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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE (THE “GEM”).

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of the GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on the GEM, there is a risk that securities traded on the 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 the 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 the 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.*

FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately RMB33.1 million for the six months ended December 31, 2016, representing a decrease of 4.1% as compared with the corresponding period in 2015.
- Profit attributable to owners of the Company for the six months ended December 31, 2016 amounted to approximately RMB17.5 million, representing a decrease of 4.4% as compared with the corresponding period in 2015.
- Basic earnings per share for the six months ended December 31, 2016 amounted to RMB0.10 (2015: RMB0.10).
- An interim dividend of HK4 cents (equivalent to approximately RMB3.5 cents) per Share is declared by the Board for the six months ended December 31, 2016 (2015: HK4 cents).

The board of Directors (the “**Board**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the “**Group**”) for the three months and six months ended December 31, 2016, together with the relevant unaudited/audited comparative figures, as follows:

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

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	<i>Notes</i>	For the three months ended		For the six months ended	
		December 31,	December 31,	December 31,	December 31,
		2016	2015	2016	2015
		<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	14,555	17,260	33,128	34,455
Government grant		—	—	—	2,000
Employee costs		(439)	(655)	(837)	(1,186)
Depreciation of property, plant and equipment		(265)	(85)	(106)	(172)
Fair value gains on investment properties		—	—	—	—
Business taxes and surcharges		(92)	(967)	(205)	(1,929)
Property taxes and land use taxes		(2,960)	(3,182)	(5,785)	(6,352)
Property management fee		(1,612)	(1,548)	(3,173)	(3,039)
Repairs and maintenance		(43)	(886)	(2,013)	(1,551)
Legal and consulting fees		(2,002)	(1,182)	(2,699)	(1,739)
Other gains/(losses), net	4	(2,580)	1,185	(1,184)	2,761
Other expenses	5	(1,201)	(634)	(23,657)	(1,163)
Share of results of associates		4,428	(1,250)	4,308	(1,250)
Operating profit/(loss)		7,789	8,056	(2,223)	20,835
Interest income	6	13	39	18	76
Profit/(loss) before income tax		7,802	8,095	(2,205)	20,911
Income tax/write-back of income tax	7	(1,605)	(934)	19,836	(2,451)
Profit for the period		6,197	7,161	17,631	18,460
Profit attributable to					
– Owners of the Company		6,130	7,091	17,450	18,275
– Non-controlling interests		67	70	181	185
		6,197	7,161	17,631	18,460

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

FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	<i>Note</i>	For the three months ended		For the six months ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>
Total comprehensive income attributable to					
– Owners of the Company		6,130	7,091	17,450	18,275
– Non-controlling interests		67	70	181	185
		<u>6,197</u>	<u>7,161</u>	<u>17,631</u>	<u>18,460</u>
Earnings per share for profit attributable to the owners of the Company during the period	10				
– Basic (RMB per share)		<u>0.03</u>	<u>0.04</u>	<u>0.10</u>	<u>0.10</u>
– Diluted (RMB per share)		<u>0.03</u>	<u>0.04</u>	<u>0.10</u>	<u>0.10</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	<i>Notes</i>	December 31, 2016 <i>Unaudited</i> RMB'000	June 30, 2016 <i>Audited</i> RMB'000
Assets			
Non-current assets			
Property and equipment	11	5,592	5,705
Investment properties	11	939,056	892,183
Investments in associates		28,741	23,805
Available-for-sale financial assets		16,925	17,652
Prepayments for purchase of property, plant and equipment and investment properties		29,279	80,000
Total non-current assets		1,019,593	1,019,345
Current assets			
Trade and other receivables	12	33,171	29,043
Prepayments		9,800	9,800
Cash and cash equivalents	13	11,633	4,866
Total current assets		54,604	43,709
Total assets		1,074,197	1,063,054
Current liabilities			
Trade payables and other payables and accruals	14	17,688	18,912
Advance from customers		29,112	1,265
Current tax liabilities		1,049	21,597
Total current liabilities		47,849	41,774
Net current assets		6,755	1,935
Total assets less current liabilities		1,026,348	1,021,280

	<i>Notes</i>	December 31, 2016 <i>Unaudited</i> RMB'000	June 30, 2016 <i>Audited</i> RMB'000
Non-current liabilities			
Deferred tax liabilities	15	50,863	50,863
Total non-current liabilities		50,863	50,863
NET ASSETS		975,485	970,417
Equity attributable to owners of the Company			
Share capital	16	411,936	411,936
Reserves		555,752	550,865
		967,834	962,801
Non-controlling interests		7,797	7,616
TOTAL EQUITY		975,485	970,417

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	Reserves								Total
	Share capital	Other reserves	Available-for-sale financial asset reserve	Retained profits	Exchange reserve	Proposed interim dividend	Equity attributable to owners of the Company	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at July 1, 2015	411,936	(71,025)	1	573,172	—	11,347	925,431	7,048	932,479
Profit for the period	—	—	—	18,275	—	—	18,275	185	18,460
Other comprehensive income	—	—	(1)	—	—	—	(1)	—	(1)
Total comprehensive income	—	—	(1)	18,275	—	—	18,274	185	18,459
Dividends	—	—	—	(469)	—	(11,347)	(11,816)	—	(11,816)
Proposed Interim Dividend	—	—	—	(6,016)	—	6,016	—	—	—
Balance at December 31, 2015	411,936	(71,025)	—	584,962	—	6,016	931,889	7,233	939,122
Balance at June 30, 2016 and July 1, 2016	411,936	(71,025)	911	613,423	1,390	6,166	962,801	7,616	970,417
Profit for the period	—	—	—	17,450	—	—	17,450	181	17,631
Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	17,450	—	—	17,450	181	17,631
Share of other comprehensive income of an associate	—	—	—	—	628	—	628	—	628
Fair value losses on available-for-sale financial assets, net	—	—	(728)	—	—	—	(728)	—	(728)
Dividends	—	—	—	—	—	(6,166)	(6,166)	—	(6,166)
Proposed Interim Dividend (Note 18)	—	—	—	(6,297)	—	—	(6,297)	—	(6,297)
Balance at December 31, 2016	411,936	(71,025)	183	624,576	2,018	—	967,688	7,797	975,485

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

	For the six months ended	
	December 31,	December 31,
	2016	2015
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Operating activities		
Profit before income tax	17,631	9,095
Adjustments for:		
Interest Income	(18)	(76)
Depreciation of property, plant and equipment	106	172
Fair value gain on investment properties	—	—
Gain on disposal of property and equipment	172	—
Operating cash flows before working capital	17,891	9,191
(Increase)/decrease in prepayments	50,721	(38)
(Increase)/decrease in trade and other receivables	(49,659)	(41,121)
Increase/(decrease) in advance from customers	27,847	33,263
Increase/(decrease) in trade and other payables	5,598	6,190
Cash (used in)/generated from operations	52,398	(14,849)
Profits tax paid	(712)	(1,759)
Net cash generated from operating activities	51,686	5,726
Investing activities		
Interest received	18	76
Payments to acquire property and equipment	(60)	(20)
Payments to acquire investment properties	(212)	(2,880)
Proceeds from sale of property and equipment	(173)	—
Payments to acquire available-for-sale financial assets	(44,492)	(4,717)
Net cash used in from investment	(44,919)	(7,541)
Financing activities		
Decrease in amounts due to ultimate holdings company included in other payables	—	(49)
Issue of shares under placing	—	(1)
Net cash (used in)/generated from financing activities	—	(50)
(Decrease)/Increase in cash and cash equivalents	6,767	(1,865)
Cash and cash equivalents at beginning of period	4,866	101,663
Cash and cash equivalents at end of this period	11,633	99,798

NOTES TO THE INTERIM CONDENSED CONSOLIDATED RESULTS

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its issued shares have been listed on the GEM since January 16, 2015 (the “**Listing Date**”). The address of the Company’s registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong. The Group, comprising the Company and its subsidiaries, is engaged in the provision of education facilities rental services in the People’s Republic of China (the “**PRC**”).

The Directors consider that the Company’s ultimate parent is Raffles Education Corporation Limited (“**REC**”), a company incorporated in Singapore, whose issued shares are listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). This interim results are presented in Renminbi (“**RMB**”), unless otherwise stated.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated results for the six months ended December 31, 2016 (the “**Period**”) have been prepared in accordance with Chapter 18 of the GEM Listing Rules, and in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and accounting principles generally accepted in Hong Kong. Except as described below, the accounting policies and methods of computation used in preparing these interim results are the same as those followed in the preparation of the Group’s audited financial statements for the year ended June 30, 2016 (the “**Year 2016**”).

The interim results are unaudited but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The financial information relating to the Year 2016 that is included in these unaudited condensed consolidated financial statements for the Period as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the “**Companies Ordinance**”) is as follows:

The Company has delivered the consolidated financial statements for the Year 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

3 SEGMENT INFORMATION

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

Management regularly reviews the operating results from a service category perspective. The reportable operating segments derive their revenue primarily from education facilities leasing. As the revenue from the commercial leasing for supporting facilities was below 10% of the total revenue during the six months ended December 31, 2016 and 2015, business segment information is not considered necessary.

As (a) the executive Directors consider that the Group's revenue and results are all derived from education facilities leasing and commercial leasing for supporting facilities in the PRC and Malaysia; and (b) the leasing revenue from Malaysia is only included in this financial year and the revenue is not significant compared to the PRC, geographical segment information is not considered necessary.

An analysis of revenue by category for the three months and six months ended December 31, 2016 and 2015 is as follows:

	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>
Revenue				
– Education facilities leasing	14,105	16,463	30,922	32,701
– Commercial leasing for supporting facilities	450	797	2,206	1,754
	<u>14,555</u>	<u>17,260</u>	<u>33,128</u>	<u>34,455</u>

The Group's revenues were derived from the following external customers that individually contributed more than 10% of the Group's revenues in the three months and six months ended December 31, 2016 and 2015:

	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>
College A	10,283	10,332	20,565	20,565
College B	1,981	2,040	3,961	4,080
College C	1,637	1,920	3,014	3,792
	<u>13,901</u>	<u>14,292</u>	<u>27,540</u>	<u>28,437</u>

4 OTHER GAINS/LOSSES – NET

	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>
Gains on disposal of property, plant and equipment	1	—	172	—
Exchange gain	(2,581)	1,185	(2,620)	2,761
Government Grant provision written off	—	—	1,262	—
Other gain	—	—	2	—
	<u>(2,580)</u>	<u>1,185</u>	<u>(1,184)</u>	<u>2,761</u>

5 OTHER EXPENSES

	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>
Rental expense	—	—	—	2
Utilities	160	88	186	93
Stamp duties	16	17	31	34
Insurance fee	—	—	—	84
Government Grant provision written off	—	—	21,015	—
Others	1,025	529	2,425	950
	<u>1,201</u>	<u>634</u>	<u>23,657</u>	<u>1,163</u>

6 FINANCE INCOME

	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>
Finance income				
– Interest income on bank deposits	<u>13</u>	<u>39</u>	<u>18</u>	<u>76</u>

7 INCOME TAX EXPENSES

	Three months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Three months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB'000</i>
Current income tax				
– PRC corporate income tax	1,605	934	2,325	2,451
– Tax provision written back	—	—	(22,161)	—
– Deferred income tax	—	—	—	—
PRC corporate income tax	<u>1,605</u>	<u>934</u>	<u>19,863</u>	<u>2,451</u>

PRC corporate income tax

The corporate income tax rate applicable to the Group's entity located in the PRC (the "PRC Subsidiary") is 25% pursuant to the Corporate Income Tax Law of the PRC (the "PRC CIT Law"). Since January 1, 2015, the corporate income tax of the PRC Subsidiary has been levied according to accounting book under the PRC CIT Law.

PRC withholding income tax

According to the PRC CIT Law, starting from January 1, 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after January 1, 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the condensed consolidated interim financial information as the Company and the Group did not have assessable profit in Hong Kong during the six months ended December 31, 2016 and 2015.

8 CONTINGENCIES

The Group had no significant contingent liabilities as at December 31, 2016 (December 31, 2015: nil).

9 RELATED PARTY TRANSACTIONS

The Group is controlled by REC, a company incorporated in Singapore. Mr. Chew Hua Seng (“**Mr. Chew**”), the founding shareholder of REC, the chairman of the Board (the “**Chairman**”) and an executive Director, is the ultimate beneficial owner of the Group.

Transactions with related parties

A general meeting of the Company was held on July 7, 2016 at which the resolutions regarding (a) the acquisition agreements entered into between Diamond Nest Sdn. Bhd. (now known as OUC Malaysia Sdn. Bhd. (“**OUC Malaysia**”), a wholly-owned subsidiary of the Company, and (a) Ms. Doris Chung Gim Lian (“**Ms. Chung**”), the wife of Mr. Chew, or (b) Evergreen Plus Sdn. Bhd. (“**Evergreen Plus**”) which is owned as to 99% by Ms. Chung and as to 1% by Madam Yeo Geok Siew (the mother-in-law of Mr. Chew) (as the case has been) in relation to the acquisitions of lands and properties in Malaysia; and (b) the tenancy agreements entered into between Ms. Chung and Evergreen Plus, respectively as landlord, and Raffles College of Higher Education Sdn. Bhd., a company owned as to 49% by REC which is the immediate holding company of the Company, as tenant for the lease of the above properties were passed by the shareholders of the Company (the “**Shareholders**”). For further information, please refer to the Company’s announcements dated May 30, 2016, June 5, 2016 and July 7, 2016 and circular dated June 20, 2016.

(a) Balances with related parties

The Group had the following significant non-trade balances with related parties:

	As at December 31, 2016 <i>Unaudited</i> <i>RMB’000</i>	As at June 30, 2015 <i>Audited</i> <i>RMB’000</i>
Amounts due to		
– Ultimate holding company	5	82

Note: Amounts due to related parties are unsecured and interest-free and have no fixed terms of repayment.

(b) Key management compensation

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Six months ended December 31, 2016 <i>Unaudited</i> <i>RMB’000</i>	Six months ended December 31, 2015 <i>Unaudited</i> <i>RMB’000</i>
Salaries and other employee benefits	879	879

10 EARNINGS PER SHARE

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

	Three months ended December 31, 2016 <i>Unaudited</i>	Three months ended December 31, 2015 <i>Unaudited</i>	Six months ended December 31, 2016 <i>Unaudited</i>	Six months ended December 31, 2015 <i>Unaudited</i>
Profit attributable to the owners of the Company (RMB'000)	6,130	7,091	17,450	18,275
Weighted average number of ordinary shares in issue	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>	<u>180,000,000</u>
Basic earnings per share for profit attributable to the owners during the period (expressed in RMB per share)	<u>0.03</u>	<u>0.04</u>	<u>0.10</u>	<u>0.10</u>

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

11 PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property and equipment <i>Unaudited</i> <i>RMB'000</i>	Investment properties <i>Unaudited</i> <i>RMB'000</i>
Six months ended December 31, 2016		
Opening amount as at July 1, 2016	5,705	892,183
Transfers to property and equipment	—	45,093
Additions	60	1,780
Depreciation charge	(173)	—
Closing amount as at December 31, 2016	5,592	939,056
Six months ended December 31, 2015		
Opening amount as at July 1, 2015	6,029	860,436
Transfers to property and equipment	—	—
Additions	20	2,880
Depreciation charge	(172)	—
Closing amount as at December 31, 2015	5,877	863,316

Valuation techniques of investment properties

Fair value measurements used significant unobservable inputs (Level 3).

All the investment properties were completed investment properties as at December 31, 2016.

Fair value of completed investment properties are generally derived using the income capitalization approach. Income capitalization approach (term and reversionary method) largely uses inputs (such as unit market rent, yield, etc.) and is taking 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.

The main Level 3 inputs used by the Group are as follows:

— Unit monthly rents and reversionary yield.

For completed investment properties, increase in unit monthly rent may result in increase of fair value, and increase in reversionary yield may result in decrease of fair value.

There were no changes in the valuation techniques during the Period.

12 TRADE AND OTHER RECEIVABLES

	As at December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2016 <i>Audited</i> <i>RMB'000</i>
Trade receivables		
Trade receivables	15,993	2,036
Less: provision for impairment	—	—
Trade receivables, net	15,993	2,036
Other receivables		
– Due from related parties	—	—
– Due from third parties	17,178	36,807
Other receivables, net	17,178	36,807
Total trade and other receivables	33,171	38,843

Trade receivables

Revenue from education facilities leasing and commercial leasing for supporting facilities is settled in cash by instalments in accordance with the payment schedules specified in the agreements. The aging analysis of the trade receivables is as follows:

	As at December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2016 <i>Audited</i> <i>RMB'000</i>
Less than 3 months	957	63
3 to 6 months	13,447	200
Over 6 to 12 months	234	1,373
Over 1 year	1,355	400
	15,993	2,036

13 CASH AND CASH EQUIVALENTS

	As at December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2016 <i>Audited</i> RMB'000
Cash at bank and in hand	<u>11,633</u>	<u>4,866</u>

Cash and cash equivalents of the Group are denominated in the following currencies:

	As at December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2016 <i>Audited</i> RMB'000
RMB	11,554	3,267
Hong Kong Dollars	21	1,599
Ringgit Malaysia	<u>58</u>	<u>—</u>
Cash at bank and in hand	<u>11,633</u>	<u>4,866</u>

14 TRADE AND OTHER PAYABLES

	As at December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2016 <i>Audited</i> RMB'000
Trade payables	10,016	5,799
Other payables due to		
– Related parties	5	—
– Third parties	<u>7,667</u>	<u>13,113</u>
	<u>17,688</u>	<u>18,912</u>

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

	As at December 31, 2016 <i>Unaudited</i> <i>RMB'000</i>	As at June 30, 2016 <i>Audited</i> <i>RMB'000</i>
Less than 3 months	2,515	1,380
3 to 6 months	2,476	1,375
Over 6 to 12 months	2,897	2,552
Over 1 year	2,128	492
	10,016	5,799

15 DEFERRED TAX LIABILITIES

Details of the deferred tax liabilities recognized and movements during the current and prior years are as follows:

	Temporary differences on recognition of fair value gains on investment properties <i>RMB'000</i>
At July 1, 2015	35,771
Charged to profit or loss	15,092
At July 1, 2016	50,863
Charged to profit or loss	—
At December 31, 2016	50,863

16 SHARE CAPITAL

	Number of ordinary shares (Shares)	Share capital HKD	Share capital RMB
At June 30, 2015 and July 1, 2015	180,000,000	516,320,500	411,936,000
At June 30, 2016	180,000,000	516,320,500	411,936,000
At December 31, 2016	180,000,000	516,320,500	411,936,000

17 CAPITAL COMMITMENTS

As at December 31, 2016, the Group did not have capital expenditure contracted but not yet incurred for construction of either investment properties or self-use properties and equipment (June 30, 2015: Nil).

18 DIVIDEND

	Six months ended December 31,	
	2016	2015
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Dividend declared after the end of the reporting periods:		
2016: HK8.0 cents (equivalent to approximately RMB7.0 cents) per ordinary share	6,297	—
2015: HK4.0 cents (equivalent to approximately RMB3.3 cents) per ordinary share	—	6,016

During the six months ended December 31, 2016, a final dividend of HK4.0 cents (equivalent to approximately RMB3.4 cents) per share totaling RMB6,297,840 was recommended by the Board on August 16, 2016 and approved by the Shareholders at annual general meeting held on October 19, 2016 was paid to the Shareholders in respect of the year ended June 30, 2016 (December 31, 2015: HK4.0 cents for the period ended June 30, 2015).

The Board declared an interim dividend of HK4.0 cents (equivalent to approximately RMB3.5 cents) per share for the Period (December 31, 2015: HK4.0 cents).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our leasing revenue decreased by 4.1% to RMB33.1 million for the Period compared to RMB34.5 million for the same period in 2015. This was due to the fact that some colleges had lesser new students enrolled for the Period.

Operating profit

Our operating profit for the Period was reduced by RMB3.14 million compared to RMB20.8 million for the same period in 2015, mainly due to the following reasons:

1) *Government grant*

We did not have government grant for the Period. (2015: RMB2.0 million)

2) *Employee cost*

Decrease in employee cost by 33.3% to RMB0.8 million for the Period compared to RMB1.2 million for the same period in 2015 was mainly due to manpower turnover.

3) *Repairs and maintenance fees*

Increase in repair and maintenance fees by 25% to RMB2.0 million for the Period from RMB1.6 million for the same period in 2015 was mainly due to upgrading the facilities during the Period.

4) *Legal and consulting fees*

Increase in legal and consulting fees by 58.8% to RMB2.7 million for the Period from RMB1.7 million for the same period in 2015 was due to increase in legal fee and professional fee for the property acquisition in Malaysia.

5) *Other gains – net*

We recorded a net foreign exchange loss of RMB2.6 million for the Period, primarily due to inter-company transactions of OUC Malaysia and the Company.

6) *Other expenses*

Our other expenses increased to RMB23.7 million for the Period from RMB1.2 million for the same period in 2015, due to the write off of RMB21.0 million of government grant granted in July 2014.

Income tax expenses

Since January 1, 2015 (PRC tax assessment year 2015) onwards, the corporate income tax of the PRC Subsidiary has been levied according to accounting book under the PRC CIT Law. We incurred RMB2.5 million corporate income tax expenses for the Period.

Tax provision written back

Increase in tax provision of RMB22.2 million for the Period and nil amount for the same period in 2015 was due to the write back of RMB22.2 million of tax provision provided in July 2014.

Net profit

Due to the foregoing factors, our net profit for the Period was RMB17.6 million compared to RMB18.5 million for the same period in 2015.

Liquidity and Financial Resources

The Group has sufficient liquidity and financial resources on hand to meet its due obligations and capital investment plans.

Cash and Cash Equivalents

The Group places a high emphasis on risk management, safety and liquidity. Cash in excess of daily operational requirements is placed in fixed deposits. The Group currently does not invest in bonds, bills, structured products or any other financial instruments. As at December 31, 2016, the Group had a cash and cash equivalent balance of approximately RMB11.6 million (June 30, 2016: RMB4.9 million).

Foreign Exchange Hedging

The Group has limited foreign currency risk as most of the transactions are denominated in the RMB as the functional currency of the operations. Thus, the Group presently does not conduct 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 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 our existing education facilities are located in Oriental University City, Langfang city, Hebei Province, the PRC and Kuala Lumpur, Malaysia.

Apart from education facilities leasing, in order to serve the daily needs of students and staff, our business, to a much lesser extent, includes commercial leasing. We lease buildings and premises to tenants operating a range of supporting facilities, including grocery stores, laundry shops, internet cafes and canteens.

As the lease-out rates for our dormitories are close to full capacity and to diversify the type of dormitories we provide, we plan to use all of our net proceeds from the placing of 45,000,000 ordinary shares of the Company (the “**Shares**”) at a price of HK\$2.64 each on January 16, 2015 (the “**Placing**”) to construct new dormitories to house approximately 3,500 students and staff. The construction of the new dormitories will increase our total dormitory capacity by 17.9% from approximately 19,500 beds as of December 31, 2016, to approximately 23,000 beds for the 2017 to 2018 academic year. For update on the business plan of the Group, please refer to “Use of Proceeds from the Company’s Placing” section below.

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

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENT

Saved as disclosed in the prospectus of the Company dated December 31, 2014 (the “**Prospectus**”), as at December 31, 2016, the Group did not hold any significant investment, and had no material capital commitments and no future plans for material investments or purchase of capital assets.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the Period.

CHARGE ON GROUP ASSETS

As at December 31, 2016, the Group did not have any charge on its assets.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at December 31, 2016 as compared with that as at June 30, 2016.

CONTINGENT LIABILITIES

As at December 31, 2016, the Group and the Company did not have any significant contingent liabilities (June 30, 2016: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2016, the Group had a total of 17 full-time employees in the PRC, all of which were located in Langfang city, Hebei Province. (June 30, 2016: 16). The Group's total employee costs were approximately RMB0.8 million for the Period (December 31, 2015: RMB1.2 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.

USE OF PROCEEDS FROM THE COMPANY'S PLACING

The net proceeds received by the Company from the listing by way of Placing, after deducting the amounts due to REC, the controlling shareholder of the Company and a Company 36.88% owned by Mr. Chew, the Chairman and an executive Director, for listing expenses as set out in 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.

The Directors intend to apply all the above net proceeds for constructing new dormitories on the campus site owned by the Group, housing the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group located in Oriental University City in Langfang Economic and Technology Development Zone in Langfang city, Hebei Province, the PRC (the "**Campus Site**").

As at December 31, 2016, preparation works for the construction of new dormitories on the Campus Site was still on-going. The Group has spent approximately HK\$29.7 million in purchasing construction materials, conducting soil testing for the selected sites on the Campus Site and carrying out architectural work for the new dormitories.

After soil testing had been conducted on the selected sites, the architecture firm was of the view that the original architectural design of the new dormitories should be revised and optimized. Thus, the architecture firm took additional 6 months to analyse the soil testing results, the construction methods, additional costing, building dormitories. On September 22, 2016, the architecture firm has obtained the approval of building plans from Langfang government. The Company is applying for the construction license.

As at December 31, 2016, the unused proceeds amounted to HK\$45.6 million. The Group intends to apply the unused proceeds in accordance with the revised plan as set out below:

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the implementation plans as set out in the Prospectus with the Group's actual plans for the Period is set out below:

Timetable	Implementation Plans in Prospectus	Actual Plans
For the six months ended December 31, 2016	– Complete the construction of the new dormitories; – Commence and complete the interior decoration of the new dormitories; – Complete the final inspection and obtain the relevant government permit for commencement of use of the new dormitories; and – Commence the use of the new dormitories for the 2016 to 2017 academic year.	– Obtained the approval of building plans from Langfang government; and – Applying for the construction license. – Expected to complete the construction of the new dormitories by December 31, 2017.

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 December 31, 2016, none of the Directors, controlling shareholder (as defined in the GEM Listing Rules) or substantial shareholders (as defined in the GEM Listing Rules) of the Company, directors of any of the Company's subsidiaries or any of their respective close associates (as defined in the GEM Listing Rules) had interest in any business (other than our Group) which, directly or indirectly, competed or might compete with the Group's business.

DIVIDEND

The Board has resolved to declare an interim dividend of HK4.0 cents (equivalent to approximately RMB3.5 cents) per share for the Period (the “**Interim Dividend**”) to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, March 24, 2017. (December 31, 2015: HK4.0 cents). The relevant dividend warrants are expected to be despatched on or before Friday, April 7, 2017.

BOOK CLOSE DATE

For the purpose of determining Shareholders’ entitlement to the Interim Dividend, the Company’s register of members will be closed on Friday, March 24, 2017 on which day no transfer of Shares will be registered. In order to qualify for the Interim Dividend, all completed transfers forms accompanied by the relevant share certificate(s) must be lodged for registration with the Company’s share registrar, Boardroom Share Registrars (HK) Limited of 31/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Thursday, March 23, 2017.

CORPORATE GOVERNANCE

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

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

INTERESTS OF THE COMPLIANCE ADVISER

As at December 31, 2016, as notified by the Company’s compliance adviser, BNP Paribas Securities (Asia) Limited (the “Compliance Adviser”), except for the compliance adviser agreement dated August 29, 2014 and entered into between the Company and the Compliance Adviser, which became effective on the Listing Date, neither the Compliance Adviser nor its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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

As at December 31, 2016, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions

(a) Shares in the Company

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of issued Shares held</u>	<u>Appropriate percentage of shareholding</u>
Mr. Chew	Interest of a controlled corporation ^(Note 1)	135,000,000	75% ^(Note 2)

Notes:

- (1) Details of the interest in the Company held by Mr. Chew through REC are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at December 31, 2016 (i.e. 180,000,000 Shares).

(b) Shares in associated corporation of the Company

<u>Name of Director</u>	<u>Name of Associated Corporation</u>	<u>Nature of interests</u>	<u>Number of issued shares held</u>	<u>Appropriate percentage of shareholding</u>
Mr. Chew	REC ^(Note 1)	Beneficial owner and interest of spouse	356,082,899	36.88% ^(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 2.71% interest of Ms. Chung, the wife of Mr. Chew; and (b) the 10.91% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at December 31, 2016, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules.

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

As at December 31, 2016, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations or persons (other than a Director or the chief executive of the Company) which/who had 5% or more interests in the Shares and the underlying Shares as recorded in the register kept under section 336 of the SFO were as follows:

Long position in the Shares

Name of Shareholders	Capacity/ Nature of interest	Number of issued Shares held	Appropriate percentage of shareholding
REC	Beneficial owner ^(Note 1)	135,000,000	75% ^(Note 2)
Ms. Chung	Interest of spouse ^(Note 1)	135,000,000	75% ^(Note 2)

Notes:

- (1) REC is owned as to (a) 23.26% by Mr. Chew, the Chairman and an executive Director; (b) 10.91% jointly by Mr. Chew and Ms. Chung, the wife of Mr. Chew; and (c) 2.71% 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.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at December 31, 2016 (i.e. 180,000,000 Shares).

Save as disclosed above, as at December 31, 2016, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had any interest or short position in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN, TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

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. Wilson Teh Boon Piaw with Mr. Lam Bing Lun, Philip serving as the chairman.

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

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

Singapore, January 24, 2017

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

This announcement will remain on the “Latest Company Announcements” 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.