tax

According to the PRC CIT Law, 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 a dividend out of profits earned after January 1, 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong.

#### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated results for the Period as the Company and the Group did not have any assessable profit in Hong Kong during the nine months ended March 31, 2019 and 2018.

#### Malaysian corporate income tax

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

### 9 CONTINGENCIES

The Group had no significant contingent liabilities as at March 31, 2019 (March 31, 2018: nil).

### 10 CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

#### Major and connected transactions in relation to the acquisition of properties

A deed of non-competition and call option (the "Deed") dated December 22, 2014 was entered into between REC (as seller) and the Company, pursuant to which, amongst others, REC granted and undertook to procure Langfang Tonghui Education Consultancy Co., Ltd ("LFTH") to grant to the Company a call option to purchase the whole or part of Zhuyun Education Land located in Langfang City, Hebei Province in PRC (the "Properties" and the "Call Option", respectively).



## NOTES TO THE THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 10 CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS *(Continued)*

#### **Major and connected transactions in relation to the acquisition of properties** *(Continued)*

On August 29, 2018, the Company exercised the Call Option. On the same date, the Company, Langfang Development Zone Oriental University City Education Consultancy Co., Ltd. (“**OUCEC**”), LFTH and REC entered into a sale and purchase agreement, pursuant to which REC had conditionally agreed to sell and the Company had 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 Company (the “**Shareholders**”) approved the Major and Connected Transaction. On January 21, 2019, the Company, OUCEC, LFTH and REC entered into an addendum to revise certain terms of the sale and purchase agreement. 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 and January 21, 2019 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 Agreement**”) 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 announcements of the Company dated May 30, June 5, and July 7, 2016 and its circular dated June 20, 2016.

As the Existing Tenancy Agreement was 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 THIRD QUARTERLY CONDENSED CONSOLIDATED RESULTS

### 11 EARNINGS PER SHARE

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

	Three months ended March 31, 2019 <i>Unaudited</i>	Three months ended March 31, 2018 <i>Unaudited</i>	Nine months ended March 31, 2019 <i>Unaudited</i>	Nine months ended March 31, 2018 <i>Unaudited</i>
Profit attributable to the owners of the Company	10,315,000	20,385,000	27,216,000	35,091,000
Weighted average number of Shares in issue	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>
Basic earnings per share for profit attributable to the owners during the period (expressed in RMB per share)	<u>0.06</u>	<u>0.11</u>	<u>0.15</u>	<u>0.19</u>

The Company did not have any potential dilutive ordinary shares outstanding during the Period. Diluted earnings per share are equal to basic earnings per share.

### 12 DIVIDEND

The Board does not declare the payment of any dividend for the Period (2018: nil).

### 13 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 13.7% to RMB57.1 million for the Period compared to RMB50.2 million for the same period in 2018.

#### Profit for the Period

Our profit for the Period decreased by RMB7.8 million compared to RMB35.4 million for the same period in 2018, mainly due to the following factors:

1) *Share of results of associates*

Share of results of associates turned to a loss of RMB1.4 million for the Period from a profit of RMB14.5 million for the same period in 2018, mainly due to the fact that our associate company Axiom Properties Limited had a one-off gain on selling one of its assets, Churchill North, in Australia in 2018.

2) *Employee cost*

The increase in employee cost by 15.0% to RMB2.2 million for the Period compared to RMB1.9 million for the same period in 2018 was mainly due to an increase in the number of employees.

3) *Repairs and maintenance fees*

The increase in repairs and maintenance fees by 64.3% to RMB1.5 million for the Period from RMB0.9 million for the same period in 2018 was mainly due to restorative works of water pipes and water proofing for our facilities in the campus.

4) *Property management fee*

The increase in property management fee by 4.1% to RMB5.0 million for the Period from RMB4.8 million for the same period in 2018 was mainly due to an increase in cleaning fee.

5) *Business taxes and surcharges*

Business taxes and surcharges increased to RMB0.3 million for the Period from RMB0.2 million for the same period in 2018. This was due to an increase in facilities leasing revenue from new tenants.

6) *Property taxes and land use taxes*

Property taxes and land use taxes increased to RMB9.2 million for the Period from RMB9.1 million for the same period in 2018. This was due to an increase in facilities leasing revenue from new tenants.

7) *Other losses*

We recorded other losses of approximately RMB1.0 million for the Period primarily caused by fluctuations of exchange rate.

## MANAGEMENT DISCUSSION AND ANALYSIS

despite the following favorable factors:

### 1) *Government grant*

We received a grant of RMB0.4 million from the local government during the Period for our good performance in Langfang Economic & Technological Development Zone.

### 2) *Other expenses*

Other expenses decreased to RMB2.0 million for the Period from RMB2.3 million for the same period in 2018, mainly due to the decreases in bank charges, entertainment and travelling expenses.

### Net profit

Due to the foregoing factors, our net profit for the Period was RMB27.5 million compared to RMB35.4 million for the same period in 2018.

## 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. 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 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 March 31, 2019, 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 10 to the Third Quarterly Condensed Consolidated Results above) by the Group 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, December 31, 2018 and January 21, 2019 respectively and its circular dated November 29, 2018. Save as disclosed, the Group did not have any material acquisition and disposal of the subsidiaries, affiliated companies or joint ventures during the Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 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 of the Company dated December 31, 2014 (the "Prospectus")).

On December 22, 2014, REC entered into the Deed in favour of the Company, pursuant to which, amongst others, 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 March 31, 2019, none of the Directors, controlling shareholder (as defined in the GEM Listing Rules) or substantial shareholders (as defined in the GEM Listing Rules) of the Company, directors of any of the Company's subsidiaries or any of their respective close associates (as defined in the GEM Listing Rules) had interest in any business (other than our Group) which, directly or indirectly, competed or might compete with the Group's business.

### CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholder value through solid corporate governance.

The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules during the Period.

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

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

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings") as its own code of conduct for dealings in the Company's securities by the Directors. The Company had made specific enquiries with all Directors and each of them has confirmed his compliance with the Required Standard of Dealings during the Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at March 31, 2019, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### Long positions

##### (a) Shares in the Company

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of issued Shares held</u>	<u>Percentage of shareholding</u> <i>(Note 2)</i>
Mr. Chew Hua Seng ("Mr. Chew") <i>(Note 1)</i>	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 of the Board (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 March 31, 2019 (i.e. 180,000,000 Shares).

##### (b) Shares in associated corporation of the Company

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Nature of interests</u>	<u>Number of issued shares held</u>	<u>Approximate percentage of shareholding</u>
Mr. Chew	REC <i>(Note 1)</i>	Beneficial owner and interest of spouse	462,907,764	33.58% <i>(Note 2)</i>

#### 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at March 31, 2019, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at March 31, 2019, 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

<u>Name of Shareholders</u>	<u>Capacity/ Nature of interest</u>	<u>Number of issued Shares held</u>	<u>Percentage of shareholding</u> <i>(Note 2)</i>
REC <i>(Note 1)</i>	Beneficial owner/Personal interest	135,000,000	75%
Ms. Chung <i>(Note 1)</i>	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.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at March 31, 2019 (i.e. 180,000,000 Shares).

Save as disclosed above, as at March 31, 2019, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had any interest or short position in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the Period.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth and Mr. Guo Shaozeng with Mr. Lam Bing Lun, Philip serving as the chairman.

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

By order of the Board

**Oriental University City Holdings (H.K.) Limited**

**Chew Hua Seng**

*Chairman and Executive Director*

Langfang City, the PRC, April 26, 2019



# THIRD QUARTERLY REPORT

2019



**Oriental**  
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东方大学城

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