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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)
(Stock code: 8067)

FINAL RESULTS ANNOUNCEMENT **FOR THE YEAR ENDED JUNE 30, 2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE (THE “GEM”)

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.

*This announcement, 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended June 30, 2019 (the “**Year**”) together with the comparative audited figures for the year ended June 30, 2018 (“**2018**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2019

	<i>Notes</i>	2019 RMB’000	2018 <i>RMB’000</i>
Revenue	4	76,451	67,311
Government grants	6	400	—
Employee costs		(2,984)	(2,496)
Depreciation of property, plant and equipment		(332)	(339)
Business taxes and surcharges		(380)	(323)
Property taxes and land use taxes		(12,610)	(12,131)
Property management fee		(6,877)	(6,356)
Repairs and maintenance		(1,529)	(1,259)
Legal and consulting fees		(4,440)	(4,105)
Other (losses)/gains, net	5	(508)	4,232
Other expenses		(3,878)	(3,095)
Share of results of associates		(1,999)	9,008
Gain on de-recognition of an available-for-sale financial asset	10	—	1,335
Operating profit before fair value change on investment properties		41,314	51,782
Fair value gains on investment properties	9	5,302	170,406
Operating profit		46,616	222,188
Interest expense on bank borrowings		(953)	(2,585)
Interest income		998	545
Profit before income tax	6	46,661	220,148
Income tax	7	(15,183)	(55,402)
Profit for the year		31,478	164,746

	2019	2018
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>

Other comprehensive income

Items that may be subsequently reclassified to profit or loss:

Exchange differences from translation of foreign operations		113	254
Share of other comprehensive income of associates		1,979	(3,398)
Fair value losses on available-for-sale financial asset, net	10	–	(793)
Reclassification adjustments on de-recognition of an available-for-sale financial asset	10	–	(1,335)

Other comprehensive income for the year		2,092	(5,272)
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Total comprehensive income for the year		33,570	159,474
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Profit attributable to:

Owners of the Company		31,144	163,223
Non-controlling interests		334	1,523

		31,478	164,746
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Total comprehensive income attributable to:

Owners of the Company		33,236	157,951
Non-controlling interests		334	1,523

		33,570	159,474
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Earnings per share for profit attributable to the owners of the Company during the year	8		
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– Basic (RMB per share)		0.17	0.91
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– Diluted (RMB per share)		0.17	0.91
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	<i>Notes</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		5,125	5,371
Investment properties	9	1,174,532	1,155,987
Interests in associates	10	77,908	77,928
Deposit paid for acquisition of investment properties	11	54,833	—
Prepayments for purchase of investment properties and other investment	11	<u>—</u>	<u>28,295</u>
Total non-current assets		<u>1,312,398</u>	<u>1,267,581</u>
Current assets			
Trade and other receivables	12	9,497	5,366
Restricted cash		3,018	—
Cash and cash equivalents		<u>2,218</u>	<u>26,562</u>
Total current assets		<u>14,733</u>	<u>31,928</u>
Current liabilities			
Trade and other payables and accruals	13	6,980	16,831
Advances from customers		3,141	2,833
Bank borrowings, secured		2,296	2,266
Current tax liabilities		<u>1,785</u>	<u>1,139</u>
Total current liabilities		<u>14,202</u>	<u>23,069</u>
Net current assets		<u>531</u>	<u>8,859</u>
Total assets less current liabilities		<u>1,312,929</u>	<u>1,276,440</u>
Non-current liabilities			
Trade and other payables and accruals	13	14,373	—
Bank borrowings, secured		12,572	14,723
Deferred tax liabilities		<u>121,060</u>	<u>112,071</u>
Total non-current liabilities		<u>148,005</u>	<u>126,794</u>
NET ASSETS		<u><u>1,164,924</u></u>	<u><u>1,149,646</u></u>

	<i>Note</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Capital and reserves attributable to owners of the Company			
Share capital	14	290,136	290,136
Reserves		864,907	849,963
		1,155,043	1,140,099
Non-controlling interests		9,881	9,547
Total equity		<u>1,164,924</u>	<u>1,149,646</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its shares in issue were initially listed on GEM on January 16, 2015 (the “**Listing**”). The address of the Company’s registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong and principal place of business is Levels 1 and 2, No. 100 Zhangheng Road, Oriental University City, Langfang Economic and Technological Development Zone, Hebei Province, 065001, the People’s Republic of China (the “**PRC**”). The Company acts as investment holding company and its subsidiaries are engaged in the provision of education facilities leasing services in the PRC and Malaysia.

The Directors consider that the Company’s ultimate parent is Raffles Education Corporation Limited (“**REC**”), a company incorporated in The Republic of Singapore (“**Singapore**”), whose shares are listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (collectively the “**HKFRSs**”) and the provisions of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “**Companies Ordinance**”), which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of measurement and going concern assumption

These consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi (“**RMB**”) which is the same as the functional currency of the Company.

3 ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs – effective July 1, 2018

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKAS 40	Transfer of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

Except as explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRS 9 – Financial Instruments

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

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

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

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

Impairment of financial assets

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

Impact of initial application

Classification and measurement of financial instruments

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

There is no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have any such liabilities.

Impairment of financial assets

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

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

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

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

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 11 Joint Arrangements ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12 Income Taxes ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23 Borrowing Costs ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
HKFRS 16	Leases ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹

¹ Effective for annual periods beginning on or after January 1, 2019

² Effective for annual periods beginning on or after January 1, 2020

³ No mandatory effective date yet determined but available for adoption

4 SEGMENT REPORTING AND REVENUE

The executive Directors, who are the chief operating decision-maker 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 strategic decisions.

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

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

Analysis of revenue by category for the year is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Revenue:		
– Education facilities leasing	71,639	63,800
– Commercial leasing for supporting facilities	4,812	3,511
	76,451	67,311

Information about major customers

The Group's revenue was derived from the following external customers that individually contributed more than 10% of the Group's revenue for the year:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
College A	46,947	43,138
College B	7,656	8,409
	54,603	51,547

5 OTHER (LOSSES)/GAINS, NET

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Net foreign exchange (losses)/gains	(1,082)	3,876
Others	574	356
	(508)	4,232

6 PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Auditor's remuneration	900	785
Direct operating expenses arising from investment properties that generated rental income during the year	19,006	17,211
Direct operating expenses arising from investment properties that did not generate rental income during the year	4,867	4,889
Government grants (<i>Note</i>)	(400)	—
Gain on de-recognition of an available-for-sale financial asset	—	(1,335)
	<u> </u>	<u> </u>

Note:

Government grant has been received from Langfang Economics and Technological Development Zone Management Committee (for identification purpose only) in relation to the outstanding performance of the Group's entity located in the PRC. There is no unfulfilled conditions or contingencies relating to this grant.

7 INCOME TAX

The amount of income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Current tax		
– Corporate income tax for the year	6,222	4,489
– Over-provision in respect of prior years	(11)	(221)
	<u>6,211</u>	<u>4,268</u>
Deferred tax	<u>8,972</u>	<u>51,134</u>
Income tax	<u>15,183</u>	<u>55,402</u>

8 EARNINGS PER SHARE

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings		
Earnings for the purposes of basic earnings per share	<u>31,144</u>	<u>163,223</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>180,000,000</u>	<u>180,000,000</u>

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

9 INVESTMENT PROPERTIES

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Fair value		
At beginning of year	1,155,987	981,516
Additions	12,344	1,736
Exchange realignment	899	2,329
Change in fair value	<u>5,302</u>	<u>170,406</u>
At end of year	<u>1,174,532</u>	<u>1,155,987</u>

(a) Valuation

Independent valuations of the Group's investment properties were performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of professionally qualified valuers, to determine the fair value of the Group's investment properties as at June 30, 2019, adopting a valuation method using significant unobservable inputs (Level 3).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the years ended June 30, 2018 and 2019.

Valuation basis

The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment leases and other contracts. Where such information is not available, the Directors consider information from a variety of sources including:

- (i) Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- (ii) Discounted cash flow projections based on reliable estimates of future cash flows.
- (iii) Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Valuation techniques

Fair value of completed investment properties are generally derived using the income capitalisation approach.

Income capitalisation approach (term and reversionary method) largely uses observable inputs (e.g. market rent, yield, etc.) and takes into account the significant adjustment on term yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

10 INTERESTS IN ASSOCIATES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Share of net assets other than goodwill	75,256	75,276
Goodwill	2,652	2,652
	<u>77,908</u>	<u>77,928</u>

During 2018, the Group acquired additional 13.58% equity interests in 4 Vallees Pte. Ltd. (“**4 Vallees**”) on an enlarged issued share capital basis at a cash consideration of Singapore Dollars (“**SGD**”) 5,421,000 (equivalent to approximately RMB26,636,000), and since then, the Group has held a 24.61% equity interests in 4 Vallees and 4 Vallees has been accounted for as an associate of the Group.

Immediate before the acquisition of the additional equity interests in 4 Vallees, the fair value of the then 12.77% equity interests in 4 Vallees was measured by reference to a valuation performed by Colliers International Limited, an independent firm of professionally qualified valuers, at RMB18,076,000. Hence, a fair value loss on available-for-sale financial asset of RMB793,000 was recognised in other comprehensive income during 2018. Upon the de-recognition of the Group's equity interests in 4 Vallees as available-for-sale financial asset, the related accumulated fair value changes in available-for-sale financial asset reserve of RMB1,335,000 was charged to profit or loss.

11 DEPOSIT PAID FOR ACQUISITION OF INVESTMENT PROPERTIES/ PREPAYMENTS FOR PURCHASE OF INVESTMENT PROPERTIES AND OTHER INVESTMENT

Deposit paid for acquisition of investment properties

Pursuant to a sale and purchase agreement dated August 29, 2018 (the “**Sale and Purchase Agreement**”) and entered into between the Company as the purchaser and REC as the seller, the Sale and Purchase Agreement as amended by the first addendum, the second addendum and the supplemental agreement on December 31, 2018, January 21, 2019 and June 13, 2019 respectively, the Company has conditionally agreed to acquire certain properties situated in the PRC at a consideration of RMB252,370,000 (the “**Consideration**”) through the acquisition of the entire equity interest of Langfang Tongrui Education Consultancy Co., Ltd. from REC.

In respect of the Consideration, the Company shall pay RMB75,711,000, representing 30% of the Consideration, as the deposit, to be settled by way of cash upon the signing of the second addendum; and on the completion date, the Company shall issue convertible note in the value of HK\$200,379,982 (equivalent to approximately RMB176,659,000) representing 70% of the Consideration, entitling REC (or its nominee) to convert at the conversion price of HK\$2.30 per conversion share into a maximum of 87,121,731 conversion shares.

As at June 30, 2019, the Group paid RMB54,833,000 of deposit to REC and its subsidiaries (excluding the Group, collectively as “**REC Group**”). The Company and REC had made negotiations on the payment of the remaining balance of deposit, i.e. approximately RMB20,878,000, and REC agreed to extend a grace period, without the payment of any interest, penalty or compensation by the Company until December 31, 2019.

As at June 30, 2019 and the date of this results announcement, the acquisition of the properties has not been completed.

Prepayments for purchase of investment properties and other investment

As at June 30, 2018, included in the balances was an amount of RMB25,000,000 paid for purchase of construction materials for the construction of dormitories; and the remaining balance was a prepayment made in connection with potential acquisition of land in Mongolia of United States Dollar (“**USD**”) 500,000 (equivalent to RMB3,295,000).

12 TRADE AND OTHER RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	515	205
Other receivables (<i>Note</i>)	8,982	5,161
	<u>9,497</u>	<u>5,366</u>

Note:

Included in the balance as at June 30, 2019 were (i) an amount due from an associate of RMB65,000 (2018: RMB356,000), which was unsecured, interest-free, repayable on demand and non-trade in nature; and (ii) a loan advance with principal amount of RMB3,295,000 (2018: RMB Nil) to an independent third party, which was transferred from the prepayment made in connection with potential acquisition of land in Mongolia as of 30 June 2018 (Note 11) and was interest-bearing at a daily rate of 0.05%.

The carrying amounts of the Group's trade and other receivables approximate 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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	330	—
Over 3 months to 6 months	185	205
	<u>515</u>	<u>205</u>

13 TRADE AND OTHER PAYABLES AND ACCRUALS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade payables	3,201	3,001
Other payables and accruals (<i>Note</i>)	18,152	13,830
	<u>21,353</u>	<u>16,831</u>

Reconciliation of trade payables and other payables and accruals:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
– Current	6,980	16,831
– Non current	14,373	—
	<u>21,353</u>	<u>16,831</u>

Note:

Included in other payables as at June 30, 2019 were (i) interim dividend payable of RMBNil (2018: RMB7,249,000); and (ii) amounts due to REC Group of RMB9,434,000 (2018: RMB48,000), which were unsecured, interest-free, shall not be payable before July 1, 2020 and non-trade in nature. (2018: unsecured, interest-free, repayable on demand and non-trade in nature).

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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 3 months	1,685	1,483
Over 3 months to 6 months	1,474	1,403
Over 6 months to 12 months	8	58
Over 1 year	34	57
	<u>3,201</u>	<u>3,001</u>

14 SHARE CAPITAL

The share capital as at June 30, 2018 and 2019 represented the issued share capital of the Company as follows:

	Number of ordinary shares	Share capital HK\$	Share capital RMB
Issued and fully paid			
As at July 1, 2017	180,000,000	516,320,500	411,936,000
Capital reduction (<i>Note</i>)	—	(150,000,000)	(121,800,000)
As at June 30, 2018, July 1, 2018 and June 30, 2019	180,000,000	366,320,500	290,136,000

Note:

Pursuant to a resolution regarding the reduction of the issued share capital of the Company by HK\$150,000,000 (equivalent to RMB121,800,000) (the “**Capital Reduction**”) passed at the general meeting of the Company held on May 3, 2018, the credit arising from the Capital Reduction has been applied towards offsetting the accumulated deficit of the Company as at the effective date (i.e. June 11, 2018), thereby reducing the accumulated deficit of the Company.

15 DIVIDENDS

	2019 RMB'000	2018 RMB'000
2019 Interim dividend declared and paid – HK5.0 cents (equivalent to approximately RMB4.4 cents) per share	7,672	—
2018 final dividend declared and paid – HK7.0 cents (equivalent to approximately RMB5.9 cents) per share	—	10,620
2018 Interim dividend declared and paid – HK5.0 cents (equivalent to approximately RMB4.1 cents) per share	—	7,249

The Board has resolved not to recommend the payment of any final dividend for the Year (2018: HK7.0 cents per Share).

16 RESERVES OF THE COMPANY

As at June 30, 2019, the Company recorded retained profits of RMB36,891,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our leasing revenue increased by 13.6% to RMB76.5 million for the Year compared to RMB67.3 million in 2018. This increase was mainly attributable to the increase of unit rental price of the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group (the “**Contract Colleges**”).

Operating profit

Our operating profit for the Year was RMB46.6 million compared to RMB222.2 million in 2018, and the decrease was mainly due to the following reasons:

1) Fair value gains on investment properties

Fair value gains on investment properties decreased to RMB5.3 million for the Year compared to RMB170.4 million in 2018. This decrease was mainly due to the fact that the fair value of land and buildings in Langfang, the PRC has increased less significantly during the Year.

2) Employee costs

Employee costs increased by 19.6% to RMB3.0 million for the Year compared to RMB2.5 million in 2018 due to an increase in the number of staff.

3) Business tax and surcharges

Business taxes and surcharges increased by 17.6% to RMB0.4 million for the Year from RMB0.3 million for 2018 due to an increase in revenue for the Year.

4) Property taxes and land use taxes

Property taxes and land use taxes increased to RMB12.6 million for the Year from RMB12.1 million for 2018. This was due to an increase in the space of leasing facilities.

5) Property management fee

Property management fee increased to RMB6.9 million for the Year from RMB6.4 million for 2018. This was due to an increase in leasing facilities that gave rise to higher property management fee.

6) Repairs and maintenance fee

Repairs and maintenance fee increased by 21.4% to RMB1.5 million for the Year compared to RMB1.3 million in 2018, which was incurred for prevention of wear and tear besides routine repairs of equipment and building facilities.

7) Legal and consulting fees

Legal and consulting fees increased by 8.2% to RMB4.4 million for the Year compared to RMB4.1 million in 2018, mainly due to such fees arising from the proposed acquisition of properties.

8) Other (losses)/gains, net

We recorded other losses of approximately RMB0.5 million for the Year primarily caused by fluctuations of exchange rate between RMB and SGD.

9) Share of results of associates

Share of results of associates turned to a loss of RMB2.0 million for the Year compared to a gain of RMB9.0 million in 2018 mainly due to the fact that our associate company Axiom Properties Limited had a one-off gain on selling one of its assets, Churchill Centre North, a shopping centre in Adelaide, Australia in 2018.

10) Income tax expenses

We incurred RMB6.2 million of corporate income tax and RMB9.0 million deferred tax expense for the Year. The increase in the corporate income tax expense for the Year compared to 2018 of RMB4.3 million was due to an increase in the taxable profit for the Year. The decrease in the deferred tax expense for the Year compared to that of RMB51.1 million in 2018 was due to the increase in fair value of investment properties in a lesser extent for the Year compared to 2018.

Net Profit

Due to the foregoing factors, our net profit for the Year was RMB31.5 million compared to RMB164.7 million in 2018.

Liquidity and Financial Resources

The Group has successfully obtained an overdraft facility of RM18 million (equivalent to RMB29,842,000) from a commercial bank in Malaysia in July 2019.

As at June 30, 2019, the Group had total assets of approximately RMB1,327.1 million, which were financed by total liabilities and shareholders' equity of approximately RMB162.2 million and RMB1,155.0 million, respectively. The Group's current ratio (calculated by dividing current assets divided by current liabilities) decreased to 1.0 as at June 30, 2019 from 1.4 as at June 30, 2018.

Gearing Ratio

The Group's gearing ratio as at June 30, 2019 is 1.3% (June 30, 2018: about 1.5%), which is calculated based on the total bank borrowings (amounting to RMB14.9 million) divided by total equity as at the respective reporting dates.

Cash and Cash Equivalents

The Group places a high emphasis on risk management, safety and liquidity. Cash in excess of daily operational requirement are placed in fixed deposits. The Group currently does not invest in bonds, bills, structured products or any other financial instruments. As at June 30, 2019, the Group had cash and cash equivalents balance of approximately RMB2.2 million (June 30, 2018: RMB26.6 million). The cash and cash equivalents were mainly denominated in RMB.

Foreign Exchange Hedging

The Group has limited foreign currency risk as most of the transactions are denominated in RMB as the functional currency of the operations. Thus, the Group presently does not make any foreign exchange hedging. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting a significant foreign currency hedging policy in the future, if necessary.

BUSINESS REVIEW AND OUTLOOK

We own and lease education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC and Malaysia. All of the Group's existing education facilities are located in Oriental University City, Langfang City, Hebei Province, the PRC and Kuala Lumpur, Malaysia, respectively.

In order to serve the daily needs of students, the Group also leases commercial spaces to tenants operating a range of supporting facilities, including grocery stores, laundry shops, internet cafes and canteens.

In general, we expect the resident student population of our Contract Colleges and the revenue to be generated from commercial leasing to remain relatively stable in the coming year.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENT

Save as disclosed in the section headed "Material acquisition or disposal of subsidiaries, associates and joint ventures" below, as at June 30, 2019, the Group did not hold any significant investment, and had no material capital commitments and no future plans for material investments or purchase of capital assets.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On August 29, 2018, the Company, as the purchaser, 廊坊開發區東方大學城教育諮詢有限公司(Langfang Development Zone Oriental University City Education Consultancy Co., Ltd.*) (the “**Langfang Development Zone**”) (a subsidiary of the Company), 廊坊通慧教育諮詢有限公司(Langfang Tonghui Education Consultancy Co., Ltd.*) (“**TongHui**”) (a subsidiary of REC) and REC (the holding company of the Company) (the “**Seller**”) entered into a sale and purchase agreement (the “**Original SPA**”), pursuant to which the Seller had conditionally agreed to sell and the Company had conditionally agreed to acquire the properties (being part of Zhuyun Education Land, situated at Oriental University City, Langfang Economic and Technological Development Zone, Langfang City, Hebei Province, the PRC) at a consideration of RMB252,370,000 (the “**Acquisition**”).

A general meeting of the Company was held on December 20, 2018 to approve the Acquisition. Please refer to the Company’s announcements dated August 29, September 3, September 13, October 31 and December 20, 2018 and circular dated November 29, 2018 for more details.

The Company on December 31, 2018 and January 21, 2019, respectively executed (i) an addendum to the Original SPA and agreed to extend the long stop date to June 30, 2019; and (ii) an addendum to revise certain terms of the Original SPA. Please refer to the Company’s announcements dated December 31, 2018 and January 21, 2019 for more details.

On June 13, 2019, the Company, Langfang Development Zone, TongHui and the Seller entered into a supplemental agreement to amend certain terms of the Original SPA (the “**Supplemental Agreement**”). A general meeting of the Company will be held on a date to be announced to approve the Acquisition and the Supplemental Agreement. Please refer to the Company’s announcements dated June 13, June 28, July 23, 2019 respectively for more details.

CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated May 30, June 5 and July 7, 2016 and the circular of the Company dated June 20, 2016, whereby it was disclosed that OUC Malaysia Sdn. Bhd. (“**OUC Malaysia**”), a direct wholly-owned subsidiary of the Company, entered into acquisition agreements with the former landlord Ms. Doris Chung Gim Lian (“**Ms. Chung**”), the wife of Mr. Chew Hua Seng (“**Mr. Chew**”) (the Chairman of the Board (the “**Chairman**”) and an executive Director) and Evergreen Plus Sdn. Bhd. (“**Evergreen Plus**”) for the purchase of the properties in Malaysia. Upon completion of the acquisition, OUC Malaysia has been the landlord of the above properties. The tenancy agreements (the “**Tenancy Agreements**”) were signed between the former landlords with Raffles College of Higher Education Sdn. Bhd. (“**Raffles College**”), a company owned as to 70% by REC which is the immediate holding company of the Company, as tenant for the lease of the properties for a term of three years commencing from January 1, 2016 and expiring on December 31, 2018.

As the Tenancy Agreements expired on December 31, 2018, OUC Malaysia, as tenant, entered into a tenancy agreement with Raffles College 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. Please refer to the Company’s announcements dated December 18 and December 19, 2018 for more details.

* for identification purpose only

CHARGE ON GROUP'S ASSETS

As at June 30, 2019, investment properties of RMB75,269,000 (June 30, 2018: RMB74,102,000) were pledged to secure banking facilities granted to the Group.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at June 30, 2019 as compared with that as at June 30, 2018.

CONTINGENT LIABILITIES

As at June 30, 2019, the Group and the Company did not have any significant contingent liabilities (June 30, 2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2019, the Group had a total of 23 full-time employees in the PRC, all of which were located in Langfang City, Hebei Province (June 30, 2018: 17). The Group's total employee costs were approximately RMB3.0 million for the Year (June 30, 2018: RMB2.5 million). The employees' remuneration is determined by reference to the market salary of their respective experience and performance. The Company provides training to its employees to improve and upgrade their management and professional skills. As required by the PRC social security regulations, the Company makes contributions to mandatory social security funds for its employees to provide for their retirement and provides medical, unemployment, work-related injury and maternity benefits. The Company has adopted a share option scheme to provide an incentive to the Directors and eligible employees.

USE OF PROCEEDS FROM THE COMPANY'S PLACING

The net proceeds received by the Company from the listing on GEM by way of a placing of 45,000,000 ordinary Shares at a price of HK\$2.64 each on January 16, 2015 (the "**Placing**"), after deducting the amounts due to REC for listing expenses as set out in the prospectus of the Company dated December 31, 2014 (the "**Prospectus**") and the total underwriting commission, fees and expenses relating to the Placing paid by the Company, amounted to approximately HK\$75.3 million. REC is the controlling shareholder (as defined in the GEM Listing Rules) of the Company and a company owned as to 33.58% by Mr. Chew, the Chairman and an executive Director.

The Directors intend to apply all the above net proceeds for constructing new dormitories on the campus site owned by the Group, housing the Contract Colleges located in Oriental University City in Langfang Economic and Technological Development Zone in Langfang City, Hebei Province, the PRC (the "**Campus Site**").

Further to the issue of an order (Lang Kai Zhu Jian [2017] 13) by the local government in north region of the PRC to suspend all construction activities due to air pollution in that region, the Company obtained the building construction permit on November 29, 2018. As at June 30, 2019, the construction of new dormitories on the Campus Site is still on-going. An analysis of the use of proceeds from the Placing is set out below:-

Proposed use of net proceeds	Planned use of net proceeds from the Placing (as stated in the Prospectus) (HK\$ million)	Actual use of net proceeds from the Placing up to June 30, 2019 (HK\$ million)	Actual use of net proceeds from the Placing during the Year (HK\$ million)	Unused net proceeds from the Placing (HK\$ million)
Constructing new dormitories on the Campus Site	75.3	12.4	12.4	62.9 (will be fully utilized as intended on or before 31 December 2020)

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Timetable	Implementation Plans in the Prospectus	Actual Plans
June 30, 2019	– Not applicable	– Obtained the building construction permit. – The construction of new dormitories is on-going.
September 30, 2019	– Not applicable	– To complete the construction of the new dormitories.
December 31, 2019	– Not applicable	– To complete the final inspection and obtain the relevant government permit for commencement of use of the new dormitories.
June 30, 2020	– Not applicable	– To commence the use of the new dormitories for the 2019 to 2020 academic year.

COMPETING INTERESTS

REC has confirmed that save for its shareholding in the Company, it is neither engaged nor interested in any business which, directly or indirectly, competes or may compete with the Group's business (save as disclosed under the heading "Excluded Businesses" in the section headed "History and Development – Post-Reorganization" of the Prospectus).

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 saved as disclosed above, as at June 30, 2019, none of the Directors, controlling shareholders (as defined in the GEM Listing Rules) or substantial shareholders (as defined in the GEM Listing Rules) of the Company, or 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 which, directly or indirectly, competed or might compete with the Group's business.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the Year (2018: HK7.0 cents per Share).

ANNUAL GENERAL MEETING

The 2019 AGM will be held in Hong Kong on Friday, October 25, 2019 and the relevant notice and documents will be despatched to the Shareholders and published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.oriental-university-city.com) in due course in the manner as required by the GEM Listing Rules.

BOOK CLOSE DATES

For the purpose of ascertaining the entitlement to attend and vote at the 2019 AGM, the register of members of the Company will be closed. Details of such closure is set out below:

For ascertaining Shareholders' entitlement to attend and vote at the 2019 AGM

Latest time to lodge transfer documents	4:30 p.m. on October 21, 2019 (Monday)
Closure of register of members	October 22, 2019 (Tuesday) to October 25, 2019 (Friday) (both days inclusive)
Record date	October 25, 2019 (Friday)

During the above closure period, no transfer of Shares will be registered. To be entitled to attend and vote at the 2019 AGM, the non-registered Shareholders must lodge all completed and stamped transfer documents accompanied by the relevant share certificates for registration with the Company's share registrar, Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong before the above latest time.

CORPORATE GOVERNANCE

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

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

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

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

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 Year.

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

As at June 30, 2019, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or 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 ^(Note 1)	Interest of a controlled corporation/ Corporate interest	135,000,000	75%

Notes:

- (1) Details of the interest in the Company held by Mr. Chew, the Chairman and an executive Director, through REC are set out in the section headed “Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares” below.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2019 (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 ^(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 and listed on the SGX-ST, is the immediate holding company of the Company.
- (2) It includes (a) the 2.47% interest of Ms. Chung, the wife of Mr. Chew; and (b) the 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at June 30, 2019, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have 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 are 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.

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

As at June 30, 2019, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations which or the persons who (other than a Director or the chief executive of the Company) had 5% or more interests in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:—

Long positions in the Shares

Name of Substantial Shareholders	Capacity/ Nature of interest	Number of issued Shares held	Percentage of shareholding <i>(Note 2)</i>
REC ^(Note 1)	Beneficial owner/Personal interest	135,000,000	75%
Ms. Chung ^(Note 1)	Interest of spouse/Family interest	135,000,000	75%

Notes:

- (1) REC is owned as to (a) 21.17% by Mr. Chew, the Chairman and an executive Director; (b) 9.93% jointly by Mr. Chew and Ms. Chung, the wife of Mr. Chew; and (c) 2.47% by Ms. Chung. Under the SFO, Mr. Chew is deemed to be interested in the Shares in which REC is interested, and Ms. Chung is deemed to be interested in the Shares in which Mr. Chew is interested and is deemed to be interested. In addition, Mr. Chew is a director of REC.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2019 (i.e. 180,000,000 Shares).

Save as disclosed above, as at June 30, 2019, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had interest or short positions in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the Year and 2018 included in this preliminary announcement of results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the Year in due course in the manner required by the Companies Ordinance.

The Company's independent auditor has reported on the consolidated financial statements of the Group for both years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Board (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth and Mr. Guo Shao Zeng with Mr. Lam Bing Lun, Philip serving as the chairman.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited annual results of the Group for the Year, and is of the opinion that such results have been prepared in compliance with the applicable accounting standards and the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of this preliminary announcement of the Group's results for the Year have been agreed by the Group's independent auditor BDO Limited ("**BDO**") to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by BDO on this preliminary announcement.

By order of the Board
Oriental University City Holdings (H.K.) Limited
Chew Hua Seng
Chairman and Executive Director

Singapore, August 16, 2019

As at the date of this announcement, the executive Directors are Mr. Chew Hua Seng (Chairman) and Mr. Liu Ying Chun (Chief Executive Officer); and the independent non-executive Directors are Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth, Mr. Wilson Teh Boon Piau and Mr. Guo Shao Zeng.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.oriental-university-city.com.