



Oriental
University City
東方大學城

THIRD QUARTERLY REPORT 2023

第三季度業績報告



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

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Oriental University City Holdings (H.K.) Limited (the “Company” and the “Directors”, respectively) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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1. CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chew Hua Seng (*Chairman*)
Mr. Liu Ying Chun (*Chief Executive Officer*)

Independent Non-executive Directors

Mr. Tan Yeow Hiang, Kenneth
Mr. Wilson Teh Boon Piaw
Mr. Guo Shaozeng

COMPANY SECRETARY

Ms. Tung Wing Yee Winnie

COMPLIANCE OFFICER

Mr. Liu Ying Chun

AUTHORISED REPRESENTATIVES

Ms. Tung Wing Yee Winnie
Mr. Liu Ying Chun

AUDIT COMMITTEE

Mr. Tan Yeow Hiang, Kenneth (*Chairman*)
Mr. Guo Shaozeng
Mr. Wilson Teh Boon Piaw

REMUNERATION COMMITTEE

Mr. Wilson Teh Boon Piaw (*Chairman*)
Mr. Chew Hua Seng
Mr. Tan Yeow Hiang, Kenneth

NOMINATION COMMITTEE

Mr. Guo Shaozeng (*Chairman*)
Mr. Chew Hua Seng
Mr. Wilson Teh Boon Piaw

RISK MANAGEMENT COMMITTEE

Mr. Tan Yeow Hiang, Kenneth (*Chairman*)
Mr. Liu Ying Chun
Mr. Wilson Teh Boon Piaw

LISTING INFORMATION

Place

GEM of the Stock Exchange

Stock Code

8067

Board Lot

1,000 shares

COMPANY'S WEBSITE

www.oriental-university-city.com

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

1. CORPORATE INFORMATION

REGISTERED OFFICE

31st Floor
148 Electric Road
North Point
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Levels 1 and 2
100 Zhangheng Road
Oriental University City
Langfang Economic & Technological Development Zone
Hebei Province
The PRC 065001

SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F
148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited (Hong Kong Branch)
Bank of Langfang (Development Zone Sub-branch)
Industrial and Commercial Bank of China
(Langfang Chaoyang Sub-branch)
Langfang City Suburban Rural Credit Cooperatives
(Tongbai Credit Union)

LEGAL ADVISOR

As to PRC law
Hebei Ruoshi Law Firm

2. FINANCIAL HIGHLIGHTS

- The Group recorded revenue of RMB38.83 million for the 9 months ended March 31, 2023, representing a decrease of 3.1% as compared with RMB40.06 million for the 9 months ended March 31, 2022.
- Profit attributable to the owners of the Company for the 9 months ended March 31, 2023 amounted to RMB5.73 million, representing an increase of 121.2% as compared to RMB2.59 million for the 9 months ended March 31, 2022.
- Basic earnings per share for the 9 months ended March 31, 2023 amounted to RMB0.03, compared to RMB0.01 for the 9 months period ended March 31, 2022.

The board of Directors (the “Board”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the 3 months and 9 months ended March 31, 2023, together with the relevant comparative figures for the corresponding periods in 2022, as follows:

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

FOR THE 3 MONTHS AND 9 MONTHS ENDED MARCH 31, 2023

| | Note | For the 3 months ended | | | For the 9 months ended | | |
|---|------------|---|---|---------------------|---|---|---------------------|
| | | March 31, 2023 Unaudited RMB'000 | March 31, 2022 Unaudited RMB'000 | Change + / (-) % | March 31, 2023 Unaudited RMB'000 | March 31, 2022 Unaudited RMB'000 | Change + / (-) % |
| Revenue | 4.3 & 5.1 | 15,866 | 13,879 | 14.3 | 38,833 | 40,058 | (3.1) |
| Government grants | | — | — | 0.0 | 200 | — | NM |
| Employee costs | 5.2 | (1,246) | (1,422) | (12.4) | (3,778) | (4,580) | (17.5) |
| Depreciation of property, plant and equipment | | (87) | (80) | 8.8 | (259) | (270) | (4.1) |
| Business taxes and surcharges | 5.3 | (133) | (63) | 111.1 | (566) | (183) | 209.3 |
| Property taxes and land use taxes | | (2,676) | (2,782) | (3.8) | (8,170) | (8,566) | (4.6) |
| Property management fees | | (1,156) | (1,171) | (1.3) | (3,427) | (3,458) | (0.9) |
| Repairs and maintenance fees | 5.4 | (581) | (55) | 956.4 | (1,030) | (590) | 74.6 |
| Legal and consulting fees | 5.5 | (514) | (405) | 26.9 | (1,862) | (3,485) | (46.6) |
| Other gains/(losses), net | 4.4 & 5.6 | (372) | (238) | 56.3 | 1,272 | (1,352) | NM |
| Other expenses | 5.7 | (585) | (777) | (24.7) | (2,042) | (3,757) | (45.6) |
| Share of results of associates | 5.8 | (623) | (743) | (16.2) | (1,986) | 3,953 | NM |
| Operating profit | 5.9 | 7,893 | 6,143 | 28.5 | 17,185 | 17,770 | (3.3) |
| Interest income | | 4 | 11 | (63.6) | 20 | 50 | (60.0) |
| Interest expenses | 5.10 | (3,627) | (4,662) | (22.2) | (11,255) | (15,096) | (25.4) |
| Profit before income tax | | 4,270 | 1,492 | 186.2 | 5,950 | 2,724 | 118.4 |
| Income tax | 4.5 & 5.11 | (66) | (34) | (94.1) | (151) | (109) | 38.5 |
| Profit for the period | 5.12 | 4,204 | 1,458 | 188.3 | 5,799 | 2,615 | 121.8 |
| Earnings before interest expenses, tax, depreciation & amortization (“EBITDA”) | 5.13 | 7,984 | 6,234 | 28.1 | 17,464 | 18,090 | (3.5) |
| Other comprehensive income | | | | | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | | | | | |
| Exchange differences from translation of foreign operations | | (39) | 1,186 | NM | (1,677) | (173) | 869.4 |
| Share of other comprehensive income of associates | | 2,238 | 394 | 468.0 | 6,040 | (1,010) | NM |
| Other comprehensive income for the period | | 2,199 | 1,580 | 39.2 | 4,363 | (1,183) | NM |
| Total comprehensive income for the period | | 6,403 | 3,038 | 110.8 | 10,162 | 1,432 | 609.6 |

NM — Not meaningful

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

FOR THE 3 MONTHS AND 9 MONTHS ENDED MARCH 31, 2023

| | For the 3 months ended | | | For the 9 months ended | | | |
|---|-----------------------------|-----------------------------|-------------------|-----------------------------|-----------------------------|-------------------|--------------|
| | March 31, 2023 | March 31, 2022 | Change +/(-) % | March 31, 2023 | March 31, 2022 | Change +/(-) % | |
| | <i>Unaudited</i> RMB'000 | <i>Unaudited</i> RMB'000 | | <i>Unaudited</i> RMB'000 | <i>Unaudited</i> RMB'000 | | |
| <i>Note</i> | | | | | | | |
| Profit attributable to | | | | | | | |
| – Owners of the Company | 4,153 | 1,435 | 189.4 | 5,726 | 2,589 | 121.2 | |
| – Non-controlling interests | 51 | 23 | 121.7 | 73 | 26 | 180.8 | |
| | <u>4,204</u> | <u>1,458</u> | <u>188.3</u> | <u>5,799</u> | <u>2,615</u> | <u>121.8</u> | |
| Total comprehensive income attributable to | | | | | | | |
| – Owners of the Company | 6,352 | 3,015 | 110.7 | 10,089 | 1,406 | 617.6 | |
| – Non-controlling interests | 51 | 23 | 121.7 | 73 | 26 | 180.8 | |
| | <u>6,403</u> | <u>3,038</u> | <u>110.8</u> | <u>10,162</u> | <u>1,432</u> | <u>609.6</u> | |
| Earnings per share for profit | | | | | | | |
| attributable to the owners of the | | | | | | | |
| Company during the period | | | | | | | |
| – Basic (RMB per share) | 4.6 | 0.02 | 0.01 | 100.0 | 0.03 | 0.01 | 200.0 |
| – Diluted (RMB per share) | 4.6 | 0.02 | 0.01 | 100.0 | 0.03 | 0.01 | 200.0 |
| | <u>4.6</u> | <u>0.02</u> | <u>0.01</u> | <u>100.0</u> | <u>0.03</u> | <u>0.01</u> | <u>200.0</u> |

NM — Not Meaningful

4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2023

| | Reserves | | | | | Equity | | Total |
|---|---------------|----------------|----------------------------|------------------|-------------------|--------------------------|---------------------------|-----------|
| | Share capital | Other reserves | Statutory surplus reserves | Retained profits | Exchange reserves | to owners of the Company | Non-controlling interests | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Balance at July 1, 2021 (Audited) | 290,136 | (71,025) | 1,418 | 1,011,847 | (897) | 1,231,479 | 10,836 | 1,242,315 |
| Profit for the period | - | - | - | 2,589 | - | 2,589 | 26 | 2,615 |
| Exchange differences from translation of foreign operations | - | - | - | - | (173) | (173) | - | (173) |
| Share of other comprehensive income of associates | - | - | - | - | (1,010) | (1,010) | - | (1,010) |
| Total comprehensive income | - | - | - | 2,589 | (1,183) | 1,406 | 26 | 1,432 |
| Balance at March 31, 2022 (Unaudited) | 290,136 | (71,025) | 1,418 | 1,014,436 | (2,080) | 1,232,885 | 10,862 | 1,243,747 |
| Balance at June 30, 2022 and July 1, 2022 (Audited) | 290,136 | (71,025) | 1,418 | 1,017,658 | (1,418) | 1,236,769 | 10,976 | 1,247,745 |
| Profit for the period | - | - | - | 5,726 | - | 5,726 | 73 | 5,799 |
| Exchange differences from translation of foreign operations | - | - | - | - | (1,677) | (1,677) | - | (1,677) |
| Share of other comprehensive income of associates | - | - | - | - | 6,040 | 6,040 | - | 6,040 |
| Total comprehensive income | - | - | - | 5,726 | 4,363 | 10,089 | 73 | 10,162 |
| Balance at March 31, 2023 (Unaudited) | 290,136 | (71,025) | 1,418 | 1,023,384 | 2,945 | 1,246,858 | 11,049 | 1,257,907 |

5. NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong on June 11, 2012. Its ordinary shares (the “Shares”) in issue have been listed on GEM since January 16, 2015. The address of the Company’s registered office is 31st Floor, 148 Electric Road, North Point, Hong Kong, and principal place of business is Levels 1 and 2, No. 100 Zhangheng Road, Oriental University City, Langfang Economic and Technological Development Zone, Hebei Province, the PRC 065001. 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 Limited (“RE”), a company incorporated in the Republic of Singapore (“Singapore”), whose issued shares are listed on Singapore Exchange Securities Trading Limited (the “SGX-ST”). The subsidiaries of RE excluding the Group, collectively referred to RE Group.

The Group’s unaudited condensed consolidated results for the 9 months ended March 31, 2023 (the “Period”) are presented in Renminbi (“RMB”) unless otherwise stated.

5.2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated results for the Period (the “Third Quarterly Results”) have been prepared in accordance with Chapter 18 of the GEM Listing Rules, and the Hong Kong Financial Reporting Standards (the “HKFRSs”) which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations (“HKAS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and accounting principles generally accepted in Hong Kong.

Except as described below, the accounting policies and methods of computation used in preparing the Third Quarterly Results are consistent as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended June 30, 2022 (the “2022 Financial Statements”).

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

| | |
|------------------------------|---|
| <i>Amendments to HKAS 16</i> | <i>Property, plant and equipment — Proceeds before intended use</i> |
| <i>Amendments to HKAS 37</i> | <i>Onerous contracts — cost of fulfilling a contract</i> |

None of these amendments have had a material effect on how the Group’s results for the current or prior periods have been prepared or presented in the Third Quarterly Results.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

5. NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

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

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

The financial information relating to the 2022 Financial Statements that is included in these Third Quarterly Results as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. 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 2022 Financial Statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The independent auditor’s report on the 2022 Financial Statements was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

5.3 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 nine months ended March 31, 2023 and 2022, business segment information is not considered necessary.

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

5. NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.3 REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of revenue by category for the 3 months and 9 months ended March 31, 2023 and 2022 is as follows:

| | For the 3 months ended | | | For the 9 months ended | | |
|--|------------------------------|------------------------------|------------------|------------------------------|------------------------------|------------------|
| | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/-) % | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/-) % |
| Revenue | | | | | | |
| Education facilities leasing | 14,969 | 12,844 | 16.5 | 36,129 | 37,046 | (2.5) |
| Commercial leasing for supporting facilities | 897 | 1,035 | (13.3) | 2,704 | 3,012 | (10.2) |
| | <u>15,866</u> | <u>13,879</u> | <u>14.3</u> | <u>38,833</u> | <u>40,058</u> | <u>(3.1)</u> |

As the revenue from non-PRC was more than 10% of the total revenue, analysis of revenue by countries for the 3 months and 9 months ended March 31, 2023 and 2022 is as follows:

| | For the 3 months ended | | | For the 9 months ended | | |
|----------------------------------|------------------------------|------------------------------|------------------|------------------------------|------------------------------|------------------|
| | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/-) % | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/-) % |
| Revenue | | | | | | |
| PRC | 14,276 | 12,329 | 15.8 | 34,056 | 35,461 | (4.0) |
| Non-PRC (Malaysia and Indonesia) | 1,590 | 1,550 | 2.6 | 4,777 | 4,597 | 3.9 |
| | <u>15,866</u> | <u>13,879</u> | <u>14.3</u> | <u>38,833</u> | <u>40,058</u> | <u>(3.1)</u> |

5. NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.4 OTHER GAINS/(LOSSES), NET

Details of the other gains/(losses), net, for the 3 months and 9 months ended March 31, 2023 and 2022 are as follows:

| | For the 3 months ended | | | For the 9 months ended | | |
|---|------------------------------|------------------------------|-------------------|------------------------------|------------------------------|-------------------|
| | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/(-) % | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/(-) % |
| Revenue | | | | | | |
| Gain/(loss) on disposal of plant and equipment | — | (1) | NM | — | 4 | NM |
| Net foreign exchange gains/(losses) | (476) | (308) | 54.5 | 755 | (1,559) | NM |
| Others | 104 | 71 | 46.5 | 517 | 203 | 154.7 |
| | <u>(372)</u> | <u>(238)</u> | <u>56.3</u> | <u>1,272</u> | <u>(1,352)</u> | <u>NM</u> |

NM — Not meaningful

5.5 INCOME TAX

The income tax for the 3 months and 9 months ended March 31, 2023 and 2022 is as follows:

| | For the 3 months ended | | | For the 9 months ended | | |
|-------------|------------------------------|------------------------------|-------------------|------------------------------|------------------------------|-------------------|
| | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/(-) % | March 31, 2023 RMB'000 | March 31, 2022 RMB'000 | Change +/(-) % |
| Current tax | | | | | | |
| — Malaysia | (66) | (34) | 94.1 | (151) | (109) | 38.5 |
| | <u>(66)</u> | <u>(34)</u> | <u>94.1</u> | <u>(151)</u> | <u>(109)</u> | <u>38.5</u> |

5. NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.5 INCOME TAX *(Continued)*

Corporate income tax

Malaysian income tax

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

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the Third Quarterly Results as the Company and the Group did not have assessable profit in Hong Kong during the 9 months period ended March 31, 2023 and March 31, 2022, respectively.

PRC corporate income tax

No provision for PRC corporate income tax as the Group's entity in the PRC did not have assessable profit during the 9 months period ended March 31, 2023 and March 31, 2022, respectively.

Indonesian income tax

No provision for Indonesian corporate income tax as the Group's entity in Indonesia did not have assessable profit during the 9 months period ended March 31, 2023 and March 31, 2022, respectively.

5. NOTES TO THE CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

5.6 EARNINGS PER SHARE

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

| | For the 3 months ended | | | For the 9 months ended | | |
|---|---------------------------------------|---------------------------------------|-----------------|---------------------------------------|---------------------------------------|-----------------|
| | March 31, 2023 <i>Unaudited</i> | March 31, 2022 <i>Unaudited</i> | Change +/- % | March 31, 2023 <i>Unaudited</i> | March 31, 2022 <i>Unaudited</i> | Change +/- % |
| Earnings attributable to the owners of the company (<i>RMB'000</i>) | 4,153 | 1,435 | 189.4 | 5,726 | 2,589 | 121.2 |
| Weighted average number of ordinary shares in issue ('000) | 180,000 | 180,000 | 0.0 | 180,000 | 180,000 | 0.0 |
| Basic earnings per share (<i>RMB per share</i>) | 0.02 | 0.01 | 100.0 | 0.03 | 0.01 | 200.0 |
| Diluted earnings per share (<i>RMB per share</i>) | 0.02 | 0.01 | 100.0 | 0.03 | 0.01 | 200.0 |

The Company did not have any potential ordinary shares outstanding as at March 31, 2023 and March 31, 2022. Diluted earnings per share are equal to basic earnings per share.

5.7 DIVIDEND

The Board has resolved not to declare the payment of any dividend for the Period (9 months ended March, 31, 2022: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

6. FINANCIAL REVIEW FOR THE 9 MONTH PERIOD ENDED MARCH 31, 2023

6.1 Revenue

For the 3 months period ended March 31, 2023 (the “Third Quarter”), revenue recorded was RMB15.87 million, 14.3% higher than RMB13.88 million for the previous corresponding quarter. However, for the Period, revenue was slightly lower by 3.1% to RMB38.83 million compared to RMB40.06 million for the previous corresponding period. The decrease was mainly due to reduced leasing space for education facilities leased out to colleges, education institutions, training centres and educational corporate entities (“Education Institutions”) in the Oriental University City campus (“OUC Campus”) in Langfang City, the PRC.

6.2 Employee costs

For the Period, employee costs decreased by 17.5% to RMB3.78 million compared to RMB4.58 million for the previous corresponding period due to rationalisation of staff to mitigate the decline in revenue.

6.3 Business Taxes and Surcharges

Business taxes and surcharges for the Period increased by 209.3% to RMB0.57 million, compared to RMB0.18 million for the previous corresponding period due to increased collection of receivables and rental advance.

6.4 Repairs and maintenance fees

Repairs and maintenance fees for the Period was RMB1.03 million, 74.6% higher than RMB0.59 million for the previous corresponding period, mainly due to repair and parts replacement of heat exchange station in the OUC Campus.

6.5 Legal and consulting fees

For the Period, legal and consulting fees was RMB1.86 million, 46.6% lower than RMB3.49 million for the previous corresponding period, as residual professional fees in relation to an earlier corporate exercise undertaken were billed in the previous corresponding period.

6.6 Other gains/(losses), net

Other gains of RMB1.27 million was recorded for the Period compared to other losses of RMB1.35 million for the previous corresponding period, mainly due to net foreign exchange gains that resulted from the translation of stronger foreign currency balances against RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

6.7 Other expenses

Other expenses for the Period was RMB2.04 million, lower by 45.6%, compared to RMB3.76 million for the previous corresponding period, mainly due to lower utilities usage, less office supplies purchase and reduced discretionary expenses incurred during the Period.

6.8 Share of results of associates

For the Period, loss on share of results of associates of RMB1.99 million was recorded, as compared to a gain of share on results of associates of RM3.95 million for the previous corresponding period, as both associates, Axiom Properties Limited and 4 Vallees Private Limited recorded net losses.

6.9 Operating profit

Operating profit for the Period was RMB17.19 million, 3.3% lower than RMB17.77 million for the previous corresponding period, in line with the slight decline in revenue.

6.10 Interest expenses

Interest expenses for the Period decreased by 25.4% to RMB11.26 million, compared to RMB15.10 million for the previous corresponding period, as loan principals had been progressively reduced.

6.11 Income tax

Income tax for the Period increased by 38.5% to RMB0.15 million, compared to RMB0.11 million for the previous corresponding period, mainly due to the Group's subsidiary in Malaysia, having recorded higher assessable income.

6.12 Profit for the Period

Profit for the Period increased by 121.8% to RMB5.80 million, compared to RMB2.62 million for the previous corresponding period, mainly due to the foregoing factors set out in Notes 6.1 to 6.11 above.

6.13 EBITDA

EBITDA for the Period was RMB17.46 million, 3.5% lower than RMB18.09 million for the previous corresponding period, in line with the slight decline in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

7. 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 the OUC Campus; in Kuala Lumpur, Malaysia; and in Jakarta, Indonesia. In addition, the Group also leases commercial properties in the OUC Campus to commercial tenants operating a range of supporting facilities, including a shopping centre, supermarket, cafe and cafeterias, bank, telecommunication companies, dental and polyclinic, amongst others, to serve the needs of students in the campus and the residents of adjacent housing estates.

The financial performance and operation of the Company for the past 9 months was impacted by the PRC's strict zero novel coronavirus disease 2019 ("COVID-19") policy measures that were enhanced in October 2022, and the immediate outbreak in the Langfang City after the swift upliftment of the zero COVID-19 in December 2022. Education Institutions in the OUC Campus had to vacate their student dormitories and switched to online classes for the whole winter semester. Commercial tenants suffered loss of business due to the absence of student populations and subsequent disrupted business activities upon widespread COVID-19 infections. Consequently, affected Education Institutions and commercial tenants reduced their leasing space requirements or elected to prematurely terminate their tenancies, which resulted in a drop in revenue for the Group.

While the Group expects the business environment to be challenging in the short term, we have seen renewed vigour on the parts of the Education Institutions with the return of the student population. The Group has increased marketing efforts to canvass prospective customers and stepped-up negotiations with existing Education Institutions to increase leasing space in expectation of enhanced student enrolments. Construction of new theatre and canteen, which was delayed by the COVID-19 impact, had been expedited and is expected to be completed and handed over by middle of the year 2023, to cater for the existing Education Institutions.

Given the impact of the COVID-19 pandemic on the operating environment and liquidity of the Group, the Group is rationalising the usage of its assets to improve the overall return of its investment properties. In this respect, the Group has entered into a sale and purchase agreement with an independent purchaser for the disposal of certain investment property located in Langfang Development Zone, Hebei, the PRC, at a consideration of RMB100 million ("Disposal"). Please refer to the Company's announcements dated March 21 and April 14, 2023 in relation to the Disposal. An extraordinary general meeting is expected to be convened to obtain the approval from the shareholders of the Company (the "Shareholders") for the Disposal, details of which will be disclosed in due course when appropriate. Upon completion of the Disposal, this would not only save the Group on recurring operational and capital expenditures and property-related taxes, but also enable the Group to reduce its borrowings.

With the lifting of strict zero COVID-19 policy measures since December 2022, the Board views that the OUC Campus, would see a recovery in line with the recovery in student population of the Education Institutions in the OUC Campus. Meanwhile, the Group's education assets in Malaysia and Indonesia are expected to remain stable.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Save as disclosed below, as at March 31, 2023, the Group did not have any other significant investment or future plan for material investments and capital commitments.

8.1 Purchase of investment properties in Mongolia

On March 6, 2020, the Company entered into a sale and purchase agreement with an independent vendor for the purchase of investment properties in Ulaanbaatar, Mongolia, for a purchase consideration of RMB32.71 million. As at March 31, 2023, the Company has paid RMB23.01 million of the purchase consideration and the remaining balance of RMB9.70 million will be paid in instalments according to the various stages of completion as set out in the sale and purchase agreement. Please refer to the announcement dated March 8, 2020 for details of the acquisition of investment properties in Mongolia.

8.2 Upgrading and construction of investment properties in the OUC Campus

The Group had undertaken the following renovation/refurbishment works and construction of investment properties in the OUC Campus, on progressive basis, based on its funding capability:-

8.2.1 *Renovation/refurbishment of two blocks of dormitories in the OUC Campus*

On June 16, 2022, the Company had entered into a construction project contract with an independent contractor for the renovation/refurbishment of two blocks of dormitories, No. 23 and No. 24, located at the OUC Campus for a contract sum of RMB10.18 million. As at March 31, 2023, the Company has paid RMB4.01 million of the contract sum and the remaining balance of RMB6.17 million will be paid in instalments in accordance with the agreed terms. The renovation/refurbishment work had been completed and the two blocks of dormitories had been handed over and occupied by an Education Institution.

8.2.2 *Construction of canteen and theatre in the OUC Campus*

On January 30, 2023, the Company had entered into a construction project contract with an independent contractor for the construction of a canteen and a theatre, located at the OUC Campus for a contract sum of RMB13.40 million. As at March 31, 2023, the Company has paid RMB4.34 million of the contract sum and the remaining balance of RMB9.06 million will be paid in instalments in accordance with the agreed terms.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the Period.

10. CONTINUING CONNECTED TRANSACTION

Save as disclosed below, The Group does not have other continuing connected transaction, as at March 31, 2023.

10.1 Tenancy Agreement of Properties in Malaysia

OUC Malaysia Sdn Bhd, a direct wholly-owned subsidiary of the Company, as landlord, had entered into a tenancy agreement with Raffles College of Higher Education Sdn Bhd, of which 70% of its equity interest is owned by RE, as tenant, on December 10, 2021 for the lease of the properties for a term of three years commencing on January 1, 2022 and expiring on December 31, 2024. The new tenancy term was executed on arm's length terms and the annual rental payable under the new tenancy agreement amounts to Malaysian Ringgit 2.01 million (approximately RMB3.15 million). Please refer to the announcement of the Company dated December 10, 2021, for further details of the new tenancy agreement.

10.2 Tenancy Agreement of Properties in Indonesia

PT OUC Thamrin Indo, a wholly-owned subsidiary of the Company, as landlord, has entered into a tenancy agreement with PT. Raffles Institute of Higher Education, a wholly-owned subsidiary of RE, as tenant, for the tenancy of two floors of Lippo Thamrin office in Jakarta, Indonesia, for a term of three years commencing on July 1, 2020 and expiring on June 30, 2023. The tenancy was executed on arm's length terms and the annual rental payable under the tenancy agreement amounts to Indonesian Rupiah 7,154.64 million (approximately RMB3.18 million). Please refer to the announcement of the Company dated June 17, 2020, for further details of the tenancy agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

11. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at March 31, 2023 (March 31, 2022: RMB Nil).

12. EVENT AFTER THE REPORTING PERIOD

There is no other significant event after the reporting period and up to the date of this report.

13. DIVIDENDS

The Board has resolved not to recommend payment of any dividend for the Period (March 31, 2022: RMB Nil).

14. COMPETING INTERESTS

RE, the controlling Shareholder (as defined in the GEM Listing Rules), 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, RE entered into a deed of non-competition and call option in favour of the Company, pursuant to which it has undertaken not to compete with the business of the Company. For further details, please refer to the sub-section headed "Deed of Non-compete" in the section headed "Relationship with the Controlling Shareholder" of the Prospectus.

The Directors have confirmed that save as disclosed above, as at March 31, 2023, none of the Directors, controlling Shareholder or substantial Shareholders (as defined in the GEM Listing Rules), 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

15. 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.

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

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

17. SECURITIES TRANSACTIONS BY DIRECTORS

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

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

As at March 31, 2023, 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:

CORPORATE GOVERNANCE AND OTHER INFORMATION

Long positions

(a) Shares in the Company

| Name of Shareholders | Capacity/ Nature of interest | Number of issued Shares held | Percentage of shareholding ^(Note 2) |
|---|--|------------------------------------|---|
| Mr. Chew Hua Seng ("Mr. Chew") ^(Note 1) | Interest of a controlled corporation/ Corporate interest | 135,000,000 | 75% |

Notes:

- (1) Details of the interest in the Company held by Mr. Chew, the chairman of the Board (the "Chairman") and an executive Director, through RE are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at March 31, 2023 (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 | RE ^(Note 1) | Beneficial owner and interest of spouse/ personal interest and family interest | 490,349,264 | 35.52% ^(Note 2) |

Notes:

- (1) RE, 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 23.12% direct interest of Mr. Chew; (b) the 2.47% interest of Ms. Doris Chung Gim Lian ("Ms. Chung"), the spouse of Mr. Chew; and (c) the 9.93% joint interest of Mr. Chew and Ms. Chung.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at March 31, 2023, 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.

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

As at March 31, 2023, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations which or persons (other than a Director or the chief executive of the Company) who had 5% or more interests or short position in the Shares and the underlying Shares as recorded in the register to be kept under section 336 of the SFO were as follows:

Long positions in the Shares

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

Notes:

- (1) RE is owned as to (a) 23.12% 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 RE 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 RE.
- (2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at March 31, 2023 (i.e. 180,000,000 Shares).

Save as disclosed above, as at March 31, 2023, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations which or persons (other than a Director or the chief executive of the Company) who had 5% or more interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

20. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

21. REVIEW BY AUDIT COMMITTEE

As of the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tan Yeow Hiang, Kenneth, Mr. Guo Shaozeng and Mr. Wilson Teh Boon Piaw with Mr. Tan Yeow Hiang, Kenneth serving as the chairman.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Third Quarterly Results, 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, April 21, 2023

THIRD QUARTERLY REPORT

2023



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