Oriental University City
东方大学城

ANNUAL REPORT 2020
年報

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

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE" AND THE "GEM", RESPECTIVELY)

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*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.*

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Lam Bing Lun, Philip
Mr. Tan Yeow Hiang, Kenneth
Mr. Wilson Teh Boon Piaw
Mr. Guo Shaozeng

COMPANY SECRETARY

Sir Kwok Siu Man KR, *FCIS, FCS*

COMPLIANCE OFFICER

Mr. Liu Ying Chun

AUTHORISED REPRESENTATIVES

Mr. Chew Hua Seng
Mr. Liu Ying Chun

AUDIT COMMITTEE

Mr. Lam Bing Lun, Philip *(Chairman)*
Mr. Tan Yeow Hiang, Kenneth
Mr. Guo Shaozeng

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Guo Shaozeng *(Chairman)*
Mr. Chew Hua Seng
Mr. Lam Bing Lun, Philip
Mr. Wilson Teh Boon Piaw

RISK MANAGEMENT COMMITTEE

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

LISTING INFORMATION

Place of Listing
GEM of The Stock Exchange of Hong Kong Limited

Stock Code
8067

Board Lot
1,000 shares

COMPANY'S WEBSITE

www.oriental-university-city.com

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants

REGISTERED OFFICE

31st Floor
148 Electric Road
North Point
Hong Kong

CORPORATE INFORMATION

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 Economy and Technology Development Zone
Hebei Province 065001
The PRC

SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

LEGAL ADVISOR

As to PRC law
Hebei Ruoshi Law Firm

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Oriental University City Holdings (H.K.) Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I present herewith the annual report of the Company for the financial year ended June 30, 2020 (the "**Year 2020**") to our shareholders (the "**Shareholders**").

In Year 2020, the Group's revenue continued to maintain a steady growth from past years. The Group recorded a revenue of approximately RMB78.0 million for the Year 2020, representing an increase of 2.1% from revenue of RMB76.5 million for the previous financial year. The increase was mainly attributed to higher unit rental price of the education facilities of the Group.

The Group recorded a net profit of RMB45.3 million, registering an increase of 43.8% from net profit of RMB31.5 million in the previous financial year. The increase in net profit primarily came from the fair value gains of the Group's investment properties in Langfang, Hebei Province, the People's Republic of China (the "**PRC**") and the newly acquired investment properties in Jakarta, Indonesia.

During the Year 2020, the Group had made two purchases of properties, in Jakarta, Indonesia, and, in Ulaanbaatar, Mongolia, for Indonesian Rupiah Dollars 94.1 billion (approximately RMB47.8 million) and RMB32.7 million, respectively. The Group has also issued a convertible note in the principal amount of HK$200.4 million as final payment on completion of the sale and purchase agreement of a property in Langfang, the PRC, that was entered into in the previous financial year. The Board strongly believes that these acquisitions of properties will bear fruit for the shareholders over the coming years and will go a long way to expand and strengthen the Company's core business.

The outbreak of the novel coronavirus disease 2019 pandemic (the "**COVID-19**") and the ensuing travel restrictions, quarantine measures and suspension of work imposed by local authorities, have affected the business and profitability of the tenants of the Group. While the Group's financial performance for Year 2020 was relatively unaffected by COVID-19 impact, the on-going impact on our tenants is expected to be more pronounced for the current financial year, and this in turn, may affect the financial performance of the Company. With a strong operating base and low gearing ratio, the Group with its resourcefulness and cost-consciousness will stand well to mitigate the challenges posed by the COVID-19.

I would like to extend my deep appreciation to our Shareholders for their steadfast support and our fellow Board members for their wise counsel.

On behalf of the Board, we would like to express our sincere appreciation to our staff for their tireless dedication and commitment, and to our tenants, business associates, consultants and all other stakeholders for their amazing support in Year 2020.

Together with the management of the Group, we remain committed in generating returns to our Shareholders.

Chew Hua Seng
Chairman
August 14, 2020

FINANCIAL REVIEW

Revenue

Revenue increased by 2.1% to RMB78.0 million for the financial year ended June 30, 2020 (the "**Year 2020**") compared to RMB76.5 million in the financial year ended June 30, 2019 (the "**Year 2019**"). This increase was mainly attributable to the increase in number of tenants and unit rental price of the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group (the "**Contract Colleges**").

Operating profit

Operating profit increased by 51.3% to RMB70.5 million for the Year 2020 compared to RMB46.6 million in the Year 2019, and the increase was mainly due to the following reasons:

(1) Fair value gains on investment properties

Fair value gains on investment properties increased by 589.6% to RMB36.6 million for the Year 2020 compared to RMB5.3 million in the Year 2019. The increase was due to fair value gains of RMB27.4 million and RMB9.2 million in investment properties in Langfang, Hebei Province, the People's Republic of China (the "**PRC**") and the newly acquired investment properties in Jakarta, Indonesia, respectively.

(2) Fair value gain on convertible note

A convertible note in the principal amount of HK$200.4 million ("**Convertible Note**") was issued by the Company as final payment for the completion of the sale and purchase agreement of a property in Langfang, PRC on November 19, 2020. A fair value gain on Convertible Note of RMB8.5 million was recorded in the Year 2020 (Year 2019: RMBNil) as the fair value of the Convertible Note was lower at the reporting date, June 30, 2020, than its fair value on November 19, 2019 in the Year 2020.

(3) Share of results of associates

Gain on share of results of associates was RMB0.6 million for the Year 2020 compared to a loss of RMB2.0 million in the Year 2019 mainly due to Axiom Properties Limited ("**Axiom**") having made a profit in the Year 2020.

(4) Employee costs

Employee costs increased by 82.0% to RMB5.4 million for the Year 2020 compared to RMB3.0 million in the Year 2019 due to an increase in the number of staff to manage the newly acquired properties and nearly completed dormitories in the campus in Langfang city, Hebei Province, the PRC.

(5) Repairs and maintenance fee

Repairs and maintenance fee increased by 136.0% to RMB3.6 million for the Year 2020 compared to RMB1.5 million in the Year 2019, mainly due to repair and repainting of exterior walls of 3 dormitory buildings and 3 integrated buildings in the campus in Langfang city, Hebei Province, the PRC during the Year 2020.

(6) Impairment loss on other receivables

Impairment of loss on other receivables of RMB5.9 million was recorded for the Year 2020 (Year 2019: RMBNil). The other receivables of RMB5.9 million impaired during the Year 2020 represented the residual receivables arising from the land title transfers as part of the reorganisation for listing purpose in 2012, for which the amount was not considered to be recoverable. However, this amount was not impaired in prior years because the amount was not considered material in comparison to the total assets value of the Group. With the adoption of Hong Kong Financial Reporting Standards ("**HKFRS**") 9, for the Year 2020, the Group has reassessed this residual receivables along the criteria of the expected credit loss model and had taken the decision to impair the other receivables of RMB5.9 million in Year 2020.

(7) Impairment loss on an associate

An impairment of loss on an associate of RMB9.7 million was recognised for the Year 2020 (Year 2019: RMBNil) as the fair value less cost of disposal of Axiom as at June 30, 2020 was lower than the carrying amount of its net assets. Axiom's shares are listed on the Australian Stock Exchange, and it's share price was in a declining trend during the Year 2020, and this resulted in the carrying amount of the net assets of Axiom being more than its market capitalisation at the reporting date of the Group, June 30, 2020. In accordance with Hong Kong Accounting Standards ("**HKASs**") 36, an impairment loss is recognised as the recoverable amount, in this respect the Company's 19.01% shareholding in Axiom's market capitalisation, amounting to Australian dollar 3.4 million (equivalent to RMB16.3 million), is less than the carrying amount of its net assets (before impairment) of RMB26.0 million.

(8) Interest expenses on bank borrowings

Interest expenses on bank borrowings increased by 226.1% to RMB3.1 million for the Year 2020 compared to RMB1.0 million in the Year 2019, mainly due to the drawdown of new bank facilities which were bank overdraft and term loan.

Income tax

Income tax increased by 49.0% to RMB22.6 million for the Year 2020 compared to RMB15.2 million in the Year 2019. The increase in income tax was mainly attributed to the higher proportion of deferred tax, which increased in proportion to the fair value gains of investment properties in the Year 2020.

Profit for the year

Due to the foregoing factors set out above, net profit recorded an increase of 43.8% to RMB45.3 million for the Year 2020 as compared to RMB31.5 million in the Year 2019.

Liquidity and financial resources

In July 2019, the Group had obtained loan facility of Malaysian Ringgit ("**MYR**") 18 million (equivalent to RMB29,734,000) from a commercial bank in Malaysia. This loan facility is secured by properties of the Group and the Company is confident that this loan facility will continue to be extended by the bank.

The Group has also obtained a mortgage loan of Indonesian Rupiah Dollars ("**IDR**") 93.2 billion (equivalent to RMB47,357,000) from a commercial bank in Indonesia in April 2020 to finance the newly acquired properties in Jakarta, Indonesia.

In order to ensure that the Group's working capital requirement is adequately supported, the Group has in July 2020 received a loan of RMB35,000,000 from Raffles Education Corporation Limited ("**REC**"), the ultimate holding company of the Company, which is repayable in three years.

As at June 30, 2020, the Group had total assets of approximately RMB1,608.5 million, which were financed by total liabilities and shareholders' equity of approximately RMB394.6 million and RMB1,213.9 million, respectively.

Gearing ratio

The Group's gearing ratio as at June 30, 2020 was 19.6% (June 30, 2019: about 1.3%), which is calculated based on the total borrowings (bank borrowings and Convertible Note), amounting to RMB238.0 million, divided by total equity as at the respective reporting dates and then multiplied by 100%.

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 licensed banks as fixed deposits. The Group currently does not invest in bonds, bills, structured products or any other financial instruments. As at June 30, 2020, the Group had cash and cash equivalents balance of approximately RMB2.7 million (June 30, 2019: RMB5.2 million). The cash and cash equivalents were mainly denominated in RMB and IDR.

Foreign exchange hedging

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

BUSINESS REVIEW AND OUTLOOK

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, Hebei Province of the PRC, in Kuala Lumpur, Malaysia, and in Jakarta, Indonesia.

The Group also leases commercial spaces in Langfang city, the PRC, to tenants operating a range of supporting facilities, including grocery stores, laundry shops, internet cafes and canteens, to serve the living needs of students of the campus and residents of adjacent housing estates.

The outbreak of the novel coronavirus disease 2019 pandemic (the "**COVID-19**") has led to disruption of the market, production and supply chains around the world. The ensuing travel restrictions, quarantine measures and suspension of work imposed by local authorities have severely affected the business and profitability of the tenants of the Group. In turn, the financial performance of the Company, in the short term, is expected to be adversely affected in terms of reduced demand for our education facilities, decreased occupancy rate of the education facilities and delay in completion of construction of new dormitories. In this respect, the Group has stringently implemented cost containment measures and deferred capital expenditures to a later appropriate date to ensure sufficient funds for working capital requirements and mitigate the COVID-19 impact on business profitability. To add further buffer fund, the Group has also explored financing facilities options in the PRC and Malaysia.

On a longer term, the education industry is expected to recover and normalise, and the resident student population of the Contract Colleges and the revenue to be generated from Contract Colleges and commercial leasing are expected to remain relatively stable.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS

Save as disclosed below and as set out on note 30 to the financial statements on page 130 of this annual report, as at June 30, 2020, the Group did not have any other significant investment or future plan for material investments and capital commitments.

(1) Acquisition of Zhuyun Properties

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

* The English name of the company represents the best effort made by management of the Company in translating its Chinese name as it does not have any official English name.

The sale and purchase agreement was subsequently supplemented by the first addendum, the second addendum and the supplemental agreement on December 31, 2018, January 21, 2019 and June 13, 2019 respectively, whereby the Company had further agreed to acquire the Zhuyun Properties at the Consideration, through the incorporation and acquisition of the entire equity interest of 廊坊通睿教育諮詢有限公司 (Langfang Tongrui Education Consultancy Co., Ltd.*) from REC.

As at September 30, 2019, the Company had paid RMB75,711,000, representing 30% of the Consideration, as the deposit to the Seller. On November 19, 2019, the Company had issued the Convertible Note to the Seller as settlement of the remaining 70% of the Consideration.

(2) **Acquisition of the Thamrin Properties**

On February 21, 2020, PT OUC Thamrin Indo, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent vendor to acquire two floors of Lippo Thamrin office in Jakarta, Indonesia (the "**Thamrin Properties**") at a purchase consideration of IDR94,140,000,000 (equivalent to approximately RMB47,835,000).

As at June 30, 2020, the Company has fully paid the consideration for the acquisition of the Thamrin Properties.

(3) **Acquisition of the Misheel Properties**

On March 6, 2020, the Company entered into a sale and purchase agreement for the purchase of 5 floors of an office building known or to be known as Misheel Lifestyle Tower M2 (the "**Misheel Properties**") of a property development project known as Misheel City Complex, located in Ulaanbaatar, Mongolia, for a purchase consideration of RMB32,712,000.

As at June 30, 2020, the Company has prepaid RMB11,467,000 of the purchase consideration and the remaining balance of RMB21,245,000 will be paid in instalments according to the various stages of completion of the Misheel Properties as set out in the sale and purchase agreement. The foundation work for the Misheel Properties has been completed and its construction is expected to be completed in the year 2022.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed above in the section headed "**Significant Investments and Future Plans for Material Investments and Capital Commitment**", as at June 30, 2020, the Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures.

* The English name of the company represents the best effort made by management of the Company in translating its Chinese name as it does not have any official English name.

CHARGE ON THE GROUP'S ASSETS

As at June 30, 2020, investment properties of RMB133,914,000 (June 30, 2019: RMB75,269,000) were pledged to secure banking facilities granted to the Group.

CAPITAL STRUCTURE

There was no change in the capital structure of the Group as at June 30, 2020 as compared with that as at June 30, 2019.

CONTINGENT LIABILITIES

As at June 30, 2020, the Group and the Company did not have any significant contingent liabilities (June 30, 2019: RMBNil).

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2020, the Group had a total of 53 full-time employees in the PRC, all of which were based at Langfang City, Hebei Province (June 30, 2019: 23). The Group's total employee costs were approximately RMB5.4 million for the Year 2020 (June 30, 2019: RMB3.0 million). The employees' remuneration is determined by reference to the market salary of their respective experience and performance. The Group provides training to its employees to improve and upgrade their management and professional skills. As required by the PRC social security regulations, the Group 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 Group 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, 2020 and no option was exercised or cancelled or lapsed during the Year 2020.

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**"), after deducting the amounts due to REC for listing expenses as set out in the prospectus of the Company dated December 31, 2014 (the "**Prospectus**") and the total underwriting commission, fees and expenses relating to the IPO Placement paid by the Company, amounted to approximately HK$75.3 million (the "**Net Proceeds**"). REC is the controlling shareholder (as defined in the GEM Listing Rules) of the Company and a company owned as to 33.58% by Mr. Chew Hua Seng, the chairman of the Board and an executive Director.

In light of the impact of the COVID-19 outbreak and the economic outlook remain uncertain, it was no longer suitable for the Group to pursue construction of further new dormitories in Oriental University City in Langfang Economy and Technology Development Zone in Langfang City, Hebei Province, the PRC (the "**Campus Site**"), other than completion of dormitories under current construction. In order to cope with the economic uncertainty in the future, the Company has announced on July 22, 2020, to re-allocate the unutilised Net Proceeds raised from IPO Placement to supplement the general working capital for the ordinary operation of the Group.

The utilisation of the Net Proceeds and the use of the unutilised Net Proceeds after the re-allocation are set out as follows:

Purpose	**Revised allocation of Net Proceeds** (HK$ million)	**Net Proceeds utilised during Year 2020** (HK$ million)	**Utilised Net Proceeds up to the date of this report** (HK$ million)	**Unutilised Net Proceeds** (HK$ million)	**Expected timeline for unutilised Net Proceeds**
Constructing new dormitories on the Campus Site	31.8	17.4	29.8	2.0	Up to December 31, 2021
General working capital	43.5	0	3.0	40.5	Up to December 31, 2021

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Chew Hua Seng (周華盛), aged 66, is the founding director of the Company (the "**Director**") appointed on June 11, 2012 and re-designated as an executive Director and the chairman of the board of Directors (the "**Board**") in January 2014. He is also a member of each of the Board's remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**"). Mr. Chew joined the Group in December 2007. He is primarily responsible for the overall strategic planning and management of our Group. He has served as a director and chief executive director ("**CEO**") of 廊坊開發區東方大學城教育諮詢有限公司(Langfang Development Zone Oriental University City Education Consultancy Co., Ltd.*) ("**Langfang Education Consultancy**"), a subsidiary of the Company, since October 2011. Mr. Chew is the founder, chairman and CEO of Raffles Education Corporation Limited ("**REC**" and its subsidiaries, excluding the Company and its subsidiaries, collectively as "**REC Group**"), a controlling shareholder of the Company. Under his astute leadership, REC has grown to become the premier private education provider. Mr. Chew has led REC to achieve an excellent track record of growth since the REC Group was founded in 1990. REC was listed on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in 2002 and was ranked amongst the Top 200 Asia-Pacific companies on Forbes Asia's "Best Under a Billion (US$)" list for four consecutive years, from 2006 to 2009. Mr. Chew was appointed as a non-executive director and chairman of Sitra Holdings (International) Limited, a company listed on the SGX-ST, with effect from October 21, 2019. Sitra Holdings (International) Limited is an international distributor of high quality wood-based products and premium lifestyle outdoor furniture that serves a network of over 290 corporate customers in 58 countries spanning North America, Europe, Australia/New Zealand and the Asia.

In 2007, Mr. Chew established the Chew Hua Seng Foundation (the "**Foundation**") to further charitable causes, predominantly in education. Commissioned with the motto "Compassion through the Generations", the Foundation's mission is aligned with REC's overarching principle to provide the invaluable gift of education to needy youths, with a special focus to support poor students in the Asia-Pacific region. Mr. Chew is not related to any Directors and senior management. Mr. Chew is a director of REC, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong.

* The English name of the company represents the best effort made by management of the Company in translating its Chinese name as it does not have any official English name.

Mr. Liu Ying Chun (劉迎春), aged 56, is the chief executive officer of the Group and an executive Director. He is also a member of risk management committee of the Board (the "**Risk Management Committee**"). Mr. Liu joined our Group in June 2010 and was appointed as an executive Director on January 16, 2014. He is primarily responsible for managing the overall operations of the Group. Mr. Liu has served as director of, namely (i) Langfang Education Consultancy, a subsidiary of the Company since December 2011; (ii) OUC Malaysia Sdn Bhd since May 2016; (iii) OUC (Spain) Pte Limited since October 2016; (iv) OUC (Italy) Pte Limited since October 2016; (v) Campus Residence S.r.l. since May 2017; (vi) OUC (Indonesia) Pte. Ltd. since February 2020; (vii) PT OUC Jakarta Indo since February 2020; and (viii) PT OUC Thamrin Indo since February 2020, all of which are wholly-owned subsidiaries of the Company. Mr. Liu was appointed as a non-executive director of Axiom Properties Limited, a company listed on the Australian Stock Exchange, since November 25, 2015. Mr. Liu was appointed as a non-executive director of Raffles Education Corporation Limited, a company listed on the Singapore Stock Exchange, since November 15, 2019. Mr. Liu also served as the chairman of Langfang Huaxi Construction Consultancy Company Limited (廊坊市華璽建設工程諮詢有限公司) from September 2000 to June 2010. He worked in the Langfang Audit Office (廊坊市審計局) as the vice-head, and as the head of Construction Centre Department from December 1991 to September 2000. Mr. Liu also worked in the Wenan County Audit Office (文安縣審計局) from July 1983 to November 1991. Mr. Liu obtained an executive master of business administration degree from University of Science and Technology Beijing (北京科技大學) in January 2019 and a diploma in business economics from the Renmin University of China (中國人民大學) in June 1988. Mr. Liu is registered as a valuer with the China Appraisal Society (中國資產評估協會). He is a qualified auditor accredited by the National Audit Office of the People's Republic of China (the "**PRC**") (中華人民共和國審計署), and is also an engineer in the PRC. Mr. Liu does not have any relationship with any Directors and senior management.

Independent Non-executive Directors (the "INEDs")

Mr. Lam Bing Lun, Philip (林炳麟), aged 77, was appointed as an INED on December 23, 2014. He is also the chairman of the audit committee of the Board (the "**Audit Committee**") and a member of the Nomination Committee. Mr. Lam began his career in 1963 with Hang Seng Bank Limited in the Accounts Department of its Head Office. He joined the University of Hong Kong ("**HKU**") in 1975 and served as the director of finance from 1990 to 2012 where he was responsible for overseeing and managing the university's overall financial affairs. He also spent 3 years in Canada from 1982 to 1985, where he served as the chief accountant and comptroller in the Overseas Bank (Canada), responsible for the creation, development and control of its accounting and reporting systems. Mr. Lam was appointed as senior advisor to the vice-chancellor of the HKU from July 1, 2012 to June 30, 2014 for financial and investment management and fund-raising matters. Mr. Lam is active in community affairs and had served as a member on the Board of Review of the Hong Kong Inland Revenue Department for 3 years in the 1990s and a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital in Hong Kong until June 2012. He is currently a board governor of the Canadian International School in Hong Kong and also a board governor of the Centennial College which is wholly owned by the HKU. Mr. Lam is also currently an executive director of each of Chinney Alliance Group Limited (stock code: 385) and its subsidiary, Chinney Kin Wing Holdings Limited (stock code: 1556), and Hon Kwok Land Investment Company, Limited (stock code: 160), all listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in July 1974. He is a fellow of The Chartered Institute of Management Accountants in the United Kingdom (the "**UK**"), the Hong Kong Institute of Certified Public Accountants and an associate of the Chartered Professional Accountants, British Columbia, Canada, the Institute of Chartered Secretaries and Administrators in the UK, and the Chartered Institute of Bankers in the UK.

Mr. Tan Yeow Hiang, Kenneth (陳耀鄉), aged 53, was appointed as an INED on December 23, 2014. He is also the chairman of the Risk Management Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Tan is currently a director of Quintegra Ventures Inc., an investment holding company. He worked at United Overseas Bank Limited in Singapore from September 2008 to May 2015 as its managing director heading various businesses such as the bank's corporate banking franchise in its overseas branches and its oversea financial institutions group. Mr. Tan previously worked at the Singapore Economic Development Board ("**EDB**") from October 2001 to September 2008, during which period he worked as director of the Services Cluster from 2003 to 2006, and subsequently as the assistant managing director of EDB from December 2007 to September 2008. As director of the Services Cluster, Mr. Tan had worked on a number of EDB's education related projects such as the German Institute of Science and Technology, Singapore – MIT alliance and the Institute of Environmental Sciences and Engineering (Pte) Ltd. Prior to working at EDB, Mr. Tan worked as a banker with a commercial bank in Singapore from February 1999 to April 2001 where his focus areas were in private equity and corporate development. Mr. Tan also served in the Singapore Armed Forces from December 1985 to February 1999. Mr. Tan obtained a master's degree in business administration from the National University of Singapore in August 1995, and a Bachelor of Arts in philosophy, politics and economics from the University of Oxford in June 1989. He was awarded the Singapore Armed Forces Overseas Training Award by the Government of Singapore in 1986.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wilson Teh Boon Piaw (鄭文鏢), aged 65, was appointed as an INED on December 23, 2014. He is also the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Risk Management Committee. Mr. Teh has been acting as the chief executive officer and chairman of Chef At Work Pte. Ltd. in Singapore as from October 1, 2015. Chef At Work is a one-stop food and beverage solutions provider with inter-disciplinary expertise. Mr. Teh served as the chairman and chief executive director of TMX International Limited, a new start up company and distributor of kitchen appliances, from May 2013 until November 2014. From August 2007 to October 2012, Mr. Teh served as director of Huhu Studio Ltd., a computer animation studio based in New Zealand, and had served as a director of its investment holding company, Huhu Holdings Pte Ltd., since July 2007. Mr. Teh previously worked at JOST World Group, a manufacturer of components for commercial vehicles, from May 1991 to September 2009, where he served as managing director of JOST Far East Pte Ltd. from May 1991 to September 2008 and was responsible for developing markets and for all sales matters in the Southeast Asia, Taiwan and Hong Kong, as well as setting up a regional logistic hub in Singapore. He served as president, Asia of JOST Asia (Shanghai) Auto Component Co. Ltd. from September 2001 to September 2008 and subsequently as consultant from October 2008 to September 2009, where he led and managed three companies in Asia, and developed and executed their strategy and long-term business plan. Mr. Teh obtained a master's degree in business administration from the University of Dubuque in Iowa, the United States of America in January 1996, a diploma in management study from the Singapore Institute of Management in Singapore in March 1992, and a diploma in shipbuilding and repair technology from Ngee Ann Technical College (now known as Ngee Ann Polytechnic) in Singapore in association with The Polytechnic of Central London in the UK in July 1980.

Mr. Guo Shaozeng (郭紹增), aged 57, was appointed as an INED on December 20, 2018. He is also the chairman of the Nomination Committee and a member of the Audit Committee. Mr. Guo has extensive experience in strategy development, investment and acquisition in real estate, industrial new town, ecological environment and health areas in the PRC. He is one of the founders of China Fortune Land Development Holdings Limited ("**CFLDH**"). From July 17, 2009 to February 20, 2019, Mr. Guo served as a non-executive director of China Fortune Land Development Co., Ltd. ("**CFLD**"), a subsidiary of CFLDH. A-Shares of CFLD are listed and traded on the Main Board of the Shanghai Stock Exchange (Stock Code: 600340). He was the deputy chairman of Bank of Langfang Co., Ltd. from January 6, 2014 to November 29, 2017 and has been its director since November 30, 2017. He is the founder of Poplar Capital which mainly focuses on the investment and acquisition of companies in eco-environment space, healthcare and internet of things areas. Mr. Guo was appointed as a non-executive director and vice chairman of Sitra Holdings (International) Limited (a company listed on the SGX-ST), with effect from October 21, 2019.

Mr. Guo obtained an executive master of business administration degree (the "**EMBA**") in PBC School of Finance and an EMBA in School of Economics and Management from Tsinghua University. Mr. Guo is currently pursuing a doctoral degree in business and administration jointly offered by PBC School of Finance, Tsinghua University and Temple University in the US.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Liu Ying Chun (劉迎春) is our executive officer. Please refer to the subsection headed "Executive Directors" for his biographical details.

Mr. Lee Kheng Yam, (李景炎), aged 44, was appointed as the financial controller in November 2019. Mr. Lee is responsible for the accounting and finance aspects of the Group. Prior to joining the Company, Mr. Lee served as Chief Financial Officer in Kada Technology Holdings Limited from 2010 to 2014 and served as Financial Controller in Foshan Niro Building Materials Trading Co., Ltd. from 2015 to 2019. He joined Anglo-Eastern Plantation Management Sdn Bhd as Senior Finance Manager in from 2008 to 2010. He worked in Affin Merchant Bank Berhad as Assistant Vice President from 2003 to 2005, then joined Sime Plantations Sdn Bhd as Corporate Finance Manager from 2005 to 2008. He served as senior consultant in Ernst & Young from 1999 to 2003. Mr. Lee graduated from National University of Malaysia with a bachelor's degree in Accountancy and is a member of Malaysian Institute of Accountants with 21 years' working experience in the fields of finance and accounting.

Mr. Chen Guang (陳光), aged 56, was appointed as the chief operating officer of the Group in March 2016. Mr. Chen is responsible for overseeing the property management and operation matters of the Group, including managing the acquisition, disposal, lease and maintenance of land and buildings and other fixed assets of the Group. Prior to joining the Group, Mr. Chen was the general manager of China Unicom of Yongqing branch of Langfang from December 2008 to June 2013. He was the manager of Administration of China Unicom of Langfang branch from March 2003 to December 2008. He was the general manager of Langfang Hanyi Textile Co., Ltd. (廊坊韓一紡織有限公司) from August 1993 to March 2003. Mr. Chen obtained a diploma in textile from 河北紡織職工大學 (Hebei Textile College) in the PRC in June 1988.

Mr. Zhang Jian Guang (張建光), aged 40, is the Deputy General Manager of the Group. Mr. Zhang joined the Group in May 2011 and is responsible for managing the human resources operations and staff administration of the Group. Mr. Zhang has previously held various positions within the Group, including the director of human resources and administration, the vice director of human resources and vice director of the office administration. Prior to joining the Group, Mr. Zhang worked as a lecturer and subsequently as human resources administrator at Langfang Food Engineering Technical School (廊坊食品工程學校) from August 2003 to July 2009. Mr. Zhang obtained a master's degree in business administration from the Graduate School of the Chinese Academy of Sciences (中國科學院) (now known as University of the Chinese Academy of Sciences (中國科學院大學)) in the PRC in July 2011.

REPORT OF DIRECTORS

The board of directors of the Company (the "**Directors**" and the "**Board**", respectively) present the annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended June 30, 2020 (the "**Year 2020**").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are leasing education facilities, comprising primarily teaching buildings and dormitories to education institutions in the People's Republic of China (the "**PRC**"), Malaysia and Indonesia; and to a much lesser extent, commercial leasing for supporting facilities.

RESULTS

The results of the Group for the Year 2020 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements and their accompanying notes on pages 69 to 139 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the Year 2020 (Year 2019: HK$Nil).

BOOK CLOSE DATES

For the purpose of ascertaining the entitlement of the shareholders of the Company (the "**Shareholders**") to attend and vote at the annual general meeting of the Company to be held on October 23, 2020 (the "**2020 AGM**"), the register of member of the Company (the "**Register of Members**") will be closed. Details of such closures are set out below:

Latest time to lodge transfer documents	4:30 p.m. on October 19, 2020 (Monday)
Closure of Register of Members	October 20, 2020 (Tuesday) to October 23, 2020 (Friday) (both days inclusive)
Record date	October 23, 2020 (Friday)

During the above closure period, no transfer of shares of the Company (the "**Shares**") will be registered. To be entitled to attend and vote at the 2020 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 at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong before the above latest time.

REPORT OF DIRECTORS

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on pages 141 and 142 of this annual report. This summary does not form part of the audited financial statements.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at June 30, 2020. The net increase in fair value of investment properties amounting to RMB36,563,000 (2019: RMB5,302,000) has been credited directly to the consolidated statement of profit or loss and other comprehensive income.

Details of movements in the investment properties of the Group during the Year 2020 are set out in note 15 to the financial statements on page 110 to 113 of this annual report.

Details of the properties held by the Group for investment as at June 30, 2020 are set out in the section headed "**Investment Properties**" on page 140 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year 2020 are set out in note 14 to the financial statements on page 109 of this annual report.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 28 to the financial statements on page 128 of this annual report.

SHARE CAPITAL

Details of the Shares issued in the Year 2020 are set out in note 23 to the financial statements on page 124 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "**Articles of Association**") which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

DONATION

During the Year 2020, the Group did not make charitable donation (2019: RMB1.0 million).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its Shares listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**GEM**", respectively) nor did the Company or any of its subsidiaries purchase or sell any of its Shares during the Year 2020.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the Year 2020 are set out in note 24 to the financial statements and in the consolidated statement of changes in equity on page 125 and 73 of this annual report, respectively. The distributable reserves, calculated under Part 6 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**Companies Ordinance**"), details of the distributable reserves of the Company are set out in note 24 to the financial statements on page 125 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's major customers and suppliers, respectively, during the Year 2020 is as follows:

	Percentage of the Group's total purchase/sales
	%
The largest customer	60.5
Five largest customers in aggregate	87.7
The largest supplier	71.1
Five largest suppliers in aggregate	100.00

Save as rental income derived from Raffles College of Higher Education Sdn. Bhd. ("**Raffles College**"), which was one of the five largest customers during the Year 2020, as disclosed in note 29 to the financial statements on page 129 of this annual report, none of the Directors or their respective close associates (as defined in the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**")) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued Shares) had any beneficial interest in the Group's major largest customers or suppliers referred above.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and the five individuals with the highest emoluments for the Year 2020 are set out in notes 10 and 11 to the financial statements on page 104 and 105 of this annual report, respectively.

EMOLUMENT POLICY

The remuneration committee of the Board was established for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The Company has adopted a share option scheme (the "**Share Option Scheme**") to provide an incentive to the Directors and eligible employees, details of which are set out in the section headed "**Share Option Scheme**" below.

EQUITY-LINKED AGREEMENT

The Group has not entered into any equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any arrangements that will or may result in the Company issuing Shares during the Year 2020 or existed as at June 30, 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there has been a sufficient public float of the issued Shares as required under the GEM Listing Rules (i.e. at least 25% of the issued Shares in public hands) throughout the Year 2020 and thereafter up to the date of this report.

DIRECTORS

The Directors during the Year 2020 and up to the date of this report were:

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

Independent Non-executive Directors (the "INEDs")
Mr. Lam Bing Lun, Philip
Mr. Tan Yeow Hiang, Kenneth
Mr. Wilson Teh Boon Piaw
Mr. Guo Shaozeng

In accordance with article 141 of the Articles of Association, Mr. Liu Ying Chun ("**Mr. Liu**") and Mr. Wilson Teh Boon Piaw ("**Mr. Teh**") will retire from office by rotation and being eligible, have offered themselves for re-election at the 2020 AGM.

The Company has received an annual written confirmation of independence from each of the INEDs, namely Mr. Lam Bing Lun, Philip ("**Mr. Lam**"), Mr. Tan Yeow Hiang, Kenneth ("**Mr. Tan**"), Mr. Teh and Mr. Guo Shaozeng ("**Mr. Guo**"), pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this report, the Company considered all the INEDs independent.

The biographical details of the Directors and the senior management of the Group are set out on pages 12 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Chew has entered into a service contract as the chairman of the Board (the "**Chairman**") and an executive Director with the Company for an initial term of three years commencing on December 24, 2014, which automatically continues thereafter until terminated by either party giving not less than three months' notice in writing to the other.

Mr. Liu has entered into a service contract as an executive Director with the Company for an initial term of three years commencing on January 16, 2014, which automatically continues thereafter until terminated by either party giving not less than three months' notice in writing to the other.

Each of Mr. Lam, Mr. Tan and Mr. Teh has entered into a letter of appointment with the Company for an initial term of three years commencing on December 23, 2014, which automatically continues thereafter until terminated by either party giving not less than three months' notice in writing to the other.

Mr. Guo has entered into a letter of appointment with the Company for an initial term of three years commencing on December 20, 2018, which automatically continues thereafter until terminated by either party giving not less than three months' notice in writing to the other.

None of the Directors being proposed for re-election at the 2020 AGM has a service contract or a letter of appointment with the Company or its subsidiaries, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS OF SUBSIDIARIES

The names of all Directors who have served on the board of directors of the subsidiaries of the Company during the Year 2020 to the date of this report are as follows:

Name of Subsidiaries	Name of Directors including the directors of subsidiaries
廊坊開發區東方大學城教育諮詢有限公司 (Langfang Development Zone Oriental University City Education Consultancy Co., Ltd.*)	Chew Hua Seng Liu Ying Chun Ho Kah Chuan Kenneth
OUC Malaysia Sdn Bhd	Liu Ying Chun Mok Kam Wah Tho Kwai Kuan
OUC (Spain) Pte Limited (deregistered on June 12, 2020)	Chew Han Wei Liu Ying Chun
OUC (Italy) Pte Limited	Chew Han Wei Liu Ying Chun
Campus Residence S.r.l.	Chew Han Wei Liu Ying Chun
OUC (Indonesia) Pte. Ltd.	Doris Chung Gim Lian Liu Ying Chun
PT OUC Jakarta Indo	Liu Ying Chun Effendi Halim
PT OUC Thamrin Indo	Liu Ying Chun Effendi Halim

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as otherwise disclosed, no Director or a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party during the Year 2020 or subsisted as at June 30, 2020.

* The English name of the company represents the best effort made by management of the Company in translating its Chinese name as it does not have any official English name.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the full employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year 2020.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the Year 2020 is contained in note 29 to the financial statements on page 129 of this annual report. Certain related party transactions set out in note 29 to the financial statements are regarded as connected transactions and continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules. Details of such transactions are set out in the section headed "**Connected Transactions and Continuing Connected Transactions**" below.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Acquisition of the properties, situated at Oriental University City, Langfang Economy and Technology Development Zone, Langfang City, Hebei Province, the PRC ("Zhuyun Properties")

On August 29, 2018, the Company, as the purchaser, 廊坊開發區東方大學城教育諮詢有限公司 (Langfang Development Zone Oriental University City Education Consultancy Co., Ltd.*) (a subsidiary of the Company), 廊坊通慧教育諮詢有限公司 (Langfang Tonghui Education Consultancy Co., Ltd.*) (a subsidiary of Raffles Education Corporation Limited ("**REC**")) and REC (the "**Seller**") had entered into a sale and purchase agreement, pursuant to which the Seller had conditionally agreed to sell and the Company had conditionally agreed to acquire the Zhuyun Properties at a purchase consideration of RMB252,370,000 (the "**Consideration**").

The sale and purchase agreement was subsequently supplemented by the first addendum, the second addendum and the supplemental agreement on December 31, 2018, January 21, 2019 and June 13, 2019 respectively, whereby the Company had further agreed to acquire the Zhuyun Properties at the Consideration, through the incorporation and acquisition of the entire equity interest of 廊坊通睿教育諮詢有限公司 (Langfang TongRui Education Consultancy Co., Ltd.*) from REC.

As at September 30, 2019, the Company had paid RMB75,711,000, representing 30% of the Consideration, as the deposit to the Seller. On November 19, 2019, the Company had issued the Convertible Note, to the Seller as settlement of the remaining 70% of the Consideration.

Tenancy Agreement of Properties in Malaysia

OUC Malaysia Sdn Bhd, a direct wholly-owned subsidiary of the Company, as landlord, entered into a tenancy agreement with Raffles College, of which 70% of its equity interest is owned by REC, as tenant, on December 18, 2018 for the lease of the properties for a term of three years commencing on January 1, 2019 and expiring on December 31, 2021. The tenancy was executed on arm's length terms and the annual rental payable under the tenancy agreements amounts to MYR1,913,000 (approximately RMB3,187,000).

* The English name of the company represents the best effort made by management of the Company in translating its Chinese name as it does not have any official English name.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The INEDs have reviewed the above continuing connected transactions for the Year 2020 and confirmed that the above continuing connected transactions were entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better; and

3. in accordance with the terms of the agreements governing the continuing connected transactions (i.e. the Tenancy Agreements) that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BDO Limited ("**BDO**"), Certified Public Accountants, the Company's independent auditor (the "**Independent Auditor**"), was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 "**Auditor's Letter on Continuing Connected Transactions under Hong Kong Listing Rules**" issued by the Hong Kong Institute of Certified Public Accountants. BDO has issued their confirmation letter to the Board containing their findings and conclusions in respect of the Group's continuing connected transactions disclosed above in accordance with Rule 20.54 of the GEM Listing Rules.

SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

REC, the controlling shareholder (as defined by 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**" on page 120 to 123 of the Company's prospectus dated December 31, 2014 (the "**Prospectus**")).

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 29 to the consolidated financial statements on page 129 of this annual report, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year 2020 or at any time during the Year 2020.

DEED OF NON-COMPETITION

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.

REC has made an annual written declaration as to the compliance with the non-competition undertakings in the Deed of Non-Compete (the "**Undertakings**"). The INEDs have reviewed the same as part of the annual review process and noted that: (a) REC declared that it had fully complied with the Undertakings for the Year 2020; (b) no new competing business was reported by REC during the Year 2020; and (c) there was no particular situation rendering the full compliance of the Undertakings being questionable. In view of the above, the INEDs confirmed that all of the Undertakings were complied with by REC for the Year 2020.

COMPETING INTERESTS

The Directors have confirmed that save as disclosed above, as at June 30, 2020, none of the Directors, controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company, directors of the Company's subsidiaries or any of their respective close associates (as defined in the GEM Listing Rules) has interest in any business (other than the Group) which, directly or indirectly, competed or might compete with the Group's business.

BUSINESS REVIEW

Information about a fair review of, and an indication of likely future development in, the Group's business is set out in the "**Management Discussion and Analysis**" on page 8 of this annual report.

As regards the principal risks and uncertainties facing the Group, please refer to the section headed "**Risk Factors**" contained on pages 43 to 69 of the Prospectus.

During the Year 2020, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

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

As at June 30, 2020, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**")), which were required: to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) entered in the register as referred to therein pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:–

Long positions

(a) Shares in the Company

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

Notes:

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

(2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2020 (i.e. 180,000,000 Shares).

(b) Shares in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued shares held	Approximate percentage of shareholding
Mr. Chew	REC *(Note 1)*	Beneficial owner and interest of spouse/ Personal interest and family interest	462,907,764	33.58% *(Note 2)*

Notes:

(1) REC, a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited, is the immediate holding company of the Company.

(2) It includes (a) the 2.47% interest of Ms. Chung, the wife of Mr. Chew; and (b) the 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at June 30, 2020, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would have to be: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered in the register referred to therein pursuant to section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at June 30, 2020, so far as it was known by or otherwise notified to any Directors or the chief executive of the Company, the particulars of the corporations which or the persons who (other than a Director or the chief executive of the Company) had 5% or more interests or short position in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:–

Long positions in the Shares

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

Notes:

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

(2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2020 (i.e. 180,000,000 Shares).

Save as disclosed above, as at June 30, 2020, so far as it was known by or otherwise notified to the Directors or the chief executive of the Company, no other corporations or persons (other than a Director or the chief executive of the Company) had 5% or more interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

A corporate governance report containing the principal corporate governance practices adopted by the Group is set out on pages 35 to 48 of this annual report.

The compliance officer of the Company is Mr. Liu Ying Chun whose biographical details are set out on page 13 of this annual report. The company secretary of the Company is Sir Kwok Siu Man KR, a fellow member of The Hong Kong Institute of Chartered Secretaries, whose brief particulars are set out under the section headed "**COMPANY SECRETARY**" of the corporate governance report on page 45 of this annual report.

USE OF PROCEEDS FROM THE COMPANY'S IPO PLACEMENT

Please refer to section headed "**USE OF PROCEEDS FROM THE COMPANY'S IPO PLACEMENT**" set out in the "**Management Discussion and Analysis**" on page 10 and 11 of this annual report for details.

SHARE OPTION SCHEME

The Company conditionally approved and adopted the Share Option Scheme on December 17, 2014, which became effective on January 16, 2015 (the "**Listing Date**"). The following is a summary of the principal terms of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or reward for the Eligible Participants (defined below) for their contribution or potential contribution to the Company and/or any of its subsidiaries.

(b) Participants of the Share Option Scheme

The Directors may, subject to and in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, at its discretion, grant options to any full-time or part-time employees, consultants or potential employees, consultants, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or its subsidiaries, and any suppliers, customers, consultants, agents and advisers, who in the absolute discretion of the Directors has contributed or will contribute to the Group (collectively, the "**Eligible Participants**").

(c) Maximum number of Shares available for subscription

The maximum number of the Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the number of the Shares that shall represent 10% of the total number of the Shares in issue immediately upon completion of the listing of the Company on GEM (the "**Scheme Mandate Limit**"), which is 18,000,000 Shares. For the purpose of calculating the Scheme Mandate Limit, options which have lapsed in accordance with the terms of the relevant scheme shall not be counted.

The maximum limit on the number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed such number of the Shares as shall represent 30% of the Shares in issue from time to time. No options may be granted if such grant will result in this 30% limit being exceeded.

As at the date of this report, there was no outstanding option under the Share Option Scheme, and the outstanding number of options available for grant under the Share Option Scheme was such number of options, upon exercise, representing 10% of the issued Shares.

(d) Grant to connected persons, substantial shareholders and independent non-executive directors of the Company

Any grant of options to a connected person (as defined by the GEM Listing Rules) of the Company must be approved by all the INEDs (excluding any INED who is also a proposed grantee of the options, the vote of such INED shall not be counted for the purposes of approving the grant).

Any grant of options to a substantial shareholder or an INED or any of their respective associates shall be subject to, in addition to the approval of the INEDs, the issue of a circular by the Company to its Shareholders and the approval of the Shareholders in general meeting if the Shares issued and to be issued upon exercise of all options already granted and proposed to be granted to him (whether exercised, cancelled or outstanding) in the 12-month period up to and including the date of offer of grant of the option (the "**Offer Date**"):

(i) would represent in aggregate more than 0.1%, or such other percentage as may from time to time be provided under the GEM Listing Rules, of the Shares in issue on the Offer Date; and

(ii) would have an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date, in excess of HK$5,000,000 (or such other amount as shall be permissible under the GEM Listing Rules from time to time).

(e) Grant to Eligible Participants other than parties mentioned above

(i) Subject to below paragraph (ii), no Eligible Participant (other than parties mentioned in above paragraph (d)) shall be granted an option if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options granted to such Eligible Participant (other than parties mentioned in above paragraph (d)) (including both exercised and outstanding options) in any 12-month period exceeding 1% of the total number of Shares in issue.

(ii) Where any further grant of options to an Eligible Participant (other than parties mentioned in above paragraph (d)), if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options granted and to be granted to such Eligible Participant (other than parties mentioned in above paragraph (d)) (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant (other than parties mentioned in above paragraph (d)) and his close associates abstaining from voting. Our Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant (other than parties mentioned in above paragraph (d)), the number and terms of the options to be granted and options previously granted to such Eligible Participant (other than parties mentioned in above paragraph (d)) and the information required under the GEM Listing Rules.

(f) **Exercise price**

The price per Share at which a grantee may subscribe for Shares upon exercise of an option shall, subject to any adjustment resulting from the alteration of the number of the issued Shares, be a price determined by the Directors but in any event shall be at least the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the Offer Date; and

(ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date.

(g) **Acceptance and payment on acceptance of option offer**

An option may be accepted by an Eligible Participant within 30 days from the Offer Date.

A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

(h) **Life of the Share Option Scheme**

The Share Option Scheme shall be valid and effective for a period commencing on the Listing Date and ending on the tenth anniversary of the Listing Date (both days inclusive), after which time no further option will be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and the options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

No options were granted since the Listing Date. Therefore, no options were exercised or cancelled or lapsed during the Year 2020 and there were no outstanding options under the Share Option Scheme as at June 30, 2020.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year 2020 or as of June 30, 2020 was the Company or any of its subsidiaries, fellow subsidiaries and holding company a part to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance for the Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance when this report prepared by the Directors is approved in accordance with section 391(1)(a) of the above Companies Ordinance.

ENVIRONMENTAL POLICY

The Group is committed to nurturing its staff to care about and protect the environment. It conducts its business in a manner that balances the environment and economic needs.

The Group complies with all relevant environment regulations. It works with its partners including customers and suppliers in a connected effort to operate in an environmentally responsible manner by making concerted efforts to be energy-efficient and to practice "**Reduce, Reuse and Recycle**".

Among others, the Group has taken the following initiatives:–

- Performed minimal renovations, by re-using existing flooring, furniture etc., during the Year 2020.
- Works closely with various local governments in Langfang City, Hebei Province, the PRC to help them promote environment protection strategies.
- Promotes the knowledge of environmental protection to students and staff in its campus and advocates students therein to sort their trash into separate bins.
- Saves power by implementing automatic lights off during non-business hours and providing manual override switches for all non-emergency lighting.
- Adjusts the heat supply system to low settings during the winter vacation period.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Employees

All of the Group's employees work in the campus site, owned by the Group, housing the colleges, universities, schools, education training centres and corporate entities that lease education facilities from the Group (the "**Contract Colleges**"), located in the Oriental University City in Langfang Economy and Technology Development Zone in Langfang City, Hebei Province, the PRC (the "**Campus Site**"). They perform management, administration and human resources, operation, finance and investors' relation functions respectively. The Group determines the remuneration of its employees by reference to the market salary of their individual experience and performance. The Group will continue to improve and upgrade their management and professional skills. None of the Group's employees is represented by any collective bargaining agreement or labour union. The Group has not experienced any significant problem with its employees or disruption to its operations due to labour dispute, nor has the Group experienced any difficulties in the recruitment and retention of experienced staff.

Suppliers

The Group's suppliers provide the Group with a range of services associated with the management and maintenance of the Campus Site, mainly including cleaning, gardening, building maintenance and refurbishing, and campus security. The Directors believe that the Group is able to get access to the service of the suppliers easily as they are all located in Langfang City, Hebei Province, the PRC. The Directors also believe that maintenance of a stable relationship with the Group's major suppliers is important to the Group's operations as this will enable a stable supply of services to the Campus Site.

The Group's property team is responsible for quality control over the selection and performance of the suppliers. In general, the said team selects and evaluates the suppliers based on their pricing, background, industry experience, reputation and ability to deliver quality services. The suppliers are sourced through a tender process for an aggregate contract amount that exceeds RMB50,000.

Apart from those suppliers for the building maintenance and refurbishing services which are determined on an individual project basis, the Group's relationships with other major suppliers are over five years on average. Although the Group does not enter into any long-term contracts with certain of its suppliers, the Group has established a long-term business relationship with them. The Group has not experienced any disruption in the supply of services by suppliers.

Customers

The Group's principal customers are the Contract Colleges. For the Year 2020, the Group had twelve Contract Colleges. Revenue from the five largest customers using the Group's education facilities, most of which were the Contract Colleges, accounted for 87.7% of the Group's total revenue for the Year 2020.

EVENT AFTER REPORTING PERIOD

Save as disclosed below, the Group does not have any material subsequent event after the end of the Year 2020 and up to the date of this report.

PT OUC Thamrin Indo, a direct 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 REC, as tenant, for the tenancy of the Thamrin Property 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 IDR7,154,640,000 (approximately RMB3,635,000).

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year 2020 were audited by BDO, the Independent Auditor. BDO will retire, and being eligible, offer themselves for re-appointment at the 2020 AGM. A resolution for the re- appointment of BDO as the Independent Auditor will be proposed at the 2020 AGM.

On behalf of the Board

Chew Hua Seng
Chairman

Singapore, August 14, 2020

CORPORATE GOVERNANCE REPORT

The Company is committed to fulfilling its responsibilities to its shareholders (the "**Shareholders**") and protecting and enhancing Shareholder value through solid corporate governance.

The Company has compiled with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" and the "**GEM Listing Rules**", respectively) during the year ended June 30, 2020 (the "**Year 2020**").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has complied with provision A.2.1 of the CG Code, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chew Hua Seng as the chairman of the board of directors of the Company (the "**Directors**" and the "**Chairman**", respectively) is responsible for overseeing the functions of the board of Directors (the "**Board**") and formulating overall strategies and policies of the Company. The chief executive officer of the Company (the "**CEO**"), Mr. Liu Ying Chun, supported by the senior management, is responsible for managing the businesses of the Company and its subsidiaries (the "**Group**"), implementing major strategies as well as making day-to-day decisions and overall coordination for business operations.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**") as its own code of conduct for dealings in the Company's securities by the Directors. The Company had made specific enquiries with all the Directors and each of them has confirmed his compliance with the Required Standard of Dealings during the Year 2020.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Required Standard of Dealings. No incident of non-compliance was noted by the Company during the Year 2020.

BOARD OF DIRECTORS

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All the Directors make decision objectively in the interests of the Company. The Board has the full support of the executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the CEO and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions being entered into by the above mentioned officers.

The Board also assumes the responsibilities for maintaining a high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices in compliance with legal and regulatory requirements.

As at the date of this report, the Board comprises two executive Directors and four independent non-executive Directors (the "**INEDs**"). The Board delegates certain functions to committees to enable the Board to manage more effectively its stewardship and fiduciary responsibilities. The Board is assisted by four committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and the risk management committee (the "**Risk Management Committee**"). The composition of the Board and its committees are stated below and their respective responsibilities are discussed in this report.

Board of Directors	Board Member	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee
Executive Directors					
Mr. Chew Hua Seng *(Chairman)*	✓		✓	✓	
Mr. Liu Ying Chun *(CEO)*	✓				✓
INEDs					
Mr. Lam Bing Lun, Philip	✓	✓		✓	
Mr. Tan Yeow Hiang, Kenneth	✓	✓	✓		✓
Mr. Wilson Teh Boon Piaw	✓		✓	✓	✓
Mr. Guo Shaozeng	✓	✓		✓	

All Directors, including the INEDs, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for the efficient and effective delivery of the Board functions.

Please refer to the section headed "**Biographical Details of Directors and Senior Management**" in this annual report for key information on each Director and member of the senior management.

There was no financial, business, family or other material relationship among the Directors.

All the INEDs were appointed for a term of three years which automatically continues thereafter until terminated by either party giving not less than three months' notice in writing to the other.

Independent Non-executive Directors

The Company had four INEDs and at least one of the INEDs had appropriate professional qualifications or accounting or related financial management expertise at all times during the Year 2020. A written annual confirmation on independence as required by Rule 5.09 of the GEM Listing Rules has been received from each of the INEDs. The Company considers all of the INEDs to be independent.

Board Meetings

The Board meets at least four times a year at approximately quarterly intervals and additional meetings will be convened as and when required. During the Year 2020, five Board meetings as well as an annual general meeting (the "**AGM**") and a general meeting (the "**GM**") of the Shareholders were held. Details of the attendance of the Directors are as follows:

Board of Directors	Number of Board meetings attended/ eligible to attend	AGM attended/ eligible to attend	GM attended/ eligible to attend
Executive Directors			
Mr. Chew Hua Seng	5/5	1/1	1/1
Mr. Liu Ying Chun	5/5	1/1	1/1
INEDs			
Mr. Lam Bing Lun, Philip	5/5	1/1	1/1
Mr. Tan Yeow Hiang, Kenneth	5/5	1/1	1/1
Mr. Wilson Teh Boon Piaw	5/5	1/1	1/1
Mr. Guo Shaozeng	5/5	1/1	1/1

BOARD DIVERSITY POLICY

The Board values diversity as a factor in selecting candidates to serve on the Board, and believes that the diversity which exists in its composition provides significant benefits to the Board and the Company.

The Board adopted a board diversity policy (the "**Board Diversity Policy**") which relates to the selection of candidates for the Board. The Board believes that a key success factor of an effective Board is that it comprises a range and balance of skills, experience, knowledge and independence with individuals that work as a team. The Board Diversity Policy was adopted to ensure that diversity in its broadest sense continues to remain a feature of the Board.

The Nomination Committee has been delegated with the responsibilities for the review of the Board Diversity Policy on an annual basis.

Directors' Induction and Continuous Professional Development

Each newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of the Director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements. The Company is dedicated to arrange appropriate induction for the continuous professional development for all Directors at the Company's expenses to develop, replenish and refresh their knowledge and skills.

The Company will from time to time provide briefings to all Directors to develop and refresh the Directors' duties and responsibilities. All Directors are also encouraged to attend relevant training courses at the Company's expense.

During the Year 2020, all the Directors, namely Mr. Chew Hua Seng, Mr. Liu Ying Chun, Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth, Mr. Wilson Teh Boon Piaw and Mr. Guo Shaozeng have participated in continuous professional development by attending conferences and internal training as regards corporate governance, laws, regulations and the GEM Listing Rules, or reading materials in the above areas and relevant to their duties, responsibilities and the Group's business in order to develop, refresh and update their knowledge and skills.

Training records for the Year 2020 have been provided by all Directors to the Company.

Board Committees

The Board is supported by four Board committees. Each committee has its defined scope of duties and terms of reference and the committee members are empowered to make decisions on matters within their respective terms of reference.

(1) Audit Committee

The Company has established the Audit Committee with clear written terms of reference in compliance with the CG Code, which are posted on the respective websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are (a) to review the Group's financial statements and annual, interim and quarterly reports; (b) to discuss and review with the independent auditor of the Company (the "**Independent Auditor**") on the scope and findings of the audit and the Independent Auditor's management letter; and (c) to review the financial and accounting policies and practices, financial controls and internal controls of the Group.

Currently, the Audit Committee has three members comprising all INEDs, namely Mr. Lam Bing Lun, Philip (chairman of the Audit Committee), Mr. Tan Yeow Hiang, Kenneth and Mr. Guo Shaozeng.

The Audit Committee held four meetings during the Year 2020 to review and supervise the financial reporting process and system of internal controls and recommend the re-appointment of the Independent Auditor. It had, in conjunction with the Independent Auditor, reviewed the Group's audited annual results for the year ended June 30, 2019 and unaudited first quarterly results for the three months ended September 30, 2019, interim results for the six months ended December 31, 2019 and third quarterly results for the nine months ended March 31, 2020 and recommended the same to the Board for its consideration and approval. The Audit Committee was of the opinion that such results had been prepared in compliance with the applicable accounting standards and requirements and that adequate disclosure had been made. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the Independent Auditor for the Year 2020. The Audit Committee also carried out and discharged its other duties as set out in the CG Code.

The Audit Committee met on August 14, 2020 and among other matters, reviewed the Group's audited consolidated results for the Year 2020.

The attendance of each INED at the Audit Committee meeting during the Year 2020 is as follow:

Members	**Number of meetings attended/eligible to attend**
Mr. Lam Bing Lun, Philip *(Chairman)*	4/4
Mr. Tan Yeow Hiang, Kenneth	4/4
Mr. Guo Shaozeng	4/4

(2) Remuneration Committee

The Company has established the Remuneration Committee according to the relevant provisions of the CG Code of the GEM Listing Rules with specific written terms of reference. Its primary duties are to (a) make recommendations to the Board on the Company's policy and structure for all remuneration of executive Directors and senior management and the remuneration of non-executive Directors; (b) establish formal and transparent procedures for developing a policy on remuneration; (c) review and approve the management's remuneration proposals by reference to the Board's corporate goals and objectives; and (d) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee presently comprises an executive Director Mr. Chew Hua Seng, and two INEDs, namely Mr. Wilson Teh Boon Piaw (chairman of the Remuneration Committee) and Mr. Tan Yeow Hiang, Kenneth.

During the Year 2020, the Remuneration Committee held a meeting to, among others, assess the performance and remuneration of the executive Directors and discuss the policy for the remuneration of Directors and senior management.

The attendance of each Director who was a member of the Remuneration Committee at the Remuneration Committee meeting during the Year 2020 is as follows:

Members	Number of meetings attended/eligible to attend
Mr. Wilson Teh Boon Piaw *(Chairman)*	1/1
Mr. Chew Hua Seng	1/1
Mr. Tan Yeow Hiang, Kenneth	1/1

The Remuneration Committee met on August 14, 2020 and among other matters, reviewed the remuneration package of all Directors and made recommendation to the Board on the remuneration proposal for all Directors and senior management.

(3) Nomination Committee

The Company has established a Nomination Committee according to the relevant code provisions of the CG Code with specific written terms of reference which are posted on the respective websites of the Stock Exchange and the Company. Its primary duties are to: (a) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (c) assess the independence of the INEDs; and (d) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

The Nomination Committee consists of four members, of which three are INEDs. The members of the Nomination Committee are Mr. Guo Shaozeng (chairman of the Nomination Committee), Mr. Lam Bing Lun, Philip, Mr. Wilson Teh Boon Piaw (all INEDs) and Mr. Chew Hua Seng (an executive Director). The Nomination Committee determines the policy for the nomination of Directors, the nomination procedures, process and criteria adopted in the selection and recommendation of candidates for directorship. Details of the nomination policy of the Company (the "**Nomination Policy**") are set out below under section headed "**Nomination Policy**".

During the Year 2020, the Nomination Committee held a meeting and, among other matters, assessed the independence of the INEDs, recommended to the Board for consideration the re-appointment of all the retiring Directors as Directors as well as reviewed and assessed the Board composition on behalf of the Board taking into account the Board Diversity Policy.

In determining the Board's composition, the Nomination Committee has considered a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service, which have been incorporated in the Board Diversity Policy. The Nomination Committee will also consider factors based on the Company's business model and specific needs from time to time in determining the optimum composition of the Board.

The attendance of each Director who was a member of the Nomination Committee at the Nomination Committee meeting during the Year 2020 is as follows:

Members	Number of meetings attended/eligible to attend
Mr. Guo Shaozeng	1/1
Mr. Chew Hua Seng	1/1
Mr. Lam Bing Lun, Philip	1/1
Mr. Wilson Teh Boon Piaw	1/1

The Nomination Committee met on August 14, 2020 and, amongst other matters, recommended the re-appointment of all the retiring Directors at the forthcoming AGM.

(4) *Risk Management Committee*

The Risk Management Committee currently consists of three members, of which two are INEDs, The members of Risk Management Committee are Mr. Tan Yeow Hiang, Kenneth (chairman of the Risk Management Committee), Mr. Wilson Teh Boon Piaw (both INEDs) and Mr. Liu Ying Chun, an executive Director.

The primary duties of the Risk Management Committee are to formulate the appropriate framework, system and policies for managing risks relating to the activities of the Group, and to provide support to the Board on proposed strategic transactions by focusing on risk aspects and implications of the risks for the Group.

During the Year 2020, the Risk Management Committee held two meetings to review amongst others, the risk management system and discuss risk management-related matters.

The attendance of each Director who was a member of the Risk Management Committee at the Risk Management Committee meeting during the Year 2020 is as follow:

Members	Number of meetings attended/eligible to attend
Mr. Tan Yeow Hiang, Kenneth *(Chairman)*	2/2
Mr. Liu Ying Chun	2/2
Mr. Wilson Teh Boon Piaw	2/2

NOMINATION POLICY

The Nomination Policy aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspective appropriate to the requirement of the Group's business. It provides the key selection criteria and procedures in making any recommendation on the appointment and re-appointment of the Directors.

Selection Criteria

The Nomination Committee shall consider a number of selection criteria including but not limited to the following for making recommendation on appointment of any proposed candidate to the Board or re-appointment of any existing member of the Board.

(a) Diversity in the aspects of, amongst others, gender, age, cultural and educational background, professional experience, skill, knowledge and length of service;

(b) Qualifications including accomplishment and experience in the relevant business industries in which the business of the Company;

(c) Commitment for responsibilities of the Board in respect of available time and relevant interest;

(d) Independence (for INEDs);

(e) Character and integrity;

(f) Potential contribution that the individual will bring to the Board; and

(g) Other perspective that are appropriate to the Company's business and succession plan.

Nomination Procedures

The Nomination Committee will recommend to the Board for the appointment or re-appointment of a Director in accordance with the following procedures or process:

(a) The Nomination Committee may adopt any process it considers appropriate in evaluating the suitability of the candidate, such as interviews, background checks, presentations and the third party reference checks;

(b) The Nomination Committee should evaluate such candidate based on the selection criteria as set out above to determine whether such candidate is qualified for directorship;

(c) When considering a candidate's suitability for the directorship, the Nomination Committee and/or the Board will hold a meeting and/or by way of written resolutions to approve the appointment and make recommendation to Shareholders in respect of the proposed election of Director at the GM.

(d) The Nomination Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board; and

(e) The Nomination Committee and/or the Board should determine whether the retiring Director continues to meet the selection criteria and to make recommendation to Shareholders in respect of the proposed re-election of Director at the GM.

CORPORATE GOVERNANCE FUNCTION

The Risk Management Committee is responsible for developing and putting in place policies and practices to ensure compliance with the provisions of the CG Code, for the training and continuous professional development of the Directors and senior management, for the compliance with legal and regulatory requirements, etc.

During the Year 2020, the Board has through the Risk Management Committee reviewed the Company's policies and practices on corporate governance as well as the corporate governance report contained in the Company's 2019 annual report in discharge of its corporate governance functions, ensuring compliance with the GEM Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors' remuneration for the Year 2020 are set out in note 10 to the financial statements on page 104 and 105 of this annual report. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "**Biographical Details of Directors and Senior Management**" on page 12 to 16 of this annual report for the Year 2020 by band is set out below:

Remuneration band (in RMB)	Number of individuals
Nil to 500,000	3

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements. The Independent Auditor's responsibilities are set out in the "**Independent Auditor's Report**" of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the establishment, maintenance and review of the Group's systems of internal controls and risk management. The Company has an established risk framework under which it identifies risks relevant to the operations and activities of the Group, and assesses these risks in relation to their likelihood and potential impacts. The Group's internal control and risk management systems include a well-defined management structure with limits of authority, which is designed to achieve business objectives, safeguard assets against unauthorised use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and ensure compliance with relevant legislations and regulations. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss.

The Company does not have an internal audit department. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time. However, during the Year 2020, the Company has engaged an external professional internal control consultant firm (the "**Internal Control Consultant**") to provide internal audit services to the Group on an annual basis. The internal audit report issued by the Internal Control Consultant was reviewed by the Audit Committee and the Board. No major issue was raised for improvement.

The Board has through the Audit Committee and Risk Management Committee reviewed, and is satisfied with, the effectiveness of the systems of internal controls and risk management of the Group.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the GEM Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, the company secretary of the Company (the "**Company Secretary**") and investor relations officers are authorised to communicate with parties outside the Group.

REMUNERATION OF THE INDEPENDENT AUDITOR

The consolidated financial statements for the Year 2020 were audited by BDO Limited ("**BDO**") whose term of office will expire at the forthcoming AGM. The Audit Committee has recommended to the Board that BDO be nominated for re-appointment as Independent Auditor at the forthcoming AGM.

The remuneration paid/payable to BDO in respect of the Year 2020 is set out below:

Type of Services	Fees Paid/Payable (RMB)
Assurance services	
Auditing of financial statements	
– BDO	750,000

COMPANY SECRETARY

The Company Secretary is Sir Kwok Siu Man KR ("**Sir Seaman Kwok**") who has been appointed by the Board since September 30, 2013 and has been so nominated by Boardroom Corporate Service (HK) Limited ("**Boardroom**") under an engagement letter entered into between the Company and Boardroom. The primary persons of the Company with whom Sir Seaman Kwok has been contacting are Mr. Zhang Jianguang, deputy general manager, in relation to corporate secretarial matters. As Sir Seaman Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange for a substantial amount of time, he was not required to have at least 15 hours of relevant continuous professional development training under the GEM Listing Rules for each of five consecutive years from 2012. Sir Seaman Kwok had delivered and attended no less than 15 hours of relevant professional trading in compliance with Rule 5.15 of the GEM Listing Rules during the Year 2020.

DIVIDEND POLICY

In order to enhance transparency of the Company and facilitate the Shareholders and investors to make informed investment decisions relating to the Company, the Board has adopted a dividend policy of the Company (the "**Dividend Policy**").

According to the Dividend Policy, the dividend payments will depend upon the share capital and/or the distributable reserve of the Company and the availability of dividends that the Company received from any of its subsidiaries. The Board may declare dividends taking into account the operations, earnings, financial condition, cash requirements and availability, all applicable requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") and the articles of association of the Company (the "**Articles of Association**") and other factors as it may deem relevant at such time. The payment of dividends may also be limited by legal restrictions and by financing agreements that the Company may enter into in the future.

Under the current laws and regulations of the People's Republic of China (the "**PRC**"), dividends paid by companies incorporated in the PRC to a non-PRC resident enterprise shareholder are subject to a 10% withholding tax unless reduced by a tax treaty or arrangement. Under an arrangement between the PRC and Hong Kong and subject to approvals from the relevant local tax authorities, the Company is entitled to a reduced withholding tax rate of 5% on dividends which the Company receives from its subsidiaries in the PRC.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review the Dividend Policy on a regular basis.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the Shareholders and the potential investors of the Company (the "**Investors**") mainly in the following ways:

i the holding of AGMs and GMs, if any, which may be convened for specific purpose and provide opportunities for the Shareholders and the Investors to communicate directly with the Board;

ii the publication of quarterly, half-yearly and annual reports, announcements and/or circulars as required under the GEM Listing Rules and/or press releases of the Company providing updated information on the Group; and

iii the latest information on the Group is available on the respective websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene a GM

The following procedures for Shareholders to convene a GM are subject to the Articles of Association and the Companies Ordinance (both as amended from time to time):

i any one or more Shareholders representing at least 5 per cent. of the total voting rights of all the Shareholders having a right to vote at general meetings (the "**Eligible Shareholder(s)**") may request the Board to call a GM;

ii the request must state the general nature of the business to be dealt with at the meeting; and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting (the "**Written Request**"). Such Written Request may consist of several documents in like form and be sent to the Company in hard copy form in accordance with item iii below or in electronic form (via email at zhangjianguang@oriental-university-city.com); and must be authenticated by the Eligible Shareholder(s) making it;

iii the Eligible Shareholder(s) who wish(es) to convene a GM must deposit a Written Request signed by the Eligible Shareholder(s) concerned to the registered office of the Company, presently located at 31st Floor, 148 Electric Road, North Point, Hong Kong and its principal place of business in the People's Republic of China (the "**PRC**") at No. 100 Zhangheng Road, Oriental University City, Langfang Economy and Technology Development Zone, Hebei Province 065001, the PRC for the attention of the Board and/or the Company Secretary;

iv the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene a GM and the details of the business(es) proposed to be transacted at the GM, and must be signed by the Eligible Shareholder(s) concerned;

v the Requisition will be verified with the share registrar of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene a GM by serving sufficient notice in accordance with the requirements under the Articles of Association to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for a GM; and

vi if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such GM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Procedures for Shareholders to put forward proposal at GM

Shareholder(s) representing at least 5 per cent. of the total voting rights of all Shareholders who have a relevant right to vote or at least 50 Shareholders who have a relevant right to vote may request the Company to circulate to the Shareholders entitled to receive notice of a GM, a resolution proposed and a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution to be dealt with at that GM.

The request may be sent to the Company in hard copy at the Company's registered office and principal place of business in the PRC or in electronic form (via email at zhangjianguang@oriental-university-city.com); must identify the resolution and any statement to be circulated; and must be authenticated by the Shareholder(s) making it.

PROCEDURES FOR SHAREHOLDERS TO SEND ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the registered office of the Company, presently located at 31st Floor, 148 Electric Road, North Point, Hong Kong by post or by email to Sir Seaman Kwok at seaman.kwok@boardroomlimited.com for the attention of the Company Secretary.

The Company treats all Shareholders fairly and equitably. At GMs and AGMs, the Shareholders are provided the opportunities to share their views and to meet the Board, including chairpersons of the Board committees and certain members of senior management.

INVESTOR RELATIONS

The Company discloses all necessary information to the Shareholders in compliance with the GEM Listing Rules and applicable laws and regulations. Updated and key information of the Group is also available on the Company's website. The Company also replies the enquiries from the Shareholders timely. The Directors will host the AGM each year to meet the Shareholders and answer their enquiries.

CONSTITUTIONAL DOCUMENTS

During the Year 2020, there were no changes in the constitutional documents of the Company.

The Articles of Association is available on the respective websites of the Stock Exchange and the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

Corporate Profile

Oriental University City Holdings (H.K.) Limited (the "**Company**" together with its subsidiaries, the "**Group**") presents the environmental, social and governance report (the "**ESG Report**") for the year ended June 30, 2020, which covers information of environmental and social aspects of the Group to demonstrate its continuous commitment to sustainability. Additional Information in relation to the Group's corporate governance and financial performance can be found in this annual report 2020.

Triumphal arch located at Oriental University City

Oriental University City ("**OUC**") is a district located in Langfang Economy and Technology Development Zone (廊坊經濟技術開發區). It was one of the earliest university city established in the People's Republic of China (the "**PRC**") in 1999. OUC is 40km away from Beijing and 60km away from Tianjin and connected to the Beijing-Shanghai expressway network and closed to other major transport networks in Beijing and Tianjin. OUC is also in close proximity to Beijing Daxing Industrial Development Zone (北京大興工業園區), Tianjin Binhai New Area (天津濱海新區) and Tianjin Jingbin Industrial Zone (天津京濱工業園區), where there is a high concentration of foreign and domestic companies engaging in aviation, service industrial and information technology.

The campus site currently occupies a gross site area of approximately 487,270 square meters in OUC, among which the Group owns teaching buildings with a gross floor area of approximately 119,453 square meters and dormitories with a gross floor area of approximately 144,490 square meters. The Group hosted more than 12 education institutions with a student population of 16,000 within the campus.

Vision

To be a leading education training hub in the PRC.

Mission

To provide high quality education facilities and services for contract colleges and education institutions.

Reporting Standard and Scope

This ESG report has been prepared in compliance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") under Appendix 20 of the GEM Listing Rules (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group is principally engaged in the provision of education facilities leasing services in the PRC, Malaysia and Indonesia. It owns and leases education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC, Malaysia and Indonesia; and to a much lesser extent, commercial leasing for supporting facilities. All existing education facilities are located in the PRC, Malaysia and Indonesia. The former has relatively high relevance to the environmental, social and governance aspects. Therefore, the disclosures in the ESG Report focus on the policies and performance of education facilities located in the PRC in Year 2020 in relation to three environmental aspects and eight social aspects.

Stakeholder Engagement

The Group deeply understands the close relationship between stakeholders and development of its business. In order to address key concerns of stakeholders, the Group maintains a close tie with its stakeholders, including government, investors, customers/potential customers, employees, community and the public.

The Group continues to improve stakeholder engagement and strives to understand and respond to stakeholders' expectations and requirements through diverse communication and response.

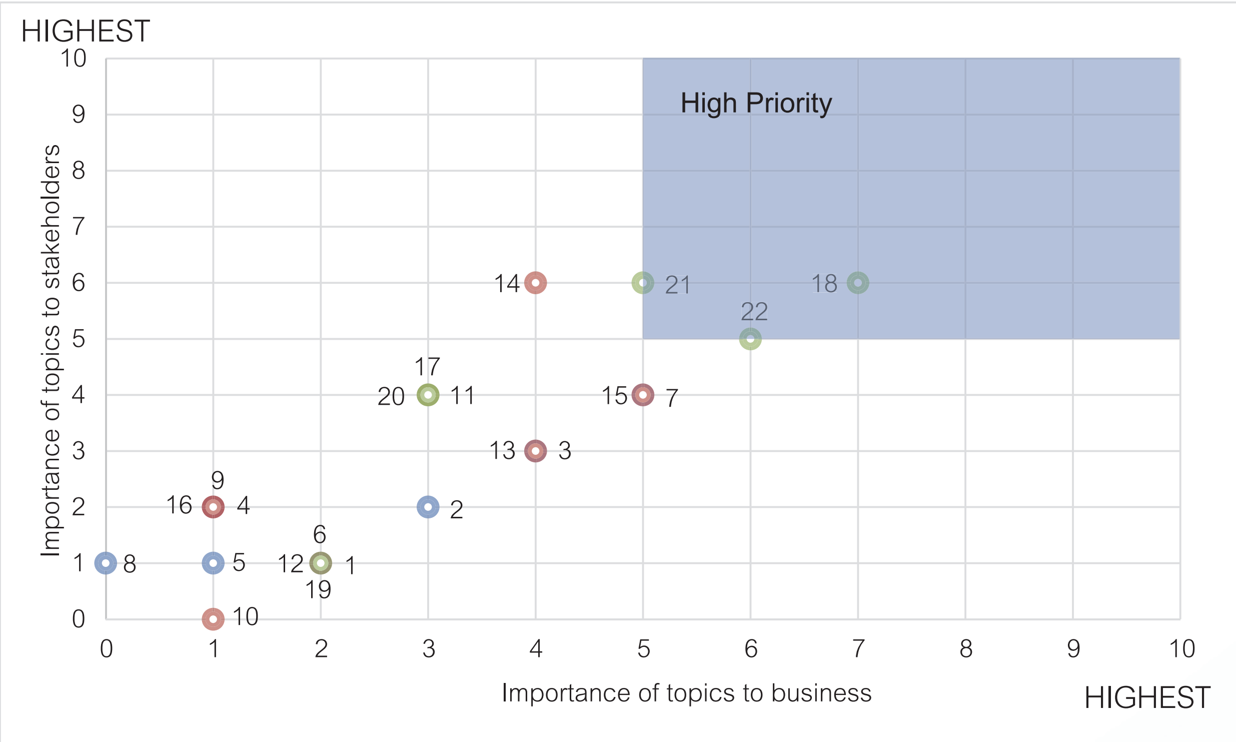
Stakeholders	Expectations and requirements	Communication and response
Government	• Operate in compliance with the laws • Tax payment in accordance with the laws	• Law-abiding operations • Pay tax on time and in full
Investors	• Implement corporate governance and create value • Information disclosure	• Optimise internal control and risk management • Release operating data in due course
Customers/ potential customers	• Reliability of services • Transportation and accessibility	• Provide high quality education facilities and services • Good public transport network
Employees	• Career development platform • Remuneration and benefits • Occupational health and safety	• Transparent promotion channel • Competitive remuneration package • Implements health and safety management system
Community and the public	• Positive learning atmosphere • Support social welfare • Protect the nature	• Create a conducive environment for colleges and students • Participate in charity works • Adhere to green operations

Materiality Matrix

The Group carried out materiality assessment on a number of ESG issues for the purpose of timely and comprehensive understanding of the materiality of each ESG issue to the business development of the Group and the stakeholders, in order to facilitate the Group's effective disclosure of ESG information and continuous improvement in the management level of relevant issues.

In view of the business characteristics of the Group, the Group has identified 22 ESG issues covering environmental, social and operation for Year 2020. The Group invited both internal and external stakeholders to assess the materiality of the ESG issues through a scoring tool and interviews. Based on the results of the materiality assessment, the Group discussed and determined the disclosure of the ESG Report for the Year 2020.

The Group's materiality matrix of ESG issues in Year 2020:



Environmental issues

1. Greenhouse gas ("**GHG**") emissions
2. Energy consumption
3. Water consumption
4. Waste
5. Environmental impact of construction
6. Green buildings certification
7. Customer engagement in environmental issues
8. Use of chemicals

Social issues

9. Local community engagement
10. Community investment
11. Occupational health and safety
12. Labour standards in supply chain
13. Training and development
14. Employee welfare
15. Inclusion and equal opportunities
16. Talent attraction and retention

Operation issues

17. Economic value generated
18. Corporate governance
19. Anti-corruption
20. Supply chain management
21. Customer satisfaction
22. Customer privacy

ENVIRONMENTAL

The Group committed to maintain sustainable development and to comply with the relevant laws and regulations in respect of environmental protection, the Group endeavours to minimise the impacts of its operating activities on the environment.

Emissions

The Group knows that the quality of environment protection is very important to achieve of long-term development. The Group does its best to ensure that the concept of environmental sustainability is integrated into every part of its daily business operation. The Group keeps on monitoring all types of changes in the ways of producing waste and/or utilising energy during the process of carrying on its business activities.

The Group understands the importance of environmental protections. It actively implements multiple measures for environmental protection in its operations and formulates an Office Environmental Guidelines (《辦公室環保指引》) to reduce emissions. The key environmental performance indicators of the Group's emissions in Year 2020 are shown in the table below:

Environmental indicators	Unit	Year 2020	Year 2019 *(Note 1)*
Air emissions *(Note 2)*			
Nitrogen oxides (NO_x) emissions	Kg	**82.93**	81.88
Sulphur oxides (SO_x) emissions	Kg	**0.27**	0.26
Particulate matter (PM) emissions	Kg	**7.90**	7.79
GHG emissions			
Total GHG emissions *(Note 3)*	Tonnes CO_2e	**1,162.63**	1,205.36
GHG emissions intensity	Kg CO_2e/square meter of campus site	**2.39**	2.47
Direct emissions *(Scope 1)*	Tonnes CO_2e	**48.86**	46.99
Indirect emissions *(Scope 2)* *(Note 4)*	Tonnes CO_2e	**1,047.70**	1,104.75
Other indirect emissions *(Scope 3)* *(Note 5)*	Tonnes CO_2e	**66.07**	53.62
Waste			
Total non-hazardous waste produced *(Note 6)*	Tonnes	**N/A**	N/A
Non-hazardous waste produced intensity	Tonnes/square meter of campus site	**N/A**	N/A
Total hazardous waste produced *(Note 7)*	Tonnes	**N/A**	N/A
Hazardous waste produced intensity	Tonnes/square meter of campus site	**N/A**	N/A

Note 1: All the figures of Year 2019 have been restated.

Note 2: Air emissions include emissions data from motor vehicles.

Note 3: GHG emissions can be classified into three scopes:

Scope 1: Direct GHG emissions from operations that are owned or controlled by the Group including GHG emissions from vehicles controlled in the PRC;

Scope 2: Indirect GHG emissions resulting from electricity consumption by the Group; and

Scope 3: Other indirect GHG emissions include emission from paper waste disposed at landfills and emission from electricity consumption for processing fresh water and sewage and business travel by employees by the Group.

Note 4: The emission factor of GHG emissions associated with the electricity purchased in Langfang City as in North China Grid (華北電網) is approximately 0.968 Kg/kWh.

Note 5: The electricity consumption per unit for treatment of fresh water and sewage in PRC are set at 0.6 and 0.28328 kWh respectively.

Note 6: The Group has engaged a waste management company located in OUC to handle non-hazardous waste, such as food waste and general office waste. Hence, no data of non-hazardous waste is maintained by the Group itself.

Note 7: No hazardous waste is produced by the Group. In the event when any hazardous waste is to be disposed of, the Group would engage professional companies to handle it.

The Group upholds the principles of environmental protection management and is committed to the proper handling and disposal of all emissions and wastes. Specific actions have already been taken, which include:

- Maintaining an indoor temperature at an optional level for comfort;
- Installing LED lighting system in the offices. Saves power by implementing automatic lights off during non-business hours and providing manual override switch for all non-emergency lighting;
- Encouraging the employees to switch off the computers and monitors when not utilised, setting office machines such as copiers and TV monitors to switch off automatically after office hours;
- Encouraging the employees to make the best use of modern telecommunication system to avoid unnecessary travel arrangement;
- Putting up signage emphasising the importance of energy saving at offices are in place;
- Performed minimal renovations, by re-using existing flooring, furniture etc.;
- Works closely with various local governments in Langfang City, Hebei Province, to promote PRC environment protection strategies to its tenants; and
- Promotes the knowledge of environmental protection to students and staff in its campus and advocates students therein to sort their trash into separate bins.

In Year 2020, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have significant impact, including Environmental Protection Law of the People's Republic of China《中華人民共和國環境保護法》and Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》). In addition, there was no report of significant fines or non-monetary sanctions as the result of non-compliance with relevant laws and regulations in Year 2020.

Use of Resources

The Group pays attention to environmental protection and is striving to realise reasonable utilisation of energy and resources. An Office Environmental Guidelines has been established and appropriate measures are advocated for enhancement of utilisation rate.

The key environmental indicator data in respect of use of resources by the Group is shown below:

Environmental indicators	Unit	Year 2020	Year 2019 (Note 1)
Units of diesel consumed	kWh	**N/A**	N/A
Units of petrol consumed (Note 2)	kWh	**174,854.24**	168,189.97
Units of purchased heating consumed (Note 3)	kWh	**181,941.38**	180,437.73
Units of purchased electricity consumed (Note 4)	kWh	**1,082,331.00**	1,141,269.30
Total energy consumption	kWh	**1,439,126.62**	1,489,897.00
Total energy consumption intensity	kWh/square meter of campus site	**2.95**	3.06
Amount of water consumption (Note 5)	Tonnes	**36,303.00**	34,884.00
Water consumption intensity	Tonnes/square meter of campus site	**0.07**	0.07
Total amount of packaging materials used (Note 6)	Tonnes	**N/A**	N/A
Intensity of packaging materials used	Tonnes/units of product	**N/A**	N/A

Note 1: All the figures of Year 2019 have been restated.

Note 2: The convert data from litres to tonnes of petrol is set at 1,350 and the gross calorific value of petrol is approximately 47.1 GJ/Tonne.

Note 3: (i) The data includes units of heating purchased by OUC for the PRC office. The units of heating consumed for leased buildings of OUC are excluded since the customers have purchased heating by themselves and the Group is responsible for delivering heating to customers after secondary pressurisation by OUC;

(ii) The floor area of PRC office is approximately 3,605.87 m^2. The space-heating load data per unit floor area (供暖面積熱指標) of office/university is ranged from 58 to 81 W/m^2 (i.e. 69.5 W/m^2 in average) according to Technical Measures for Heating and Ventilation Design of Civil Buildings (《民用建築採暖通風設計技術措施》) issued by China Academy of Building Research (中國建築科學研究院); and

(iii) The heating supply period is commonly known as November 15 to March 15 of next year in the north of PRC and the efficient heating supply time is around 25%. Therefore, the efficient time of heating supply used in the Report is near to 726 hours for Year 2020 and 720 hours for Year 2019.

Note 4: The data of purchased electricity consists of three parts:

(i) 503,303.80 kWh and 444,202.19 kWh of electricity were consumed for PRC office and vacant buildings maintenance in Year 2020 and Year 2019 respectively;

(ii) 428,589.99 kWh and 314,931.80 kWh of electricity were consumed for a heat exchange station for delivering heating to customers after the secondary pressurisation by OUC in Year 2020 and Year 2019 respectively. The Group may cease to provide the service of heating delivery to customers after secondary pressurisation from September 2020; and

(iii) 150,437.21 kWh and 382,135.31 kWh of electricity were consumed for a water pump house for supplying water to customers after the secondary pressurisation by OUC in Year 2020 and Year 2019 respectively. The Group may cease to provide the service of water supply to customers after secondary pressurisation from September 2020. Since then, the units of purchased electricity consumed are expected to be significantly reduced after September 2020.

Note 5: The data of water consumption consists of two parts:

(i) 23,405.00 tonnes and 22,636.00 tonnes were used for PRC office and vacant buildings maintenance in Year 2020 and Year 2019 respectively; and

(ii) 12,898.00 tonnes and 12,248.00 tonnes were used for a heat exchange station for delivering heating to customers after the secondary pressurisation by OUC in Year 2020 and Year 2019 respectively. The Group may cease to provide the service of heating delivery to customers after the secondary pressurisation by OUC from September 2020. Therefore, the amount of water consumption is expected to be significantly reduced after September 2020.

Note 6: The Group's business does not involve any use of packaging materials. Therefore, no data in this aspect is available.

The Group seeks opportunities to reduce and recycle resources that have consumed in order to minimise the amount of waste generated to the environment, which include:

- Adjusting the heat supply system to low settings during the winter vacation period to reduce heat waste ultimately; and

- Encouraging all employees to reduce paper usage by using double-sided papers and by a frequent use of electronic information systems for material sharing or internal administrative documents as part of the environmental protection campaigns.

In the future, the Group will continue its commitment in environmental protection and strive to build a greener and healthier environment to fulfil its responsibilities as a member of the community we all live in.

The Environment and Natural Resources

The Group engages a gardening service provider to provide gardening services on its campus site, including the removal of any unwanted or dead plants and replenishment with new seed beds and healthy plants. The gardening service provider has to comply with the Group's internal guidelines on Gardening Maintenance Scheme (《綠化養護方案》), Gardening Maintenance Operation Guideline (《綠化養護操作規範》) together with Gardening Maintenance Quality and Examination Standards (《綠化養護質量與考核標準》) which set out the frequency of fertilization on different types of plants, and guidelines for tree cutting and trimming, removal of dead plants and application of disinfectants.

Environmental enhancement on campus site

Environment in dormitories

SOCIAL

The Group provides employees with a fair working environment, protects their physical and mental health, and provides training to improve their knowledge and skills for discharging duties at work.

Employment

As at June 30, 2020, the total number of employees being employed by the Group in the PRC was 53 (2019: 23). The Group understands that human resources is one of its most important valuable assets. The Group respect culture and individual diversity, it aims to uphold a fair and equitable human resource policy, in which quality and merit of the candidates are the most important elements to be assessed during the recruitment and promotion processes. The Group offers equal employment opportunities to different genders, age groups and nationalities such that a sound of diversify of human resources can be achieved. The Group has established human resource management policy which covers: (i) recruitment and promotion; (ii) working hours; (iii) rest periods; and (iv) benefits and welfare.

Summaries of the total employees by gender and age, turnover rate by gender and age of the Group for the Year 2020 are disclosed as follows:

Total employees by gender:

Gender	**Number of Employees**	
	2020	2019
Male	**34**	13
Female	**19**	10
Total	**53**	23

Total employees by age:

Age	**Number of Employees**	
	2020	2019
Below 30	**2**	2
30-40	**12**	9
40-50	**15**	6
Over 50	**24**	6
Total	**53**	23

Total turnover by gender:

Gender	Number of Employees 2020	2019
Male	3	–
Female	–	–
Total	3	–

Total turnover by age:

Age	Number of Employees 2020	2019
Below 30	–	–
30-40	–	–
40-50	–	–
Over 50	3	–
Total	3	–

Turnover rate by gender:

Gender	Percentage of Rate 2020	2019
Male *(Note 1)*	9%	–
Female	–	–

Turnover rate by age:

Age	Percentage of Rate 2020	2019
Below 30	–	–
30-40	–	–
40-50	–	–
Over 50 *(Note 2)*	13%	–

Note 1: The employee turnover rate by gender is calculated based on "the number of employees who left employment as males during the period" divided by "the number of employees as males for each end of period".

Note 2: The employee turnover rate by age is calculated based on "the number of employees who left employment over 50 years old during the period" divided by "the number of employees over 50 years old for each end of period".

The Group has placed a high value on the employee welfare by providing a clean working and living environment with a relaxing and pleasant atmosphere. All the staff are entitled to social insurance and various paid leave, such as sick leave, work-related injury leave, statutory holidays, marital leave, maternity leave, funeral leave and annual leave.

In Year 2020, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have significant impact. The Group strictly complied with local laws and regulations relating to employment, such as Labour Law of the People's Republic of China (《中國人民共和國勞動法》) and Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》). In addition, there was no report of significant fines or sanctions as the result of non-compliance with relevant laws and regulations in Year 2020.

Health and Work Safety

The Group is committed to provide and maintain a safe and health working environment for all employees.

In order to strengthen employees' work safety awareness and to reduce number and severity of injuries and accidents, the Group has developed health and safety policies including prohibition of smoking in the workplace, abuse of alcohol and drugs, identification and prevention of risks and hazards on its campus site, and follow-up actions for accidents or personal injuries. The Group requires its employees to strictly adhere to and comply with such policies, which are set out in the employee handbook.

The Group attaches great importance to fire safety. The entire campus site has been equipped with fire station and fire fighting devices such as fire extinguishers and fire hydrants. In addition, the leasing contracts include the clauses of fire safety and for customers who rent the whole buildings, Fire Safety Responsibility Letters (《消防安全責任狀》) are necessary to be signed to declare the responsibilities for fire safety as lessees. Apart from submitting supporting documents of fire fighting devices to Fire Protection Section of Langfang City (廊坊市消防大隊), the Group also attends fire drills conducted by Fire Protection Section of Langfang City at least annually to raise fire safety awareness of employees.

During the outbreak of the novel coronavirus disease 2019 pandemic (the "**COVID-19**") in Year 2020, the Group prioritised the protection of staff health by providing them with sufficient quantities of hand-rub sanitisers and medical face masks. In addition, the Group has developed policies including prevention and control of COVID-19 in canteen and emergency plan for COVID-19. The Group has also taken a number of preventive measures against COVID-19 in workplace include but not limited to: (i) reminding employees to maintain hand hygiene; (ii) arranging security guard at the front desk to measure employees/visitors' body temperature, if it exceeds 37.3°, no entry into the office building is allowed; (iii) requiring all employees/visitors to wear mask before entering the office building and canteen; and (iv) increasing frequency of cleaning and disinfection.

In Year 2020, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have significant impact. The Group strictly complied with local laws and regulations relating to health and safety, such as Law of the People's Republic of China on Prevention and Control of Occupational Diseases《中華人民共和國職業病防治法》and the Regulations on Work-Related Injury Insurance of the People's Republic of China《中華人民共和國工傷保險條例》. In addition, there was no report of significant fines or sanctions as the result of non-compliance with relevant laws and regulations in Year 2020.

Development and Training

The Group acknowledges the importance of training for the development of its employees. To ensure to provide high quality service for the customer, the Group offers professional training program to its employees, including: (i) corporate cultures; (ii) the GEM Listing Rules; (iii) operation management (iv) financial management; (v) revised regulations of social insurance; (vi) internal control measures; and (vii) fire fighting and so on. Through education and training, the Group can enhance the employees' personal qualities, reinforce their skill-sets and keep up with the most advanced professional knowledge that their position may require.

The average numbers of training hours of employees during the Year 2020 are listed as the following table:

Training	Year 2020	Year 2019
Total training hours	542	206
Average training hours per employee	10	9
By Employee Category (Average training hours per employee)		
Senior Level	8	8
Middle Level	12	8
Entry Level	10	10

Labour Standards

The Group recognises that the employment of child and forced labour is a serious violation of universal values. Accordingly, the Group strictly complies with the Provisions on the Prohibition of Using Child Labor《禁止使用童工規定》and other laws and regulations relating to labour standards. The Group also strictly fulfills the requirements under the labour contract system whereby all newly-recruited employees will enter into a labour contract or an appointment agreement with the Company upon formal appointment.

The Group has taken measures on practices of recruitment, including: (i) measures to prevent the use of child labour; and (ii) measures to prevent the use of forced labour. The administration and personnel department will screen out applicants under the age of 18 when reviewing resumes. The Group has not employed any child labour since the measures came into effect. Furthermore, staff are required to submit working schedules every day to their immediate supervisors. The administration and personnel department conducts weekly checks on the records of working schedules. Investigation procedures will be commenced immediately for any overtime works discovered.

In Year 2020, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to prohibiting the Group from employing child and forced labour. The Group strictly complied with local laws and regulations relating to labour standards, such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and Provisions on the Prohibition of Using Child Labor. In addition, there were no significant fines or sanctions as the result of non-compliance with relevant laws and regulations in Year 2020.

Supply Chain Management

As a university city, one of the Group's missions is to provide high quality education facilities to its contract colleges. Selection and maintenance of suppliers and contractors policy is well-documented in the Internal Control Rules and Regulations (《內部監控制度》). During the selection process for suppliers and contractors, the Group not only consider economical and commercial factors in the tendering processes but also make a serious assessment of their compliance with all the applicable laws and regulations; safeguard workers' health and safety; and mitigate environmental impacts. The suppliers and contractors are divided into 8 main aspects, including (i) hardware, electrical materials, building materials, chemical products; (ii) cleaning supplies; (iii) office supplies; (iv) software technology development, computer consumables; (v) moving companies; (vi) companies of waste recycling, cleaning, furniture; (vii) advertisement companies; and (viii) maintenance companies, which are all located in Langfang City. Performance of all suppliers and contractors are assessed half-yearly by the Group in order to obtain satisfactory services.

To maintain a good corporate control and governance, the Group has developed a series of management systems and procedures to be aligned with the corporate governance as required by the Stock Exchange. In addition, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in its pursuit of sustainable development.

Product Responsibility

The Group's main business is leasing education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC, Malaysia and Indonesia. The Group endeavours to improve its educational facilities to provide a beautiful and liveable campus to the contract colleges, and create a comfortable and harmonious environment for students in order to improve their satisfaction.

In respect of personal data protection and privacy policies, the Group ensures a strict compliance with the statutory requirements to fully meet a high standard of security and confidentiality of personal data privacy protection. As part of the Internal Control Rules and Regulations, a personal data protection procedure is set forth to protect the integrity of the stakeholders' personal data from inappropriate or unauthorised use. The Group highly respects personal data privacy and is firmly committed to preserving the data protection principles during its business operation. Employees are required to strictly follow full procedures of handing company confidential information set out in the Internal Control Rules and Regulations as well as Code of Ethics for Employees (《員工職業道德守則》). Protection of customer data is also highly important to avoid intrusions and unauthorised access. Employees are subjected to the strictest standards of privacy and confidentiality to prevent from leaking of customer privacy.

In Year 2020, the Group was not aware of any material non-compliance with relevant rules and regulations relating to leasing operation, health and safety and privacy matters relating to service provided and methods of redress that have a significant impact. The Group strictly complied with local laws and regulations relating to product responsibility, such as Contract Law of the People's Republic of China (《中華人民共和國合同法》), Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) issued by Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) and other relevant regulations issued by the local government. In addition, there was no report of significant fines in Year 2020.

Anti-Corruption

The Group aims to maintain the highest standards of openness, uprightness and accountability and all staff are expected to observe the highest standards of ethical, personal and professional conduct. The Group does not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of its business operations.

In addition to the well-established Code of Ethics for Employees and Code of Conduct on Anti-corruption (《反舞弊行為規範》), the Group has issued relevant whistle-blowing procedures of setting up a private communication channel on reporting suspicious fraudulent actions to the Group's management directly. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

In Year 2020, none of the Group or its employees was involved in any legal proceedings relating to bribery, extortion, fraud or money laundering. The Group strictly complied with local laws and regulations relating to anticorruption, such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) and Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》).

Community Investment

The Group is committed to improving the society through continuous community involvement. It supports the local community through different means including employee volunteering and personal donations. Both the Group and its employees have put their best effort in helping the local communities and people in need in the society. During the Year 2020, although the Group did not make charitable donation (2019: RMB1.0 million), a large quantity of fresh water and foods have been provided for free to first-line anti-epidemic personnel of Langfang City, such as medical personnel, police, community service workers, sanitation workers and volunteers during the outbreak of COVID-19.

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE MEMBERS OF ORIENTAL UNIVERSITY CITY HOLDINGS (H.K.) LIMITED

(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Oriental University City Holdings (H.K.) Limited (the "Company") and its subsidiaries (hereafter referred to as the "Group") set out on pages 69 to 139, which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

Refer to Notes 4(f), 5(b) and 15(a) to the consolidated financial statements.

The Group's investment properties were carried at fair value of RMB1,506,198,000 as at June 30, 2020 which was based on valuations performed by an independent firm of professionally qualified valuers.

Investment properties were significant to the consolidated financial statements of the Group. The valuation of investment properties requires significant judgement and estimation in determining the appropriate valuation methodology to be used and in estimating the underlying assumptions to be applied. There is a risk that the carrying amount of investment properties may be significantly changed if the valuation methodology adopted and the key assumptions applied by the valuers are varied.

OUR RESPONSE:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) evaluating the competence, capabilities and objectivity of the external valuers;

(ii) considering the appropriateness of the methodology and assumptions adopted in the valuation with the assistance of our own valuation specialist;

(iii) checking, on a sample basis, the accuracy and relevance of the input data used; and

(iv) assessing the adequacy of the disclosures made in the consolidated financial statements in respect of the valuation of investment properties including the relationship between the key unobservable input and fair value.

VALUATION OF CONVERTIBLE NOTE

Refer to Notes 4(r) and 21 to the consolidated financial statements.

During the year, the Group completed the acquisition of certain properties situated in the People's Republic of China partially settled by way of issuance of convertible note in the principal amount of approximately HK$200,380,000 (the "Acquisition"). The Acquisition is accounted for as a cash-settled share-based payment transaction in accordance with *Hong Kong Financial Reporting Standard 2: Share-based Payment*. At the date of completion of the Acquisition, at each reporting date until the convertible note is settled and at the date of settlement, the fair value of the convertible note is measured at fair value, with any changes in fair value recognised in profit or loss.

At the date of completion of the Acquisition and June 30, 2020, the fair value of the convertible note is RMB155,717,000 and RMB147,180,000 respectively. A gain in change in fair value of RMB8,537,000 is recognised in profit or loss during the year.

Valuation techniques and models used can be subjective in nature and involve various assumptions. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value.

OUR RESPONSE:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

(i) challenging the assumptions and critical judgement made by management in utilising the inputs to determine the fair value of the convertible note; and

(ii) performing sensitivity analysis by focusing on the inputs to which the outcome of the fair value assessment is most sensitive and assess if their impact on the determination of the fair value are within a reasonable and acceptable range.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Chan Tsz Hung
Practising Certificate Number: P06693

Hong Kong, August 14, 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2020 RMB'000	2019 RMB'000
Revenue	6	78,046	76,451
Government grants		–	400
Employee costs	9	(5,432)	(2,984)
Depreciation of property, plant and equipment	14	(348)	(332)
Business taxes and surcharges		(399)	(380)
Property taxes and land use taxes		(11,337)	(12,610)
Property management fee		(6,885)	(6,877)
Repairs and maintenance		(3,609)	(1,529)
Legal and consulting fees		(4,883)	(4,440)
Other (losses)/gains, net	7	(550)	(508)
Other expenses		(4,139)	(3,878)
Share of results of associates	16	571	(1,999)
Operating profit before impairment losses and fair value changes		41,035	41,314
Impairment loss on other receivables	32	(5,937)	–
Impairment loss on an associate	16	(9,666)	–
Fair value gains on investment properties	15	36,563	5,302
Fair value gain on convertible note	21	8,537	–
Operating profit		70,532	46,616
Interest expense on bank borrowings		(3,108)	(953)
Interest income		463	998
Profit before income tax	8	67,887	46,661
Income tax	12	(22,623)	(15,183)
Profit for the year		45,264	31,478
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences from translation of foreign operations		57	113
Share of other comprehensive income of associates	16	3,697	1,979
Other comprehensive income for the year		3,754	2,092
Total comprehensive income for the year		49,018	33,570

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 RMB'000	2019 RMB'000
Profit attributable to			
– Owners of the Company		**44,764**	31,144
– Non-controlling interests		**500**	334
		45,264	31,478
Total comprehensive income attributable to			
– Owners of the Company		**48,518**	33,236
– Non-controlling interests		**500**	334
		49,018	33,570
Earnings per share for profit attributable to the owners of the Company during the year	13		
– Basic (RMB per share)		**0.25**	0.17
– Diluted (RMB per share)		**0.16**	0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	14	4,891	5,125
Investment properties	15	1,506,198	1,174,532
Interests in associates	16	72,510	77,908
Deposits paid for acquisition of investment properties	17	-	54,833
Prepayments for acquisition of investment properties	17	11,467	–
Total non-current assets		1,595,066	1,312,398
Current assets			
Trade and other receivables	18	10,780	9,497
Restricted cash		445	3,018
Cash and cash equivalents		2,211	2,218
Total current assets		13,436	14,733
Current liabilities			
Trade and other payables and accruals	19	11,915	6,980
Advances from customers		1,299	3,141
Bank borrowings, secured	20	32,212	2,296
Current tax liabilities		1,140	1,785
Total current liabilities		46,566	14,202
Net current (liabilities)/assets		(33,130)	531
Total assets less current liabilities		1,561,936	1,312,929
Non-current liabilities			
Trade and other payables and accruals	19	3,072	14,373
Bank borrowings, secured	20	58,617	12,572
Convertible note	21	147,180	–
Deferred tax liabilities	22	139,125	121,060
Total non-current liabilities		347,994	148,005
NET ASSETS		1,213,942	1,164,924

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

	Notes	2020 RMB'000	2019 RMB'000
Capital and reserves attributable to owners of the Company			
Share capital	23	**290,136**	290,136
Reserves	24	**913,425**	864,907
		1,203,561	1,155,043
Non-controlling interests		**10,381**	9,881
TOTAL EQUITY		**1,213,942**	1,164,924

On behalf of the Board

Chew Hua Seng
Chairman and Executive Director

Liu Ying Chun
Chief Executive Officer and Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share capital RMB'000 (Note 23)	Reserves: Other reserves RMB'000 (Note 24)	Reserves: Statutory surplus reserve RMB'000 (Note 24)	Reserves: Retained profits RMB'000 (Note 24)	Reserves: Exchange reserve RMB'000 (Note 24)	Reserves: Proposed final dividend RMB'000	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at July 1, 2018	290,136	(71,025)	–	910,138	230	10,620	1,140,099	9,547	1,149,646
Profit for the year	–	–	–	31,144	–	–	31,144	334	31,478
Exchange differences from translation of foreign operations	–	–	–	–	113	–	113	–	113
Share of other comprehensive income of associates	–	–	–	–	1,979	–	1,979	–	1,979
Total comprehensive income for the year	–	–	–	31,144	2,092	–	33,236	334	33,570
2018 proposed final dividend paid	–	–	–	–	–	(10,620)	(10,620)	–	(10,620)
2019 interim dividend declared (Note 24)	–	–	–	(7,672)	–	–	(7,672)	–	(7,672)
Balance at June 30, 2019 and July 1, 2019	290,136	(71,025)	–	933,610	2,322	–	1,155,043	9,881	1,164,924
Profit for the year	–	–	–	44,764	–	–	44,764	500	45,264
Exchange differences from translation of foreign operations	–	–	–	–	57	–	57	–	57
Share of other comprehensive income of associates	–	–	–	–	3,697	–	3,697	–	3,697
Total comprehensive income for the year	–	–	–	44,764	3,754	–	48,518	500	49,018
Transfer to statutory surplus reserve	–	–	939	(939)	–	–	–	–	–
Balance at June 30, 2020	290,136	(71,025)	939	977,435	6,076	–	1,203,561	10,381	1,213,942

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	2020 RMB'000	2019 RMB'000
Cash flows from operating activities		
Profit before income tax	67,887	46,661
Adjustments for:		
Interest income	(463)	(998)
Depreciation of property, plant and equipment	348	332
Fair value gains on investment properties	(36,563)	(5,302)
Fair value gain on convertible note	(8,537)	–
Share of results of associates	(571)	1,999
Impairment loss of other receivables	5,937	–
Impairment loss of an associate	9,666	–
Unrealised net foreign exchange	710	1,082
Operating profit before working capital changes	38,414	43,774
Increase in trade and other receivables	(6,720)	(1,127)
Increase in trade and other payables and accruals	681	2,385
(Decrease)/increase in advance from customers	(1,842)	308
Cash generated from operations	30,533	45,340
Income taxes paid	(5,250)	(5,565)
Net cash generated from operating activities	25,283	39,775
Cash flows from investing activities		
Interest received	463	998
Decrease/(increase) in restricted cash	2,573	(3,018)
Increase in deposits paid for acquisition of investment properties	–	(54,833)
Refund of prepayment for investment properties	–	25,000
Increase in prepayments for acquisition of investment properties	(7,811)	–
Purchase of property, plant and equipment and investment properties	(83,920)	(12,430)
(Increase)/decrease in amounts due from related companies included in other receivables	(4,156)	291
Net cash used in investing activities	(92,851)	(43,992)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

	2020 RMB'000	2019 RMB'000
Cash flows from financing activities		
Proceeds from bank borrowings	76,522	–
Repayment of bank borrowings	(1,938)	(2,289)
(Decrease)/increase in amounts due to related companies included in other payables	(7,047)	9,386
Dividends paid	–	(25,541)
Net cash generated from/(used in) financing activities	67,537	(18,444)
Net decrease in cash and cash equivalents	(31)	(22,661)
Cash and cash equivalents at beginning of year	2,218	26,562
Effect of foreign exchange rate changes, net	24	(1,683)
Cash and cash equivalents at end of year	2,211	2,218
Analysis of the balances of cash and cash equivalents		
Cash at banks and in hand	2,211	2,218

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

1. GENERAL

Oriental University City Holdings (H.K.) Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section in the annual report. The Group, comprising the Company and its subsidiaries, is mainly engaged in the provision of education facilities leasing services in the People's Republic of China (the "PRC"), Malaysia and Indonesia.

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective July 1, 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *continued*

(a) Adoption of new/revised HKFRSs – effective July 1, 2019 – *continued*

Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The Group has leased out its investment properties to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these financial statements.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

The adoption of these amendments has no impact on these financial statements as the Group does not have any prepayable financial assets with negative compensation.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *continued*

(a) Adoption of new/revised HKFRSs – effective July 1, 2019 – *continued*

Amendments to HKAS 19 – Plan amendment, Curtailment or Settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the year. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

The adoption of these amendments has no impact on these financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

The adoption of these amendments has no impact on these financial statements.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

The adoption of these amendments has no impact on these financial statements as the Group does not have any joint operations.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *continued*

(a) Adoption of new/revised HKFRSs – effective July 1, 2019 – *continued*

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

The adoption of these amendments has no impact on these financial statements as the Group does not have any joint arrangements.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

The adoption of these amendments has no impact on these financial statements as the Group does not have any dividends recognised during the year.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

The adoption of these amendments has no impact on these financial statements as the Group does not have any borrowing costs that fulfilled the capitalisation requirements in accordance to HKAS 23.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *continued*

(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 HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[4]
Amendments to HKAS 16	Property, Plant and Equipment[5]
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets[5]

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

2 Effective for annual periods beginning on or after January 1, 2021

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after June 1, 2020

5 Effective for annual periods beginning on or after January 1, 2022

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – *continued*

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

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors’ interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except for those disclosed above, the Group has so far concluded that the application of these new pronouncements will have no material impact on the Group’s financial statements.

Amendments to HKFRS 16 – COVID-19-Related Rent Concession

The amendments provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification and require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – *continued*

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

Amendments to HKAS 16

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Group is in the process of making an assessment of the potential impact of these new pronouncements. Except as described above, the directors so far concluded that the application of these new pronouncements is unlikely to have a significant impact on the Group's financial performance and financial position upon application.

3. 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 ("GEM Listing Rules").

3. BASIS OF PREPARATION – *continued*

(b) Basis of measurement and going concern basis

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and convertible note issued under cash-settled share-based payment transaction, which are measured at fair values as explained in the accounting policies set out below.

As at June 30, 2020, the Group's current liabilities exceeded its current assets by approximately RMB33,130,000. Included in current liabilities was secured bank borrowings related to bank overdraft amounting to RMB29,734,000 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 the lease agreements with its lessees, which are colleges, given that the academic year might be suspended after the commencement in September 2020. 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 of the Company 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, 2021 after taking account of the following events and measures:

(i) Subsequent to the end of the reporting period, the Group has obtained and utilised a loan facility amounting to RMB35,000,000 from REC for three years from June 30, 2020. The interest rate is 2.5% per annum, calculated from the date of loan withdrawal;

(ii) Some major lessees have completed their student enrolment phase and will commence the academic year as usual in September 2020 and the management expected that the renewal of tenancy agreements would be completed soon;

(iii) The Group has been in the process of renewing with its banker the bank overdraft facility and considered that the renewal would be completed based 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.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiary

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of reporting period. A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is consolidated from the date on which control is transferred to the Group. It is de-consolidated from the date that control ceases.

(i) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(a) Subsidiary – *continued*

Consolidation – continued

(i) Business combination – continued

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(ii) Changes in ownership interest in a subsidiary without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, which are transactions with the owners of subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(b) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amounts are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interests in the associates are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associates. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associate are accounted for by the Company on the basis of dividends received and receivable during the year.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive directors, who makes strategic decisions.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies

The results and financial position of all the group companies (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each profit or loss items are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	Over the shorter of the lease terms of land and 50 years
Furniture, fittings and equipment	3-7 years
Machinery	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(f) Investment properties

Investment properties, principally comprising land use rights and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases is accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recognised in profit or loss.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as follow:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Financial instruments – *continued*

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information that a more lagging default criteria is more appropriate.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Financial instruments – *continued*

(ii) Impairment loss on financial assets – continued

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, depending on credit worth of customers.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Financial instruments – *continued*

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(j) Cash and cash equivalents and restricted cash

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks.

For restricted cash, such amount is placed in a designated bank account for a specified use.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(l) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the entities within the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(l) Current and deferred income tax – *continued*

(ii) Deferred income tax – continued

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Employee benefits

(i) Pension obligations

Pursuant to the relevant local regulations in the PRC, the PRC subsidiary of the Group participate in government defined contribution retirement benefit schemes and is required to contribute to the scheme to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated based on certain percentages of the applicable payroll costs or fixed sums for each employee with reference to a salary scale, as stipulated under the requirements in the PRC. The Group has no further obligation beyond the required contributions. All contributions made to the schemes are not refundable or forfeitable. The contributions under the schemes are expensed as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(m) Employee benefits – *continued*

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of reporting period are discounted to present value.

(iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made between the group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Rental income

Rental income received and receivable from investment properties is recognised in profit or loss on a straight-line basis over the term of lease.

Interest income

Interest income is recognised using the effective interest method.

(p) Leases

(i) Accounting policies applied from July 1, 2019

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(p) Leases – *continued*

(ii) Accounting policies applied until June 30, 2019

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

The Group is the lessee other than operating lease of land use rights

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group is the lessee under operating lease of land use rights

Land use rights under operating lease, which mainly comprised land use rights to be developed for self-use buildings, are stated at cost and subsequently amortised in profit or loss on a straight-line basis over the operating lease periods.

The Group is the lessor

Assets leased out under operating leases are included in investment properties.

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

(r) Share-based payment arrangement

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payment transaction, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a party, provides key management services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of financial assets

The Group makes allowance for impairment on financial assets based on assumptions about probability of default and loss given default. The Group uses judgement in making these assumptions and selecting the inputs to the ECL calculations, based on the Group's historical credit loss experience, existing market conditions as well as forward-looking estimates at the end of the reporting period.

(b) Fair value measurement

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures investment properties at fair value. Details of the fair value measurement have been disclosed in Note 15.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

(c) Going concern consideration

The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group and the Company have the capabilities to continue as going concerns and the major events and conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption and related mitigating measures taken by management are set out in Note 3(b).

6. SEGMENT REPORTING AND REVENUE

The executive directors of the Company, who are the CODM 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 of the Company that are used to make strategic decisions.

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

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

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

	2020 RMB'000	2019 RMB'000
Revenue within scope of HKFRS 16 (2019: HKAS 17):		
– Education facilities leasing	72,597	71,639
– Commercial leasing for supporting facilities	5,449	4,812
	78,046	76,451

6. SEGMENT REPORTING AND REVENUE – *continued*

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:

	2020 RMB'000	2019 RMB'000
College A	**47,197**	46,947
College B	**10,704**	7,656
	57,901	54,603

7. OTHER (LOSSES)/GAINS, NET

	2020 RMB'000	2019 RMB'000
Net foreign exchange losses	**(710)**	(1,082)
Others	**160**	574
	(550)	(508)

8. PROFIT BEFORE INCOME TAX

This is arrived at after charging:

	2020 RMB'000	2019 RMB'000
Auditor's remuneration	750	900
Direct operating expenses arising from investment properties that generated rental income during the year	20,235	19,006
Direct operating expenses arising from investment properties that did not generate rental income during the year	6,355	4,867

9. EMPLOYEE COSTS

	2020 RMB'000	2019 RMB'000
Employee costs (including directors' emoluments) comprise:		
Wages and salaries	4,764	2,522
Other allowances and benefits	293	193
Contributions to defined contribution retirement plans	375	269
	5,432	2,984

10. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance, Cap. 622 and the Companies (Disclosure of Information about Benefits of Directors) Regulation, Cap. 622G is as follows:

2020	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Executive Director				
Chew Hua Seng	–	–	–	–
Liu Ying Chun	–	–	–	–
Independent Non-executive Director				
Lam Bing Lun, Philip	160	–	–	160
Wilson Teh Boon Piaw	160	–	–	160
Tan Yeow Hiang, Kenneth	160	–	–	160
Guo Shaozeng	158	–	–	158
	638	–	–	638

2019	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000
Executive Director				
Chew Hua Seng	–	–	–	–
Liu Ying Chun	–	–	–	–
Non-executive Director				
He Jun (resigned on October 31, 2018)	55	–	–	55
Independent Non-executive Director				
Lam Bing Lun, Philip	154	–	–	154
Wilson Teh Boon Piaw	154	–	–	154
Tan Yeow Hiang, Kenneth	154	–	–	154
Guo Shaozeng	81	–	–	81
	598	–	–	598

10. DIRECTORS' EMOLUMENTS – *continued*

No director waived any emolument during the years ended June 30, 2019 and 2020.

During the years ended June 30, 2019 and 2020, Mr. Chew Hua Seng, a director of the Company, is also a director of REC, whose emoluments were borne by REC.

During the years ended June 30, 2019 and 2020, Mr. Liu Ying Chun, a director of the Company, whose emoluments were borne by REC.

11. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2019: three) were directors of the Company whose emoluments are included in the disclosures in Note 10 above. The emoluments of the remaining four (2019: two) individuals were as follows:

	2020 RMB'000	2019 RMB'000
Salaries and other benefits	1,173	544
Contributions to defined contribution retirement plans	22	23
	1,195	567

Their emoluments fell within the following band:

	2020 Number of Individuals	2019 Number of individuals
HK$Nil to HK$1,000,000 (equivalent to approximately RMB913,000 (2019: RMB870,000))	4	2

12. INCOME TAX

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

	2020 RMB'000	2019 RMB'000
Current tax		
– Corporate income tax for the year	3,763	6,222
– Under/(over) provision in respect of prior years	6	(11)
– Withholding tax on dividend income	836	–
	4,605	6,211
Deferred tax (Note 22)	18,018	8,972
Income tax	22,623	15,183

PRC corporate income tax

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

PRC withholding income tax

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

Hong Kong profits tax

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

12. INCOME TAX – *continued*

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%.

The income tax for the year can be reconciled to the profit before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 RMB'000	2019 RMB'000
Profit before income tax	67,887	46,661
Tax calculated at applicable domestic tax rates	17,326	12,127
Tax effect of share of results of associates	(208)	632
Tax effect of expenses not deductible for tax purposes	5,167	2,637
Tax effect of revenue not taxable for tax purposes	(504)	(202)
Under/(over) provision in respect of prior years	6	(11)
Withholding tax on dividend income	836	–
Income tax	22,623	15,183

13. EARNINGS PER SHARE

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

	2020 RMB'000	2019 RMB'000
Earnings		
Earnings for the purposes of basic earnings per share	44,764	31,144
Effect of dilutive potential ordinary shares:		
Change in fair value on convertible note	(8,537)	–
Earnings for the purposes of diluted earnings per share	36,227	31,144
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	180,000,000	180,000,000
Effect of dilutive potential ordinary shares:		
– Convertible note issued by the Company	53,320,404	–
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	233,320,404	180,000,000

The Company did not have any potential ordinary shares outstanding during the year ended June 30, 2019. Accordingly, diluted earnings per share are equal to basic earnings per share.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fittings and equipment RMB'000	Machinery RMB'000	Total RMB'000
Cost				
At July 1, 2018	5,074	3,440	8,986	17,500
Additions	–	39	47	86
Disposals	–	–	(44)	(44)
At June 30, 2019 and July 1, 2019	5,074	3,479	8,989	17,542
Additions	–	63	51	114
Disposals	–	–	(59)	(59)
At June 30, 2020	5,074	3,542	8,981	17,597
Accumulated depreciation				
At July 1, 2018	498	2,858	8,773	12,129
Depreciation	130	175	27	332
Eliminated on disposals	–	–	(44)	(44)
At June 30, 2019 and July 1, 2019	628	3,033	8,756	12,417
Depreciation	130	185	33	348
Eliminated on disposals	–	–	(59)	(59)
At June 30, 2020	758	3,218	8,730	12,706
Net carrying value				
At June 30, 2020	4,316	324	251	4,891
At June 30, 2019	4,446	446	233	5,125

15. 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:

	2020 RMB'000	2019 RMB'000
Fair value		
At beginning of year	**1,174,532**	1,155,987
Additions	**294,356**	12,344
Exchange realignment	**747**	899
Change in fair value	**36,563**	5,302
At end of year	**1,506,198**	1,174,532

(a) Valuation

Independent valuations of the Group's investment properties were performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and KJPP Rengganis, Hamid & Rekan, independent firm of professionally qualified valuers, to determine the fair value of the Group's investment properties as at June 30, 2019 and 2020, 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, 2019 and 2020.

Valuation basis

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

15. INVESTMENT PROPERTIES – *continued*

(a) Valuation – *continued*

Valuation basis – continued

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

(i) Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

(ii) Discounted cash flow projections based on reliable estimates of future cash flows.

(iii) Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

Valuation techniques

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

Income 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.

Market approach is 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.

15. INVESTMENT PROPERTIES – *continued*

(a) Valuation – *continued*

Valuation techniques – continued

Information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at June 30, 2020 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties in the PRC	1,340,303	Income approach	Unit monthly rent (RMB/sq.m.)	Teaching: 19.4 – 27.7 (2019: 24.9) Dormitory: 16.5 – 21.7 (2019: 12.5 – 21.7) Retail: 11.8 – 21.5 (2019: 12.2 – 19.9)	The higher the unit monthly rent, the higher the fair value
			Reversionary yield	5.0% – 5.5% (2019: 5.0% – 5.5%)	The higher the reversionary yield, the lower the fair value
Construction in progress in the PRC	31,981	Residual method	Unit gross development value (RMB/sq.m.)	3,553.40 (2019: 3,056.71)	The higher the unit gross development value, the higher the fair value
Completed investment properties in Malaysia	74,997	Income approach	Unit monthly rent (Malaysian Ringgit ("RM")/sq.ft)	5.07 (2019: 4.55)	The higher the unit monthly rent, the higher the fair value
			Reversionary yield	4.75% (2019: 4.75%)	The higher the yield, the lower the fair value

15. INVESTMENT PROPERTIES – *continued*

(a) Valuation – *continued*

Valuation techniques – continued

Description	Fair value as at June 30, 2020 RMB'000	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties in Indonesia	58,917	Market approach	Market indicative transaction prices (Indonesian Rupiah ("IDR")/sq.m.)	54,294,070 – 59,403,670	The higher the market indicative transaction price, the higher the fair value

(b) As at June 30, 2020, investment properties of RMB133,914,000 are pledged to secure the banking facilities of the Group (2019: RMB75,269,000) (Note 20).

(c) There were no changes to the valuation techniques during the year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

(d) On June 17, 2020, the Group had entered into a tenancy agreement with PT Raffles Institute of Higher Education, a wholly owned subsidiary of REC, with three years rental terms commencing on July 1, 2020 of monthly rental of IDR596,220,000.

16. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Share of net assets other than goodwill	79,524	75,256
Goodwill	2,652	2,652
Less: impairment loss (Note)	(9,666)	–
	72,510	77,908

Details of the associates are as follows:

Name	Place of incorporation, operation and principal activities	Percentage of ownership interest 2020	2019
Axiom Properties Limited ("Axiom")	Australia, property investment and development in Australia	19.01%	19.01%
4 Vallees Properties Limited ("4 Vallees")	Singapore, leasing of hospitality assets and commercial real estate in Switzerland	24.61%	24.61%

Notwithstanding that the Group's ownership interest in Axiom is less than 20%, the Group has the right to appoint representative on the board of directors of Axiom. The directors of the Company therefore considered the Group has the power to exercise significant influence and accounted for the interest in Axiom as an associate since the date the Group has the significant influence.

Note:

As at June 30, 2020, based on the result of the assessment, management determined that the fair value less cost to sell of Axiom is lower than the carrying amount. Therefore, an impairment loss of RMB9,666,000 was recognised during the year. As the carrying amount has been reduced to its fair value less cost to sell of RMB16,345,000, any adverse change in the assumptions used in the calculation of carrying amount would result in further impairment losses.

16. INTERESTS IN ASSOCIATES – *continued*

For the year ended June 30, 2020

	4 Vallees RMB'000	Axiom RMB'000	Total RMB'000
Reconciled to the Group's interests in associates			
Gross amounts of net assets of the associates	228,219	122,880	
Group's effective interest	24.61%	19.01%	
Group's share of net assets of the associates	56,165	23,359	79,524
Goodwill	–	2,652	2,652
Impairment	–	(9,666)	(9,666)
	56,165	16,345	72,510

For the year ended June 30, 2019

	4 Vallees RMB'000	Axiom RMB'000	Total RMB'000
Reconciled to the Group's interests in associates			
Gross amounts of net assets of the associates	213,944	118,903	
Group's effective interest	24.61%	19.01%	
Group's share of net assets of the associates	52,652	22,604	75,256
Goodwill	–	2,652	2,652
	52,652	25,256	77,908

16. INTERESTS IN ASSOCIATES – *continued*

Summarised financial information of 4 Vallees is as follows:

	2020 RMB'000	2019 RMB'000
As at June 30		
Current assets	50,463	48,824
Non-current assets	267,534	251,638
Current liabilities	(8,290)	(7,279)
Non-current liabilities	(81,488)	(79,239)

	2020 RMB'000	2019 RMB'000
Revenue	5,405	5,083
Profit for the year	678	1,556
Other comprehensive income	13,597	11,094
Total comprehensive income	14,275	12,650

16. INTERESTS IN ASSOCIATES – *continued*

Summarised financial information of Axiom is as follows:

	2020 RMB'000	2019 RMB'000
As at June 30		
Current assets	37,714	46,327
Non-current assets	94,999	74,556
Current liabilities	(6,628)	(1,980)
Non-current liabilities	(3,205)	–

	2020 RMB'000	2019 RMB'000
Revenue	1,023	2,179
Profit/(loss) for the year	2,128	(12,529)
Other comprehensive income	1,847	(3,957)
Total comprehensive income	3,975	(16,486)

17. DEPOSITS PAID FOR ACQUISITION OF INVESTMENT PROPERTIES/PREPAYMENTS FOR ACQUISITION OF INVESTMENT PROPERTIES

Deposit paid for acquisition of investment properties

As at June 30, 2019, the Group had paid RMB54,833,000 as deposits to REC and its subsidiaries (excluding the Group, collectively as "REC Group") in relation to the acquisition of certain properties situated in the PRC through the acquisition of the entire equity interest of Langfang TongRui Education Consultancy Co., Ltd. ("TongRui") and REC (the "Seller"). The Company and the Seller conducted negotiations on the payment of the remaining balance of deposit, i.e. RMB20,878,000, and the Seller agreed to extend a grace period, without the payment of any interest, penalty or compensation by the Company until December 31, 2019.

The acquisition of the properties has been completed on November 19, 2019 and the deposits paid is transferred to investment properties.

Prepayments for acquisition of investment properties

As at June 30, 2020, included in the balances was prepayments of RMB11,467,000 made for acquisition of investment properties in Mongolia at a total consideration of RMB32,712,000.

18. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	886	515
Other receivables (Note)	9,894	8,982
	10,780	9,497

Note:

Included the balance as at June 30, 2020 were (i) an amount due from an associate of RMB197,000 (2019: RMB65,000), which was unsecured, interest-free, repayable on demand and non-trade in nature; (ii) amount due from REC Group of RMB2,208,000 (2019: RMBNil); and (iii) a loan advance with principal amount of RMBNil (2019: RMB3,295,000) and related interest receivable of RMBNil (2019: RMB361,000) to an independent third party, which was transferred from the prepayment made in connection with potential acquisition of land in Mongolia as at June 30, 2018 and was interest-bearing at a daily rate of 0.05%. The balance was fully settled during the year ended June 30, 2020.

18. TRADE AND OTHER RECEIVABLES – *continued*

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

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

	2020 RMB'000	2019 RMB'000
Within 3 months	–	330
3 months to 6 months	781	185
6 months to 12 months	105	–
	886	515

The Group recognised impairment loss for trade and other receivables the years ended June 30, 2019 and 2020 based on the accounting policies set out in Note 4(h). Further details of the Group's impairment loss for trade and other receivables are set out in Note 32(a)(i).

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Trade payables	4,115	3,201
Other payables and accruals (Note)	10,872	18,152
	14,987	21,353

Note:

Included in other payables as at June 30, 2020 were (i) an amount due to a non-controlling interest shareholder of a subsidiary of RMB84,000 (2019:RMBNil), which was unsecured, interest-free and repayable on demand; (ii) amounts due to REC Group of RMB36,000 (2019:RMBNil), which were unsecured, interest-free, repayable on demand and non-trade in nature; and (iii) amounts due to REC Group of RMB2,267,000 (2019: RMB9,434,000, which were unsecured, interest-free, shall not be payable before July 1, 2020 and non-trade in nature), which were unsecured, interest-free, shall not be payable before July 1, 2021 and non-trade in nature.

19. TRADE AND OTHER PAYABLES AND ACCRUALS – *continued*

Reconciliation of trade payables and other payables and accruals:

	2020 RMB'000	2020 RMB'000
Current	11,915	6,980
Non-current	3,072	14,373
	14,987	21,353

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:

	2020 RMB'000	2018 RMB'000
Within 3 months	1,735	1,685
3 months to 6 months	2,066	1,474
6 months to 12 months	261	8
Over 1 year	53	34
	4,115	3,201

20. BANK BORROWINGS, SECURED

	Notes	2020 RMB'000	2019 RMB'000
Bank borrowings due for repayment:			
– Within one year	(a)	32,212	2,296
– After one year but within two years		3,797	2,147
– After two years but within five years		12,625	1,915
– After five years		42,195	8,510
	(b)	58,617	12,572
	(c), (d)	90,829	14,868

Notes:

(a) As at June 30, 2020, bank borrowings due for repayment within one year included bank overdraft (non-revolving) and term loans amounting to RMB29,734,000 and RMB2,478,000 respectively.

(b) As at June 30, 2019 and 2020, the carrying amount of bank borrowings granted from a bank in Malaysia that is not repayable within one year from the end of the reporting period but contains repayment on demand clause amounted to RMB12,124,220 (2019: RMB12,572,000).

The directors of the Company have obtained legal opinion that, in accordance with the case laws established in Malaysia, the mere inclusion of a repayment on demand clause in a term loan agreement governed under the laws of Malaysia would not allow the banks to early terminate the facilities granted and to seek immediate repayment from the borrower unless there is a breach by the borrower, as the clause would not override other terms and conditions provided in the term loan agreement.

Accordingly, the liability associated with the bank borrowings of the Group raised in Malaysia that contained a repayment on demand clause is classified as current and/or non-current liability as at June 30, 2019 and 2020 in accordance with other terms and conditions as stated in the term loan agreement.

(c) Bank borrowings are interest-bearing at floating rates. The interest rates of the Group's bank borrowings as at June 30, 2020 granted under banking facilities ranged from 2.96% to 9.57% (2019: 2.87% to 7.36%) per annum.

(d) As at June 30, 2019 and 2020, the banking facilities of the Group were secured by certain investment properties of the Group (Note 15) and corporate guarantee of the Company.

21. CONVERTIBLE NOTE

On November 19, 2019 (the "Issue Date"), the Company completed the acquisition of certain properties situated in the PRC through the acquisition of the entire equity interest of TongRui from REC. The aggregate consideration of the acquisition of RMB252,370,000 was satisfied by (i) cash payment of RMB75,711,000; and (ii) the issuance of convertible note (the "Convertible Note") in the principal amount of approximately HK$200,380,000 with a conversion price of HK$2.30 per ordinary share of the Company, which will be matured on August 29, 2028 (the Maturity Date"). The interest rate of the Convertible Note is 2.48% per annum payable every six calendar months in arrears.

The other principal terms of the Convertible Note are summarised as follows:

Conversion Shares

A maximum of 87,121,731 conversion shares ("Conversion Shares") to be issued upon full conversion of the Note represent approximately 48.40% of the existing issued share capital of the Company as at the Issue Date and approximately 32.61% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares assuming there is no change in the total number of issued shares from the Issue Date up to the allotment and issue of the Conversion Shares.

Conversion period

The holder of the Convertible Note will be able to convert the outstanding principal amount of the Convertible Note in whole or in part into Conversion Shares at any time following the relevant date of issue until the Maturity Date.

Transferability

The Convertible Note may only be assigned or transferred to an affiliate of REC with prior written notification made to the Company.

Conversion restriction

The conversion rights attaching to the Convertible Note cannot be exercised (and accordingly, the Company will not issue Conversion Shares) if the Company believes that it would no longer fulfill the public float requirement under Rule 11.23 of the GEM Listing Rules immediately after the issue of the Conversion Shares.

21. CONVERTIBLE NOTE – *continued*

Redemption

The Company may, at any time before the Maturity Date by written notices to the noteholder, and with the consent of the relevant noteholder, redeem the Convertible Note (in whole or in part) of the principal amount of the part of the Convertible Note to be redeemed together with any accrued and unpaid interest. Notice to pre-pay shall be irrevocable and the Company has the right of redemption unilaterally.

The acquisition of the properties is a cash-settled share-based payment transaction in accordance with the requirements of HKFRS 2 Share-Based Payment. At initial recognition, the properties acquired and the liability incurred were measured at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. Transaction costs relating to the issuance of the Convertible Note is charged to profit or loss immediately. Accordingly, the Group initially recognised the fair value of the properties acquired of RMB231,428,000 as at November 19, 2019, and the corresponding increase in fair value of the Convertible Note of RMB155,717,000. The difference between the fair values of the properties and the Convertible Note of RMB75,711,000 represented deposits paid for acquisition of investment properties of which RMB54,833,000 was paid in 2019 (Note 17) and RMB20,878,000 was paid during the year ended June 30, 2020.

The details and the movement of the Convertible Note during the year ended June 30, 2020 was as follows:

	RMB'000
Fair value at the Issue Date	155,717
Change in fair value	(8,537)
At June 30, 2020	147,180

The fair value of the Convertible Note was based on the Binomial Pricing Model. The following inputs were applied.

	June 30, 2020	Issue Date
Discount rate	7.50%	7.50%
Fair value of each share of the Company	HK$1.15	HK$1.47
Conversion price (per share)	HK$2.30	HK$2.30
Risk free interest rate	0.35%	1.62%
Time to maturity	8.16	8.78
Expected volatility	64.00%	54.00%

22. DEFERRED TAX LIABILITIES

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

	Revaluation of investment properties RMB'000
At July 1, 2018	112,071
Charged to profit or loss (Note 12)	8,972
Exchange realignment	17
At June 30, 2019 and July 1, 2019	121,060
Charged to profit or loss (Note 12)	18,018
Exchange realignment	47
At June 30, 2020	139,125

23. SHARE CAPITAL

The share capital as at June 30, 2019 and 2020 represented the issued share capital of the Company as follows:

Issued and fully paid	Number of ordinary shares Shares	Share capital HK$	Share capital RMB
As at July 1, 2018, June 30, 2019 and June 30, 2020	180,000,000	366,320,500	290,136,000

24. RESERVES

The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

The following describes the nature and purpose of reserves within owners' equity:

Reserve	Description and purpose
Other reserves	On consolidation, the reserves mainly arose from group reorganisation in prior years.
Statutory surplus reserves	Subsidiaries of the Company established in the PRC are required to transfer 10% of their profit after income tax calculated in accordance with the PRC accounting regulations to the statutory surplus reserve until the reserve reaches 50% of their respective registered capital, upon which any further appropriation will be at the recommendation of the directors of subsidiaries. Such reserve may be used to reduce any loss incurred by the subsidiaries or be capitalised as paid-up capital of the subsidiaries.
Exchange reserve	Gains or losses arising on retranslating the net assets of foreign operations into presentation currency.

The Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000
Balance at July 1, 2018	38,858	10,620	49,478
Profit for the year	5,705	–	5,705
2018 proposed final dividend paid	–	(10,620)	(10,620)
2019 interim dividend paid	(7,672)	–	(7,672)
Balance as at June 30, 2019 and July 1, 2019	36,891	–	36,891
Profit for the year	4,056	–	4,056
Balance as at June 30, 2020	40,947	–	40,947

25. DIVIDENDS

	2020 RMB'000	2019 RMB'000
2019 Interim dividend declared – HK5.0 cents (equivalent to approximately RMB4.4 cents) per share	–	7,672

The Board has resolved not to recommend the payment of any final dividend for the year (2019: HKNil cent).

26. LEASES

Operating leases – lessor

The Group's investment properties are leased to tenants under operating leases with lease term ranging from one to ten years (2019: one to ten years). The minimum rent receivables under non-cancellable operating leases are as follows:

	2020 RMB'000	2019 RMB'000
Not later than one year	20,457	14,924
Later than one year but not later than two years	10,723	12,028
Later than two years but not later than three years	8,883	2,739
Later than three years but not later than four years	6,749	964
Later than four years but not later than five years	7,562	775
More than five years	37,703	2,140
	92,077	33,570

27. COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Investments in subsidiaries	28	**566,562**	335,133
Interests in associates		**62,951**	62,951
Deposits paid for acquisition of investment properties		**-**	54,833
Prepayment for acquisition of investment properties		**11,467**	-
		640,980	452,917
Current assets			
Other receivables		**2,405**	3,721
Amounts due from subsidiaries		**28,875**	48,647
Cash and cash equivalents		**283**	12
		31,563	52,380
Current liabilities			
Other payables and accruals		**1,715**	2,052
Amounts due to subsidiaries		**192,224**	167,834
Current tax liabilities		**341**	–
		194,280	169,886
Net current liabilities		**(162,717)**	(117,506)
Total assets less current liabilities		**478,263**	335,411
Non-current liabilities			
Other payables and accruals		**–**	8,384
Convertible note		**147,180**	–
Total non-current liabilities		**147,180**	8,384
NET ASSETS		**331,083**	327,027
Capital and reserves			
Share capital	23	**290,136**	290,136
Reserves	24	**40,947**	36,891
TOTAL EQUITY		**331,083**	327,027

On behalf of directors

Chew Hua Seng
Chairman and Executive Director

Liu Ying Chun
Chief Executive Officer and Executive Director

28. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of the subsidiaries which principally affected the results, assets or liabilities of the Group during the year ended June 30, 2020:

Name	Place of establishment/ Operation and kind of legal entity	Principal activity	Description of paid-up registered capital	Percentage of ownership interest, voting rights and profit share
Langfang Development Zone Oriental University City Education Consultancy Co., Ltd.# 廊坊開發區東方大學城教育諮詢有限公司	PRC, limited liability company	Provision of education facilities rental services in the PRC	RMB 263,500,000	99%
OUC Malaysia Sdn Bhd	Malaysia, limited liability company	Provision of education facilities rental services in Malaysia	RM2,000,000	100%
PT OUC Thamrin Indo	Indonesia, limited liability company	Provision of education facilities rental services in Indonesia	IDR 2,500,000,000	100%

The English name of the company represented the best effort by management of the Company in translating its Chinese name as it does not have official English name.

29. RELATED PARTY TRANSACTIONS

The Group is controlled by REC and Mr. Chew Hua Seng, the founding shareholder of REC, is the ultimate beneficial owner of the Group.

(a) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions:

	2020 RMB'000	2019 RMB'000
Rental income received from fellow subsidiaries:		
Raffles College of Higher Education Sdn. Bhd.	3,187	3,359
Langfang Development Zone Shenglong Property Management Service Co., Ltd#	13	13
Langfang Tonghui Education Consultancy Co., Ltd.#	63	63
	3,263	3,435

The transactions were carried out in the normal course of the business activities of the Group and were conducted at terms mutually agreed by the respective parties.

As at June 30, 2019, the Group paid the deposit of RMB54,833,000 to REC Group in relation to the acquisition of investment properties and during the year ended June 30, 2020, the Group paid the remaining deposit balance of RMB20,878,000 and issued convertible note with principal amount of approximately HK$200,380,000 (equivalent to approximately RMB176,659,000) as set out in Notes 17 and 21.

The English name of the company represented the best effort by management of the Company in translating its Chinese name as it does not have official English name.

(b) Compensation of key management personnel

The emoluments of the key management personnel during the year comprised only the directors whose remuneration is set out in Note 10.

30. CAPITAL COMMITMENTS

	2020 RMB'000	2019 RMB'000
Construction of an investment property	2,358	12,788
Acquisition of investment properties (Note 17)	21,245	197,537
	23,603	210,325

31. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following shows the carrying amount and fair value of financial assets and liabilities:

	2020 RMB'000	2019 RMB'000
Financial assets		
Loans and receivables, at amortised cost		
– Deposits paid for acquisition of investment properties	–	54,833
– Trade and other receivables	10,780	9,497
– Restricted cash	445	3,018
– Cash and cash equivalents	2,211	2,218
Financial liabilities		
Financial liabilities, at amortised cost		
– Trade and other payables	13,729	20,359
– Bank borrowings, secured	90,829	14,868

32. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Credit risk

Credit risk is the potential financial loss resulting from the tenants defaulting to pay rental fees when due, resulting in a loss to the Group. During the year ended June 30, 2020, the Group provided education facilities leasing and commercial leasing for supporting facilities to five largest customers (2019: five) which accounts to 87.7% (2019: 87.5%) of the Group's total revenue. As at June 30, 2019 and 2020, none of trade receivables due from these five customers.

Cash are placed with licensing banks which are all high-credit-quality financial institutions. Management expects the counterparty would be able to meet its obligations.

Accordingly, the ECLs for restricted cash, cash and cash equivalents were expected to be minimal.

The carrying amounts of trade receivables, deposits and other receivables, restricted cash and cash and cash equivalents included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets which carry significant exposure to credit risk.

Impairment of trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on days past due for groupings of customer segments that have similar loss patterns.

32. FINANCIAL RISK MANAGEMENT – *continued*

(a) Financial risk factors – *continued*

(i) Credit risk – continued

Impairment of trade receivables – *continued*

The following tables provide information about the Group's exposure to credit risk and ECLs for the trade receivables as follows:

At June 30, 2020

	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Neither past due nor impaired	N/A	–	–	–
1 to 3 months past due	N/A	–	–	–
More than 3 months but less than 12 months past due	–	886	–	886
More than 12 months past due	100	491	491	–
		1,377	491	886

At June 30, 2019

	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Neither past due nor impaired	–	330	–	330
1 to 3 months past due	N/A	–	–	–
More than 3 months but less than 12 months past due	–	185	–	185
More than 12 months past due	100	491	491	–
		1,006	491	515

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

32. FINANCIAL RISK MANAGEMENT – *continued*

(a) Financial risk factors – *continued*

(i) Credit risk – continued

Impairment of trade receivables – *continued*

The following table reconciled the impairment loss on trade receivables for the year:

	2020 RMB'000	2019 RMB'000
At July 1	491	491
Impairment loss recognised	–	–
At June 30	491	491

During the year ended June 30, 2020, loss allowance of RMB491,000 remains since no additional trade receivables in the band of more than 12 months past due noted.

Impairment of other receivables

The Group measures loss allowances for other receivables using the general approach under HKFRS 9. Impairment of these receivables and deposits was provided based on the "three-stage" model by referring to the changes in credit quality since initial recognition.

These receivables and deposits that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

– If a significant increase in credit risk (as defined in accounting policy Note 4(h)) since initial recognition is identified, the financial asset is moved to "Stage 2" but it not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

– If the financial asset is credit-impaired (as defined in accounting policy Note 4(h)), the financial asset is then moved to "Stage 3". The ECL is measured on lifetime basis.

– At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

32. FINANCIAL RISK MANAGEMENT – *continued*

(a) Financial risk factors – *continued*

(i) Credit risk – continued

Impairment of other receivables – *continued*

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables as follows:

At June 30, 2020

	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Other receivables				
12-month ECLs – Stage 1	–	9,894	–	9,894
Lifetime ECLs – Stage 2	–	–	–	–
Lifetime ECLs – Stage 3	100	5,937	5,937	–
		15,831	5,937	9,894

At June 30, 2019

	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Other receivables and deposit paid for acquisition of investment properties				
12-month ECLs – Stage 1	–	59,126	–	59,126
Lifetime ECLs – Stage 2	–	–	–	–
Lifetime ECLs – Stage 3	–	4,689	–	4,689
		63,815	–	63,815

32. FINANCIAL RISK MANAGEMENT – *continued*

(a) Financial risk factors – *continued*

(i) Credit risk – continued

Impairment of other receivables – *continued*

	12-month ECLs RMB'000	Lifetime ECLs RMB'000	Total RMB'000
At July 1, 2018, June 30, 2019 and July 1, 2019	–	–	–
Impairment losses recognised	–	5,937	5,937
At June 30, 2020	–	5,937	5,937

No provision was made against the gross amount of deposits and prepayments paid for acquisition of investment properties and other receivables as at June 30, 2019 as the provisions are immaterial.

32. FINANCIAL RISK MANAGEMENT – *continued*

(a) Financial risk factors – *continued*

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Management believes that liquidity risk has been mitigated during the years ended June 30, 2019 and 2020.

To manage the liquidity risk, management monitors rolling forecasts of cash and cash equivalents on the basis of expected cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations and equity funding.

The following table details the remaining contractual maturities of the Group's non-derivative financial liabilities, which is based on contractual undiscounted cash flows (including interest payments computed using contractual rates, if floating, based on rates current at the year-end dates) and the earliest date the Group can be required to pay.

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within one year RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000
As at June 30, 2020						
Trade and other payables	13,729	13,729	10,657	3,072	–	–
Bank borrowings, secured	90,829	123,034	37,018	8,361	25,014	52,641
	104,558	136,763	47,675	11,433	25,014	52,641
As at June 30, 2019						
Trade and other payables	20,359	20,359	5,986	14,373	–	–
Bank borrowings, secured	14,868	22,574	3,249	2,976	3,812	12,537
	35,227	42,933	9,235	17,349	3,812	12,537

32. FINANCIAL RISK MANAGEMENT – *continued*

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce any unnecessary cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As of June 30, 2020, the Group has bank borrowings amounted to RMB90,829,000 (2019: RMB14,868,000). The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued share capital and reserves.

(c) Fair value estimation

The carrying amounts of the Group's financial assets including restricted cash, cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

As detailed in Note 21, certain investment properties acquired during the current year was partially settled by the issuance of the Convertible Note.

During the year ended June 30, 2019, prepayment of RMB3,295,000 as at June 30, 2018 was transferred to other receivable, as a loan advance in Note 18.

(b) Reconciliation of liabilities arising from financing activities:

	Amounts due to related companies (Note 19) RMB'000	Convertible note (Note 21) RMB'000	Bank borrowings (Note 20) RMB'000
At July 1, 2019	9,434	–	14,868
Changes from cash flows:			
Fund transfer, net	(7,047)	–	–
Proceeds from bank borrowings	–	–	76,522
Repayment of bank borrowings	–	–	(1,938)
	2,387	–	89,452
Other changes:			
Issuance of convertible note	–	155,717	–
Fair value gain on convertible note	–	(8,537)	–
Exchange difference	–	–	1,377
At June 30, 2020	2,387	147,180	90,829

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – *continued*

(b) Reconciliation of liabilities arising from financing activities: – *continued*

	Amounts due to related companies (Note 19) RMB'000	Dividend payable RMB'000	Bank borrowings (Note 20) RMB'000
At July 1, 2018	48	7,249	16,989
Changes from cash flows:			
Fund transfer, net	9,386	–	–
Dividends paid	–	(25,541)	–
Repayment of bank borrowings	–	–	(2,289)
	9,434	(18,292)	14,700
Other changes:			
Dividends declared	–	18,292	–
Exchange difference	–	–	168
At June 30, 2019	9,434	–	14,868

34. IMPACTS OF COVID-19

The outbreak of the COVID-19 has led to disruption of the market, production and supply chains around the world. The ensuing travel restrictions, quarantine measures and suspension of work imposed by local authorities have severely affected the business and profitability of the tenants of the Group. In turn, the financial performance of the Group, in the short term, is expected to be adversely affected in terms of reduced demand for our education facilities, decreased occupancy rate of the education facilities and delay in completion of construction of new dormitories. In this respect, the Group has stringently implemented cost containment measures and deferred capital expenditures to a later appropriate date to ensure sufficient funds for working capital requirements and mitigate the COVID-19 impact on business profitability. The Group continue to monitor the impacts of the COVID-19 outbreak on the Group's performance and is currently unable to estimate the quantitative impacts to the Group.

INVESTMENT PROPERTIES

AT JUNE 30, 2020

Name and Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
Various land and buildings at Oriental University City, Langfang Economy and Technology Development Zone, Langfang City, Hebei Province, the People's Republic of China	Medium term	Teaching buildings	121,256	99
		Student and staff dormitories	144,490	
		Retail	42,505	
		Ancillary facilities	3,062	
			311,313	
		Land	487,268	
Various Land and buildings at Section 88A Town of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur, Malaysia	Medium term	Teaching buildings	3,754	100
		Land	5,336	
Two floors of office units at Sub-District of Gondangdia, District of Menteng, Municipality of Central Jakarta, Special Capital City of Jakarta, Indonesia	Medium term	Teaching buildings	2,092	100

FINANCIAL SUMMARY

The financial information relating to the year ended June 30, 2020 included in this financial summary does not constitute the Company's statutory annual consolidated financial statements for that year 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 Hong Kong Companies Ordinance, Cap. 622 (the "**Companies Ordinance**") is as follows:

	For the year ended				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
RESULTS					
Revenue	68,619	60,336	67,311	76,451	**78,046**
Operating profit	71,045	36,189	222,188	46,616	**70,532**
Interest income	737	38	545	998	**463**
Interest expense on bank borrowings	–	(879)	(2,585)	(953)	**(3,108)**
Profit before income tax	71,782	35,348	220,148	46,661	**67,887**
Income tax credits/(expenses)	(18,301)	7,253	(55,402)	(15,183)	**(22,623)**
Profit for the year	53,481	42,601	164,746	31,478	**45,264**
Attributable to:					
Owners of the Company	52,913	42,193	163,223	31,144	**44,764**
Non-controlling interests	568	408	1,523	334	**500**

FINANCIAL SUMMARY

	As at June 30,				
	2016	2017	2018	2019	**2020**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	1,019,345	1,088,443	1,267,581	1,312,398	**1,595,066**
Current assets	43,709	43,166	31,928	14,733	**13,436**
Current liabilities	(41,774)	(37,492)	(23,069)	(14,202)	**(46,566)**
Total assets less current liabilities	1,021,280	1,094,117	1,276,440	1,312,929	**1,561,936**
Non-current liabilities	(50,863)	(90,577)	(126,794)	(148,005)	**(347,994)**
Net assets	970,417	1,003,540	1,149,646	1,164,924	**1,213,942**
CAPITAL AND RESERVES					
Share capital	411,936	411,936	290,136	290,136	**290,136**
Reserves	550,865	583,580	849,963	864,907	**913,425**
Equity attributable to owners of the Company	962,801	995,516	1,140,099	1,155,043	**1,203,561**
Non-controlling interests	7,616	8,024	9,547	9,881	**10,381**
Total equity	970,417	1,003,540	1,149,646	1,164,924	**1,213,942**

The Company will deliver the financial statements for the year ended June 30, 2020 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's respective auditors have reported on those financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their reports; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Companies Ordinance.

ANNUAL REPORT

2020

Oriental University City
东方大学城

Oriental University City Holdings (H.K.) Limited
東方大學城控股（香港）有限公司
Tel:+86 0316 6056302   Fax:+86 0316 6056611
www.oriental-university-city.com