



**Oriental**  
University City  
東方大學城

INTERIM REPORT  
2021  
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.

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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

Ms. Tung Wing Yee Winnie  
(Appointed on January 22, 2021)  
Sir Kwok Siu Man KR, *FCIS, FCS*  
(Resigned on January 22, 2021)

### COMPLIANCE OFFICER

Mr. Liu Ying Chun

### AUTHORISED REPRESENTATIVES

Ms. Tung Wing Yee Winnie  
(Appointed on January 22, 2021)  
Mr. Chew Hua Seng  
(Resigned on January 22, 2021)  
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

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](http://www.oriental-university-city.com)

### INDEPENDENT AUDITOR

BDO Limited  
Certified Public Accountants

## **CORPORATE INFORMATION**

### **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

### **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 revenue of RMB31.1 million for the six months ended December 31, 2020, representing a decrease of 20.4% as compared with that of the corresponding period in 2019.
- Profit attributable to the owners of the Company for the six months ended December 31, 2020 amounted to RMB45.4 million, representing an increase of 177.5% as compared with that of the corresponding period in 2019.
- Basic earnings per share for the six months ended December 31, 2020 amounted to RMB0.25 (2019: RMB0.09).

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended December 31, 2020, together with the relevant comparative figures for the corresponding periods in 2019, as follows:

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

FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

|   | Notes | For the three months ended                           |  | For the six months ended                             |  | Change<br>%   |
|---|-------|--|--|--|--|---------------|
|   |       | December 31,<br>2020<br><i>Unaudited</i><br>RMB' 000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB' 000 | December 31,<br>2020<br><i>Unaudited</i><br>RMB' 000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB' 000 |               |
| Revenue   | 6.1   | 17,451   | 19,266   | 31,064   | 39,006   | (20.4)        |
| Government grants                                     | 6.2   | –  | –  | 200  | –  | NM            |
| Employee costs  | 6.3   | (1,558)  | (1,584)  | (3,249)  | (2,532)  | 28.3          |
| Depreciation of property,<br>plant and equipment      |       | (88)   | (87)   | (176)  | (172)  | 2.3           |
| Business taxes and surcharges                         | 6.4   | (81)   | (98)   | (148)  | (199)  | (25.6)        |
| Property taxes and land use taxes                     |       | (2,891)  | (2,956)  | (5,648)  | (5,419)  | 4.2           |
| Property management fee                               | 6.5   | (1,242)  | (1,721)  | (2,337)  | (3,480)  | (32.8)        |
| Repairs and maintenance fees                          | 6.6   | (125)  | (207)  | (156)  | (2,316)  | (93.3)        |
| Legal and consulting fees                             | 6.7   | (1,152)  | (2,297)  | (1,779)  | (3,337)  | (46.7)        |
| Other (losses)/gains, net                             | 6.8   | (618)  | (746)  | (1,913)  | 22   | NM            |
| Other expenses  | 6.9   | (1,193)  | (1,327)  | (1,801)  | (2,462)  | (26.8)        |
| Share of results of associates                        | 6.10  | 4,352  | 1,692  | 3,946  | 1,371  | 187.8         |
| <b>Operating profit before fair value<br/>changes</b> | 6.11  | <b>12,855</b>  | <b>9,935</b>   | <b>18,003</b>  | <b>20,482</b>  | <b>(12.1)</b> |
| Fair value gains on investment<br>properties          | 6.12  | 43,425   | –  | 43,425   | –  | NM            |
| Fair value gain on convertible note                   | 6.13  | 2,360  | –  | 2,360  | –  | NM            |
| <b>Operating profit</b>                               |       | <b>58,640</b>  | <b>9,935</b>   | <b>63,788</b>  | <b>20,482</b>  | <b>211.4</b>  |
| Interest income                                       | 6.14  | 12   | 169  | 27   | 334  | (91.9)        |
| Interest expenses                                     | 6.15  | (1,514)  | (1,187)  | (3,131)  | (1,618)  | 93.5          |
| <b>Profit before income tax</b>                       |       | <b>57,138</b>  | <b>8,917</b>   | <b>60,684</b>  | <b>19,198</b>  | <b>216.1</b>  |
| Income tax  |       |  |  |  |  |               |
| Current income tax expense                            | 6.16  | (531)  | (1,619)  | (572)  | (2,651)  | (78.4)        |
| Deferred tax expense                                  | 6.16  | (14,133)   | –  | (14,133)   | –  | NM            |
| <b>Profit for the period</b>                          | 6.17  | <b>42,474</b>  | <b>7,298</b>   | <b>45,979</b>  | <b>16,547</b>  | <b>177.9</b>  |

## 1. INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

|  | Note | For the three months ended                          |   | For the six months ended                            |   | Change<br>%  |
|--|------|---|---|---|---|--------------|
|  |      | December 31,<br>2020<br><i>Unaudited</i><br>RMB'000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB'000 | December 31,<br>2020<br><i>Unaudited</i><br>RMB'000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB'000 |              |
| <b>Other comprehensive income</b>  |      |   |   |   |   |              |
| Items that may be subsequently reclassified to profit or loss:                                   |      |   |   |   |   |              |
| <i>Exchange differences from translation of foreign operations</i>                               |      | (521)   | 3,017   | (2,327)   | 1,558   | NM           |
| <i>Share of other comprehensive income of associates</i>   |      | 161   | (2,020)   | (1,888)   | (655)   | 188.2        |
| Other comprehensive (loss)/income for the period   |      | <u>(360)</u>  | <u>997</u>  | <u>(4,215)</u>                                      | <u>903</u>  | <u>NM</u>    |
| <b>Total comprehensive income for the period</b>   |      | <u>42,114</u>                                       | <u>8,295</u>  | <u>41,764</u>                                       | <u>17,450</u>                                       | <u>139.3</u> |
| <b>Profit attributable to</b>  |      |   |   |   |   |              |
| – Owners of the Company  |      | 41,993  | 7,215   | 45,444  | 16,374  | 177.5        |
| – Non-controlling interests  |      | 481   | 83  | 535   | 173   | 209.2        |
|  |      | <u>42,474</u>                                       | <u>7,298</u>  | <u>45,979</u>                                       | <u>16,547</u>                                       | <u>177.9</u> |
| <b>Total comprehensive income attributable to</b>  |      |   |   |   |   |              |
| – Owners of the Company  |      | 41,633  | 8,212   | 41,229  | 17,277  | 138.6        |
| – Non-controlling interests  |      | 481   | 83  | 535   | 173   | 209.2        |
|  |      | <u>42,114</u>                                       | <u>8,295</u>  | <u>41,764</u>                                       | <u>17,450</u>                                       | <u>139.3</u> |
| <b>Earnings per share for profit attributable to the owners of the Company during the period</b> | 5.8  |   |   |   |   |              |
| – Basic (RMB per share)  |      | <u>0.23</u>   | <u>0.04</u>   | <u>0.25</u>   | <u>0.09</u>   | <u>177.5</u> |
| – Diluted (RMB per share)  |      | <u>0.15</u>   | <u>0.04</u>   | <u>0.16</u>   | <u>0.09</u>   | <u>77.3</u>  |

NM – Not meaningful



## 2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

|   | Notes | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB' 000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB' 000</i> |
|---|-------|--|--|
| <b>Non-current assets</b>                           |       |  |  |
| Property, plant and equipment                       | 5.9   | 4,155  | 4,891  |
| Investment properties                               | 5.9   | 1,540,497  | 1,506,198  |
| Interests in associates                             | 5.10  | 74,568   | 72,510   |
| Prepayment for acquisition of investment properties | 5.11  | 14,738   | 11,467   |
| <b>Total non-current assets</b>                     |       | <b>1,633,958</b>   | <b>1,595,066</b>   |
| <b>Current assets</b>                               |       |  |  |
| Trade and other receivables                         | 5.12  | 12,506   | 10,780   |
| Restricted cash                                     |       | 445  | 445  |
| Cash and cash equivalents                           |       | 18,857   | 2,211  |
| <b>Total current assets</b>                         |       | <b>31,808</b>  | <b>13,436</b>  |
| <b>Current liabilities</b>                          |       |  |  |
| Trade and other payables and accruals               | 5.13  | 10,303   | 11,915   |
| Advances from customers                             | 5.14  | 16,417   | 1,299  |
| Bank borrowings, secured                            | 5.15  | 31,458   | 32,212   |
| Current tax liabilities                             | 5.16  | 456  | 1,140  |
| <b>Total current liabilities</b>                    |       | <b>58,634</b>  | <b>46,566</b>  |
| <b>Net current liabilities</b>                      |       | <b>(26,826)</b>  | <b>(33,130)</b>  |
| <b>Total assets less current liabilities</b>        |       | <b>1,607,132</b>   | <b>1,561,936</b>   |

## 2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2020

|   | Notes | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB' 000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB' 000</i> |
|---|-------|--|--|
| <b>Non-current liabilities</b>                                    |       |  |  |
| Trade and other payables and accruals                             | 5.13  | 3,571  | 3,072  |
| Bank borrowings, secured  | 5.15  | 52,367   | 58,617   |
| Convertible note  | 5.16  | 142,653  | 147,180  |
| Deferred tax liabilities  | 5.17  | <u>152,835</u>   | <u>139,125</u>   |
| <b>Total non-current liabilities</b>                              |       | <u><b>351,426</b></u>  | <u><b>347,994</b></u>  |
| <b>NET ASSETS</b>   |       | <u><b>1,255,706</b></u>  | <u><b>1,213,942</b></u>  |
| <b>Capital and reserves attributable to owners of the Company</b> |       |  |  |
| Share capital   | 5.18  | 290,136  | 290,136  |
| Reserves  |       | <u>954,654</u>   | <u>913,425</u>   |
|   |       | <b>1,244,790</b>   | <b>1,203,561</b>   |
| <b>Non-controlling interests</b>                                  |       | <u><b>10,916</b></u>   | <u><b>10,381</b></u>   |
| <b>Total Equity</b>   |       | <u><b>1,255,706</b></u>  | <u><b>1,213,942</b></u>  |

### 3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED DECEMBER 31, 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 July 1, 2019 <i>(Audited)</i>                    | 290,136        | (71,025)        | -                          | 933,610          | 2,322            | 1,155,043                                    | 9,881                     | 1,164,924        |
| Profit for the period                                       | -              | -               | -                          | 16,374           | -                | 16,374                                       | 173                       | 16,547           |
| Exchange differences from translation of foreign operations | -              | -               | -                          | -                | 1,558            | 1,558  | -                         | 1,558            |
| Share of other comprehensive income of associates           | -              | -               | -                          | -                | (655)            | (655)  | -                         | (655)            |
| Total comprehensive income                                  | -              | -               | -                          | 16,374           | 903              | 17,277                                       | 173                       | 17,450           |
| Balance at December 31, 2019 <i>(Unaudited)</i>             | <u>290,136</u> | <u>(71,025)</u> | <u>-</u>                   | <u>949,984</u>   | <u>3,225</u>     | <u>1,172,320</u>                             | <u>10,054</u>             | <u>1,182,374</u> |
| Balance at June 30, 2020 and July 1, 2020 <i>(Audited)</i>  | 290,136        | (71,025)        | 939                        | 977,435          | 6,076            | 1,203,561                                    | 10,381                    | 1,213,942        |
| Profit for the period                                       | -              | -               | -                          | 45,444           | -                | 45,444                                       | 535                       | 45,979           |
| Exchange differences from translation of foreign operations | -              | -               | -                          | -                | (2,327)          | (2,327)                                      | -                         | (2,327)          |
| Share of other comprehensive income of associates           | -              | -               | -                          | -                | (1,888)          | (1,888)                                      | -                         | (1,888)          |
| Total comprehensive income/(loss)                           | -              | -               | -                          | 45,444           | (4,215)          | 41,229                                       | 535                       | 41,764           |
| Balance at December 31, 2020 <i>(Unaudited)</i>             | <u>290,136</u> | <u>(71,025)</u> | <u>939</u>                 | <u>1,022,879</u> | <u>1,861</u>     | <u>1,244,790</u>                             | <u>10,916</u>             | <u>1,255,706</u> |

## 4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

|  | For the six months ended                             |  |
|--|--|--|
|  | December 31,<br>2020<br><i>Unaudited</i><br>RMB' 000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB' 000 |
| <b>Operating activities</b>  |  |  |
| Profit before income tax   | 60,684   | 19,198   |
| Adjustments for:   |  |  |
| Interest income  | (27)   | (334)  |
| Depreciation of property, plant and equipment                      | 176  | 172  |
| Gain on disposal of property, plant and equipment                  | –  | (2)  |
| Fair value gain on investment properties                           | (43,425)   | –  |
| Fair value gain on convertible note                                | (2,360)  | –  |
| Unrealised net foreign exchange                                    | 1,576  | (893)  |
| Share of results of associates                                     | (3,946)  | (1,371)  |
| <b>Operating cash flows before working capital changes</b>         | <b>12,678</b>  | <b>16,770</b>  |
| Change in trade and other receivables                              | (1,726)  | (6,382)  |
| Change in trade and other payables and accruals                    | (1,113)  | 22,196   |
| Change in advance from customers                                   | 15,118   | –  |
| <b>Cash generated from operations</b>                              | <b>24,957</b>  | <b>32,584</b>  |
| Income tax paid  | (1,206)  | (3,386)  |
| <b>Net cash generated from operating activities</b>                | <b>23,751</b>  | <b>29,198</b>  |
| <b>Cash flow from investing activities</b>                         |  |  |
| Interest received  | 27   | 334  |
| Payments to acquire property, plant and equipment                  | (708)  | (99)   |
| Payments to increase investment properties                         | (513)  | (33,032)   |
| Increase in prepayment for acquisition<br>of investment properties | (3,271)  | –  |
| Proceeds from sale of property, plant and equipment                | –  | 2  |
| <b>Net cash used in investing activities</b>                       | <b>(4,465)</b>                                       | <b>(32,795)</b>                                      |

#### 4. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED DECEMBER 31, 2020

|   | For the six months ended                                    |   |
|---|---|---|
|   | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB' 000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB' 000</i> |
| <b>Cash flow from financing activities</b>                    |   |   |
| Proceeds from bank borrowings                                 | –   | 30,382  |
| Proceeds of loan from parent company                          | 35,000  | –   |
| Repayment of bank borrowings                                  | (473)   | (889)   |
| Repayment of loan to parent company                           | (35,000)  | –   |
| Interest payment of convertible note                          | (2,167)   | –   |
| <b>Net cash (used in)/generated from financing activities</b> | <b>(2,640)</b>  | <b>29,493</b>   |
| <b>Net increase in cash and cash equivalent</b>               | <b>16,646</b>   | <b>25,896</b>   |
| <b>Cash and cash equivalents at beginning of period</b>       | <b>2,211</b>  | <b>5,236</b>  |
| <b>Cash and cash equivalents at end of the period</b>         | <b>18,857</b>   | <b>31,132</b>   |

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.1 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. 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”), 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 six months ended December 31, 2020 (the “Period”) are presented in Renminbi (“RMB”) unless otherwise stated.

### 5.2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited interim condensed consolidated results for the Period (the “Interim 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 (the “HKICPA”), and accounting principles generally accepted in Hong Kong. Except as described below, the accounting policies and methods of computation used in preparing this Interim Results are the same as those followed in the preparation of the Group’s audited financial statements for the year ended June 30, 2020 (the “Year 2020”).

The accounting policies and methods of computation used in the preparation of the unaudited interim financial information are consistent with those used in the financial statements for the Year 2020 except for the changes mentioned below.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial information for the current accounting period:

|   |                          |
|---|--------------------------|
| Amendments to HKFRS 3   | Definition of a business |
| Amendments to Hong Kong Accounting Standard (“HKAS”) 1 and HKAS 8 | Definition of material   |

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies for the current and prior periods have been prepared or presented.

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

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The financial information relating to the Year 2020 that is included in these Interim Results 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 2020 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.*

### 5.3 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 10% of the total revenue during the six months ended December 31, 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 and commercial leasing for supporting facilities in the PRC and no significant assets of the Group are located outside the PRC, geographical segment information is not considered necessary.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.4 REVENUE

An analysis of revenue by category for the three months and six months ended December 31, 2020 and 2019 is as follows:

|  | For the three months ended                                 |  | For the six months ended                                   |  | Change<br>%   |
|--|--|--|--|--|---------------|
|  | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> |               |
| <b>Revenue</b>                                 |  |  |  |  |               |
| – Education facilities leasing                 | 16,384   | 17,343   | 28,825   | 35,232   | (18.2)        |
| – Commercial leasing for supporting facilities | 1,067  | 1,923  | 2,239  | 3,774  | (40.7)        |
|  | <u>17,451</u>  | <u>19,266</u>  | <u>31,064</u>  | <u>39,006</u>  | <u>(20.4)</u> |

#### Information on major customers

The Group's revenues were derived from the following external customers that individually contributed to more than 10% of the Group's revenues for the three months and six months ended December 31, 2020 and 2019:

|           | For the three months ended                                 |  | For the six months ended                                   |  | Change<br>%   |
|-----------|--|--|--|--|---------------|
|           | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> |               |
| College A | 8,339  | 11,799   | 16,679   | 23,599   | (29.3)        |
| College B | 2,676  | 2,676  | 3,830  | 5,352  | (28.4)        |
|           | <u>11,015</u>  | <u>14,475</u>  | <u>20,509</u>  | <u>28,951</u>  | <u>(29.2)</u> |



## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.5 OTHER EXPENSES

|                         | For the three months ended                                 |  | For the six months ended                                   |  | Change<br>%   |
|-------------------------|--|--|--|--|---------------|
|                         | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> |               |
| Stamp duties            | 11   | 14   | 20   | 28   | (28.6)        |
| Travel & transportation | 163  | 410  | 300  | 990  | (69.7)        |
| Dining                  | 158  | –  | 238  | 74   | 221.6         |
| Utilities               | 218  | 358  | 397  | 463  | (14.3)        |
| Office supplies         | 50   | 49   | 66   | 67   | (1.5)         |
| Insurance               | 153  | 16   | 226  | 29   | 679.3         |
| Others                  | 440  | 480  | 554  | 811  | (31.7)        |
|                         | <u>1,193</u>   | <u>1,327</u>   | <u>1,801</u>   | <u>2,462</u>   | <u>(26.8)</u> |

### 5.6 INTEREST (EXPENSE)/INCOME

|   | For the three months ended                                 |  | For the six months ended                                   |  | Change<br>%   |
|---|--|--|--|--|---------------|
|   | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | December 31,<br>2019<br><i>Unaudited</i><br><i>RMB'000</i> |               |
| Interest expense  | <u>(1,514)</u>   | <u>(1,187)</u>   | <u>(3,131)</u>   | <u>(1,618)</u>   | 93.5          |
| Interest income on bank deposits                                      | 12   | 8  | 27   | 11   | 145.5         |
| Interest income from loan<br>advance to an independent<br>third party | –  | 161  | –  | 323  | NM            |
|   | <u>12</u>  | <u>169</u>   | <u>27</u>  | <u>334</u>   | <u>(91.9)</u> |

*NM – Not meaningful*

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.7 INCOME TAX

|                              | For the three months ended                          |   | For the six months ended                            |   | Change<br>%  |
|------------------------------|---|---|---|---|--------------|
|                              | December 31,<br>2020<br><i>Unaudited</i><br>RMB'000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB'000 | December 31,<br>2020<br><i>Unaudited</i><br>RMB'000 | December 31,<br>2019<br><i>Unaudited</i><br>RMB'000 |              |
| Current corporate income tax |   |   |   |   |              |
| – PRC                        | 493   | 1,591   | 493   | 2,539   | (80.6)       |
| – Malaysia                   | 38  | 28  | 79  | 112   | (29.5)       |
|                              | 531   | 1,619   | 572   | 2,651   | (78.4)       |
| Deferred tax                 | 14,133  | –   | 14,133  | –   | NM           |
| Income Tax                   | <u>14,664</u>                                       | <u>1,619</u>  | <u>14,705</u>                                       | <u>2,651</u>  | <u>454.7</u> |

*NM – Not meaningful*

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.7 INCOME TAX *(Continued)*

#### Corporate income tax

##### *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 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 Interim Results as the Company and the Group did not have assessable profit in Hong Kong during the six months ended December 31, 2020 and 2019.

##### *Malaysian income tax*

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

#### Deferred tax

Deferred tax liabilities charged for the Period arose from change in fair value of investment properties of the Group.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.8 EARNINGS PER SHARE

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

|   | For the three months ended               |  | For the six months ended                 |  | Change<br>%  |
|---|--|--|--|--|--------------|
|   | December<br>31, 2020<br><i>Unaudited</i> | December<br>31, 2019<br><i>Unaudited</i> | December<br>31, 2020<br><i>Unaudited</i> | December<br>31, 2019<br><i>Unaudited</i> |              |
| <b>Earnings (RMB'000):</b>  |  |  |  |  |              |
| Earnings for the purposes of calculating basic earnings per share                                     | 41,993                                   | 7,215                                    | 45,444                                   | 16,374                                   | 177.5        |
| <b>Effect of dilutive potential ordinary shares:</b>  |  |  |  |  |              |
| Change in fair value on convertible note  | (2,360)                                  | –  | (2,360)                                  | –  | NM           |
| Earnings for the purpose of calculating diluted earnings per share                                    | <u>39,633</u>                            | <u>7,215</u>                             | <u>43,084</u>                            | <u>16,374</u>                            | <u>163.1</u> |
| <b>Number of shares ('000)</b>  |  |  |  |  |              |
| Weighted average number of ordinary shares in issue   | 180,000                                  | 180,000                                  | 180,000                                  | 180,000                                  | –            |
| Potential effect of dilutive number of shares from convertible note issued                            | <u>87,122</u>                            | <u>–</u>                                 | <u>87,122</u>                            | <u>–</u>                                 | <u>NM</u>    |
| Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share | <u>267,122</u>                           | <u>180,000</u>                           | <u>267,122</u>                           | <u>180,000</u>                           | <u>48.4</u>  |
| Basic earnings per share for profit attributable to the owners of the Company (RMB per share)         | <u>0.23</u>                              | <u>0.04</u>                              | <u>0.25</u>                              | <u>0.09</u>                              | <u>177.5</u> |
| Diluted earnings per share for profit attributable to the owners of the Company (RMB per share)       | <u>0.15</u>                              | <u>0.04</u>                              | <u>0.16</u>                              | <u>0.09</u>                              | <u>77.3</u>  |

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.9 PROPERTY, PLANT & EQUIPMENT AND INVESTMENT PROPERTIES

A reconciliation of the opening and closing balance is as follows:

|                                   | Property, Plant &<br>Equipment<br><i>RMB'000</i> | Investment<br>Properties<br><i>RMB'000</i> |
|-----------------------------------|--|--|
| At July 1, 2019                   | 5,125  | 1,174,532                                  |
| Additions                         | 114  | 294,356                                    |
| Depreciation charges              | (348)  | –  |
| Exchange realignment              | –  | 747  |
| Change in fair value              | –  | 36,563                                     |
| At June 30, 2020 and July 1, 2020 | <u>4,891</u>                                     | <u>1,506,198</u>                           |
| Additions                         | 708  | 513  |
| Depreciation charges              | (176)  | –  |
| Exchange realignment              | (1,268)  | (9,639)                                    |
| Change in fair value              | –  | 43,425                                     |
| At December 31, 2020              | <u><u>4,155</u></u>                              | <u><u>1,540,497</u></u>                    |

Independent valuations of the Group's investment properties were performed by independent firms of professionally qualified valuers, to determine the fair value of the Group's investment properties as at June 30, 2020 and December 31, 2020.

Fair value of investment properties is derived using the income capitalisation approach and direct comparison method. The income capitalisation approach uses the basis of capitalisation of rental derived from the existing tenancies with due allowance for reversionary rental potential of the investment properties. The direct comparison approach uses the principle of substitution as its basis, which assumes the sale of each of these properties in its existing state by making reference to comparable sales evidence as available in the relevant market.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.10 INTERESTS IN ASSOCIATES

|   | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB'000</i> |
|---|---|---|
| Share of net assets other than goodwill | 81,582  | 79,524  |
| Goodwill                                | 2,652   | 2,652   |
| Less: impairment loss                   | (9,666)   | (9,666)   |
|   | <u>74,568</u>   | <u>72,510</u>   |

### 5.11 PREPAYMENT FOR ACQUISITION OF INVESTMENT PROPERTIES

As at December 31, 2020, the Company has prepaid RMB14,738,000 (June 30, 2020: RMB11,467,000) for the acquisition of investment properties in Mongolia at a total purchase consideration of RMB32,712,000.

### 5.12 TRADE AND OTHER RECEIVABLES

|                                     | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB'000</i> |
|-------------------------------------|---|---|
| Trade receivables                   | 5,914   | 886   |
| Other receivables <sup>(Note)</sup> | 6,592   | 9,894   |
|                                     | <u>12,506</u>   | <u>10,780</u>   |

*Note:* Included in the balance as at December 31, 2020 were (i) an amount due from an associate of RMB68,000 (June 30, 2020: RMB197,000), which was unsecured, interest-free, repayable on demand and non-trade in nature; and (ii) amount due from REC group of RMB1,205,000 (June 30, 2020: RMB2,208,000) which was unsecured, interest-free, repayable on demand and non-trade in nature.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.12 TRADE AND OTHER RECEIVABLES *(Continued)*

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

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

|                            | As at<br>December 31,<br>2020<br><i>Unaudited</i><br>RMB'000 | As at<br>June 30,<br>2020<br><i>Audited</i><br>RMB'000 |
|----------------------------|--|--|
| Within 3 months            | 1,587  | –  |
| Over 3 months to 6 months  | 4,266  | 781  |
| Over 6 months to 12 months | 61   | 105  |
|                            | <u>5,914</u>   | <u>886</u>   |

### 5.13 TRADE AND OTHER PAYABLES AND ACCRUALS

|   | As at<br>December 31,<br>2020<br><i>Unaudited</i><br>RMB'000 | As at<br>June 30,<br>2020<br><i>Audited</i><br>RMB'000 |
|---|--|--|
| Trade payables                            | 2,340  | 4,115  |
| Other payables and accruals <i>(Note)</i> | 11,534   | 10,872   |
|   | <u>13,874</u>  | <u>14,987</u>  |

*Note:* Included in the balance as at December 31, 2020 were (i) an amount due to a non-controlling interest shareholder of a subsidiary of RMB84,000 (June 30, 2020: RMB84,000), which was unsecured, interest-free, and non-trade in nature; and (ii) amount due to REC group of RMB3,231,000 (June 30, 2020: RMB2,267,000), which were unsecured, interest-free, non-payable before January 1, 2021 and non-trade in nature.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.13 TRADE AND OTHER PAYABLES AND ACCRUALS *(Continued)*

Reconciliation of trade payables and other payables and accruals:

|               | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB'000</i> |
|---------------|---|---|
| – Current     | 10,303  | 11,915  |
| – Non-current | 3,571   | 3,072   |
|               | <u>13,874</u>   | <u>14,987</u>   |

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

|                            | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB'000</i> |
|----------------------------|---|---|
| Within 3 months            | 1,209   | 1,735   |
| Over 3 months to 6 months  | 1,131   | 2,066   |
| Over 6 months to 12 months | –   | 261   |
| Over 12 months             | –   | 53  |
|                            | <u>2,340</u>  | <u>4,115</u>  |



## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.14 ADVANCES FROM CUSTOMERS

As at December 31, 2020, rental advances from customers was RMB16,417,000 (June 30, 2020: RMB1,299,000). The advances from customers will be recognised as revenue on a straight-line basis over the term of lease.

### 5.15 BANK BORROWINGS, SECURED

|   | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB'000</i> |
|---|---|---|
| Bank borrowings due for repayment:      |   |   |
| – Within one year <i>(Note)</i>         | 31,458  | 32,212  |
| – After one year but within two years   | 2,630   | 3,797   |
| – After two years but within five years | 12,310  | 12,625  |
| – After five years                      | 37,427  | 42,195  |
|   | <u>52,367</u>   | <u>58,617</u>   |
|   | <u>83,825</u>   | <u>90,829</u>   |

*Note:* Included in the balance as at December 31, 2020 were (i) bank overdraft (non-revolving) and term loans amounting to RMB29,740,000 (June 30, 2020: RMB29,734,000) and RMB1,718,000 (June 30, 2020: RMB2,478,000) respectively.

Bank borrowings are interest-bearing at fixed and floating rates. The interest rates of the Group's bank borrowings as at December 31, 2020 granted under banking facilities ranged from 5.00% to 8.25% (June 30, 2020: 2.96% to 9.57%) per annum. As at December 31, 2020, the banking facilities were secured by certain investment properties of the Group amounted to RMB120,657,000 (June 30, 2020: RMB133,914,000) and corporate guarantee of the Company.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.16 CONVERTIBLE NOTE

|  | As at<br>December 31,<br>2020<br><i>Unaudited</i><br><i>RMB'000</i> | As at<br>June 30,<br>2020<br><i>Audited</i><br><i>RMB'000</i> |
|--|---|---|
| At the beginning of the Period/at Issue Date <i>(Note)</i> | 147,180   | 155,717   |
| Interest payment   | (2,167)   | –   |
| Change in fair value                                       | (2,360)   | (8,537)   |
|  | <u>142,653</u>  | <u>147,180</u>  |

*Note:* Issue Date is 19 November 2019.

References are made to the announcements dated August 29, 2018, September 3, 2018, September 13, 2018, October 31, 2018, December 20, 2018, December 31, 2018, January 21, 2019, June 13, 2019, July 23, 2019, October 25, 2019 and November 19, 2019 (the “**Announcements**”) and the circulars dated November 29, 2018 and September 20, 2019 (the “**Circulars**”) issued by the Company in relation to the Acquisition. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcements and the Circulars. According to the Announcements and Circulars, the Convertible Note was issued in the principal amount of HK\$200,379,982 with a conversion price of HK\$2.30 per ordinary share of the Company and the Convertible Note will be matured on August 29, 2028 (the “**Maturity Date**”). The interest rate of the Convertible Note is 2.48% per annum payable every six calendar months in arrears.

A maximum of 87,121,731 Conversion Shares to be issued upon full conversion of the Convertible Note represent approximately 48.40% of the issued share capital of the Company assuming that there is no change in the total number of issued shares from the Issue Date up to the allotment and issue of the Conversion Shares. The conversion rights attaching to the Convertible Note cannot be exercised (and accordingly, the Company will not issue Conversion Shares) if the Company believes that it would no longer fulfill the public float requirement under Rule 11.23 of the GEM Listing Rules immediately after the issue of the Conversion Shares.

The Company may, at any time before the Maturity Date by written notices to the noteholder, and with the consent of the relevant noteholder, redeem the Convertible Note (in whole or in part) of the principal amount of the part of the Convertible Note to be redeemed together with any accrued and unpaid interest. Notice to pre-pay shall be irrevocable and the Company has the right of redemption unilaterally.

The fair value of the Convertible Note will be remeasured at the date of redemption. Any change in fair value will be recognised in the Group’s consolidated statement of profit or loss and other comprehensive income.

## 5. NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

### 5.17 DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognised and movements during the Period and prior year are as follows:

|                                   | Revaluation<br>of investment<br>properties<br><i>RMB'000</i> |
|-----------------------------------|--|
| At July 1, 2019                   | 121,060  |
| Charged to profit or loss         | 18,018   |
| Exchange realignment              | <u>47</u>  |
| At June 30, 2020 and July 1, 2020 | 139,125  |
| Charged to profit or loss         | 14,133   |
| Exchange realignment              | <u>(423)</u>   |
| At December 31, 2020              | <u><u>152,835</u></u>  |

### 5.18 SHARE CAPITAL

The share capital as at June 30, 2020 and December 31, 2020 represented the issued share capital of the Company as follows:

|   | Number of Shares   | Share capital<br><i>HK\$</i> | Share capital<br><i>RMB</i> |
|---|--------------------|------------------------------|-----------------------------|
| Issued and fully paid                           |                    |                              |                             |
| As at June 30, 2020 and at<br>December 31, 2020 | <u>180,000,000</u> | <u>366,320,500</u>           | <u>290,136,000</u>          |

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6. FINANCIAL REVIEW

#### 6.1 Revenue

Our revenue decreased by 20.4% to RMB31.06 million for the Period compared to RMB39.01 million for the same period in 2019. The decrease was mainly attributable to the reduced leasing space and leasing period for education facilities leased out to colleges, education institutions, training centres and educational corporate entities (the “**Education Institutions**”) in Langfang City, the PRC. The novel coronavirus disease 2019 pandemic (the “**COVID-19**”) outbreak in the year 2020 had led to movement restrictions, quarantine measures, suspension of work and stay-at-home for work and study (collectively referred to as the “**COVID-19 Impact**”) that have affected the businesses of the Education Institutions that leases from the Group. This, in turn, has resulted in reduced leasing space and leasing period from the Education Institutions for the Period.

#### 6.2 Government grant

A government grant of RMB0.20 million was received for the Period (six month period ended December 31, 2019: RMB Nil) given by local authority in Langfang City in recognition of good performance as corporate citizen.

#### 6.3 Employee costs

Employee costs increased by 28.3% to RMB3.25 million for the Period compared to RMB2.53 million for the same period in 2019 as the increased number of employees employed to manage the newly acquired properties were only added in the second quarter of Year 2020.

#### 6.4 Business taxes and surcharges

Business taxes and surcharges decreased by 25.6% to RMB0.15 million for the Period compared to RMB0.20 million for the same period in 2019 in line with the overall decrease in revenue for the Period.

#### 6.5 Property management fee

Property management fee decreased by 32.8% to RMB2.34 million for the Period compared to RMB3.48 million for the same period in 2019, mainly due to reduced pricing negotiated for the provision of cleaning services.

#### 6.6 Repairs and maintenance fees

Repairs and maintenance fees decreased by 93.3% to RMB0.16 million for the Period compared to RMB2.32 million for the same period in 2019 as major expenditures such as repainting of building exterior, shifting of the transformer in student dormitories and reconstruction of a basketball court, were incurred for the same period 2019 at our campus in Langfang City, the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6.7 Legal and consulting fees

Legal and consulting fees decreased by 46.7% to RMB1.78 million for the Period compared to RMB3.34 million for the same period in 2019 as more professional fees were incurred in connection with the acquisition of the properties in Langfang City, the PRC, in the corresponding period in 2019.

### 6.8 Other (losses)/gains, net

Other losses of RMB1.91 million was recorded for the Period compared to a gain of RMB0.02 million for the same period in 2019 mainly due to net unrealised foreign exchange losses, resulted from the translation of foreign currency balances against RMB.

### 6.9 Other expenses

Other expenses decreased by 26.8% to RMB1.80 million for the Period from RMB2.46 million for the same period in 2019 mainly due to decrease in discretionary expenditures, e.g. travel and transportation, dining and entertainment expenses, in light of the COVID-19 Impact.

### 6.10 Share of results of associates

Gain on share of results of associates increased by 187.8% to RMB3.95 million for the Period compared to RMB1.37 million for same period in 2019 due to an increase in the net profit of the Company's associates for the Period.

### 6.11 Operating profit before fair value changes

Operating profit before fair value changes for the Period decreased by 12.1% to RMB18.00 million for the Period compared to RMB20.48 million for the same period in 2019, in line with overall decrease in revenue.

### 6.12 Fair value gains on investment properties

Fair value gains on investment properties increased by RMB43.43 million for the Period (six month period ended December 31, 2019: RMB Nil) as a result of revaluation of all investment properties of the Group in conjunction with the Company's application for transfer to the Main Board of the Stock Exchange.

### 6.13 Fair value gain on Convertible Note

A fair value gain on Convertible Note of RMB2.36 million was recorded for the Period (six month period ended December 31, 2019: RMB Nil) as the fair value of the Convertible Note was lower at the reporting date than its fair value on previous reporting date as at June 30, 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 6.14 Interest income

Interest income decreased by 91.9% to RMB0.03 million for the Period from RMB0.33 million for the same period in 2019 as the loan to an independent third party, for which an interest income was derived in the corresponding period in 2019, had been fully repaid in the Year 2020.

### 6.15 Interest expenses

Interest expenses increased by 93.5% to RMB3.13 million for the Period from RMB1.62 million for the same period in 2019 mainly due to inception of a term loan facility to finance the acquisition of properties in Jakarta, Indonesia.

### 6.16 Income tax

Income tax increased by 454.7% to RMB14.71 million for the Period compared to RMB2.65 million for the same period in 2019, mainly due to deferred tax charged for the Period, which arose in line with fair value gains on investment properties.

### 6.17 Profit for the Period

Due to the foregoing factors set out in Notes 6.1 to 6.16 above, net profit for the Period recorded an increase of 177.9% to RMB45.98 million compared to RMB16.55 million for the same period in 2019.

### 6.18 Liquidity and financial resources

As at December 31, 2020, the Group has a net current liabilities of RMB26.83 million (At June 30, 2020: RMB33.13 million). Included in the current liabilities are:-

- (i) advance from customers of RMB16.42 million (At June 30, 2020: RMB1.30 million), which will be recognised as revenue with the passage of time in accordance with the terms of the rental agreements.
- (ii) bank borrowings of RMB31.46 million (At June 30, 2020: RMB32.21 million) that were secured by certain investment properties of the Group and the Group is confident the bank borrowings will continue to be extended by the respective banks.

The Group has further obtained a term loan of RMB200 million in the PRC, in January 2021, which would be deployed, where appropriate, to rebalance our loan portfolio, and/or to provide buffer fund for working capital requirements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 7. EVENTS AFTER THE REPORTING PERIOD

On January 15, 2021, the Company has, pursuant to the terms and conditions of the Convertible Note, given notice to REC that the Company will, on February 16, 2021, redeem the Convertible Note that remains outstanding in full as at the date of such notice before the maturity at a redemption price of HK\$201,156,029 (together with outstanding interests thereon up to the date of such notice). For details please refer to the announcement of the Company dated January 15, 2021. The fair value of the Convertible Note will be remeasured at the date of redemption. Any change in fair value will be recognised in the Group's consolidated statement of profit or loss and other comprehensive income in the financial year ending June 30, 2021.

On February 10, 2021, the Company announced that it has submitted to the Stock Exchange an application for the proposed transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange. For details please refer to the announcement of the Company dated February 10, 2021.

### 8. BUSINESS REVIEW AND OUTLOOK

The Group owns and leases the Education Institutions in the PRC, Malaysia and Indonesia. The Group's Education Institutions are located in Langfang City in Hebei Province of the PRC, Kuala Lumpur in Malaysia, and Jakarta in Indonesia.

The Group also leases commercial spaces in Oriental University City, in Langfang City, the PRC, to commercial tenants operating a range of supporting facilities, including a shopping mall, supermarket, café and cafeterias, bank, telecommunication companies, renovation and engineering firms, amongst others, to serve the living needs of students of the campus and residents of adjacent housing estates.

The COVID-19 pandemic that began more than a year ago, continued to have a significant bearing on the education facilities industry in the regions where the Group operates. The COVID-19 Impact has, to some extent, affected the business and profitability of the Education Institutions. In turn, for the Period, the financial performance of the Company was impacted in terms of reduced leasing space and leasing period taken up by the affected Education Institutions. To mitigate the business erosion caused by the COVID-19 Impact, the Group had reduced discretionary expenditures, such as travel and transportation, dining and entertainment, and deferred certain capital expenditures.

As mentioned in the first quarterly results announcement dated October 23, 2020, the Group had initiated discussion with financial institutions to explore financing facilities. Subsequently, the Group has managed to secure a new bank loan facility in the PRC in January 2021. The bank loan would be deployed, where appropriate, to rebalance our loan portfolio, and/or to provide buffer fund for working capital requirements. The available funding will enable the Group to be in good stead for anticipated rebound in demand in the next financial year.

The education facilities industry remains resilient, especially in the PRC, and in a longer term, the education industry is expected to resume its growth in line with student population growth, and as provider of education facilities, the Group will benefit from this trend.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 9. 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 COVID-19 Impact and the uncertain economic outlook, the Company has 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<br>(HK\$ million) | Net Proceeds utilised during Period<br>(HK\$ million) | Utilised Net Proceeds up to the December 31, 2020<br>(HK\$ million) | Unutilised Net Proceeds<br>(HK\$ million) | Expected timeline for unutilised Net Proceeds |
|--|--|---|---|---|---|
| Construction of new dormitories on the Campus Site | 31.8   | –   | 29.8  | 2.0                                       | Up to December 31, 2021                       |
| General working capital                            | 43.5   | 8.5   | 18.0  | 25.5                                      | Up to December 31, 2021                       |

### 10. SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS

Save for construction of dormitories on campus site in Langfang City, the PRC as disclosed above in note 9 – "Use of Proceeds from the Company's IPO Placement", and the below acquisition, the Group did not have any other significant investment of future plan for material investments and capital commitments, as at December 31, 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.

As at December 31, 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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, during the Period.

### 12. CONTINUING CONNECTED TRANSACTIONS

#### Tenancy Agreement of Properties in Malaysia

OUC Malaysia Sdn Bhd, a direct 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 lease of the properties for a term of three years commencing on January 1, 2019 and expiring on 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).

#### Tenancy Agreement of Properties in Indonesia

PT OUC Thamrin Indo, a direct 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 two floors of Lippo Thamrin office in Jakarta, Indonesia, for a term of three years commencing on July 1, 2020 and expiring on 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).

### 13. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at December 31, 2020 (December 31, 2019: Nil).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 14. DIVIDENDS

The Board has resolved not to declare the payment of any dividend for the Period (December 31, 2019: Nil).

### 15. 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 December 31, 2020, none of the Directors, controlling shareholder 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.

### 16. CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its shareholders (the "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.

### 17. 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.

### 18. 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

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

As at December 31, 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 <sup>(Note 2)</sup> |
|---|---|------------------------------|--|
| Mr. Chew Hua Seng<br>("Mr. Chew") <sup>(Note 1)</sup> | 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 December 31, 2020 (i.e. 180,000,000 Shares).

##### (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 <sup>(Note 1)</sup>        | Beneficial owner and interest of spouse/personal interest and family interest | 462,907,764                  | 33.58% <sup>(Note 2)</sup>             |

#### 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at December 31, 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 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 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.

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

As at December 31, 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<br><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 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 December 31, 2020 (i.e. 180,000,000 Shares).

Save as disclosed above, as at December 31, 2020, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations which or persons (other than a Director or the chief executive of the Company) who 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 21. 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.

### 22. 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, the Interim Results and this Interim 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*

Hong Kong, February 11, 2021

# INTERIM REPORT

2021



**Oriental**  
UniversityCity  
东方大学城

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

東方大學城控股（香港）有限公司

Tel:+86 0316 6056302 Fax:+86 0316 6056611

[www.oriental-university-city.com](http://www.oriental-university-city.com)