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, 2021

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**") presents the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended June 30, 2021 (the "**FY2021**") together with the comparative audited figures for the year ended June 30, 2020 ("**FY2020**"), as follows:

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

For the year ended June 30, 2021

	Notes	**FY2021** **RMB'000**	FY2020 *RMB'000*	Change *+/(-) %*
Revenue	*3.4 & 4.1*	**65,775**	78,046	(15.7)
Government grants		**400**	—	NM
Employee costs	*4.2*	**(6,929)**	(5,432)	27.6
Depreciation of property, plant and equipment		**(428)**	(348)	23.0
Business taxes and surcharges		**(350)**	(399)	(12.3)
Property taxes and land use taxes		**(12,418)**	(11,337)	9.5
Property management fee	*4.3*	**(5,034)**	(6,885)	(26.9)
Repairs and maintenance fees	*4.4*	**(295)**	(3,609)	(91.8)
Legal and consulting fees		**(5,295)**	(4,883)	8.4
Other (losses)/gains, net	*3.5 & 4.5*	**(3,708)**	(550)	574.2
Other expenses		**(4,373)**	(4,139)	5.7
Share of results of associates	*4.6*	**10,898**	571	1,808.6
Operating profit before impairment losses and fair value changes		**38,243**	41,035	(6.8)
Impairment loss on other receivables		—	(5,937)	NM
Reversal of impairment loss/ (impairment loss) on an associate	*4.7*	**7,014**	(9,666)	NM
Fair value gains on investment properties	*4.8*	**51,421**	36,563	40.6
Fair value (loss)/gain on convertible note	*4.9*	**(24,928)**	8,537	NM
Operating profit		**71,750**	70,532	1.7
Interest expenses on bank borrowings	*4.10*	**(13,892)**	(3,108)	347.0
Interest income		**61**	463	(86.8)
Profit before income tax	*3.6*	**57,919**	67,887	(14.7)
Income tax:				
Current tax expense	*3.7 & 4.11*	**(2,375)**	(4,605)	(48.4)
Deferred tax expense	*3.7 & 4.12*	**(20,071)**	(18,018)	11.4
Profit for the year	*4.13*	**35,473**	45,264	(21.6)
Earnings before interest expenses, tax, depreciation & amortization		**72,239**	71,343	1.3

NM — Not meaningful

	Note	**FY2021** *RMB'000*	FY2020 *RMB'000*	Change *+/(-) %*
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Exchange differences from translation of foreign operations		**(1,272)**	57	NM
Share of other comprehensive income of associates		**(5,701)**	3,697	NM
Other comprehensive income for the year	*4.14*	**(6,973)**	3,754	NM
Total comprehensive income for the year		**28,500**	49,018	(41.9)
Profit attributable to:				
— Owners of the Company		**34,891**	44,764	(22.1)
— Non-controlling interests		**582**	500	16.4
		35,473	45,264	(21.6)
Total comprehensive income attributable to:				
— Owners of the Company		**27,918**	48,518	(42.5)
— Non-controlling interests		**582**	500	16.4
		28,500	49,018	(41.9)
Earnings per share for profit attributable to the owners of the Company during the year				
— Basic (RMB per share)	*3.8*	**0.19**	0.25	(24.0)
— Diluted (RMB per share)	*3.8*	**0.19**	0.16	18.8

NM — Not meaningful

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Notes	As at June 30, 2021 RMB'000	As at June 30, 2020 RMB'000
Non-current assets			
Property, plant and equipment		**4,826**	4,891
Investment properties	*3.9*	**1,547,773**	1,506,198
Interests in associates	*3.10*	**78,889**	72,510
Prepayment for acquisition of investment properties	*3.11*	**14,738**	11,467
Total non-current assets		**1,646,226**	1,595,066
Current assets			
Trade and other receivables	*3.12*	**19,059**	10,780
Restricted cash		**4,525**	445
Cash and cash equivalents	*4.17*	**28,095**	2,211
Total current assets		**51,679**	13,436
Current liabilities			
Trade and other payables and accruals	*3.13*	**10,742**	11,915
Advances from customers		**3,882**	1,299
Bank borrowings, secured		**62,545**	32,212
Current tax liabilities		**15**	1,140
Total current liabilities		**77,184**	46,566
Net current liabilities	*4.15*	**(25,505)**	(33,130)
Total assets less current liabilities		**1,620,721**	1,561,936
Non-current liabilities			
Trade and other payables and accruals	*3.13*	**235**	3,072
Bank borrowings, secured		**219,383**	58,617
Convertible note		—	147,180
Deferred tax liabilities		**158,788**	139,125
Total non-current liabilities		**378,406**	347,994
NET ASSETS		**1,242,315**	1,213,942
Capital and reserves attributable to owners of the Company			
Share capital		**290,136**	290,136
Reserves		**941,343**	913,425
		1,231,479	1,203,561
Non-controlling interests		**10,836**	10,381
TOTAL EQUITY		**1,242,315**	1,213,942

3. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.1 GENERAL INFORMATION

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

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

3.2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").

(b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values as explained in the accounting policies set out below.

As at June 30, 2021, the Group's current liabilities exceeded its current assets by approximately RMB25.51 million. Included in current liabilities was secured bank borrowings related to bank overdraft amounting to RMB28.53 million for which the renewal is pending. In addition, the novel coronavirus disease 2019 pandemic (the "**COVID-19**") situation has brought additional uncertainty as to whether the Group is able to complete the renewal of the lease agreements with its tenants given that the academic year might be suspended after the schools' commencement in September 2021. These events or conditions may cast significant doubt about the Group's ability to continue as a going concern. Nevertheless, these consolidated financial statements were prepared based on the assumption that the Group is able to operate as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations based on a projected cash flow covering a period from the end of the reporting period to December 31, 2022 after taking account of the following events and measures:

(i) The Group has obtained a loan revolving facility amounting to RMB35.00 million from REC for three years from June 30, 2020. The interest rate is 2.5% per annum, calculated from the date of loan redraw. Up to the date of this announcement, the Group has not utilised this facility;

(ii) Some major leases have completed their student enrolment phase and will commence the academic year in September 2021 and the management expected that the renewal of tenancy agreements would be completed soon;

(iii) The Group has been in the process of reviewing with its banker the bank overdraft facility and considered that the renewal would be completed on its credit history and fair value of the collateral; and

(iv) The Group would consider disposing of certain investment properties to provide further funding when the liquidity needs arise.

(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.

3.3 ADOPTION OF NEW/REVISED HKFRSS

(a) Adoption of new/revised HKFRSs — effective July 1, 2020

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material
Conceptual Framework for Financial Reporting 2018	Conceptual Framework for Financial Reporting (Revised)

The Group has assessed the impact of the adoption of the above new or amended HKFRSs and considered that there was no material impact on the Group's results and financial position for the current and prior periods. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[6]
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[6]
Amendment to HKAS 1	Disclosure of Accounting Policies[6]
Amendment to HKAS 8	Definition of Accounting Estimates[6]
Amendments to HKAS 16	Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[7]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[3]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021[2]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018-2020[4]

[1] Effective for annual periods beginning on or after January 1, 2021
[2] Effective for annual periods beginning on or after April 1, 2021
[3] Effective for annual periods beginning on or after June 1, 2021
[4] Effective for annual periods beginning on or after January 1, 2022
[5] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022
[6] Effective for annual periods beginning on or after January 1, 2023
[7] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

The Directors do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

3.4 REVENUE AND SEGMENT INFORMATION

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

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

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

An analysis of revenue by category for the year is as follows:

	FY2021	FY2020	Change
Revenue within scope of HKFRS16:	***RMB'000***	*RMB'000*	*+/(-) %*
Education facilities leasing	**62,768**	72,597	(13.5)
Commercial leasing for supporting facilities	**3,007**	5,449	(44.8)
	65,775	78,046	(15.7)

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:

Revenue	**FY2021** *RMB'000*	FY2020 *RMB'000*	Change *+/(-) %*
College A	**33,357**	47,197	(29.3)
College B	**11,127**	14,236	(21.8)

3.5 OTHER (LOSSES)/ GAINS, NET

Breakdown of the other (losses)/ gains, net for the year is as follows:

	FY2021 *RMB'000*	FY2020 *RMB'000*	Change *+/(-) %*
Net foreign exchange losses	**(3,183)**	(710)	348.3
Loss on disposal of property, plant and equipment	**(141)**	—	NM
Loss on disposal of investment properties	**(765)**	—	NM
Others	**381**	160	138.1
	(3,708)	(550)	574.2

NM — Not meaningful

3.6 PROFIT BEFORE INCOME TAX

This is arrived at after charging/(crediting):

	FY2021	FY2020	Change
	RMB'000	*RMB'000*	*+/(-) %*
Auditor's remuneration	**1,065**	750	42.0
Direct operating expenses arising from investment properties that generated rental income during the year	**17,708**	20,253	(12.6)
Direct operating expenses arising from investment properties that did not generate rental income during the year	**5,566**	6,355	(12.4)
Government grant	**(400)**	—	NM

NM — Not meaningful

3.7 INCOME TAX

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

	FY2021	FY2020	Change
	RMB'000	*RMB'000*	*+/(-) %*
Current tax			
— Corporate income tax for the year	**1,202**	3,763	(68.1)
— (Over)/ under provision in respect of prior years	**(91)**	6	NM
Withholding tax on dividend income	**1,264**	836	51.2
	2,375	4,605	(48.4)
Deferred tax	**20,071**	18,018	11.4
Income tax	**22,446**	22,623	(0.8)

NM — Not meaningful

PRC corporate income tax

The corporate income tax rate applicable to the Group's entity located in the PRC is 25% pursuant to the Corporate Income Tax Law of the PRC (the "**PRC CIT Law**").

PRC withholding income tax

A withholding tax of 10% is levied on the Company, in accordance with the PRC CIT Law, for dividend declared out of profit of its subsidiary in the PRC.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Group did not have assessable profit in Hong Kong during the FY2021 and FY2020.

Malaysian income tax

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

Indonesian income tax

The Indonesian income tax rate applicable to the Group's entity located in Indonesia is 25%.

Deferred tax

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

3.8 EARNINGS PER SHARE

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

	FY2021	FY2020	Change
	RMB'000	*RMB'000*	*+/(-) %*
Earnings:			
Earnings for the purposes of basic earnings per share	**34,891**	44,764	(22.1)
Effect of dilutive potential ordinary shares:			
Change in fair value on convertible note	**—**	(8,537)	NM
Earnings for the purpose of diluted earnings per share	**34,891**	36,227	(3.7)
Number of shares:	***No. '000***	*No. '000*	
Weighted average number of ordinary shares for the purposes of basic earnings per share	**180,000**	180,000	—
Effects of dilutive potential ordinary shares:			
Convertible note issued by the Company	**—**	53,320	NM
Weighted average number of ordinary shares for the purposes of cal-culating diluted earnings per share	**180,000**	233,320	(22.9)
Basic earnings per share	**0.19**	0.25	(24.0)
Diluted earnings per share [1]	**0.19**	0.16	18.8

NM — Not meaningful

Note:

1. *Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted earnings per share for the year ended June 30, 2021 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding convertible loan would have an anti-dilutive effect to the basic earnings per share.*

3.9 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:

Fair value	**2021** **RMB'000**	2020 *RMB'000*
At beginning of year	**1,506,198**	1,174,532
Additions	**5,235**	294,356
Disposal	**(3,636)**	—
Exchange realignment	**(11,445)**	747
Change in fair value	**51,421**	36,563
At end of year	**1,547,773**	1,506,198

Independent valuations of the Group's investment properties were performed by Cushman & Wakefield Limited, an independent firm of professionally qualified valuers, to determine the fair value of the Group's investment properties as at June 30, 2021 (June 30, 2020: Jones Lang LaSalle Corporate Appraisal and Advisory Limited and KJPP Rengganis, Hamid & Rekan), 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, 2020 and 2021.

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.

Fair value of investment properties is derived using the income capitalisation approach and market 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. The market approach by making reference to the comparable market transactions as available. The market approach is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject property.

3.10 INTERESTS IN ASSOCIATES

	As at June 30, 2021 *RMB'000*	As at June 30, 2020 *RMB'000*
Share of net assets other than goodwill	**78,889**	79,524
Goodwill	**2,652**	2,652
Less: Impairment loss[1]	**(2,652)**	(9,666)
	78,889	72,510

Note:

1. *As at June 30, 2020, based on the result of the assessment, management determined that the fair value less cost to sell is lower than the carrying amount. Therefore, an impairment loss of RMB9.67 million was recognised during the year. As the carrying amount has been reduced to its fair value less cost to sell of RMB16.35 million, any adverse change in the assumptions used in the calculation of carrying amount would result in further impairment losses.*

   During the FY2021, the fair value less costs to sell of the corresponding interest in associate has been determined as higher than the carrying amount. Accordingly, a reversal of impairment loss of RMB7.01 million was recognised in profit or loss.

Company received return of capital of Australian Dollar ("**AUD**") 0.015 per share, amounting to AUD1.23 million, (RMB6.06 million), from its associate, Axiom Properties Limited on April 13, 2021.

3.11 PREPAYMENT FOR ACQUISITION OF INVESTMENT PROPERTIES

As at June 30, 2021, included in the balances was prepayments of RMB14.74 million (2020: RMB11.47 million) made for acquisition of investment properties in Mongolia at a total consideration of RMB32.71 million.

3.12 TRADE AND OTHER RECEIVABLES

	As at June 30, 2021 RMB'000	As at June 30, 2020 RMB'000
Trade receivables	**10,647**	886
Other receivables[1]	**8,412**	9,894
	19,059	10,780

Note:

1. *Included in the balance as at June 30, 2021 were (i) an amount due from an associate of RMB0.07 million (2020: RMB0.20 million), which was unsecured, interest-free, repayable on demand and non-trade in nature; and (ii) amount due from REC Group of RMB Nil (2020: RMB2.21 million).*

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

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

	As at June 30, 2021 RMB'000	As at June 30, 2020 RMB'000
Within 3 months	**35**	—
Over 3 months to 6 months	**1,620**	781
Over 6 months to 12 months	**8,992**	105
	10,647	886

3.13 TRADE AND OTHER PAYABLES AND ACCRUALS

	As at June 30, 2021 RMB'000	As at June 30, 2020 RMB'000
Trade payables	**1,620**	4,115
Other payables and accruals[1]	**9,357**	10,872
	10,977	14,987

Note:

1. *Included in other payables as at June 30, 2021 were (i) an amount due to a non-controlling interest shareholder of a subsidiary of RMBNil (2020: RMB0.08 million), which was unsecured, interest-free and repayable on demand; (ii) amounts due to REC Group of RMBNil (2020: RMB0.04 million), which were unsecured, interest-free, repayable on demand and non-trade in nature; and (iii) amounts due to REC Group of RMBNil (2020: RMB2.27 million, which were unsecured, interest-free, shall not be payable before July 1, 2021 and non-trade in nature).*

Reconciliation of trade payables and other payables and accruals:

	As at June 30, 2021 RMB'000	As at June 30, 2020 RMB'000
Current	**10,742**	11,915
Non-current	**235**	3,072
	10,977	14,987

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

	As at June 30, 2021 RMB'000	As at June 30, 2020 RMB'000
Within 3 months	**457**	1,735
Over 3 months to 6 months	**861**	2,066
Over 6 months to 12 months	**—**	261
Over 1 year	**302**	53
	1,620	4,115

3.14 DIVIDENDS

The Board has resolved not to recommend the payment of any final dividend for the years ended June 30, 2020 and 2021.

4. FINANCIAL REVIEW FOR THE YEAR ENDED JUNE 30, 2021

4.1 Revenue

Revenue decreased by 15.7% to RMB65.78 million compared to RMB78.05 million for the FY2020. The COVID-19 outbreak in the year 2020 in the PRC and the consequential movement restrictions, quarantine measures, suspension of work and stay-at-home for work and study, have affected the businesses of the colleges, vocational schools, training centres and education institutions ("**Education Institutions**") in the PRC that leases from the Group. This, in turn, resulted in reduction of leased space and leased period from Education Institutions in the FY2021.

4.2 Employee costs

Employee costs increased by 27.6% to RMB6.93 million from RMB5.43 million recorded in the FY2020, as this reflects the full year of personnel costs for the additional employees hired in the previous year. The employee costs were lower in previous year as these additional employees, employed to manage the acquired properties, were only added in the second quarter of the previous year.

4.3 Property management fee

Property management fee decreased by 26.9% to RMB5.03 million compared to RMB6.89 million for the FY2020, mainly due to the reduction of contractual cost for cleaning services to commensurate with the reduced leased spaces to customers.

4.4 Repairs and maintenance fees

Repairs and maintenance cost decreased by 91.8% to RMB0.30 million, compared to RMB3.61 million for the FY2020, as the Group had less maintenance cost and did not incur major expenditures such as repair and repainting of exterior building walls as compared to the FY2020.

4.5 Other (losses)/gains, net

Other losses increased by 574.2% to RMB3.71 million, compared to RMB0.55 million for the FY2020, mainly due to net foreign exchange losses resulted from the foreign operations, whose currencies weakened against RMB.

4.6 Share of results of associates

Gain on share of results of associates increased by 1,808.6% to RMB10.90 million, from RMB0.57 million in the FY2020, mainly due to higher net profit of the Company's associate, Axiom Properties Limited ("**Axiom**").

4.7 Reversal of impairment loss/ (impairment loss) on an associate

A reversal of impairment loss on an associate of RMB7.01 million was recorded compared to an impairment loss on an associate of RMB9.67 million in the FY2020. The impairment of RMB7.01 million made in prior year against the carrying amount of interests in associate, Axiom, has been reversed. This reversal arose mainly due to an increase in its fair value less cost to sell of RMB11.46 million as at June 30, 2021. As at June 30, 2020, the fair value of the Group's interest in Axiom, less cost to sell, is lower than the carrying amount of its net assets. Therefore, an impairment loss of RMB9.67 million was recognised during the FY2020.

4.8 Fair value gains on investment properties

Fair value gains on investment properties increased by 40.6% to RMB51.42 million, compared to RMB36.56 million in the FY2020. The increase was primarily attributed to the higher fair value gains for investment properties located in Langfang City, Hebei Province, the PRC.

4.9 Fair value (loss)/gain on convertible note

The Group had on November 19, 2019, issued the convertible note to REC at par value of HK$200.38 million, as settlement for the balance purchase consideration of acquisition of certain investment properties in Langfang City, the PRC (the "**Zhuyun Properties**"). In accordance with HKFRS 2 Share-Based Payment, the Group had initially recognised the fair value of Zhuyun Properties acquired of RMB231.43 million, on the completion date, November 19, 2019, based on the corresponding fair value of the convertible note of RMB155.72 million. The HK$200.38 million convertible note was valued at RMB155.72 million at initial recognition date, November 19, 2019. At the first reporting date after completion of acquisition of Zhuyun Properties, i.e. June 30, 2020, the fair value of the convertible note was RMB147.18 million, resulted in a fair value gain on convertible note of RMB8.54 recorded for the FY2020.

Reference is made to the announcement of the Company dated January 15, 2021. The convertible note was early redeemed at par value of HK$200.38 million in the third quarter of the current financial year and a fair value loss on convertible note of RMB24.93 million was recognised.

4.10 Interest expenses

Interest expenses increased by 347.0% to RMB13.89 million from RMB3.11 million for the FY2020, mainly due to inception of term loans obtained in the PRC and Indonesia.

4.11 Current tax expense

Current tax expense declined by 48.4% to RMB2.38 million from RMB4.61 million for the FY2020, mainly due to the Group having lower corporate income tax, in line with the lower taxable income.

4.12 Deferred tax expense

Deferred tax expense increased by 11.4% to RMB20.1 million from RMB18.02 million for the FY2020, in line with higher fair value gains on investment properties compared to previous year.

4.13 Profit for the Year

Due to the foregoing factors set out in Notes 4.1 to 4.12 above, net profit recorded a decrease by 21.6% to RMB35.47 million compared to RMB45.26 million for the FY2020.

4.14 Other comprehensive income

Other comprehensive loss of RMB6.97 million was recorded as compared to other comprehensive income of RMB3.75 million in the FY2020, due to fluctuations of foreign exchange differences arising from the translation of foreign operations and associate's balances balance against a stronger RMB.

4.15 Liquidity and Financial Resources

As at June 30, 2021, the Group has a net current liabilities of RMB25.51 million (at June 30, 2020: RMB33.13 million). Included in the current liabilities are:

(a) advance from customers of RMB3.88 million (at June 30, 2020: RMB1.30 million), which will be recognised as revenue with the passage of time in accordance with the terms of the rental agreements.

(b) bank borrowings of RMB62.55 million (at June 30, 2020: RMB32.21 million), which are secured by certain investment properties of the Group and the Company is confident the bank borrowings will continue to be extended by the respective banks.

As at June 30, 2021, the Group had total assets of approximately RMB1,697.91 million (at June 30, 2020: RMB1,608.50 million), which were financed by total liabilities and equity of approximately RMB455.59 million (at June 30, 2020: RMB394.56 million) and RMB1,242.32 million (at June 30, 2020: RMB1,213.94 million), respectively.

4.16 Gearing Ratio

The Group's gearing ratio as at June 30, 2021 is 22.7% (June 30, 2020: 19.6%), which is calculated based on the total borrowings of RMB281.93 million (at June 30, 2020: RMB238.01 million, which comprise bank borrowings and convertible note, divided by total equity as at the respective reporting dates and then multiplied by 100%.

4.17 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, 2021, the Group had cash and cash equivalents balance of approximately RMB28.10 million (June 30, 2020: RMB2.21 million). The cash and cash equivalents were mainly denominated in RMB.

4.18 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.

5. BUSINESS REVIEW AND OUTLOOK

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

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

The financial performance of the Group was impacted by the business uncertainty caused by the COVID-19 in the first half of FY2021, which resulted in reduced leased space and leased period taken up by the affected Education Institutions. The business uncertainty subsequently dissipated, as we received increased interests for our vacant units and signed up several new customers for educational facilities. Moving on to the next financial year, we have signed up with most of the existing tenants, with some increasing their space requirement to pre-COVID-19 pandemic level.

Business environment is expected to be challenging due to unpredictable COVID-19 flare-ups that may occur intermittently, and we will be prudent in managing our operational costs and mitigating revenue pressures. When there is better visibility in growth outlook, we will roll out more aggressive marketing and business development efforts to secure more new tenants. Our new dormitories, which is in the process of being certified fit for occupancy, will add a gross floor area of approximately 10,000 square metres. This will be promoted, with better price range, to new potential customers as well as, as an upgrade, to existing customers. When fully occupied, these new dormitories would be able to generate an additional annual revenue ranging between RMB2.70 million and RMB3.80 million.

As announced by the Company on August 11, 2021, the application for the proposed transfer of listing of its shares from GEM to the Main Board of the Stock Exchange, which was submitted on 10 February 2021, has lapsed. The Board believes that the lapse of the application has no material adverse effect to the business operation and/or finance of the Company.

The Board views that the education industry, is resilient in facing the challenges posed by COVID-19 pandemic. Education industry in the PRC is expected to resume moderate growth in line with student population growth. The Group, with its oncoming supply of leasing space, is well-poised to ride the moderate growth trend, as provider of education facilities, in the medium to long terms.

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

The Company entered into a sale and purchase agreement with an independent vendor for the purchase of investment properties in Mongolia, as set out on Note 3.11 — Prepayment for Acquisition of Investment Properties. The balance purchase consideration of RMB17.97 million, will be paid in stages according to the various stages of construction completion as set out in the sale and purchase agreement. Please refer to the announcement dated March 6, 2020 for details of the acquisition of investment properties in Mongolia.

The Group also undertakes renovation/refurbishment of investment properties in Langfang City, estimated at approximately RMB240 million, on progressive basis based on its funding capability.

Save for the above, the Group did not have any other significant investments and future plan for material investments and capital commitments, during the year ended June 30, 2021.

7. MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures, during the year ended June 30, 2021.

8. CONTINUING CONNECTED TRANSACTION

Save as disclosed below, as at June 30, 2021, the Group does not have any other continuing connected transaction.

Tenancy Agreement of Properties in Malaysia

OUC Malaysia Sdn Bhd, a direct wholly-owned subsidiary of the Company, had on December 18, 2018, as landlord, entered into a tenancy agreement with Raffles College of Higher Education Sdn Bhd, (a 70%-owned subsidiary of REC), as tenant, for the lease of the properties for a lease term of 3 years commencing on January 1, 2019 and expiring on December 31, 2021. The tenancy agreement was executed on arm's length with an annual revenue amounting to MYR1.91 million (approximately RMB3.06 million).

Tenancy Agreement of Properties in Indonesia

PT OUC Thamrin Indo, a direct wholly-owned subsidiary of the Company, had on June 17, 2020, as landlord, entered into a tenancy agreement with PT. Raffles Institute of Higher Education, (a wholly-owned subsidiary of REC), as tenant, for the tenancy of the whole premises of 2 floors of Lippo Thamrin office tower in Jakarta, Indonesia, for a lease term of 3 years commencing on July 1, 2020 and expiring on June 30, 2023. The tenancy agreement was executed on arm's length with an annual revenue amounting to IDR5,962.20 million (approximately RMB2.64 million).

9. CHARGE ON THE GROUP'S ASSETS

As at June 30, 2021, investment properties of RMB356.23 million (June 30, 2020: RMB133.91 million) were pledged to secure banking facilities granted to the Group.

10. CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at June 30, 2021 as compared with that as at June 30, 2020.

11. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at June 30, 2021 (June 30, 2020: RMB Nil).

12. EVENT AFTER THE REPORTING PERIOD

There are no other significant event after the reporting period up to the date of this announcement.

13. EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2021, the Group had a total of 49 full-time employees in the PRC, all of which were located in Langfang City, Hebei Province (at June 30, 2020: 53). The Group's total employee costs were approximately RMB6.93 million (FY2020: RMB5.43 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 on December 17, 2014 (the "**Share Option Scheme**") as an incentive to the Directors and eligible employees. As no share option has been granted by the Company under the Share Option Scheme, there was no share option outstanding as at June 30, 2021 and no option was exercised or cancelled or lapsed during the FY2021.

14. USE OF PROCEEDS FROM THE COMPANY'S IPO PLACEMENT

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

The utilisation of the Net Proceeds after the re-allocation had been completed as at June 30, 2021, as set out as follows:

Purpose	**Revised allocation of Net Proceeds** *(HK$ million)*	**Net Proceeds utilised during FY2021** *(HK$ million)*	**Utilised Net Proceeds** *(HK$ million)*	**Unutilised Net Proceeds** *(HK$ million)*
Construction of new dormitories on the campus site	31.80	2.00	31.80	—
General working capital	43.50	40.50	43.50	—

15. FINAL DIVIDENDS

The Board has resolved not to recommend payment of any dividend for the FY2021 (FY2020: HK$ Nil).

16. COMPETING INTERESTS

REC, the controlling shareholder (as defined in the GEM Listing Rules) of the Company, has confirmed that save for its shareholding in the Company, it is neither engaged nor interested in any business which, directly or indirectly, competes or may compete with the Group's business (save as disclosed under the heading "Excluded Businesses" in the section headed "History and Development — Post-Reorganization" of the prospectus of the Company dated December 31, 2014 (the "**Prospectus**")).

On December 22, 2014, REC entered into a deed of non-competition and call option in favour of the Company, pursuant to which it has undertaken not to compete with the business of the Company. For further details, please refer to the sub-section headed "Deed of Non-compete" in the section headed "Relationship with the Controlling Shareholder" of the Prospectus.

The Directors have confirmed that save as disclosed above, as at June 30, 2021, none of the Directors, controlling shareholder or substantial shareholders (as defined in the GEM Listing Rules) of the Company, directors of any of the Company's subsidiaries or any of their respective close associates (as defined in the GEM Listing Rules) had interest in any business (other than our Group) which, directly or indirectly, competed or might compete with the Group's business.

17. ANNUAL GENERAL MEETING (THE "2021 AGM")

The 2021 AGM will be held on Friday, October 29, 2021 and the relevant notice and documents will be despatched to the shareholders of the Company (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.

18. BOOK CLOSURE DATES

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed. Details of such closure is set out below:

Latest time to lodge transfer documents	4:30 p.m. on October 25, 2021 (Monday)
Closure of register of members	October 26, 2021 (Tuesday) to October 29, 2021 (Friday) (both days inclusive)
Record date	October 29, 2021 (Friday)

During the above closure period, no transfer of Shares will be registered. To be entitled to attend and vote at the 2021 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.

19. CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to its Shareholders and protecting and enhancing Shareholder's 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 FY2021.

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

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares during the FY2021.

21. 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 FY2021.

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

As at June 30, 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**")), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) entered in the register as referred to therein pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions

(a) Shares in the Company

Name of Director	Capacity/ Nature of interest	Number of issued Shares held	Percentage of shareholding[2]
Mr. Chew Hua Seng ("**Mr. Chew**") [1]	Interest of a controlled corporation/ Corporate interest	135,000,000	75%

Notes:

1 Details of the interest in the Company held by Mr. Chew, the chairman of the Board (the "**Chairman**") and an executive Director, through REC are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.

2 The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2021 (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[1]	Beneficial owner and interest of spouse/ personal interest and family interest	462,907,764	33.58%[2]

Notes:

1 REC, a company incorporated in Singapore with its issued shares listed on the SGX-ST, is the immediate holding company of the Company.

2 It includes (a) the 2.47% interest of Ms. Doris Chung Gim Lian ("**Ms. Chung**"), the spouse of Mr. Chew in REC; and (b) the 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at June 30, 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) entered in the register referred to therein pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at June 30, 2021, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations which or persons (other than a Director or the chief executive of the Company) who had 5% or more interests or short position in the Shares and the underlying Shares as recorded in the register to be kept under section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholders	Capacity/ Nature of interest	Number of issued Shares held	Percentage of shareholding[2]
REC[1]	Beneficial owner/ Personal interest	135,000,000	75%
Ms. Chung[1]	Interest of spouse/ Family interest	135,000,000	75%

Notes:

1 REC is owned as to (a) 21.17% by Mr. Chew, the Chairman and an executive Director; (b) 9.93% jointly by Mr. Chew and Ms. Chung, the spouse of Mr. Chew; and (c) 2.47% by Ms. Chung. Under the SFO, Mr. Chew is deemed to be interested in the Shares in which REC is interested, and Ms. Chung is deemed to be interested in the Shares in which Mr. Chew is interested and deemed to be interested. In addition, Mr. Chew is a director of REC.

2 The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2021 (i.e. 180,000,000 Shares).

Save as disclosed above, as at June 30, 2021, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations which or persons (other than a Director or the chief executive of the Company) who had 5% or more interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

24. 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 FY2021.

25. DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the FY2021 and FY2020 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 FY2020 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 FY2021 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.

26. REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth and Mr. Guo Shaozeng with Mr. Lam Bing Lun, Philip serving as the chairman.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the audited annual results of the Group for the FY2021, and is 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.

27. SCOPE OF WORK OF BDO LIMITED

The figures in respect of this preliminary announcement of the Group's results for the FY2021 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 20, 2021

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 Piaw and Mr. Guo Shaozeng.

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 and will remain on the website of the Company at www.oriental-university-city.com.