



Oriental
University City
東方大學城

THIRD QUARTERLY REPORT 2021

第三季度業績報告



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

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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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1 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 Piau

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 Piau (*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 Piau

RISK MANAGEMENT COMMITTEE

Mr. Tan Yeow Hiang, Kenneth (*Chairman*)

Mr. Liu Ying Chun

Mr. Wilson Teh Boon Piau

LISTING INFORMATION

Place

GEM of the Stock Exchange

Stock Code

8067

Board Lots

1,000 Shares

COMPANY'S WEBSITE

www.oriental-university-city.com

INDEPENDENT AUDITOR

BDO Limited

Certified Public Accountants

1 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

2 FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded revenue of RMB50.2 million for the 9 months ended March 31, 2021, representing a decrease of 14.1% as compared with that of the corresponding period in 2020.
- Profit attributable to the owners of the Company for the 9 months ended March 31, 2021 amounted to RMB22.4 million, representing an increase of 10.4% as compared with that of the corresponding period in 2020.
- Basic earnings per share for the 9 months ended March 31, 2021 amounted to RMB0.12 (9 months period ended March 31, 2020: RMB0.11).

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

FOR THE 3 MONTHS AND 9 MONTHS ENDED MARCH 31, 2021

	Note	For the 3 months ended			For the 9 months ended		
		March 31, 2021	March 31, 2020	Change +/(-) %	March 31, 2021	March 31, 2020	Change +/(-) %
		Unaudited RMB'000	Unaudited RMB'000		Unaudited RMB'000	Unaudited RMB'000	
Revenue	6.1	19,121	19,443	(1.7)	50,185	58,448	(14.1)
Government grants		–	–		200	–	NM
Employee costs	6.2	(1,735)	(1,767)	(1.8)	(4,984)	(4,299)	15.9
Depreciation of property, plant and equipment		(88)	(88)	–	(264)	(260)	1.5
Business taxes and surcharges	6.3	(112)	(99)	13.1	(260)	(298)	(12.8)
Property taxes and land use taxes		(3,257)	(2,944)	10.6	(8,905)	(8,363)	6.5
Property management fee	6.4	(1,364)	(1,721)	(20.7)	(3,701)	(5,208)	(28.9)
Repairs and maintenance fees	6.5	(237)	(280)	(15.4)	(393)	(2,597)	(84.9)
Legal and consulting fees	6.6	(968)	(1,192)	(18.8)	(2,747)	(4,529)	(39.3)
Other losses, net	6.7	(1,138)	(2,424)	(53.1)	(3,050)	(2,402)	27.0
Other expenses	6.8	(1,199)	(1,350)	(11.2)	(3,002)	(3,805)	(21.1)
Share of results of associates	6.9	1,873	(874)	NM	5,819	497	1,070.8
Operating profit before fair value changes	6.10	10,896	6,704	62.5	28,898	27,184	6.3
Fair value gains on investment properties	6.11	–	–	NM	43,425	–	NM
Fair value loss on convertible note	6.12	(27,288)	–	NM	(24,928)	–	NM
Operating profit/(loss)		(16,392)	6,704	NM	47,395	27,184	74.3
Interest income	6.13	11	133	(91.7)	38	467	(91.9)
Interest expenses	6.14	(5,309)	(1,842)	188.2	(8,441)	(3,459)	144.0
Profit/(loss) before income tax		(21,690)	4,995	NM	38,992	24,192	61.2
Income tax:							
Current tax expense	6.15	(1,302)	(993)	31.1	(1,874)	(3,644)	(48.6)
Deferred tax expense	6.16	–	–	NM	(14,133)	–	NM
Profit/(loss) for the period	6.17	(22,992)	4,002	NM	22,985	20,548	11.9

NM – Not meaningful

3 CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE 3 MONTHS AND 9 MONTHS ENDED MARCH 31, 2021

	Note	For the 3 months ended			For the 9 months ended		
		March 31, 2021	March 31, 2020	Change + / (-) %	March 31, 2021	March 31, 2020	Change + / (-) %
		Unaudited	Unaudited		Unaudited	Unaudited	
		RMB'000	RMB'000		RMB'000	RMB'000	
Other comprehensive income/(loss)							
Items that may be subsequently reclassified to profit or loss:							
Exchange differences from translation of foreign operations		215	(1,901)	NM	(1,591)	(4,628)	(55.0)
Share of other comprehensive income of associates		965	(756)	NM	965	(1,411)	NM
Other comprehensive income/(loss) for the period		1,180	(2,657)	NM	(626)	(6,039)	(89.6)
Total comprehensive income/(loss) for the period		(21,812)	1,345	NM	22,359	14,509	54.1
Profit/(loss) attributable to							
– Owners of the Company		(23,047)	3,912	NM	22,394	20,285	10.4
– Non-controlling interests		55	90	(38.9)	591	263	124.7
		(22,992)	4,002	NM	22,985	20,548	11.9
Total comprehensive income/(loss) attributable to							
– Owners of the Company		(21,867)	1,255	NM	21,768	14,246	52.8
– Non-controlling interests		55	90	(38.9)	591	263	124.7
		(21,812)	1,345	NM	23,359	14,509	54.1
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the period							
– Basic (RMB per share)	5.6	(0.13)	0.02	NM	0.12	0.11	10.4
– Diluted (RMB per share)	5.6	(0.13)	0.02	NM	0.12	0.11	10.4

NM – Not meaningful

4 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 9 MONTHS ENDED MARCH 31, 2021

	Reserves					Equity attributable to owners of the Company	Non-controlling Interests	Total
	Share capital	Other reserves	Statutory surplus reserves	Retained profits	Exchange reserves			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at July 1, 2019 (Audited)	290,136	(71,025)	–	933,610	2,322	1,155,043	9,881	1,164,924
Profit for the period	–	–	–	20,285	–	20,285	263	20,548
Exchange differences from translation of foreign operations	–	–	–	–	(4,628)	(4,628)	–	(4,628)
Share of other comprehensive income of associates	–	–	–	–	(1,411)	(1,411)	–	(1,411)
Total comprehensive income for the period	–	–	–	20,285	(6,039)	14,246	263	14,509
Balance at March 31, 2020 (Unaudited)	290,136	(71,025)	–	953,895	(3,717)	1,169,289	10,144	1,179,433
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	–	–	–	22,394	–	22,394	591	22,985
Exchange differences from translation of foreign operations	–	–	–	–	(1,591)	(1,591)	–	(1,591)
Share of other comprehensive income of associates	–	–	–	–	965	965	–	965
Total comprehensive income for the period	–	–	–	22,394	(626)	21,768	591	22,359
Transfer to statutory reserve	–	–	1,418	(1,418)	–	–	–	–
Balance at March 31, 2021 (Unaudited)	290,136	(71,025)	2,357	998,411	5,450	1,225,329	10,972	1,236,301

5 NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY 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 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 9 months ended March 31, 2021 (the “Period”) are presented in Renminbi (“RMB”) unless otherwise stated.

5.2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results for the Period (the “Third 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 (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 Third Quarterly Results are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended June 30, 2020 (the “Year 2020”).

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this third quarterly 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 Third Quarterly Results are unaudited but have been reviewed by the audit committee (the “Audit Committee”) of the board of the Directors (the “Board”).

The financial information relating to the Year 2020 that is included in this Third Quarterly 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.

5 NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.3 REVENUE AND 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 less than 10% of the total revenue during the 9 months ended March 31, 2021 and March 31, 2020, 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 assets of the Group are located outside the PRC, geographical segment information is not considered necessary.

An analysis of revenue by category for the 3 months and 9 months ended March 31, 2021 and 2020 is as follows:

	For the 3 months ended			For the 9 months ended		
	March 31, 2021 RMB'000	March 31, 2020 RMB'000	Change +/(-) %	March 31, 2021 RMB'000	March 31, 2020 RMB'000	Change +/(-) %
Revenue						
Education facilities leasing	17,949	17,604	2.0	46,775	52,835	(11.5)
Commercial leasing for supporting facilities	1,172	1,839	(36.3)	3,410	5,613	(39.2)
Total	<u>19,121</u>	<u>19,443</u>	<u>(1.7)</u>	<u>50,185</u>	<u>58,448</u>	<u>(14.1)</u>

5 NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.4 INTEREST (EXPENSES)/INCOME

Analysis of the interest (expenses)/income for the 3 months and 9 months ended March 31, 2021 and 2020 is as follows:

	For the 3 months ended			For the 9 months ended		
	March 31, 2021 RMB'000	March 31, 2020 RMB'000	Change +/(-) %	March 31, 2021 RMB'000	March 31, 2020 RMB'000	Change +/(-) %
Interest expense	<u>(5,309)</u>	<u>(1,842)</u>	<u>188.2</u>	<u>(8,441)</u>	<u>(3,459)</u>	<u>144.0</u>
Interest income on bank deposits	11	13	(15.4)	38	23	65.2
Interest income from loan advance to an independent third party	<u>-</u>	<u>120</u>	<u>NM</u>	<u>-</u>	<u>444</u>	<u>NM</u>
	<u>11</u>	<u>133</u>	<u>(91.7)</u>	<u>38</u>	<u>467</u>	<u>(91.9)</u>

NM – Not meaningful

5 NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.5 INCOME TAX

The income tax for the 3 months and 9 months ended March 31, 2021 and 2020 is as follows:

	For the 3 months ended			For the 9 months ended		
	March 31, 2021 RMB'000	March 31, 2020 RMB'000	Change +/(-) %	March 31, 2021 RMB'000	March 31, 2020 RMB'000	Change +/(-) %
Current tax						
– PRC	1,264	977	29.4	1,757	3,516	(50.0)
– Malaysia	38	16	137.5	117	128	(8.6)
	<u>1,302</u>	<u>993</u>	<u>31.1</u>	<u>1,874</u>	<u>3,644</u>	<u>(48.6)</u>
Deferred tax	–	–	NM	14,133	–	NM
Total	<u>1,302</u>	<u>993</u>	<u>31.1</u>	<u>16,007</u>	<u>3,644</u>	<u>339.3</u>

NM – Not meaningful

Corporate income tax

PRC 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"). A withholding income tax of 10% is levied on the Company, in accordance with the PRC CIT Law, for dividend derived from its PRC Subsidiary.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the Third Quarterly Results as the Company and the Group did not have assessable profit in Hong Kong during the nine months ended March 31, 2021 and 2020.

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 arising from change in fair value of investment properties of the Group.

5 NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.6 EARNINGS/(LOSS) PER SHARE

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

	For the 3 months ended			For the 9 months ended		
	March 31, 2021	March 31, 2020	Change +/(-) %	March 31, 2021	March 31, 2020	Change +/(-) %
Earnings/(loss) attributable to the owners of the Company (RMB'000)	(23,047)	3,912	NM	22,394	20,285	10.4
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	–	180,000	180,000	–
Basic earnings/(loss) per share for profit/(loss) attributable to the owners of the Company (RMB per share)	(0.13)	0.02	NM	0.12	0.11	10.4%

NM – Not meaningful

The Company did not have any potential ordinary shares outstanding as at March 31, 2021 and March 31, 2020. Diluted earnings/(loss) per share are equal to basic earnings/(loss) per share.

5.7 DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (9 months ended March 31, 2020: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

6. FINANCIAL REVIEW

6.1 Revenue

Our revenue decreased by 14.1% to RMB50.19 million compared to RMB58.45 million for the previous corresponding period. The decrease was mainly attributable to the reduction of leasing space and leasing period for education facilities leased out to colleges, education institutions, training centres and educational corporate entities (“**Education Institutions**”) in Langfang city, the PRC. The novel coronavirus disease 2019 pandemic (the “**COVID-19**”) outbreak in the year 2020 in the PRC and the consequential movement restrictions, quarantine measures, suspension of work and stay-at-home for work and study, have affected the businesses of Education Institutions that leases from the Group. This, in turn, has resulted in reduction of leasing space and leasing period from Education Institutions in the first half of the current financial year. In the third quarter of the current financial year, revenue was RMB19.12 million, comparable to RMB19.44 million recorded for the third quarter of financial year 2020, as new customers were signed up to fill the vacated leasing space.

6.2 Employee costs

Employee costs increased by 15.9% to RMB4.98 million compared to RMB4.30 million for the previous corresponding period as the additional number of employees employed to manage the acquired properties were only added in the second quarter of the previous financial year.

6.3 Business taxes and surcharges

Business taxes and surcharges decreased by 12.8% to RMB0.26 million compared to RMB0.30 million for the previous corresponding period, in line with overall revenue decline for the Period.

6.4 Property management fee

Property management fee decreased by 28.9% to RMB3.70 million compared to RMB5.21 million for the previous corresponding period, mainly due to the reduction of contractual cost for cleaning services, which was negotiated lower to commensurate with the reduced leasing spaces to customers.

6.5 Repairs and maintenance fees

Repairs and maintenance cost decreased by 84.9% to RMB0.39 million compared to RMB2.60 million for the previous corresponding period, as the Group had less needs of maintenance.

MANAGEMENT DISCUSSION AND ANALYSIS

6.6 Legal and consulting fees

Legal and consulting fees decreased by 39.3% to RMB2.75 million compared to RMB4.53 million for the previous corresponding period. In the previous corresponding period, more legal and consulting fees were incurred as a result of more professional work done for the acquisition of investment properties in Langfang city, the PRC, Indonesia and Mongolia.

6.7 Other losses, net

Other losses increased by 27.0% to RMB3.05 million compared to RMB2.40 million for the previous corresponding period, mainly due to net foreign exchange losses resulted from the translation of foreign currency balances against the stronger RMB.

6.8 Other expenses

Other expenses decreased by 21.1% to RMB3.00 million compared to RMB3.81 million for the previous corresponding period, mainly due to less traveling, transportation and entertainment expenses.

6.9 Share of results of associates

Gain on share of results of associates increased from RMB0.50 million in the previous corresponding period, to RMB5.82 million, due to higher net profit of the Company's associate, Axiom Properties Limited.

6.10 Operating profit before fair value changes

Operating profit before fair value changes increased by 6.3% to RMB28.90 million compared to RMB27.18 million for the corresponding period ended March 31, 2020, as the operating expenses were reduced in tandem with the decrease in overall revenue, coupled with gain in share of results of its associate, Axiom Properties Limited.

6.11 Fair value gains on investment properties

Fair value gains on investment properties increased by RMB43.50 million (9 months period ended March 31, 2020: RMB Nil) due to revaluation of all investment properties of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

6.12 Fair value loss on convertible note

The Group had, on August 29, 2018, entered into a sale and purchase agreement, to acquire certain investment properties in Langfang city, the PRC (the “Zhuyun Properties”) at a purchase consideration of RMB252.37 million (the “Consideration”) from REC. The Consideration was settled with a deposit of RMB75.71 million, representing 30% of the Consideration, and the remaining 70% was settled by the issuance of a convertible note of HK\$200.38 million (approximately RMB176.66 million) to REC on November 19, 2019. Please refer to the announcements of the Company dated August 29, 2018, September 3, 2018, November 28, 2018, January 21, 2019, June 13, 2019, June 28, 2019, July 23, 2019, September 19, 2019, October 25, 2019 and November 19, 2019, respectively on the details of the acquisition of the Zhuyun Properties.

The acquisition of the Zhuyun Properties is a cash-settled share-based payment transaction in accordance with the requirement of HKFRS 2 Share-Based Payment. In accordance with HKFRS 2 Share-Based Payment, the Group had initially recognised the fair value of the Zhuyun Properties acquired of RMB231.43 million, on completion date, November 19, 2019, based on the corresponding fair value of the convertible note of RMB155.72 million (the HK\$200.38 million convertible note was valued at RMB155.72 million at initial recognition date, November 19, 2019). At the first reporting date after completion of acquisition of Zhuyun Properties, i.e. June 30, 2020, the fair value of convertible note was RMB147.18 million.

The convertible note was redeemed at par value of HK\$200.38 million (together with interest) in the third quarter of the current financial year. At the date of redemption, a fair value loss on convertible note of RMB24.93 million was recorded for the Period (9 months ended March 31, 2020: RMB Nil). For details of the early redemption of convertible note, please refer to the announcement of the Company dated January 15, 2021.

6.13 Interest income

Interest income decreased by 91.9% to RMB0.04 million from RMB0.47 million for the previous corresponding period. In the previous corresponding period, interest was earned from a loan to an independent third party that was converted from an earlier advance payment of an aborted purchase of land in Mongolia. The loan and interest earned were fully received in March 2020.

6.14 Interest expenses

Interest expenses increased by 144.0% to RMB8.44 million from RMB3.46 million for the 9 months period ended March 31, 2020, mainly due to inception of term loans obtained in the PRC and Indonesia.

6.15 Current tax expense

Current tax expense decreased by 48.6% to RMB1.87 million from RMB3.64 million mainly due to the lower current tax for PRC Subsidiary, which had registered lower taxable income.

MANAGEMENT DISCUSSION AND ANALYSIS

6.16 Deferred tax expense

Deferred tax expense increased to RMB14.13 million (9 months period ended March 31, 2020: RMB Nil), as deferred tax was provided in line with fair value gains on investment properties, as set out in Note 6.11 above.

6.17 Profit/(loss) 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 11.9% to RMB22.99 million compared to RMB20.55 million for the 9 months period ended March 31, 2020.

7. BUSINESS REVIEW AND OUTLOOK

The Group owns and leases education facilities to Education Institutions in the PRC, Malaysia and Indonesia. The Group's education facilities 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.

While the financial performance of the Group, in the first half of the current financial year, was impacted in terms of reduced leasing space and leasing period taken up by the affected Education Institutions, due to business uncertainty caused by the COVID-19 pandemic, this business uncertainty has subsequently dissipated, as we have received increased enquiries on our vacant units from interested parties, while existing tenants had given firm indication of lease commitment beyond the current financial year. Our third quarter's revenue has recovered to be on par with the third quarter of the previous financial year, as new customers signed up for leasing of educational facilities.

We expect revenue for the fourth quarter of the current financial year to be better as we have secured more new customers, whose leasing would commence in the same quarter. In addition, our new dormitories, with gross floor area of approximately 10,000 square metres, is expected to be certified fit for occupancy in the fourth quarter of the current financial year, and we have begun marketing these new dormitories, with better price range, to new potential customers as well as promoting them, as an upgrade, to existing customers. We expect these new dormitories would be able to bring in an additional revenue of between RMB2.70 million to RMB3.80 million, when fully occupied.

MANAGEMENT DISCUSSION AND ANALYSIS

The full redemption of the convertible note in the third quarter of the current financial year, although, resulted in an operating loss for the Period, has now nevertheless, effectively removed the potential dilutive earnings effect of an enlarged share base. The Board views that with the full redemption and subsequent cancellation of the convertible note, the Company would be able to manage its capital structure with more flexibility and the Company is well poised to embark on the proposed transfer of listing of its shares to the main board of the Stock Exchange. Further details of the proposed transfer of its Shares to the main board of the Stock Exchange, please refer to the announcement of the Company dated February 10, 2021.

As mentioned in the interim results announcement dated February 11, 2021, the Group has secured a bank loan facility in the PRC, which reflects the bank's confidence on the resilience of the Company. The bank loan would be deployed, where appropriate, to rebalance loan portfolio and/or support working capital requirements.

The education industry in the PRC, is expected to resume its growth in line with student population growth, and as a provider of education facilities, the Group is well-positioned to ride the growth trend, with its oncoming supply of leasing space.

8. 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 then, 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 daily 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)	Utilised Net Proceeds up to March 31, 2021 (HK\$ million)	Unutilised Net Proceeds (HK\$ million)	Expected timeline for unutilised Net Proceeds
Construction of new dormitories on the Campus Site	31.80	2.00	31.80	–	Completed
General working capital	43.50	12.84	30.84	12.66	Up to December 31, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

9. SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS

Save for the below acquisition, the Group did not have any other significant investment of future plan for material investments and capital commitments, as at March 31, 2021.

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 RMB32.71 million.

As at March 31, 2021, the Company has paid RMB14.74 million of the purchase consideration and the remaining balance of RMB17.97 million will be paid in stages 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.

10. 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 March 31, 2021.

11. CONTINUING CONNECTED TRANSACTIONS

Tenancy Agreement of Properties in Malaysia

OUC Malaysia Sdn Bhd, a direct wholly-owned subsidiary of the Company, had on December 18, 2018, as landlord, entered into a tenancy agreement with Raffles College of Higher Education Sdn Bhd, (a 70%-owned subsidiary of REC), as tenant, for the lease of the properties for a lease term of 3 years commencing on January 1, 2019 and expiring on December 31, 2021. The tenancy was executed on arm’s length with an annual revenue amounting to MYR1.91 million (approximately RMB3.02 million).

Tenancy Agreement of Properties in Indonesia

PT OUC Thamrin Indo, a direct wholly-owned subsidiary of the Company, had on June 17, 2020, as landlord, entered into a tenancy agreement with PT. Raffles Institute of Higher Education, (a wholly-owned subsidiary of REC), as tenant, for the tenancy of the whole premises of 2 floors of Lippo Thamrin office tower in Jakarta, Indonesia, for a lease term of 3 years commencing on July 1, 2020 and expiring on June 30, 2023. The tenancy was executed on arm’s length with an annual revenue amounting to IDR7,154.64 million (approximately RMB3.21 million).

MANAGEMENT DISCUSSION AND ANALYSIS

12. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at March 31, 2021 (March 31, 2020: RMB Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

13. 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 March 31, 2021, 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.

14. 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.

15. 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.

16. 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

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

As at March 31, 2021, 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 March 31, 2021 (i.e. 180,000,000 Shares).

CORPORATE GOVERNANCE AND OTHER INFORMATION

17. 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 March 31, 2021, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at March 31, 2021, 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 March 31, 2021 (i.e. 180,000,000 Shares).

Save as disclosed above, as at March 31, 2021, 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.

19. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

20. 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 Third Quarterly Results and this report, and was of the opinion that such results had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures had been made.

By order of the Board

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

Hong Kong, April 23, 2021

THIRD QUARTERLY REPORT

2021



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东方大学城

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