



Oriental
University City
東方大學城

FIRST QUARTERLY REPORT
2021

第一季度業績報告



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

Sir Kwok Siu Man KR, *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

LISTING INFORMATION

Place of Listing

GEM of The Stock Exchange of Hong Kong Limited

Stock Code

8067

Board Lot

1,000 shares

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

CORPORATE INFORMATION

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 Economy & Technology Development Zone
Hebei Province 065001
The PRC

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

1 FINANCIAL HIGHLIGHTS

- The Group recorded revenue of RMB13.6 million for the three months ended September 30, 2020, representing a decrease of 31.0% as compared with that of the corresponding period in 2019.
- Profit attributable to the owners of the Company for the three months ended September 30, 2020 amounted to RMB3.5 million, representing a decrease of 62.3% as compared with that of the corresponding period in 2019.
- Basic earnings per share for the three months ended September 30, 2020 amounted to RMB0.02 (3 months' period ended September 30, 2019: RMB0.05).

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

	<i>Notes</i>	September 30, 2020 <i>Unaudited</i> <i>RMB' 000</i>	September 30, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Increase/ (decrease) %
Revenue	5.1	13,613	19,740	(31.0)
Government grant	5.3	200	–	NM
Employee costs	5.4	(1,690)	(948)	78.3
Depreciation of property, plant and equipment		(89)	(85)	4.7
Business taxes and surcharges	5.5	(67)	(101)	(33.7)
Property taxes and land use taxes	5.6	(2,757)	(2,464)	11.9
Property management fee	5.7	(1,095)	(1,858)	(41.1)
Repairs and maintenance fees	5.8	(31)	(2,109)	(98.5)
Legal and consulting fees	5.9	(628)	(813)	(22.8)
Other (losses)/gains, net	5.10	(1,294)	768	NM
Other expenses	5.11	(608)	(1,263)	(51.9)
Share of results of associates	5.12	(405)	(321)	26.2
Operating profit	5.2	5,149	10,546	(51.2)
Interest income	5.13	15	165	(90.9)
Interest expenses	5.14	(1,617)	(430)	276.0
Profit before income tax		3,547	10,281	(65.5)
Income tax	5.15	(41)	(1,032)	(96.0)
Profit for the period	5.16	3,506	9,249	(62.1)
Other comprehensive (loss)/income				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences from translation of foreign operations		(1,806)	(1,459)	23.8
Share of other comprehensive income of associates		(2,049)	1,365	NM
Other comprehensive (loss) for the period		(3,855)	(94)	(4,001.1)
Total comprehensive (loss)/income for the period		(349)	9,155	NM

NM – Not Meaningful

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

	September 30, 2020 <i>Unaudited</i> RMB'000	September 30, 2019 <i>Unaudited</i> RMB'000	Increase/ (decrease) %
Profit attributable to:			
– Owners of the Company	3,451	9,161	(62.3)
– Non-controlling interests	<u>55</u>	<u>88</u>	<u>(37.5)</u>
	<u><u>3,506</u></u>	<u><u>9,249</u></u>	<u><u>(62.1)</u></u>
Total comprehensive income attributable to:			
– Owners of the Company	(404)	9,067	NM
– Non-controlling interests	<u>55</u>	<u>88</u>	<u>(37.5)</u>
	<u><u>(349)</u></u>	<u><u>9,155</u></u>	<u><u>NM</u></u>
Earnings per share for profit attributable to the owners of the Company during the period			
– Basic (RMB per share)	<u>0.02</u>	<u>0.05</u>	<u>(60.0)</u>
– Diluted (RMB per share)	<u><u>0.01</u></u>	<u><u>0.05</u></u>	<u><u>(80.0)</u></u>

Note

4.8

NM – Not Meaningful

3 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

	Reserves					Equity attributable to owners of the Company	Non- controlling interests	Total
	Share capital	Other reserves	Statutory surplus reserves	Retained profits	Exchange reserve			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at June 30, 2019 and July 1, 2019 (Audited)	290,136	(71,025)	-	933,610	2,322	1,155,043	9,881	1,164,924
Profit for the period	-	-	-	9,161	-	9,161	88	9,249
Exchange differences from translation of foreign operations	-	-	-	-	(1,459)	(1,459)	-	(1,459)
Share of other comprehensive income of associates	-	-	-	-	1,365	1,365	-	1,365
Balance at September 30, 2019 (Unaudited)	<u>290,136</u>	<u>(71,025)</u>	<u>-</u>	<u>942,771</u>	<u>2,228</u>	<u>1,164,110</u>	<u>9,969</u>	<u>1,174,079</u>
Balance at June 30, 2020 and July 1, 2020 (Audited)	290,136	(71,025)	939	977,435	6,076	1,203,561	10,381	1,213,942
Profit for the period	-	-	-	3,451	-	3,451	55	3,506
Exchange differences from translation of foreign operations	-	-	-	-	(1,806)	(1,806)	-	(1,806)
Share of other comprehensive loss of associates	-	-	-	-	(2,049)	(2,049)	-	(2,049)
Balance at September 30, 2020 (Unaudited)	<u>290,136</u>	<u>(71,025)</u>	<u>939</u>	<u>980,886</u>	<u>2,221</u>	<u>1,203,157</u>	<u>10,436</u>	<u>1,213,593</u>

4 NOTES TO THE FIRST QUARTERLY CONDENSED CONSOLIDATED RESULTS

4.1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its ordinary shares (the “Shares”) in issue 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 and principal place of business is Levels 1 and 2, No. 100 Zhangheng Road, Oriental University City, Langfang Economy and Technology Development Zone, Hebei Province, 065001, the People’s Republic of China (the “PRC”). The Company acts as an investment holding company and its subsidiaries are engaged in the provision of education facilities leasing services in the PRC, Malaysia and the Republic of Indonesia (“Indonesia”).

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”).

The Group’s unaudited condensed consolidated results for the Period (the “First Quarterly Results”) are presented in Renminbi (“RMB”) unless otherwise stated.

4.2 BASIS OF PREPARATION

The First Quarterly Results have been prepared in accordance with Chapter 18 of the GEM Listing Rules, and the Hong Kong Financial Reporting Standards (the “HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong.

The accounting policies and methods of computation used in preparing the First Quarterly Results are consistent as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended June 30, 2020 (the “2020 Financial Statements”). The independent auditor’s report for the 2020 Financial Statements 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. The financial information relating to the 2020 Financial Statements is included in this First Quarterly Results as comparative information only and does not constitute the statutory annual consolidated financial statements of the Company for that year.

The First Quarterly Results are unaudited but have been reviewed by the audit committee of the Board (the “Audit Committee”).

4 NOTES TO THE FIRST QUARTERLY CONDENSED CONSOLIDATED RESULTS

4.3 SEGMENT INFORMATION

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

Management regularly reviews the operating results from a service category perspective. The reportable operating segments derive their revenue primarily from education facilities leasing. As the revenue from the commercial leasing for supporting facilities was below 10% of the total revenue during the three months ended September 30, 2020 and 2019, business segment information is not considered necessary.

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

An analysis of revenue by category for the three months ended September 30, 2020 and 2019 is as follows:

	Three months ended September 30, 2020 <i>Unaudited</i> <i>RMB'000</i>	Three months ended September 30, 2019 <i>Unaudited</i> <i>RMB'000</i>	Increase/ (decrease) %
Revenue			
– Education facilities leasing	12,442	17,889	(30.4)
– Commercial leasing for supporting facilities	1,171	1,851	(36.7)
	<u>13,613</u>	<u>19,740</u>	<u>(31.0)</u>

4 NOTES TO THE FIRST QUARTERLY CONDENSED CONSOLIDATED RESULTS

4.4 OTHER (LOSSES)/GAINS, NET

	Three months ended September 30, 2020 <i>Unaudited</i> <i>RMB'000</i>	Three months ended September 30, 2019 <i>Unaudited</i> <i>RMB'000</i>	Increase/ (decrease) %
Director fee income	66	66	0
Income from sale of scraps	39	–	NM
Income from tax rebate	11	–	NM
Net foreign exchange (losses)/gains	<u>(1,410)</u>	<u>702</u>	<u>NM</u>
	<u><u>(1,294)</u></u>	<u><u>768</u></u>	<u><u>NM</u></u>

NM – Not Meaningful

4.5 OTHER EXPENSES

	Three months ended September 30, 2020 <i>Unaudited</i> <i>RMB'000</i>	Three months ended September 30, 2019 <i>Unaudited</i> <i>RMB'000</i>	Increase/ (decrease) %
Stamp duties	9	14	(35.7)
Travelling	137	581	(76.4)
Utilities	178	105	69.5
Insurance	74	13	469.2
Others	<u>210</u>	<u>550</u>	<u>(61.8)</u>
	<u><u>608</u></u>	<u><u>1,263</u></u>	<u><u>(51.9)</u></u>

4 NOTES TO THE FIRST QUARTERLY CONDENSED CONSOLIDATED RESULTS

4.6 INTEREST INCOME

	Three months ended September 30, 2020 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended September 30, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Increase/ (decrease) %
Interest income			
– Interest income on bank deposits	15	2	650.0
– Interest income from loan advance to an independent third party	–	163	NM
	<u>15</u>	<u>165</u>	<u>(90.9)</u>

NM – Not Meaningful

4.7 INCOME TAX

	Three months ended September 30, 2020 <i>Unaudited</i> <i>RMB' 000</i>	Three months ended September 30, 2019 <i>Unaudited</i> <i>RMB' 000</i>	Increase/ (decrease) %
Current income tax			
– PRC corporate income tax	–	948	NM
– Malaysian corporate income tax	41	84	(51.2)
	<u>41</u>	<u>1,032</u>	<u>(96.0)</u>

NM – Not Meaningful

The corporate income tax rate applicable to the Company's subsidiary in the PRC is 25%.

The Malaysian corporate income tax rate applicable to the Company's subsidiary in Malaysia is 24%.

No provision for Hong Kong profits tax has been made in the First Quarterly Results as the Company and the Group did not have assessable profit in Hong Kong during the three months ended September 30, 2020 and 2019.

4 NOTES TO THE FIRST QUARTERLY CONDENSED CONSOLIDATED RESULTS

4.8 EARNINGS PER SHARE

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

	Three months ended September 30, 2020 <i>Unaudited</i>	Three months ended September 30, 2019 <i>Unaudited</i>
<u>Earnings</u>		
Earnings for the purpose of calculating earnings per share (RMB' 000)	<u>3,451</u>	<u>9,161</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	180,000,000	180,000,000
Effect of dilutive potential ordinary shares: – Convertible note issued by the Company	<u>87,121,731</u>	–
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	<u>267,121,731</u>	<u>180,000,000</u>
Basic earnings per share for profit attributable to the owners of the Company (RMB per share)	<u>0.02</u>	<u>0.05</u>
Diluted earnings per share for profit attributable to the owners of the Company (RMB per share)	<u>0.01</u>	<u>0.05</u>

4.9 DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (3 months' period ended September 30, 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

5 FINANCIAL REVIEW

5.1 Revenue

Our leasing revenue decreased by 31.0% to RMB13.6 million for the Period compared to RMB19.7 million for the same period in 2019. The decrease was mainly attributable to the reduced leasing space for education facilities leased out to the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group (the “Contract Colleges”) in Langfang, Hebei Province of the PRC. The outbreak of the novel coronavirus disease 2019 pandemic (“Covid-19 Pandemic”) has caused the disruption of operation of the Contract Colleges and the Contract Colleges are managing the changes to maintain their ability as going concern entities. This resulted in some Contract Colleges reducing their space commitment for the time being to reduce their operational risk.

5.2 Operating profit

Operating profit for the Period decreased by 51.2% to RMB5.1 million for the Period compared to RMB10.5 million for the same period in 2019, mainly due to the decrease of our lease revenue for the Period.

5.3 Government grant

A government grant of RMB0.2 million was received for the Period (for 3 months’ period ended September 30, 2019: RMBNil) given by local authority in Langfang, the PRC, in recognition of good performance as corporate citizen.

5.4 Employee costs

Employee costs increased by 78.3% to RMB1.7 million for the Period compared to RMB0.9 million for the same period in 2019 due to an increase in the number of staff to manage additional space of education and commercial leasing facilities.

5.5 Business taxes and surcharges

Business taxes and surcharges decreased by 33.7% to RMB0.07 million for the Period compared to RMB0.10 million for the same period in 2019 in line with the overall decrease in revenue for the Period.

5.6 Property taxes and land use taxes

Property taxes and land use taxes increased by 11.9% to RMB2.8 million for the Period compared to RMB2.5 million for the same period in 2019 due to the addition of properties in Langfang, the PRC, the acquisition of which was completed in November 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

5.7 Property management fee

Property management fee decreased by 41.1% to RMB1.1 million for the Period compared to RMB1.9 million for the same period in 2019 due to reduced pricing negotiated for the provision of cleaning services.

5.8 Repairs and maintenance fees

Repairs and maintenance fees decreased by 98.5% to RMB0.03 million for the Period compared to RMB2.1 million for the same period in 2019 as no major expenditures such as repainting of building exterior, shifting of the transformer in student dormitories and demolition and reconstruction of a basketball court incurred for the corresponding period in 2019 at the Group's campus in Langfang, the PRC were incurred for the Period.

5.9 Legal and consulting fees

Legal and consulting fees decreased by 22.8% to RMB0.6 million for the Period compared to RMB0.8 million for the same period in 2019 as higher professional fees were incurred in the corresponding period in 2019 for the acquisition of the properties in Langfang, the PRC.

5.10 Other (losses)/gains

There were other losses of RMB1.3 million for the Period compared to a gain of RMB0.8 million for the same period in 2019 mainly due to net foreign exchange losses resulted from the translation of foreign currency balances in Malaysian Ringgit and Indonesian Rupiah against RMB.

5.11 Other expenses

Other expenses decreased by 51.9% to RMB0.6 million for the Period from RMB1.3 million for the same period in 2019 mainly due to a decrease in travelling expenses in light of the movement restriction caused by the Covid-19 Pandemic.

5.12 Share of results of associates

Share of results of associates recorded a 26.2% increase in loss to RMB0.4 million for the Period compared to a loss of RMB0.3 million for same period in 2019 due to an increase in the loss of the Company's associates for the Period.

5.13 Interest income

Interest income decreased by 90.9% to RMB0.02 million for the Period from RMB0.17 million for the same period in 2019 as the loan advance to an independent third party, for which an interest income was derived in the corresponding period in 2019, had been fully repaid in the financial year 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

5.14 Interest expenses

Interest expenses increased by 276.0% to RMB1.6 million for the Period from RMB0.4 million for the same period in 2019 mainly due to the inception of a term loan facility to finance the acquisition of properties in Jakarta, Indonesia.

5.15 Income tax

Income tax decreased by 96.0% to RMB0.04 million for the Period compared to RMB1.0 million for the same period in 2019 due to lower taxable profit during the Period.

5.16 Profit for the Period

Due to the foregoing factors set out in Notes 5.1 to 5.15 above, our net profit for the Period recorded a decrease of 62.1% to RMB3.5 million compared to RMB9.2 million for the same period in 2019.

6 BUSINESS REVIEW AND OUTLOOK

The Group owns and leases education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC, Malaysia and Indonesia. The Group's education facilities are located in Langfang in Hebei Province of the PRC, Kuala Lumpur in Malaysia, and Jakarta in Indonesia.

The Group also leases commercial spaces in Langfang, the PRC, to tenants operating a range of supporting facilities, including grocery stores, laundry shops, internet cafes and canteens, to serve the living needs of students of the campus and residents of adjacent housing estates.

The Covid-19 Pandemic has led to disruption of the market, production and supply chains around the world. The ensuing travel restrictions, quarantine measures and suspension of work imposed by local authorities have seriously disrupted the business and operations of the Contract Colleges and commercial tenants of the Group. In turn, the financial performance of the Company, in the short term, is expected to be adversely affected in terms of reduced demand for the Group's education facilities, decreased occupancy rate of the education facilities and delay in completion of construction of new dormitories. In this respect, the Group has stringently implemented cost containment measures and deferred capital expenditures to a later appropriate date to ensure sufficient funds for working capital requirements and mitigate the Covid-19 Pandemic impact on business profitability.

On longer term, the education industry is expected to recover and normalise, and the resident student population of the Contract Colleges and the revenue to be generated from the Contract Colleges and commercial leasing are expected to improve over time.

MANAGEMENT DISCUSSION AND ANALYSIS

7 USE OF PROCEEDS FROM THE COMPANY'S IPO PLACEMENT

The net proceeds received by the Company from the listing on GEM by way of a placing of 45,000,000 Shares at a price of HK\$2.64 each on January 16, 2015 (the "IPO Placement") amounted to approximately HK\$75.3 million (the "Net Proceeds"). In light of the impact of the Covid-19 Pandemic and the economic outlook remaining uncertain, the Company announced on July 22, 2020, to re-allocate the unutilised Net Proceeds raised from the IPO Placement to supplement the general working capital for the ordinary operation of the Group.

The utilisation of the Net Proceeds and the use of the unutilised Net Proceeds after the re-allocation are set out as follows:

Purpose	Revised allocation of Net Proceeds (HK\$ million)	Net Proceeds utilised during the Period (HK\$ million)	Net Proceed utilised up to September 30, 2020 (HK\$ million)	Net Proceeds unutilised as at September 30, 2020 (HK\$ million)	Expected timeline for unutilised Net Proceeds
Construction of dormitories on campus site in Langfang, the PRC	31.8	0	29.8	2.0	Up to 31 December 2021
General working capital	43.5	6.5	9.5	34.0	Up to 31 December 2021

8 SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS

Save for construction of dormitories on campus site in Langfang, the PRC, as disclosed above in note 7 – "Use of Proceeds from the Company's IPO Placement", and the acquisition as set out below, the Group did not have any other significant investments nor future plan for material investments and capital commitments, as at September 30, 2020.

Acquisition of the Misheel Properties

On March 6, 2020, the Company entered into a sale and purchase agreement with an independent vendor for the purchase of 5 floors of an office building known as Misheel Lifestyle Tower M2 (the "Misheel Properties") of a property development project known as Misheel City Complex, located in Ulaanbaatar, Mongolia, for a purchase consideration of RMB32,712,000.

MANAGEMENT DISCUSSION AND ANALYSIS

8 SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS *(continued)*

As at September 30, 2020, the Company has prepaid RMB14,738,000 of the purchase consideration and the remaining balance of RMB17,974,000 will be paid in instalments according to the various stages of completion of the Misheel Properties as set out in the sale and purchase agreement. The foundation work for the Misheel Properties has been completed and its construction is expected to be completed in the year 2022.

9 CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Save as disclosed below, as at September 30, 2020, the Group did not have any other connected transaction and continuing connected transaction (as defined in the GEM Listing Rules).

9.1 Tenancy Agreement of Properties in Malaysia

OUC Malaysia Sdn Bhd, a wholly-owned subsidiary of the Company, as landlord, entered into a tenancy agreement with Raffles College of Higher Education Sdn Bhd, of which 70% of its equity interest is owned by REC, as tenant, on December 18, 2018 for the tenancy of the properties in Kuala Lumpur, Malaysia, for a term of three years from January 1, 2019 until December 31, 2021. The tenancy was executed on arm's length terms and the annual rental payable under the tenancy agreements amounts to MYR1,913,000 (approximately RMB3,187,000).

9.2 Tenancy Agreement of Properties in Indonesia

PT OUC Thamrin Indo, a wholly-owned subsidiary of the Company, as landlord, has entered into a tenancy agreement with PT. Raffles Institute of Higher Education, a wholly-owned subsidiary of REC, as tenant, for the tenancy of properties in Jakarta, Indonesia, for a term of three years from July 1, 2020 until June 30, 2023. The tenancy was executed on arm's length terms and the annual rental payable under the tenancy agreement amounts to IDR7,154,640,000 (approximately RMB3,635,000).

10 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at September 30, 2020 (September 30, 2019: nil).

11 MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures, as at September 30, 2020.

CORPORATE GOVERNANCE AND OTHER INFORMATION

12 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 of the Company dated December 31, 2014 (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 September 30, 2020, none of the Directors, controlling shareholder or substantial shareholder (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.

13 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.

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

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

15 SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at September 30, 2020, 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 to be: (a) 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) entered in the register as referred to therein pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules 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 Hua Seng ("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 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 September 30, 2020 (i.e. 180,000,000 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

16 DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long positions *(continued)*

(b) Shares in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/Nature of interests	Number of issued shares held	Approximate percentage of shareholding
Mr. Chew	REC ^(Note 1)	Beneficial owner and interest of spouse/ personal interest and family interest	462,907,764	33.58% ^(Note 2)

Notes:

- (1) REC, a company incorporated in Singapore with its issued shares 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 spouse of Mr. Chew, in REC; and (b) the 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at September 30, 2020, 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: (a) 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) entered in the register referred to therein pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at September 30, 2020, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations which or persons (other than a Director or the chief executive of the Company) who had 5% or more interests or short position in the Shares and the underlying Shares as recorded in the register to be kept under section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholders	Capacity/Nature of interest	Number of issued Shares held	Percentage of shareholding ^(Note 2)
REC ^(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 spouse 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 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 September 30, 2020 (i.e. 180,000,000 Shares).

Save as disclosed above, as at September 30, 2020, 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 5% or more interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

18 DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed above, 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

19 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 had reviewed the accounting principles and practices adopted by the Group and the First Quarterly Results, 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

Hong Kong, October 23, 2020

FIRST QUARTERLY REPORT

2021



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