Oriental
University City
东方大学城

ANNUAL REPORT 2023
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

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*This annual 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 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 annual 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 annual report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Tan Yeow Hiang, Kenneth
Mr. Wilson Teh Boon Piaw
Mr. Guo Shaozeng
(resigned on April 30, 2023)
Mr. Liu Guilin
(appointed on July 25, 2023)

COMPANY SECRETARY

Ms. Tung Wing Yee Winnie

COMPLIANCE OFFICER

Mr. Liu Ying Chun

AUTHORISED REPRESENTATIVES

Ms. Tung Wing Yee Winnie
Mr. Liu Ying Chun

AUDIT COMMITTEE

Mr. Tan Yeow Hiang, Kenneth *(Chairman)*
Mr. Guo Shaozeng
(resigned on April 30, 2023)
Mr. Wilson Teh Boon Piaw
Mr. Liu Guilin
(appointed on July 25, 2023)

REMUNERATION COMMITTEE

Mr. Liu Guilin *(Chairman)*
(appointed on July 25, 2023)
Mr. Chew Hua Seng
Mr. Tan Yeow Hiang, Kenneth
Mr. Wilson Teh Boon Piaw *(Chairman)*
(resigned on July 25, 2023)

NOMINATION COMMITTEE

Mr. Wilson Teh Boon Piaw *(Chairman)*
(appointed on July 25, 2023)
Mr. Chew Hua Seng
Mr. Liu Guilin
(appointed on July 25, 2023)
Mr. Guo Shaozeng *(Chairman)*
(resigned on April 30, 2023)

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 Public Interest Entity Auditor

CORPORATE INFORMATION

REGISTERED OFFICE

31st Floor
148 Electric Road
North Point
Hong Kong

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

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

SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

United Overseas Bank Limited (Hong Kong Branch)
Langfang Bank Co., Ltd (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**"), I present herewith the annual report of the Company and its subsidiaries (the "**Group**") for the financial year ended June 30, 2023 (the "**FY2023**") to the shareholders of the Company (the "**Shareholders**").

The Group recorded a revenue of Renminbi ("**RMB**") 61.68 million for the FY2023, representing an increase of 13.9% from revenue of RMB54.17 million for the previous financial year. During the year, the Group had signed up long-term leasing contracts of education facilities in the Oriental University City campus, in Langfang City, the PRC ("**OUC Campus**") with a few Education Institutions (hereinafter collectively referred to "colleges, education institutions, training centres and educational corporate entities"), which led to an increase in revenue.

Despite the increase in revenue, business environment was challenging due to prolonged operation disruptions in the OUC Campus caused by the novel coronavirus disease 2019 ("**COVID-19**"). A number of Education Institutions and commercial tenants, whose businesses were seriously disrupted by the COVID-19, had to reduce their leasing space or prematurely terminate their leasing with the Group. In addition, the value of the Group's investment properties, particularly in the OUC Campus, were affected by general downturn in the PRC property market that resulted in a fair value loss of RMB16.84 million for the FY2023.

As a result of the challenging business environment, the decline in fair value of investment properties and a loss arising due to the disposal of investment property asset of RMB18.23 million, the operating profit for the FY2023 was RMB0.90 million, 98.0% lower than previous year. Coupled with interest and tax expenses, a net loss for the year of RMB23.38 million was recorded.

Looking ahead, financial year 2024 will be a year focusing with rebuilding the Group's business with an eye in controlling cost and broadening its revenue base whilst enhancing its education facilities' offering. In this respect, the Group had progressively upgraded selected investment properties especially in the OUC Campus.

I would like to extend my sincere 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 support in the FY2023.

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

Chew Hua Seng
Chairman

August 18, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue increased by 13.9% to RMB61.68 million compared to RMB54.17 million for the year ended June 30, 2022 ("**FY2022**"), mainly due to revenue recognition of few Education Institutions, which had signed-up long-term lease agreements with annual step-up rental per unit features for leasing of education facilities in the OUC Campus.

Employee costs

Employee costs decreased by 15.5% to RMB4.92 million from RMB5.82 million recorded in the FY2022, mainly due to rationalisation of staff force in the second half of FY2022.

Business taxes and surcharges

Business taxes and surcharges increased by 27.8% to RMB0.92 million, compared to RMB0.72 million for the FY2022 due to higher collection of rental advance.

Property taxes and land use taxes

Property taxes and land use taxes increased by 10.1% to RMB12.15 million, compared to RMB11.04 million for the FY2022, mainly due to provision for property taxes in line with the higher recognition of lease revenue.

Repairs and maintenance

Repairs and maintenance increased by 137.8% to RMB1.38 million, compared to RMB0.58 million for the FY2022, mainly due to repair and parts replacement of heat exchange station in the OUC Campus.

Legal and consulting fees

Legal and consulting fees decreased by 38.0% to RMB2.41 million compared to RMB3.89 million for the FY2022, as lower professional fees were incurred for corporate exercise undertaken in FY2023.

Other income, other (losses)/gains, net

Other losses increased by 108.2% to RMB13.65 million, compared to RMB6.55 million for the FY2022, mainly due to higher loss on disposal of investment properties. The disposal of certain investment properties in the OUC Campus for RMB100.00 million ("**Disposal**"), as announced on March 21, 2023, resulted in a loss on disposal of investment properties of RMB18.23 million for FY2023. Please refer to the Company's announcements dated March 21, 2023, April 14, 2023, May 12, 2023 and May 29, 2023 for further details of the Disposal.

Other expenses

Other expenses decreased by 13.0% to RMB3.35 million, compared to RMB3.85 million for the FY2022, mainly due to lower utilities usage, less office supplies purchase and reduced discretionary expenses incurred.

Share of results of associates

Loss on share of results of associates of RMB2.85 million was recorded, compared to a gain on share of results of associates of RM6.85 million for the FY2022, mainly due to net loss recorded by its associate, Axiom Properties Limited ("**Axiom**").

Reversal of impairment loss on an associate

An impairment of RMB2.65 million made in prior year against the carrying amount of interests in an associate, Axiom, had been reversed (FY2022: Nil). This reversal arose due to an increase in its fair value less cost to sell of RMB17.37 million as at June 30, 2023.

Fair value (losses)/gains on investment properties

Fair value losses on investment properties of RMB16.84 million was recorded compared to fair value gains on investment properties of RMB22.78 million in the FY2022. The fair value losses were primarily attributed to the lower fair value of investment properties located in the OUC Campus.

Operating profit

Operating profit was RMB0.90 million, 98.0% lower than RMB45.96 million for the FY2022, mainly due to loss on disposal of investment properties of RMB18.23 million and fair value losses on investment properties of RMB16.84 million recorded for FY2023.

Interest expenses on bank borrowings

Interest expenses decreased by 24.1% to RMB14.91 million from RMB19.65 million for the FY2022, as loan principals had been progressively repaid.

Current tax

Current tax expense was RMB12.62 million, 8,147.7% higher than RMB0.15 million for the FY2022, mainly due to the Company's subsidiary in the PRC, being subject to PRC land appreciation tax and having higher assessable income arising from the Disposal.

Deferred tax

Deferred tax credit of RMB3.16 million was recorded, compared to deferred tax expense of RMB20.26 million for the FY2022, mainly due to de-recognition of deferred tax liabilities attributed to the investment property subject to the Disposal.

(Loss)/profit for the year

Due to the foregoing factors set out above, net loss of RMB23.38 million was recorded, compared to net profit of RMB5.95 million recorded for the FY2022. The net loss was mainly attributed to the loss on disposal of investment properties of RMB18.23 million and fair value losses on investment properties of RMB16.84 million recorded for FY2023.

EBITDA

Earnings before interest expenses, tax, depreciation and amortization ("**EBITDA**"), was RMB18.19 million, 22.9% lower than RMB23.58 million recorded in the FY2022, mainly due to the loss on disposal of investment properties and loss on share of results of associates (compared to gains on share of results of associates in FY2022).

Liquidity and financial resources

As at June 30, 2023, the Group has a net current assets of RMB20.17 million (At June 30, 2022: net current liabilities of RMB35.19 million). The Group has secured an additional 10-years term loan of RMB70.00 million in the PRC, which were disbursed in 2 tranches in June and July 2023, respectively.

As at June 30, 2023, the Group had total assets of approximately RMB1,691.76 million (At June 30, 2022: RMB1,682.40 million), which were financed by total liabilities and equity of approximately RMB458.31 million (At June 30, 2022: RMB434.66 million) and RMB1,233.45 million (At June 30, 2022: RMB1,247.75 million), respectively.

Gearing ratio

The Group's gearing ratio as at June 30, 2023 is 21.2% (At June 30, 2022: 18.5%), which is calculated based on the total borrowings of RMB261.47 million (At June 30, 2022: RMB230.42 million) divided by total equity of RMB1,233.45 million (At June 30, 2022: RMB1,247.75 million) and then multiplied by 100%.

Cash and cash equivalents

The Group places a high emphasis on risk management, both credit risk and liquidity risk. Cash in excess of daily operational requirement are placed in fixed deposits. The Group currently does not invest in bonds, bills, structured products or any other financial instruments. As at June 30, 2023, the Group had cash and cash equivalents balance of approximately RMB63.75 million (At June 30, 2022: RMB4.71 million). The cash and cash equivalents were mainly denominated in RMB.

Foreign exchange hedging

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

BUSINESS REVIEW AND OUTLOOK

The Group owns and leases education facilities, comprising primarily teaching buildings and dormitories to Education Institutions in the PRC, Malaysia and the Republic of Indonesia ("**Indonesia**"). The Group's education facilities are located in the OUC Campus; Kuala Lumpur, Malaysia; and Jakarta, Indonesia. In addition, the Group also leases commercial properties in the OUC Campus to commercial tenants operating a range of supporting facilities, including a shopping centre, supermarket, cafe and cafeterias, bank, telecommunication companies, dental and polyclinic, amongst others, to serve the needs of students in the campus and the residents of adjacent housing estates.

The FY2023 was challenging due to prolonged disruptions in operations caused by the COVID-19. The enhancement of strict zero COVID-19 policy measures in Langfang City in October 2022 resulted in citywide lockdown from October to November 2022. Subsequently, the swift uplifting of the zero COVID-19 policy measures in December 2022 resulted in widespread COVID-19 infections in the Langfang City. A small number of Education Institutions and commercial tenants in OUC Campus, whose businesses were affected by the aforementioned events, had to reduce their leasing space or prematurely terminated their leases.

Despite the challenges, the Group was able to secure a few sizeable Education Institutions, which signed-up long-term leases with annual step-up rental per unit features for leasing of education facilities in the OUC Campus. The long-term leasing agreement resulted in increased revenue compared to previous year, and improved cashflow due upfront rentals collection.

MANAGEMENT DISCUSSION AND ANALYSIS

To improve the overall return of its investment properties, the Group is rationalising the usage of its assets and upgrading selected investment properties in the OUC Campus to improve yield.

As announced on March 21, 2023, the Group has entered into a sale and purchase agreement for the Disposal. The cash infusion from the Disposal enabled the Group to repay its borrowings and financed the progress of upgrade works of other investment properties in the OUC Campus.

With the Disposal completed in June 2023, the Group is focused on rebuilding its business, particularly, in broadening its revenue base and enhancing its education facilities' offering. On July 4, 2023, the Company announced the acquisition of the remaining 75.39% of the issued share capital in 4 Vallees Pte Ltd. ("**4 Vallees**"), that the Company did not own, from Raffles Education Limited ("**RE**"), for a cash consideration of Swiss Franc ("**CHF**") 11.479 million (approximately RMB96.40 million) ("**Acquisition**"). Upon completion of the Acquisition, 4 Vallees will become a wholly-owned subsidiary of the Company. An extraordinary general meeting is expected to be convened to obtain the approvals of Shareholders for the Acquisition, details of which will be announced in due course. In the meantime, please refer to the Company's announcements on July 4, 2023 and July 24, 2023 for details of the Acquisition.

While the Group is cautiously optimistic to achieve better results for the financial year ending June 30, 2024 ("**FY2024**"), based on signed-up leases in hand of both Education Institutions and commercial tenants, the Group, nevertheless, is cognisant of possible risks of economy downturn that can affect its revenue. In this respect, the Group would continue to prudently manage its operational costs and cashflow, while dedicating more business development efforts to secure more new tenants.

Looking ahead, the Board is of the view that the education industry in the PRC would see a recovery in line with the recovery in student population of the Education Institutions that lease education facilities in the OUC Campus from the Group. Meanwhile, the Group's education assets in Malaysia and Indonesia are expected to remain stable.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL COMMITMENTS

Save as disclosed below, as at June 30, 2023, the Group did not have any other significant investment and future plan for material investments and capital commitments.

Purchase of investment properties in Mongolia

On March 6, 2020, the Company entered into a sale and purchase agreement with an independent vendor for the purchase of investment properties in Ulaanbaatar, Mongolia, for a purchase consideration of RMB32.71 million. As at June 30, 2023, the Company had paid RMB26.94 million of the purchase consideration and the remaining balance of RMB5.77 million will be paid in instalments according to the various stages of completion as set out in the sale and purchase agreement. Please refer to the announcement dated March 8, 2020 for details of the acquisition of investment properties in Mongolia. The investment properties are expected to be completed and vacant possession handed over by the first half of FY2024.

Upgrading of investment properties in the OUC Campus

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

Renovation/refurbishment of two blocks of dormitories in Langfang City

On June 16, 2022, the Company had entered into a construction project contract with an independent contractor for the renovation/refurbishment of two blocks of dormitories, No. 23 and No. 24, located at the OUC Campus for a contract sum of RMB10.18 million. As at June 30, 2023, the Group had paid RMB4.01 million of the contract sum and the remaining balance of RMB6.17 million will be paid in instalments in accordance with the agreed terms. The renovation/refurbishment work had been completed and the two blocks of dormitories had been handed over and occupied by an Education Institution in the FY2023.

Construction of canteen and theatre in the OUC Campus

On January 30, 2023, the Company had entered into a construction project contract with an independent contractor for the construction of a canteen and a theatre, located at the OUC Campus for a contract sum of RMB13.40 million. As at June 30, 2023, the Group has paid RMB9.18 million of the contract sum and the remaining balance of RMB4.22 million will be paid in instalments in accordance with the agreed terms. The construction work is expected to be completed by the first half of the FY2024.

Renovation and refurbishment of investment properties in the OUC Campus

On March 18, 2023, the Company had entered into a contract with an independent contractor for the renovation and refurbishment of selected investment properties in the OUC Campus for RMB80.95 million. As at June 30, 2023, the Group had paid RMB44.45 million.

Subsequent to the reporting date, the Company and the independent contractor had agreed to postpone the completion date of construction works to March 31, 2025 as a result of the change of scope of refurbishment and construction works. In view of the postponement, the independent contractor had refunded in whole the prepayment amount of RMB44.45 million.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures, during FY2023.

CHARGE ON THE GROUP'S ASSETS

As at June 30, 2023, investment properties of RMB863.30 million (At June 30, 2022: RMB353.33 million) 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, 2023 as compared with that as at June 30, 2022.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at June 30, 2023 (At June 30, 2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2023, the Group had a total of 26 full-time employees in the PRC, all of which were located in Langfang City, Hebei Province (At June 30, 2022: 29). The Group's total employee costs were RMB4.92 million (FY2022: RMB5.82 million). The employees' remuneration is determined by reference to the market salary of their respective experience and performance. The Company provides training to its employees to improve and upgrade their management and professional skills. As required by the PRC social security regulations, the Company makes contributions to mandatory social security funds for its employees to provide for their retirement and provides medical, unemployment, work-related injury and maternity benefits. The Company has adopted a share option scheme (the "**Share Option Scheme**") to provide an incentive to the Directors and eligible participants. No options were granted since the listing date of the Company's shares. Therefore, no options were exercised or cancelled or lapsed during the FY2023 and there were no outstanding options under the Share Option Scheme as at June 30, 2023.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any dividend for the FY2023 (FY2022: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Chew Hua Seng (周華盛), aged 69, is the founding Director appointed on June 11, 2012 and re-designated as an executive Director and the chairman of 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 the Group.

Mr. Chew is the founder, controlling shareholder, Chairman and CEO of Raffles Education Corporation Limited ("**RE**"). Under his astute leadership, the Company has grown to become a premier private education provider, with 17 institutions of learning, including two universities, spread across 10 different countries. Mr. Chew founded RE in 1990, and led it to be listed on the Stock Exchange of Singapore in 2002.

Mr. Chew was appointed as a Non-Executive Chairman of Sitra Holdings (International) Limited, a company listed on the Stock Exchange of Singapore, with effect from 21 October 2019.

Mr. Chew holds a Bachelor's Degree in Business Administration from the University of Singapore (now known as the National University of Singapore) obtained in May 1979 and was awarded the National University of Singapore Business School Eminent Business Alumni Award in November 2010 for his outstanding achievements. Mr. Chew was also conferred the Public Service Medal in 2010 by the President of Singapore for his contribution to community service. Mr. Chew does not have any relationship with any Director and senior management. Mr. Chew is a director of RE, 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.

Mr. Liu Ying Chun (劉迎春), aged 59, is the CEO of the Group and an executive Director. He is also a member of the 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 (Indonesia) Pte, Ltd. since February 2020; (iv) PT OUC Jakarta Indo since February 2020; and (v) 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, an associate of the Company, since November 25, 2015. 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 PRC (中國審計署), and is also an engineer in the PRC. Mr. Liu does not have any relationship with any Director and senior management.

Independent Non-executive Directors (the "INEDs")

Mr. Tan Yeow Hiang, Kenneth (陳耀鄉), aged 56, 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 the Risk Management Committee and a member of the Remuneration Committee. Mr. Tan is currently an executive 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 overseas financial institutions group. Mr. Tan previously worked at the Singapore Economic Development Board (the "**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 68, was appointed as an INED on December 23, 2014. He was also the chairman of the Remuneration Committee, a member of each of the Audit Committee, Nomination Committee and the Risk Management Committee. On July 25, 2023, Mr. Teh resigned as a member and the chairman of the Remuneration Committee and has been appointed as the chairman of the Nomination Committee and remained as a member of each of the Audit Committee and the Risk Management Committee. Mr. Teh has been acting as the CEO 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., from July 2007 to December 2021. 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. Liu Guilin (劉桂林), aged 43, was appointed as an INED on July 25, 2023. He is also the chairman of the Remuneration Committee, a member of the Audit Committee and a member of Nomination Committee. Mr. Liu Guilin has extensive experience in financial management, enterprise tax planning and industrial park operation. From 2004 to 2017, Mr. Liu Guilin was the chief financial officer of Langsen Automotive Industrial Park Development Co., Ltd* (the "**Langsen Group**", 朗森汽車產業園開發有限公司) and was mainly responsible for the investment and financing business of the Langsen Group. He has also participated in the merger and acquisition transactions of the Langsen Group, among others, the acquisitions of Beijing Life Insurance Limited* (北京人壽保險股份有限公司), Tianjin Yuhanyao Graphene Store Energy Material Technology Co., Ltd* (天津玉漢堯石墨烯儲能材料股份有限公司), and Langfang Xinhe Software Investment Co. Limited* (the "**Xinhe Software**", 廊坊信和軟體投資有限公司). From 2017 to 2018, Mr. Liu Guilin served as the general manager and an executive director of Xinhe Software which was mainly engaged in the operation and development of high-tech industrial park, and Mr. Liu Guilin was responsible for the development of the education technology sector of the industrial park. Since 2018, Mr. Liu Guilin has served as an executive director of Langfang Yuhe Park Construction Co., Ltd.* (the "**Yuhe Park**", 廊坊裕和園區建設有限公司) which mainly engages in the development of high-tech incubation business. Mr. Liu Guilin is responsible for the development and operation of the incubation park. Mr. Liu Guilin graduated from Hebei University of Economics and Business (河北經貿大學) in 2001 with a diploma of accounting and has been conferred as a qualified accountant by Ministry of Finance of the PRC since 2005.

* 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.

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 47, was appointed as the financial controller of the Group 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 financial controller in Foshan Nile Building Materials Trading Co., Ltd. from 2015 to 2019. Prior to that, he was the chief financial officer for Kada Technology Holdings Limited from 2010 to 2013. He served as senior finance manager in Anglo-Eastern Plantation Management Sdn Bhd from 2008 to 2010. 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 23 years' working experience in the fields of finance, accounting, commercial and business development.

Mr. Chen Guang (陳光), aged 60, 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 44, 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 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 presents the annual report together with the audited consolidated financial statements of the Group for the FY2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are leasing educational 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.

RESULTS

The results of the Group for the FY2023 and the state of affairs of the Company and of the Group as at June 30, 2023 are set out in the consolidated financial statements and their accompanying notes on pages 82 to 148 of this annual report.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the FY2023 (FY2022: Nil).

BOOK CLOSE DATES

For the purpose of ascertaining the entitlement of the Shareholders to attend and vote at the annual general meeting of the Company to be held on Friday, October 20, 2023 (the "**2023 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 16, 2023 (Monday)
Closure of Register of Members	October 17, 2023 (Tuesday) to October 20, 2023 (Friday) (both days inclusive)
Record date	October 20, 2023 (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 2023 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 150 and 151 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, 2023. The net decrease in fair value of investment properties amounting to RMB16.84 million (FY2022: fair value gain of RMB22.78 million) has been debited 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 FY2023 are set out in note 15 to the financial statements.

Details of the properties held by the Group for investment as at June 30, 2023 are set out in the section headed "Investment Properties" on page on 149 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the FY2023 are set out in note 14 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 27 to the financial statements.

SHARE CAPITAL

Details of the Shares issued in the FY2023 are set out in note 22 to the financial statements.

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 FY2023, the Group did not make any charitable donation (FY2022: RMB1 million).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any of its Shares during the FY2023.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the FY2023 are set out in note 23 to the financial statements and in the consolidated statement of changes in equity on page 86, 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 23 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's major customers and suppliers, respectively, during the FY2023 is as follows:

	Percentage of the Group's total purchase/sales
	%
The largest customer	28.8
Five largest customers in aggregate	77.0
The largest supplier	36.8
Five largest suppliers in aggregate	72.2

Save as rental income derived from Raffles College of Higher Education Sdn. Bhd and P.T. Raffles Institute of Higher Education ("**RIHE**"), which collectively is one of the five largest customers during the FY2023, disclosed in note 28 to the financial statements, 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 FY2023 are set out in notes 10 and 11 to the financial statements, respectively.

EMOLUMENT POLICY

The Remuneration Committee 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 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 FY2023 or existed as at June 30, 2023.

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 FY2023 and thereafter up to the date of this annual report.

DIRECTORS

The Directors during the FY2023 and up to the date of this annual report were:

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

Independent Non-executive Directors (the "INEDs")
Mr. Tan Yeow Hiang, Kenneth
Mr. Wilson Teh Boon Piaw
Mr. Guo Shaozeng (resigned on April 30, 2023)
Mr. Liu Guilin (appointed on July 25, 2023)

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 2023 AGM.

In accordance with article 113 of the Articles of Association, Mr. Liu Guilin ("**Mr. LGL**") will retire from the office by rotation and being eligible, has offered himself for re-election at the 2023 AGM.

The Company has received an annual written confirmation of independence from each of the INEDs, namely Mr. Tan Yeo Hiang, Kenneth ("**Mr. Tan**"), Mr. Teh, Mr. Guo Shaozeng (for the period from July 1, 2022 to April 30, 2023, the date of his resignation as an INED) and Mr. LGL (for the period from July 25, 2023, the date of his appointment as an INED, to August 18, 2023, the date of this annual report), pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this annual report, the Company considered all the INEDs are independent.

The biographical details of the Directors and the senior management of the Group are set out on pages 12 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Chew Hua Seng 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. 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. LGL has entered into a letter of appointment with the Company for an initial term of three years commencing on July 25, 2023, 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 2023 AGM has a service contract or a letter of appointment with the Company or its subsidiaries, which is not terminable 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 FY2023 to the date of this annual 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 Education Consultancy	Chew Hua Seng Liu Ying Chun Ho Kah Chuan Kenneth
廊坊通睿教育諮詢有限公司 (Langfang Tongrui Education Consultancy Co., Ltd.)*	Chew Hua Seng Liu Ying Chun Ho Kah Chuan Kenneth
OUC Malaysia Sdn. Bhd. (“**OUC Malaysia**”)	Liu Ying Chun Mok Kam Wah Tho Kwai Kuan
OUC (Indonesia) Pte. Ltd	Liu Ying Chun Doris Chung Gim Lian
PT. OUC Jakarta Indo	Liu Ying Chun Effendi Halim
PT. OUC Thamrin Indo (“**OUC Thamrin**”)	Liu Ying Chun Effendi Halim
上海通豐睿商務諮詢有限公司 (Shanghai Tongfengrui Commercial Consultancy Co., Ltd)* (Incorporated on July 4, 2023)	Lee Yang Yang

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 FY2023 or subsisted as at June 30, 2023.

* 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 FY2023.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the FY2023 is contained in note 28 to the financial statements. Certain related party transactions set out in note 28 to the financial statements are regarded as 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 "Continuing Connected Transactions" below.

CONTINUING CONNECTED TRANSACTIONS

Save as disclosed below, as at June 30, 2023, the Group does not have any other connected transaction and continuing connected transaction.

Tenancy Agreement of Properties in Malaysia

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

Tenancy Agreement of Properties in Indonesia

OUC Thamrin, a wholly-owned subsidiary of the Company, as landlord, has entered into a tenancy agreement with RIHE, a wholly-owned subsidiary of RE, as tenant, for the lease of gross floor area of 2,000 square metres in two floors of Lippo Thamrin office in Jakarta, Indonesia, for a term of three years commencing on July 1, 2020 and expired on June 30, 2023. The tenancy was executed on arm's length terms and the annual rental payable under the tenancy agreement amounts to Indonesian Rupiah ("**IDR**") 7,154.64 million (approximately RMB3.18 million). Please refer to the announcement of the Company dated June 17, 2020, for further details of the tenancy agreement.

Due to impact of COVID-19 on the business of RIHE, OUC Thamrin and RIHE had on June 13, 2023, signed a new tenancy agreement for the lease of a smaller gross floor area of 1,600 square metres in the same two floors of Lippo Thamrin office in Jakarta, Indonesia, for a term of three years commencing on July 1, 2023 and expiring on June 30, 2026 ("**New Tenancy Agreement**"). The tenancy was executed on arm's length terms and the annual rental payable under the New Tenancy Agreement amounts to IDR 5,472.00 million (approximately RMB2.46 million). According to Rule 20.04 of the GEM Listing Rules, the transaction value of the New Tenancy Agreement was a de minimis transaction and was fully exempted from the requirements of announcement and approval of the Shareholders.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTION

The INEDs have reviewed the above continuing connected transactions for the FY2023 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

RE, 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" of the Company's prospectus dated December 31, 2014 (the "**Prospectus**")).

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 28 to the financial statements, 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 FY2023 or at any time during the FY2023.

DEED OF NON-COMPETITION

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

RE 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) RE declared that it had fully complied with the Undertakings for the FY2023; (b) no new competing business was reported by RE during the FY2023; 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 RE for the FY2023.

COMPETING INTERESTS

The Directors have confirmed that save as disclosed above, as at June 30, 2023, 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" 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 FY2023, 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, 2023, 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 RE are set out in the section headed "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below.

(2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2023 (i.e. 180,000,000 Shares).

(b) Shares in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued shares held	Approximate percentage of shareholding
Mr. Chew	RE *(Note 1)*	Beneficial owner and interest of spouse/ Personal interest and family interest	490,349,264	35.52% *(Note 2)*

Notes:

(1) RE, a company incorporated in Singapore and listed on the SGX-ST, is the immediate holding company of the Company.

(2) Comprised of (a) the 23.12% direct interest of Mr. Chew; (b) the 2.47% interest of Ms. Doris Chung Gim Lian ("**Ms. Chung**"), the wife of Mr. Chew; and (c) the 9.93% joint interest of Mr. Chew and Ms. Chung.

Save as disclosed above, as at June 30, 2023, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or 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, 2023, so far as it was known by or otherwise notified to any Director 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)
RE (Note 1)	Beneficial owner/Personal interest	135,000,000	75%
Ms. Chung (Note 1)	Interest of spouse/Family interest	135,000,000	75%

Notes:

(1) RE is owned as to (a) 23.12% by Mr. Chew, the Chairman and an executive Director; (b) 9.93% jointly by Mr. Chew and Ms. Chung, the 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 RE 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 RE.

(2) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at June 30, 2023 (i.e. 180,000,000 Shares).

Save as disclosed above, as at June 30, 2023, 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 34 to 51 of this annual report.

The compliance officer of the Company is Mr. Liu, whose biographical details are set out on page 13 of this annual report. The company secretary of the Company is Ms. Tung Wing Yee Winnie ("**Ms. Tung**"), whose brief particulars are set out under the section headed "COMPANY SECRETARY" of the corporate governance report on page 48.

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 annual 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 FY2023 and there were no outstanding options under the Share Option Scheme as at June 30, 2023.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the FY2023 or as of June 30, 2023 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 annual 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 FY2023.
- Works closely with various local governments in Langfang City to help them promote environmental 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.

During the FY2023, the Group has complied with the provisions set out in the Environmental, Social and Governance ("**ESG**") Reporting Guide in Appendix 20 to the GEM Listing Rules. Please refer to the ESG report on pages 52 to 76 of this annual report about the Company's ESG policies and performance during the FY2023.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Employees

All of the Group's employees work in the campus site, owned by the Group, located in the Oriental University City in Langfang Economic and Technological Development Zone in Langfang City (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. 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 refurbishment 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 Education Institutions. For the FY2023, the Group had fifteen Education Institutions (excluding RE Group). Revenue from the five largest customers (excluding RE Group) using the Group's educational facilities, most of which were the Education Institutions, accounted for 70.1% of the Group's total revenue for the FY2023.

EVENT AFTER REPORTING PERIOD

On July 4, 2023, the Company (as the purchaser), RE (as the seller) and 4 Vallees (as the target company) had entered into a sale and purchase agreement ("**SPA**"), pursuant to which, the Company agreed to acquire the remaining 75.39% of the issued share capital of 4 Vallees, which it did not own, from RE, at a purchase consideration of CHF11.479 million (approximately RMB96.40 million). Upon completion of the Acquisition, 4 Vallees will become a wholly-owned subsidiary of the Company. The purchase consideration shall be adjusted at completion date, subject to a cap of CHF11.479 million, pursuant to the terms and conditions set out in the SPA.

An extraordinary general meeting is expected to be convened to obtain the approval of Shareholders for the Acquisition, details of which will be disclosed in due course when appropriate. Please refer to the Company's announcements dated July 4, 2023 and July 24, 2023 for details of the Acquisition.

Save as disclosed above, the Group does not have any material subsequent event after the end of the FY2023 and up to the date of this annual report.

CHANGE IN INFORMATION OF DIRECTOR

Subsequent to the date of the 2023 interim report of the Company, there was no change in the Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the FY2023 were audited by BDO, the Independent Auditor. BDO will retire, and being eligible, offer themselves for re-appointment at the 2023 AGM. A resolution for the re-appointment of BDO as the Independent Auditor will be proposed at the 2023 AGM.

On behalf of the Board

Chew Hua Seng
Chairman

Singapore, August 18, 2023

CORPORATE GOVERNANCE REPORT

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

The Company has compiled with the mandatory disclosure requirements and all the code provisions as set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the Rules Governing the Listing of Securities on GEM during the FY2023 and up to the date of this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has complied with provision C.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 is responsible for overseeing the functions of the Board and formulating overall strategies and policies of the Company. The CEO, Mr. Liu Ying Chun, supported by the senior management, is responsible for managing the businesses of 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 FY2023.

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 FY2023.

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 annual report, the Board comprises two executive Directors and three 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 Remuneration Committee, the Nomination Committee and the Risk Management Committee. The composition of the Board and its committees are stated below and their respective responsibilities are discussed in this annual 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. Tan Yeow Hiang, Kenneth	✓	✓	✓		✓
Mr. Wilson Teh Boon Piaw	✓	✓		✓	✓
Mr. Liu Guilin	✓	✓	✓	✓	

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.

Compliance with the Listing Rules/Code Provisions

Immediately following the retirement of Mr. Guo Shaozeng as an INED on April 30, 2023, the Board had two INEDs only, hence failing to meet the requirements of having (i) at least three INEDs on the Board under Rule 5.05(1) of the GEM Listing Rules; (ii) the minimum number of non-executive Directors for the formation of the Audit Committee under Rule 5.28 of the GEM Listing Rules; and (iii) a majority of INEDs for the Nomination Committee under Rule 5.36A of the GEM Listing Rule. On July 25, 2023, the Company appointed Mr. Liu Guilin as an INED, thereafter fulfilled the aforesaid requirements of the GEM Listing Rules.

Independent Non-executive Directors

Save as disclosed in this annual report, the Company had at least three INEDs during the period from July 1, 2022 to April 30, 2023 in the FY2023 and at least one of the INEDs had appropriate professional qualifications or accounting or related financial management expertise at all times during the FY2023. 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 FY2023, four Board meetings as well as an annual general meeting (the "**AGM**") 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
Executive Directors		
Mr. Chew Hua Seng	4/4	1/1
Mr. Liu Ying Chun	4/4	1/1
INEDs		
Mr. Tan Yeow Hiang, Kenneth	4/4	1/1
Mr. Wilson Teh Boon Piaw	4/4	1/1
Mr. Guo Shaozeng *(resigned on April 30, 2023)*	3/4	1/1

The Group recognises that a comprehensive corporate governance management structure is crucial in helping the Company to implement its strategies and policies effectively and consistently throughout the Group, and safeguard the long-term interests of its shareholders. Accordingly, the Company has established the following policies and mechanism and has continuously reviewed them to ensure that the Group meets the requirements of the applicable laws and regulations:

- Board Diversity Policy
- Mechanisms Ensuring Independent Views Available to the Board
- Anti-corruption Policy
- Whistle-blowing Policy

BOARD DIVERSITY AND WORKFORCE POLICY

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.

To achieve Board diversity, the Company is contemplating to include at least one female director to join the Board by 31 December 2024 pursuant to Note to Rule 17.104 of the GEM Listing Rules.

The Nomination Committee has been delegated with the responsibilities for the review of the Board Diversity Policy on an annual basis to ensure its continued effectiveness, and where necessary, will make revisions that may be required and recommend any such revision to the Board for consideration and approval.

At the meeting held on August 18, 2023, the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy during the Year and considered that, except for the gender diversity in respect of the Board, it was sufficient and effective, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board.

Workforce Diversity Policy

As at June 30, 2023, the gender ratio the Company's workforce (calculated by dividing the no. of female staff by the no. of male staff) was 0.63. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

The Company offers all-rounded trainings to all employees of both gender whom we consider having the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development.

INDEPENDENT VIEWS OF THE BOARD

In compliance with Code B.1.4 of the CG Code, the Company has established mechanisms to ensure that a strong independent element on, and independent views and input are available to the Board (the "**Mechanisms**").

The Mechanisms cover the composition of the Board and Board Committees, the independence assessment of the INED, Board decision making progress and guideline of policy implementation review.

The Board will review the implementation and effectiveness of the Mechanisms annually. At the meeting held on August 18, 2023, the Board has reviewed the implementation and effectiveness of the Mechanisms during the FY2023 and considered that the existing Mechanisms is sufficient and effective.

The Board have also taken into account the respective contributions of the INEDs to the Board and their firm commitments to their independent roles. During the FY2023, all the INEDs do not hold any cross-directorships or have any significant links with other Directors through involvement in other companies or bodies that could give rise to conflicts of interest in their roles as INEDs and they are not involved in the daily management of the Company nor in any relationships or circumstances which would affect the exercise of their independent judgment. They continue to demonstrate their ability to provide an independent, balanced and objective view to the affairs of the Company.

ANTI-CORRUPTION POLICY

To outline the Company's expectations and requirements on prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities; and to provide information and guidance on recognising and dealing with bribery and corruption, the Company has established its group-wise anti-corruption policy that complies with Code D.2.7 of the CG Code.

Our staff can anonymously report any suspected corrupt incident directly to the chairman of the Audit Committee, who will review the complaints and determine the appropriate mode of investigation and subsequent corrective action. Upon completion of investigation, the results of investigation together with corrective action plans (if any) will be communicated to the senior management of the Company. No incident of fraud or misconduct was considered to have material effect on the Group's financial statements or overall operations for the FY2023. The anti-corruption policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

WHISTLE-BLOWING POLICY

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability, the Company has established a whistle-blowing policy which forms an important part of its effective risk management and internal control systems.

Under the whistle-blowing policy, the whistleblowers can be any employee of the Group or any third party who deal with the Group (e.g. customers, suppliers, etc.). The whistleblowers who wish to report a concern can complete and send a prescribed whistleblowing report form with supplementary information, if any, directly to the management of the Company by email or by post. No concern was reported nor proved to be correct and substantiated during the FY2023. The whistle-blowing policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

The Group strictly adheres to the rules and regulations relating to anti-corruption and fraudulent behaviors set out by the relevant authorities. At the same time, the Group maintains a high standard of business integrity throughout its operations. We require our employees to follow our employee manual and code of business conduct and ethics, negligence and corruption. We also carry out regularly on the job compliance training for our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility.

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 FY2023, all the Directors, namely Mr. Chew Hua Seng, Mr. Liu Ying Chun, Mr. Tan Yeow Hiang, Kenneth, Mr. Wilson Teh Boon Piaw and Mr. Guo Shaozeng (resigned on April 30, 2023) 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 FY2023 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 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. Tan Yeow Hiang, Kenneth (chairman of the Audit Committee), Mr. Wilson Teh Boon Piaw and Mr. Liu Guilin.

The Audit Committee held four meetings during the FY2023 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, 2022 and unaudited first quarterly results for the three months ended September 30, 2022, interim results for the six months ended December 31, 2022 and third quarterly results for the nine months ended March 31, 2023 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 FY2023. The Audit Committee also carried out and discharged its other duties as set out in the CG Code.

The Audit Committee met on August 18, 2023 and among other matters, reviewed the Group's audited consolidated results for the FY2023.

The attendance of each INED at the Audit Committee meeting during the FY2023 is as follow:

Members	**Number of meetings attended/eligible to attend**
Mr. Tan Yeow Hiang, Kenneth *(Chairman)*	4/4
Mr. Wilson Teh Boon Piaw	4/4
Mr. Guo Shaozeng (resigned on April 30, 2023)	3/4

(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; (d) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; and (e) to review and/or approve matters relating to share schemes under Chapter 23 of the GEM Listing Rules.

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

During the FY2023, 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 FY2023 is as follows:

Members	**Number of meetings attended/eligible to attend**
Mr. Wilson Teh Boon Piaw *(Chairman)* (resigned on July 25, 2023)	1/1
Mr. Chew Hua Seng	1/1
Mr. Tan Yeow Hiang, Kenneth	1/1

The Remuneration Committee met on August 18, 2023 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 three members, of which two are INEDs. The members of the Nomination Committee are Mr. Wilson Teh Boon Piaw (chairman of the Nomination Committee), Mr. Liu Guilin (both 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 FY2023, the Nomination Committee held one 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 FY2023 is as follows:

Members	**Number of meetings attended/eligible to attend**
Mr. Guo Shaozeng *(Chairman)* (resigned on April 30, 2023)	1/1
Mr. Wilson Teh Boon Piaw *(Chairman)* (appointed as Chairman on July 25, 2023)	1/1
Mr. Chew Hua Seng	1/1

The Nomination Committee met on August 18, 2023 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 FY2023, 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 FY2023 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 general meeting (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 FY2023, 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 2023 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 FY2023 are set out in note 10 to the financial statements. Pursuant to code provision E.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" in this annual report for the FY2023 by band is set out below:

Remuneration band (in RMB)	**Number of individuals**
Nil to 500,000	2
500,001 to 1,000,000	1

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 (including ESG risks and opportunities). 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 FY2023, the Company has engaged an external professional internal control consultant firm (the "**Internal Control Consultant**") to provide internal control review services to the Group on an annual basis. The internal control review 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 (including ESG risks and opportunities) 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 FY2023 were audited by 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 FY2023 is set out below:

Type of Services	**Fees Paid/Payable (RMB)**
Assurance services	
Auditing of financial statements, agreed-upon procedures on the Group's preliminary annual results announcement and report on the Group's continuing connected transactions	750,000
Other auditing works	50,000
Reporting accountants in relation to a very substantial disposal	400,000
	1,200,000

COMPANY SECRETARY

The Company Secretary is Ms. Tung, who has been appointed by the Board since January 22, 2021 and has been so nominated by Boardroom Corporate Services (HK) Limited ("**Boardroom**") under an engagement letter entered into between the Company and Boardroom. The primary person of the Company with whom Ms. Tung has been contacting is Mr. Zhang Jianguang, deputy general manager, in relation to corporate secretarial matters. Ms. Tung has extensive experience in the corporate secretarial field, audit and assurance, financial management and corporate finance, gained from her working with an international accounting firm and a number of listed companies in Hong Kong. Ms. Tung is a fellow member of The Hong Kong Institute of Certified Public Accountants and a Fellow Certified Practising Accountant of the CPA Australia. Ms. Tung had attended no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules during the FY2023.

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 and 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 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 PRC at Levels 1 and 2, 100 Zhangheng Road, Oriental University City, Langfang Economic & Technological Development Zone, Hebei Province, the PRC 065001 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 Ms. Tung at winnie.tung@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.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a Shareholders' communication policy with the objective of ensuring that the Shareholders will have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and allow them to engage actively with the Company.

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 to the enquiries from the Shareholders timely. The Directors will host the AGM each year to meet the Shareholders and answer their enquiries.

The Board has reviewed the Group's shareholders and communication activities conducted during the year ended June 30, 2023 and is satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

CONSTITUTIONAL DOCUMENTS

During the FY2023, 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

ABOUT THIS REPORT

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, 2023 ("**Year 2023**"), with an aim to provide details of the system establishment and performance of the Group in terms of sustainable development to both the internal and external stakeholders.

Oriental University City ("**OUC**") is a district located in Langfang Economic 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 476,858 square meters in OUC, among which the Group owns teaching buildings with a gross floor area of approximately 198,433 square meters and dormitories with a gross floor area of approximately 103,433 square meters. The Group hosted more than 12 Education Institutions with a student population of 14,000 within the campus.

Reporting Standard and Scope

This ESG report has been prepared in compliance with the "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") set out in Appendix 20 to the GEM Listing Rules (the "**GEM Listing Rules**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This ESG Report highlights the environmental and social measures and activities of the Group during the Year 2023. For information regarding the corporate governance section, please refer to the Corporate Governance Report.

The Company is committed to creating sustained value for stakeholders by implementing ESG management framework into its operation with an aim to put the objectives of sustainable development into its daily practice. To be accountable to all the stakeholders, the Company endeavoured to minimise the influence on the environment, be aware of the employee well-being and contribute more to the community.

GOVERNANCE STRUCTURE

Board's oversight of ESG issues

The Board retains overall responsibility for overseeing the Group's sustainability strategy, policy and annual reporting. The role of the Board involves directing and overseeing sustainability initiatives to ensure their effectiveness and relevance in light of the evolving sustainability landscape. The Board is committed to incorporate ESG mindset into the Group's business operations and responsible for the long-term sustainability of the Group, including formulating strategies and overseeing the Group's ESG-related risks and opportunities. The Board considers ESG-related risks and opportunities as part of the Company's overall strategic formulation.

The management is delegated to develop sustainability strategies and polices, implement sustainability initiatives and provide sustainability reporting. The management is responsible for executing projects, evaluating results, monitoring potential risks and reporting on performance.

ESG management approach and strategy for material ESG-related issues

To better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually. The Group ensures various platforms and channels of communication are used to reach, listen and respond to its key stakeholders. Through communication with the stakeholders, the Group can understand their expectations and concerns. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the impacts of the business decisions.

The Group has evaluated the materiality for each of the ESG aspects through the following steps: (i) identification of ESG issues by the Group; (ii) key ESG areas prioritisation with stakeholder engagement; and (iii) validation and determining material ESG issues based on the results of communication with the stakeholders.

Taking these steps enhances the understanding of the expectations and concerns of the Group's stakeholders on various ESG issues, which enable the Board to plan the sustainable development direction to address material ESG-related issues in the future.

Progress made against ESG-related goals and targets

ESG-related goals and targets have been set to provide a strategic direction in business operations, the progress is closely reviewed by the Group from time to time. Modification may be needed if the progress falls short of expectation or change of business operations.

The Group's sustainability target enables the Company to develop a realistic roadmap and focus on results of achieving the visions. The sustainability performance and progress made against the goals are reported to the Board for review at least annually.

REPORTING PRINCIPLES

The ESG Report follows the four reporting principles as mentioned in the ESG Reporting Guide:

Materiality: Stakeholder engagement and materiality assessment were conducted annually to identify material ESG issues, and to ensure that these issues are addressed in the ESG Report.

Quantitative: Data presented in this ESG Report have been collected prudently. Please refer to the environmental and social performance data for standards and methodologies used for calculation of key performance indicators.

Balance: An unbiased and balanced picture of the performance has been disclosed in a transparent manner.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent throughout the years to facilitate comparability over time.

REPORTING BOUNDARIES

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 2023 in relation to four environmental aspects and eight social aspects.

The key performance indicators ("**KPIs**") data are gathered only from the operations under the Group's direct operational control. The Group will continue to strengthen information of the major ESG aspects in order to enhance the disclosure of information on sustainable development when and where applicable.

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.

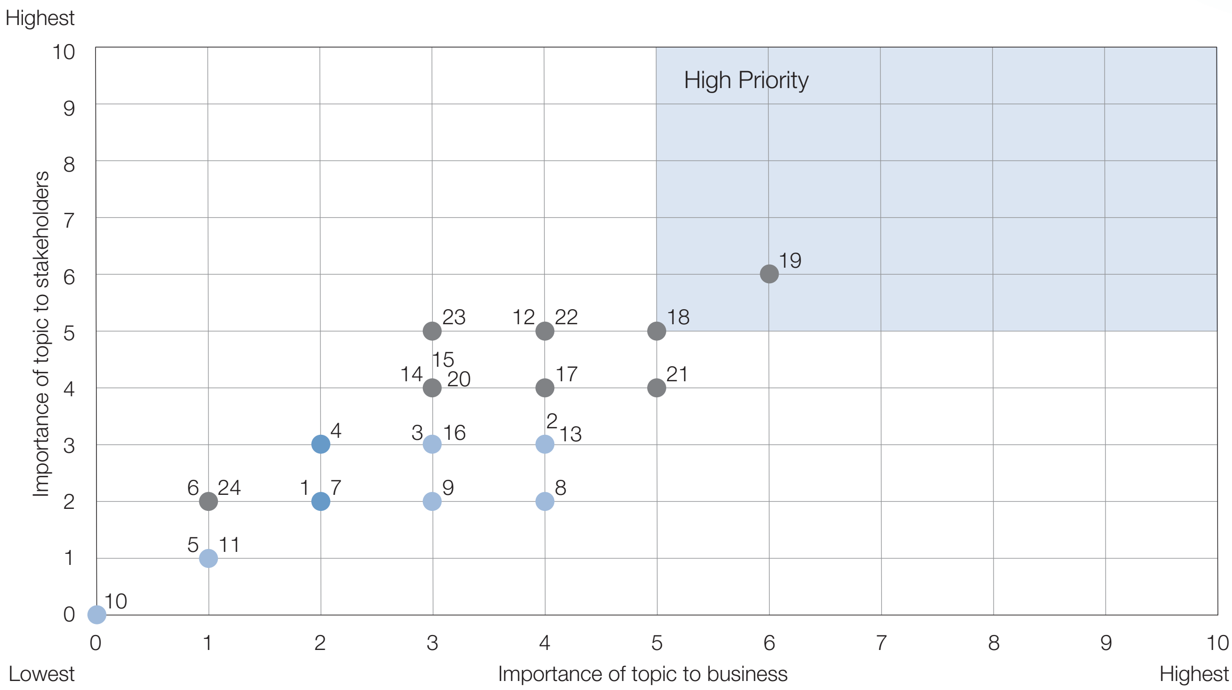
The Group continues to improve stakeholder engagement and strives to understand and respond to stakeholders' expectations and requirements through diverse communication and response.

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	• Customer information security • Reliability of services • Transportation and accessibility	• Customer privacy protection • 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 ASSESSMENT

In the Year 2023, the Group carried out materiality assessment on a number of ESG issues in order to identify which issues were crucial to the Group's business and were of the utmost concern to stakeholders. It helps the Group to ensure its business development can meet the expectations and requirements of stakeholders. The Group has identified 24 ESG issues covering environmental, social and operation, and has invited both internal and external stakeholders to assess the materiality of the ESG issues through a scoring tool and interviews. The Group's management has reviewed the ranking of materiality of the ESG issues and then disclosed the results in this report. The results of materiality assessment prioritised stakeholder inputs and made the Group focused on the material aspects for actions, achievements and reporting.

The Group's materiality matrix of ESG issues in Year 2023:



Environmental issues	Social issues	Operation issues
1. Greenhouse gas ("**GHG**") emissions	8. Community contribution	17. Supply chain management
2. Energy consumption and resource management	9. Occupational health and safety	18. Supplier evaluation and selection
3. Water resources management	10. Child labour	19. Customer satisfaction
4. Waste management	11. Forced labour	20. Customer privacy
5. Use of packaging materials	12. Training and development	21. Feedback and complaint handling
6. Impact on the environment	13. Salaries and employee benefits	22. Product safety and quality
7. Climate change	14. Diversity and equal opportunity	23. Intellectual property protection
	15. Talent attraction and retention	24. Marketing and labeling
	16. Anti-corruption	

ENVIRONMENT ASPECTS

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 2023 and Year 2022 (defined as the year ended June 30, 2022) are shown in the table below:

Environmental indicators	Unit	Year 2023	Year 2022
Air emissions *(Note 1)*			
Nitrogen oxides (NO_x) emissions *(Note 2)*	Kg	**16.33**	68.92
Sulphur oxides (SO_x) emissions *(Note 2)*	Kg	**0.03**	0.13
Particulate matter (PM) emissions *(Note 2)*	Kg	**1.56**	6.58
GHG emissions			
Total GHG emissions *(Note 2,3)*	Tonnes CO_2e	**582.46**	870.15
GHG emissions intensity	Kg CO_2e/square meter of campus site	**1.21**	1.61
Direct emissions (Scope 1) *(Note 2)*	Tonnes CO_2e	**5.85**	24.42
Indirect emissions (Scope 2) *(Note 4)*	Tonnes CO_2e	**565.95**	835.10
Other indirect emissions (Scope 3) *(Note 5)*	Tonnes CO_2e	**10.66**	10.63
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: The emission factors used to calculate the NOx, SOx and PM are sourced from: (i) the Hong Kong Environmental Protection Department's ("**EPD**") EMFAC-HK Vehicle Emission Calculation model; and (ii) the United States Environmental Protection Agency's Vehicle Emission Modeling Software – MOBILE6.1. The assumption of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30kmh, and include running exhaust emissions only.

Note 2: The significant decrease in air emissions and direct GHG emissions as compare with Year 2022 due to the number of vehicles owned by the Group has been reduced from 4 vehicles to 1 vehicle in Year 2023.

Note 3: GHG emissions can be divided into the following three separate areas:

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 generation of purchased electricity that is consumed by the Group; and

Scope 3: Other indirect GHG emissions that occurred outside the Group, including both upstream and downstream emissions including: (i) emission from paper waste disposed at landfills; (ii) emission from electricity consumption for processing fresh water and sewage; and (iii) business travel by employees by the Group.

Note 4: The emission factor for Langfang City as in North China Grid (華北電網) is set at 0.9419 kg CO_2/kWh, which are sourced from The Ministry of Ecology and Environment of People's Republic of China (2019).

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.

To better manage the Group's material topics and its performance on emissions, the Group decides to set quantifiable targets for air emissions and GHG emissions over the year ending June 30, 2024 ("**Year 2024**") as follows:

Environmental indicators	**Reduction target**	**Baseline Year**	**Status**
NO_x emissions intensity	Reduce 3% by Year 2024	Year 2019	In progress
SO_x emissions intensity	Reduce 3% by Year 2024	Year 2019	In progress
PM emissions intensity	Reduce 3% by Year 2024	Year 2019	In progress
GHG emissions intensity	Reduce 3% by Year 2024	Year 2019	In progress
Non-hazardous waste produced intensity	Reduce 3% by Year 2024	Year 2019	In progress
Hazardous waste produced intensity	Maintain zero generation	Year 2019	In progress

In Year 2023, 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 2023.

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 2023	Year 2022
Units of diesel consumed	kWh	**N/A**	N/A
Units of petrol consumed *(Note 1)*	kWh	**15,706.44**	88,974.78
Units of purchased heating consumed *(Note 2)*	kWh	**180,437.73**	180,437.73
Units of purchased electricity consumed *(Note 3)*	kWh	**600,861.38**	886,611.03
Total energy consumption	kWh	**797,005.55**	1,156,023.54
Total energy consumption intensity	kWh/square meter of campus site	**1.65**	2.13
Amount of water consumption *(Note 4)*	Tonnes	**7,166**	9,058
Water consumption intensity	Tonnes/square meter of campus site	**0.01**	0.02
Total amount of packaging materials used *(Note 5)*	Tonnes	**N/A**	N/A
Intensity of packaging materials used	Tonnes/units of product	**N/A**	N/A

Note 1: The conversion factor used to convert data in other units to kWh is sourced from the Energy Statistics Manual issued by the International Energy Agency.

Note 2: 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. 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).

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 ESG Report is near to 720 hours for Year 2023 and Year 2022.

Note 3: The data of purchased electricity consists of three parts:

(i) 487,404.65 kWh and 485,483.88 kWh of electricity were consumed for PRC office and vacant buildings maintenance in Year 2023 and Year 2022 respectively;

(ii) 61,866.21 kWh and 220,803.20 kWh of electricity were consumed for a heat exchange station for delivering heating to customers after the secondary pressurisation by OUC in Year 2023 and Year 2022 respectively; and

(iii) 51,590.52 kWh and 180,323.95 kWh of electricity were consumed for a water pump house for supplying water to customers after the secondary pressurisation by OUC in Year 2023 and Year 2022 respectively.

Note 4: The data of water consumption consists of two parts:

(i) 1,257 tonnes and 4,058 tonnes were used for PRC office and vacant buildings maintenance in Year 2023 and Year 2022 respectively; and

(ii) 5,909 tonnes and 5,000 tonnes were used for a heat exchange station for delivering heating to customers after the secondary pressurisation by OUC in Year 2023 and Year 2022 respectively.

Note 5: The Group's business does not involve any use of packaging materials. Therefore, no data in this aspect is available.

During the Year 2023, the Group has not experienced any difficulty in sourcing water that is fit for the usage of the Group.

The Group seeks opportunities to reduce and recycle resources that have consumed in order to minimise the amount of waste generated to the environment by the following steps taken to achieve it:

- 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.

To better manage the Group's material topics and its performance on environmental aspect, the Group decides to set quantifiable targets for use of resources over the Year 2024 as follows:

Environmental indicators	**Reduction target**	**Baseline Year**	**Status**
Energy consumption intensity	Reduce 3% by Year 2024	Year 2019	In progress
Natural gas consumption intensity	Reduce 3% by Year 2024	Year 2019	In progress
Water consumption intensity	Reduce 3% by Year 2024	Year 2019	In progress

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.

Environment of dormitories

Environment of campus site

Climate Change

Task Force on Climate-related Financial Disclosures (the "**TCFD**") provides a reporting framework for companies to report their climate-related risks to the stakeholders. TCFD divided climate-related risks into physical risks and transition risks, the physical impacts of climate change and transition risks brought by decarbonisation could have material impact to the Group's operation and development. The Group has raised its awareness towards the risks and potential impacts on the Group due to climate change. The Group has identified the climate-related risks that may adversely impact the Group's operations and development.

The Group understands that the climate change has posed existential threats to the world and its operation, and the Group must put effective measures in place to protect its operations from potential disruptions and damages caused by them. Such risks include physical risks such as typhoon and rainstorms potentially leading to loss of electrical power, property and machinery damage and staff casualty as well as transition risks such as policy and regulatory changes.

In response to these, the Group has created risk management system and procedures to identify, monitor and control climate change impacts. Particular measures to mitigate climate change related impacts include the enhancement and well maintenance of building design and structure and facilities therein to strengthen endurance against extreme weathers. Emergency plans including flexibility of working hour and location under certain extreme weathers are also in place to maintain the Group's day-to-day operation in order and reduce risks of staff injuries when commuting.

The Group is also concerned about the exposure to relevant regulatory requirement that would have potential cost implications or disruption of operation due to failure to meet them by the then practices of operations. Failure to comply with those limits would lead to a fine and or even an order to suspend the operation for a certain period. The Group will regularly review relevant policy updates and assess their potential impact on the operation and stipulate relevant responsive measures to mitigate the potential risks.

SOCIAL ASPECTS

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

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.

As of June 30, 2023, the total number of employees being employed by the Group in the PRC was 26 (2022: 29). Summaries of the composition of the employees for the Year 2023 are disclosed as follows:

The composition of the employees by categories	**Unit**	**Year 2023**	Year 2022
Workforce by gender			
Male	No. of employees	**16(62%)**	18(62%)
Female	No. of employees	**10(38%)**	11(38%)
Workforce by employment type			
Part time	No. of employees	**–**	–
Full time	No. of employees	**26(100%)**	29(100%)
Workforce by age group			
Under 30 years old	No. of employees	**–**	–
30 to 50 years old	No. of employees	**16(62%)**	17(59%)
Over 50 years old	No. of employees	**10(38%)**	12(41%)
Workforce by geographical region			
Hong Kong	No. of employees	**–**	–
Mainland China	No. of employees	**26(100%)**	29(100%)

As of June 30, 2023, employee turnover rate by categories for the Year 2023 are disclosed as follows:

Employee turnover rate by categories	**Year 2023**	Year 2022
Employee turnover rate by gender *(Note 1)*		
Male	**13%**	11%
Female	**10%**	18%
Employee turnover rate by age group *(Note 1)*		
Under 30 years old	**–**	–
30 to 50 years old	**–**	18%
Over 50 years old	**30%**	8%
Employee turnover rate by geographical region *(Note 1)*		
Hong Kong	**–**	–
Mainland China	**12%**	14%

Note 1: Employee turnover rate by categories is calculated by dividing the total number of employees departed in such category by the total number of employees in the corresponding category.

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, compassionate leave and annual leave.

In Year 2023, 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 2023.

Health and 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 firefighting 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 firefighting 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.

In response to the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") pandemic, 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 including 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.

During the Year 2023, the number and rate of work-related fatalities occurred and the number of lost days due to work injury are as follows:

Work-related fatalities occurred	Year 2023	Year 2022	Year 2021
Number of work-related fatalities	–	–	–
Rate of work-related fatalities (%)	–	–	–

Work-related fatalities occurred	Year 2023	Year 2022
Lost days due to work injury	–	–

In Year 2023, 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 2023.

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) firefighting 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 percentage of employees trained by categories during the Year 2023 are listed as follows:

Percentage of employees trained by categories	Year 2023	Year 2022
Percentage of employee trained *(Note 1)*	**100%**	100%
By gender *(Note 2)*		
Male	**62%**	62%
Female	**38%**	38%
By employee category *(Note 2)*		
Senior Level	**14%**	14%
Middle Level	**43%**	38%
Entry Level	**43%**	48%

Note 1: Percentage of employees trained is calculated by dividing the number of employees who took part in training by the number of employees.

Note 2: Breakdown for employees trained by categories is calculated by dividing the number of employees trained in such category by the number of employees who took part in training.

The average training hours per employee by categories during the Year 2023 are listed as follows:

Average training hours of employees by categories	**Unit**	**Year 2023**	Year 2022
Average training hours per employee *(Note 1)*	Hour	**12**	12
Average training hours by gender *(Note 2)*			
Male	Hour	**12**	12
Female	Hour	**12**	12
Average training hours by employee category *(Note 2)*			
Senior Level	Hour	**12**	12
Middle Level	Hour	**12**	12
Entry Level	Hour	**12**	12

Note 1: Average training hours per employee is calculated by dividing the total number of training hours by the number of employees.

Note 2: Average training hours by categories is calculated by dividing the total number of training hours for such category by the number of employees in the corresponding category.

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 Labour (《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 ensures child labour is not in the workforce. If any child labour or forced labour is identified, the employment contract will be terminated immediately. The Group is committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with respect, fairness, and free will for the employees.

In Year 2023, 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 Labour 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 Labour (《禁止使用童工規定》). In addition, there were no significant fines or sanctions as the result of non-compliance with relevant laws and regulations in Year 2023.

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.

During the Year 2023, the Group was not aware that any key suppliers had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of human rights issues.

During the Year 2023, the number of suppliers by geographical region is as follows:

Suppliers by geographical region	**Year 2023**	Year 2022
The PRC	**3**	3

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 handling 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.

The Group mainly provides leasing services hence no recall product for safety and health reasons. The Group did not receive service-related complaint in Year 2023. In case of customer feedback with reasonable urgency and of importance, customer can submit directly to operation department of the Group for immediate action, head of operation department will review customer's feedback and assign to responsible personnel for handling the case.

Protecting intellectual property rights is a priority to the Group which has in place dedicated management systems related to the handling of patents and intellectual property. The Group has complied with all applicable legal requirements to prohibit intellectual property infringement.

In Year 2023, 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 2023.

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.

The Group has provided internal training of the relevant law and knowledge and organise directors and employees to study the national anti-corruption laws and regulations and Company's anti-corruption policy. Besides, there were no legal case regarding corrupt practices in Year 2023.

In Year 2023, 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 endeavours to support the communities in which the Group operates including community engagement to understand the needs of communities, and to ensure the Group's activities take into consideration of the communities' interest.

The Group encourages its employees to participate in community activities, such as community health initiatives, sports, cultural activities, volunteer work, and education donation. All employees of the Group are encouraged to participate in environmental protection activities and raise the environmental awareness of people in the communities.

HKEX ESG REPORTING GUIDE INDEX

Subject	**Disclosure Requirements**	**Section**
Environmental		
A1 Emissions	General Disclosure: Information on below in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions

Subject	Disclosure Requirements	Section
Environmental		
A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Use of resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (in kWh) and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of resources
A3 Environment and Natural Resources	General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and natural resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and natural resources
A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate change

Subject	Disclosure Requirements	Section
Social		
B1 Employment	General Disclosure: Information on below relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2 Health and Safety	General Disclosure: Information on below relating to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and safety
KPI B2.2	Lost days due to work injury.	Health and safety
KPI B2.3	Description of occupational health and safety measures adopted how they are implemented and monitored.	Health and safety

Subject	Disclosure Requirements	Section
Social		
B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and training
B4 Labour Standards	General Disclosure: Information on below relating to preventing child and forced labour: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Labour standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour standards
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Supply chain management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain management

Subject	Disclosure Requirements	Section
Social		
B6 Products Responsibility	General Disclosure: Information on below relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Product responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibility
B7 Anti-corruption	General Disclosure: Information on below relating to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Subject	Disclosure Requirements	Section
Social		
B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community investment

BDO

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

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

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

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 82 to 148, which comprise the consolidated statement of financial position as at June 30, 2023, 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, 2023, 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, and 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 RMB1,458,878,000 as at June 30, 2023 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. Fair value was generally derived by the income capitalisation method and where appropriate, by market comparison method. 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. Income capitalisation method was based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates and market rents. Market comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors. There is a risk that the carrying amount of investment properties may be significantly changed if the valuation methodology adopted and the key assumptions and inputs 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 adopted and key assumptions and inputs applied 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.

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 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 judgement 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, actions taken to eliminate threats or safeguards applied.

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 18, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	6	**61,680**	54,168
Employee costs	9	**(4,923)**	(5,824)
Depreciation of property, plant and equipment	14	**(372)**	(348)
Business taxes and surcharges		**(920)**	(720)
Property taxes and land use taxes		**(12,145)**	(11,035)
Property management fee		**(4,598)**	(5,029)
Repairs and maintenance		**(1,379)**	(580)
Legal and consulting fees		**(2,413)**	(3,892)
Other income, other (losses)/gains, net	7	**(13,648)**	(6,554)
Other expenses		**(3,347)**	(3,849)
Share of results of associates	16	**(2,846)**	6,845
Operating profit before impairment and fair value changes		**15,089**	23,182
Reversal of impairment loss on an associate	16	**2,652**	–
Fair value (losses)/gains on investment properties	15	**(16,838)**	22,780
Operating profit		**903**	45,962
Interest expense on bank borrowings		**(14,905)**	(19,648)
Interest income		**78**	53
(Loss)/profit before income tax	8	**(13,924)**	26,367
Income tax:	12		
Current tax		**(12,619)**	(153)
Deferred tax		**3,164**	(20,263)
(Loss)/profit for the year		**(23,379)**	5,951
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences from translation of foreign operations		**115**	(243)
Share of other comprehensive income of associates	16	**8,965**	(278)
Other comprehensive income for the year		**9,080**	(521)
Total comprehensive income for the year		**(14,299)**	5,430

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 RMB'000	2022 RMB'000
(Loss)/profit attributable to			
– Owners of the Company		**(23,017)**	5,811
– Non-controlling interests		**(362)**	140
		(23,379)	5,951
Total comprehensive income attributable to			
– Owners of the Company		**(13,937)**	5,290
– Non-controlling interests		**(362)**	140
		(14,299)	5,430
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year	13		
– Basic (RMB per share)		**(0.13)**	0.03
– Diluted (RMB per share)		**(0.13)**	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	14	**4,707**	4,805
Investment properties	15	**1,458,878**	1,563,593
Interests in associates	16(a)	**46,643**	69,906
Prepayments	17	**72,336**	18,009
Total non-current assets		**1,582,564**	1,656,313
Current assets			
Trade and other receivables	18	**12,004**	18,623
Amount due from an associate	16(b)	**33,406**	–
Tax recoverable		**31**	76
Restricted cash		**–**	2,678
Cash and cash equivalents		**63,752**	4,713
Total current assets		**109,193**	26,090
Current liabilities			
Trade and other payables and accruals	19	**12,335**	14,919
Advances from customers		**6,054**	5,728
Bank borrowings, secured	20	**68,323**	40,552
Current tax liabilities		**2,314**	76
Total current liabilities		**89,026**	61,275
Net current assets/(liabilities)		**20,167**	(35,185)
Total assets less current liabilities		**1,602,731**	1,621,128
Non-current liabilities			
Trade and other payables and accruals	19	**–**	4,551
Bank borrowings, secured	20	**193,142**	189,866
Deferred tax liabilities	21	**176,143**	178,966
Total non-current liabilities		**369,285**	373,383
NET ASSETS		**1,233,446**	1,247,745

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Notes	2023 RMB'000	2022 RMB'000
Capital and reserves attributable to owners of the Company			
Share capital	22	**290,136**	290,136
Reserves	23	**932,696**	946,633
		1,222,832	1,236,769
Non-controlling interests		**10,614**	10,976
TOTAL EQUITY		**1,233,446**	1,247,745

On behalf of the Board

Chew Hua Seng	**Liu Ying Chun**
Chairman and Executive Director	*Chief Executive Officer and Executive Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

		Reserves						
	Share capital RMB'000 (Note 22)	Other reserves RMB'000 (Note 23)	Statutory surplus reserve RMB'000 (Note 23)	Retained profits RMB'000 (Note 23)	Exchange reserve RMB'000 (Note 23)	Equity attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at July 1, 2021	290,136	(71,025)	1,418	1,011,847	(897)	1,231,479	10,836	1,242,315
Profit for the year	–	–	–	5,811	–	5,811	140	5,951
Exchange differences from translation of foreign operations	–	–	–	–	(243)	(243)	–	(243)
Share of other comprehensive income of associates	–	–	–	–	(278)	(278)	–	(278)
Total comprehensive income for the year	–	–	–	5,811	(521)	5,290	140	5,430
Balance at June 30, 2022 and July 1, 2022	**290,136**	**(71,025)**	**1,418**	**1,017,658**	**(1,418)**	**1,236,769**	**10,976**	**1,247,745**
Loss for the year	**–**	**–**	**–**	**(23,017)**	**–**	**(23,017)**	**(362)**	**(23,379)**
Exchange differences from translation of foreign operations	**–**	**–**	**–**	**–**	**115**	**115**	**–**	**115**
Share of other comprehensive income of associates	**–**	**–**	**–**	**–**	**8,965**	**8,965**	**–**	**8,965**
Total comprehensive income for the year	**–**	**–**	**–**	**(23,017)**	**9,080**	**(13,937)**	**(362)**	**(14,299)**
Transfer to statutory surplus reserve	**–**	**–**	**92**	**(92)**	**–**	**–**	**–**	**–**
Balance at June 30, 2023	**290,136**	**(71,025)**	**1,510**	**994,549**	**7,662**	**1,222,832**	**10,614**	**1,233,446**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(13,924)**	26,367
Adjustments for:			
Interest income		**(78)**	(53)
Interest expense on bank borrowings		**14,905**	19,648
Depreciation of property, plant and equipment	14	**372**	348
Fair value losses/(gains) on investment properties	15	**16,838**	(22,780)
Share of results of associates	16	**2,846**	(6,845)
Loss on disposal of investment properties	7	**18,234**	4,917
Loss on disposal of property, plant and equipment		**–**	58
Reversal of impairment loss on an associate	16	**(2,652)**	–
Unrealised net foreign exchange (gains)/losses		**(3,620)**	1,868
Operating profit before working capital changes		**32,921**	23,528
Decrease in trade and other receivables		**7,009**	5,185
(Decrease)/increase in trade and other payables and accruals		**(1,126)**	2,442
(Decrease)/increase in advances from customers		**(466)**	1,817
Cash generated from operations		**38,338**	32,972
Income taxes paid		**(10,338)**	(151)
Net cash generated from operating activities		**28,000**	32,821
Cash flows from investing activities			
Interest received		**78**	53
Release of restricted cash		**2,678**	1,847
Prepayments for investment properties		**(54,327)**	(3,271)
Purchase of property, plant and equipment and investment properties		**(17,460)**	(5,857)
Proceeds from disposal of investment properties		**93,726**	–
Return of capital from an associate		**–**	15,550
Advances to related companies		**(66)**	(63)
Received from related companies		**63**	67
Net cash generated from investing activities		**24,692**	8,326

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from financing activities	32		
Proceeds from bank borrowings		**50,000**	–
Repayment of bank borrowings		**(22,636)**	(50,917)
Interest expense on bank borrowings		**(14,905)**	(19,648)
Advances from related companies		**–**	6,051
Repayments to related companies		**(6,051)**	–
Net cash generated from/(used in) financing activities		**6,408**	(64,514)
Net increase/(decrease) in cash and cash equivalents		**59,100**	(23,367)
Cash and cash equivalents at beginning of year		**4,713**	28,095
Effect of foreign exchange rate changes, net		**(61)**	(15)
Cash and cash equivalents at end of year		**63,752**	4,713
Analysis of the balances of cash and cash equivalents			
Cash at banks and in hand		**13,748**	4,713
Restricted bank deposit*		**50,004**	–
		63,752	4,713

* As at 30 June 2023, bank balances that are placed in restricted bank accounts can only be applied in renovation/refurbishment of investment properties projects, of which the bank deposits are held for meeting short-term cash commitments of the Group and are included in cash and cash equivalents. The restricted bank balances carrying interest at interest rate of 0.35% (2022: nil) per annum.

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 (the "Directors") consider that the Company's ultimate parent is Raffles Education Limited (("RE"), formerly known as Raffles Education Corporation Limited), a company incorporated in Singapore, whose shares are listed on Singapore Exchange Securities Trading Limited. The subsidiaries of RE excluding the Group, are collectively referred to as the RE Group.

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

(a) Adoption of revised HKFRSs – effective July 1, 2022

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41
Amendments to HKAS 12	International Tax Reform- Pillar Two Model Rules

None of these amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

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

(b) New and amendments to HKFRSs that have been issued but are not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (Revised) ("2020 Amendments")[2,4]
Amendments to HKAS 1	Non-current Liabilities with Covenants ("2022 Amendments")[2,4]
Amendment to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after January 1, 2023
2 Effective for annual periods beginning on or after January 1, 2024
3 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined
4 As a consequence of the amendments to the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 (revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (Revised), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify that the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that an entity will exercise its right to defer settlement of a liability. The amendments also clarify the situations that are considered a settlement of a liability.

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

(b) New and amendments to HKFRSs that have been issued but are not yet effective – *Continued*

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (Revised), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Continued

In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively. Earlier application is permitted.

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

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events. Earlier application is permitted.

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

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

(b) New and amendments to HKFRSs that have been issued but are not yet effective – *Continued*

Amendments to HKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

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

HKFRS 17 – Insurance Contracts and the related Amendments

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a "General Model", which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments in 2020 introduced changes to simplify some of the requirements; make financial performance easier to explain and ease transition by providing addition transition reliefs. Amendments in 2022 introduced a transition option relating to comparative information about financial assets presented on initial application of HKFRS 17 to avoid temporary accounting mismatches between financial assets and insurance contract liabilities.

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

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

(b) New and amendments to HKFRSs that have been issued but are not yet effective – *Continued*

Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk in response to investors' concerns that some entities' SFA are not sufficiently visible, hindering investors' analysis.

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

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

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The amendments are to be applied prospectively.

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

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, 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 consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

3. BASIS OF PREPARATION – *Continued*

(b) Basis of measurement

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(a) Subsidiary – *Continued*

Consolidation – Continued

(i) Business combination – Continued

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(a) Subsidiary – *Continued*

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.

(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. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(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.

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(f) Investment properties – *Continued*

Any gains or losses on the retirement or disposal of an investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the asset at last reporting date) are recognised in the consolidated statement of profit or loss and other comprehensive income in the year of the retirement or disposal.

(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, the recoverable amount of assets are estimated individually. When it is not possible to estimate the recoverable amount individually, these 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(h) Financial instruments – *Continued*

(i) Financial assets – Continued

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(h) Financial instruments – *Continued*

(ii) Impairment loss on financial assets – Continued

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.

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 and bank borrowings, secured 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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(h) Financial instruments – *Continued*

(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.

(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 consolidated 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

Cash and cash equivalents, presented on the consolidated statement of financial position and in the consolidated statement of cash flows, include cash, which comprises of cash on hand and demand deposits, and cash equivalents, which comprises of restricted bank deposits arising from renovation/refurbishment of investment properties projects that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(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.

(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 consolidated 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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

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

(ii) Deferred income tax – Continued

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.

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) Retirement benefit costs

Pursuant to the relevant local regulations in the PRC, the PRC subsidiary of the Company 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

Rental and interest income which are derived from the Group's ordinary course of business are presented as revenue.

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

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated 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.

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(q) 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.

4. SIGNIFICANT ACCOUNTING POLICIES – *Continued*

(q) Related parties – *Continued*

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

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.

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

(b) Fair value measurements

The fair value of each investment property is individually determined at the end of each reporting period by independent valuer. The valuer has relied on the income capitalisation method and where appropriate, by market comparison method. Management also determines fair value based on active market prices and adjusted if necessary for any difference in nature, location or conditions of the specific asset, and uses alternative valuation methods such as recent prices on less active markets. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. The carrying amount of the investment properties may be significantly changed if the valuation methodology adopted and key assumptions and inputs applied in the valuation are varied. Further details about in fair value assessment of investment properties set out in Note 15.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provision in the period in which such determination is made.

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxes on changes in fair value of all investment properties at enterprise income tax rate.

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 Group is principally engaged in leasing services in the PRC, Malaysia and Indonesia and the CODM assesses the performance of the business based on a measure of operating results and considers the business as a single operating segment. Information reported to the CODM for the purposes of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated.

Segment assets and liabilities has not been presented as such amounts are not regularly provided to the executive directors.

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

	2023	2022
	RMB'000	RMB'000
Revenue within scope of HKFRS 16:		
– Education facilities leasing	**58,154**	50,061
– Commercial leasing for supporting facilities	**3,526**	4,107
	61,680	54,168

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

	2023	2022
	RMB'000	RMB'000
Revenue within scope of HKFRS 16:		
– PRC	**55,277**	48,039
– Non-PRC (Malaysia and Indonesia)	**6,403**	6,129
	61,680	54,168

6. SEGMENT REPORTING AND REVENUE – *Continued*

Management considered most of 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.

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:

	2023 RMB'000	2022 RMB'000
College A	**17,778**	–
College B	**10,067**	Not applicable[1]
College C	**6,775**	15,709
College D	**6,487**	7,728
RE Group	**6,403**	6,129

[1] The corresponding revenue did not contribute 10% of the total revenue of the Group for the respective period.

7. OTHER INCOME, OTHER (LOSSES)/GAINS, NET

	2023 RMB'000	2022 RMB'000
Net foreign exchange gains/(losses)	**3,620**	(1,868)
Loss on disposal of property, plant and equipment	**–**	(58)
Loss on disposal of investment properties	**(18,234)**	(4,917)
Others	**566**	289
Government grants (Note)	**400**	–
	(13,648)	(6,554)

Note:

For the year ended June 30, 2023, government grants had been received from Langfang Economics and Technological Development Zone Management Committee ("廊坊經濟技術開發區管理委員會", English name is for identification purpose only) in relation to the outstanding contribution made to the society by the PRC subsidiary. There were no unfulfilled conditions or contingencies relating to this grant.

8. (LOSS)/PROFIT BEFORE INCOME TAX

This is arrived at after charging:

	2023 RMB'000	2022 RMB'000
Auditor's remuneration	**1,200**	750
Direct operating expenses arising from investment properties that generated rental income during the year	**12,368**	13,140
Direct operating expenses arising from investment properties that did not generate rental income during the year	**8,136**	7,595

9. EMPLOYEE COSTS

	2023 RMB'000	2022 RMB'000
Employee costs (including directors' emoluments) comprise:		
Wages and salaries	**3,838**	4,516
Other allowances and benefits	**624**	725
Contributions to defined contribution retirement plans	**461**	583
	4,923	5,824

Note:

For the years ended June 30, 2022 and 2023, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions. As at June 30, 2022 and 2023, there were no forfeited contributions which were available for utilisation by the Group to reduce the existing level of contributions to the government defined contribution retirement benefit scheme.

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:

2023	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	–	318	–	318
Independent Non-executive Director				
Wilson Teh Boon Piaw	179	–	–	179
Tan Yeow Hiang, Kenneth	179	–	–	179
Guo Shaozeng (Note (i))	149	–	–	149
	507	318	–	825

2022	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	–	322	–	322
Independent Non-executive Director				
Lam Bing Lun, Philip (Note (ii))	82	–	–	82
Wilson Teh Boon Piaw	166	–	–	166
Tan Yeow Hiang, Kenneth	166	–	–	166
Guo Shaozeng	166	–	–	166
	580	322	–	902

10. DIRECTORS' EMOLUMENTS – *Continued*

No director waived any emolument during the years ended June 30, 2022 and 2023.

During the years ended June 30, 2022 and 2023, Mr. Chew Hua Seng, a director of the Company, is also a director of RE, whose emoluments were borne by RE.

Note:

(i) Mr. Guo Shaozeng resigned as an independent non-executive director on April 30, 2023.

(ii) Mr. Lam Bing Lun, Philip resigned as an independent non-executive director on January 1, 2022.

(iii) Mr. Liu Guilin was appointed as an independent non-executive director on July 25, 2023.

11. FIVE HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, one (2022: one) was director of the Company whose emolument is included in the disclosures in Note 10 above. The emoluments of the remaining four (2022: four) individuals were as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other benefits	**1,367**	1,437
Contributions to defined contribution retirement plans	**91**	11
	1,458	1,448

Their emoluments fell within the following band:

	2023 Number of Individuals	2022 Number of individuals
HK$Nil to HK$1,000,000 (equivalent to approximately RMB925,300 (2022: RMB854,000))	**4**	4

12. INCOME TAX

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

	2023 RMB'000	2022 RMB'000
Current tax for the year		
– PRC corporate income tax	**2,239**	–
– Malaysian income tax	**238**	153
– PRC land appreciation tax	**10,142**	–
	12,619	153
Deferred tax (Note 21)	**(3,164)**	20,263
Income tax	**9,455**	20,416

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 land appreciation tax

A PRC subsidiary is also subject to PRC land appreciation tax which is levied at progressive rates on the appreciation of land value with certain allowance deductions.

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.

12. INCOME TAX – *Continued*

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.

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 (loss)/profit before income tax in the consolidated statement of profit or loss and other comprehensive income as follows:

	2023	2022
	RMB'000	RMB'000
(Loss)/profit before income tax	**(13,924)**	26,367
Tax calculated at applicable domestic tax rates	**(3,847)**	6,300
Tax effect of share of results of associates	**854**	(1,776)
Tax losses not recognised	**–**	7,477
Tax effect of expenses not deductible for tax purposes	**11,488**	8,477
Tax effect of revenue not taxable for tax purposes	**(1,389)**	(62)
Utilisation of tax loss not recognised	**(7,793)**	–
Tax effect of PRC land appreciation tax	**10,142**	–
Income tax	**9,455**	20,416

13. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2023	2022
(Loss)/profit attributable to owners of the Company (RMB'000)	**(23,017)**	5,811
Weighted average number of ordinary shares in issue (thousands)	**180,000**	180,000

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company did not have any potential ordinary shares outstanding during the years ended June 30, 2022 and 2023. Diluted (loss)/earnings per share are equal to basic (loss)/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, 2021	5,074	3,983	8,738	17,795
Additions	–	347	–	347
Disposals	–	(407)	(103)	(510)
Exchange alignment	–	(15)	–	(15)
At June 30, 2022 and July 1, 2022	5,074	3,908	8,635	17,617
Additions	–	263	–	263
Disposals	–	(2)	–	(2)
Exchange alignment	–	76	–	76
At June 30, 2023	5,074	4,245	8,635	17,954
Accumulated depreciation				
At July 1, 2021	888	3,422	8,659	12,969
Depreciation	130	206	12	348
Eliminated on disposals	–	(407)	(42)	(449)
Exchange alignment	–	(56)	–	(56)
At June 30, 2022 and July 1, 2022	1,018	3,165	8,629	12,812
Depreciation	130	240	2	372
Eliminated on disposals	–	(2)	–	(2)
Exchange alignment	–	65	–	65
At June 30, 2023	1,148	3,468	8,631	13,247
Net carrying value				
At June 30, 2023	3,926	777	4	4,707
At June 30, 2022	4,056	743	6	4,805

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:

	2023 RMB'000	2022 RMB'000
Fair value		
At beginning of year	**1,563,593**	1,547,773
Additions	**17,197**	5,510
Disposals	**(111,960)**	(9,559)
Exchange realignment	**6,886**	(2,911)
Change in fair value	**(16,838)**	22,780
At end of year	**1,458,878**	1,563,593

(a) Valuation

Independent valuations of the Group's investment properties were performed by Cushman & Wakefield Limited, an independent firm of professionally qualified valuers, to determine the fair value of the Group's investment properties as at June 30, 2022 and 2023, 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, 2022 and 2023.

15. INVESTMENT PROPERTIES – *Continued*

(a) Valuation – *Continued*

Valuation basis

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

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

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

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

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

Valuation techniques

Fair value of completed investment properties are generally derived using the income capitalisation method and market comparison method.

Income capitalisation method (term and reversionary method) largely uses observable inputs (e.g. market rent, capitalisation rate, etc.) and takes into account the significant adjustment on term yield to account for the risk upon reversionary.

Market comparison method refers to the comparable market transactions as available. The market comparison method 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*

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

Description	Fair value as at June 30, 2023 RMB'000	Fair value as at June 30, 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties in the PRC	**775,280**	846,512	Income capitalisation method	Unit monthly rent (RMB/sq.m.)	Teaching: 17.5 – 19 (2022: 16.5 – 17.3) Dormitory: 17.5 – 18 (2022: 16.5 – 17.3) Retail: 17.5 (2022: 16.5)	The higher the unit monthly rent, the higher the fair value
				Capitalisation rate	8% (2022: 8%)	The higher the capitalisation rate, the lower the fair value
	562,100	601,808	Market comparison method	Market indicative transaction prices (RMB/sq.m.)	1,200 (2022: 1,200)	The higher the market indicative transaction price, the higher the fair value
Completed investment properties in Malaysia	**65,180**	64,191	Income capitalisation method	Unit monthly rent (Malaysian Ringgit ("RM")/psf)	4.0 – 4.5 (2022: 4.1)	The higher the unit monthly rent, the higher the fair value
				Capitalisation rate	4.25% (2022: 4.25%)	The higher the capitalisation rate, the lower the fair value
Completed investment properties in Indonesia	**56,318**	51,082	Market comparison method	Market indicative transaction prices (Indonesian Rupiah ("IDR")/sq.m.)	54,000,000 – 56,700,000 (2022: 54,696,000-57,609,000)	The higher the market indicative transaction price, the higher the fair value
	1,458,878	1,563,593				

15. INVESTMENT PROPERTIES – *Continued*

(a) Valuation – *Continued*

The following table summarised the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurement of investment properties.

	2023 **RMB$'000** **Increase/** **(decrease)**	2022 RMB$'000 Increase/ (decrease)
Unit monthly rent of PRC properties decreased by 5%	**(37,741)**	(42,326)
Capitalisation rate of PRC properties decreased by 1%	**75,714**	84,208
Market indicative transaction prices of PRC properties decreased by 5%	**(28,105)**	(30,092)
Unit monthly rent of Malaysia properties decreased by 5%	**(2,013)**	(2,130)
Capitalisation rate of Malaysia properties decreased by 0.25%	**3,251**	3,042
Market indicative transaction prices of Indonesia properties decreased by 5%	**(3,140)**	(2,561)

(b) As at June 30, 2023, the carry amount of investment properties of RMB863,298,000 are pledged to secure banking facilities of the Group (2022: RMB353,333,000) (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.

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE

(a) Interests in associates

	2023 RMB'000	2022 RMB'000
Share of net assets other than goodwill	**43,991**	69,906
Goodwill	**2,652**	2,652
	46,643	72,558
Accumulated impairment loss (Note)	**–**	(2,652)
Share of net assets	**46,643**	69,906

Details of the associates are as follows:

Name	Place of incorporation, operation and principal activities	Percentage of ownership interest 2023	Percentage of ownership interest 2022
Axiom Properties Limited ("Axiom")	Australia, property investment and development in Australia	**19.01%**	19.01%
4 Vallees Pte. Ltd. ("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 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. As at June 30, 2023, the fair value of the Group's investment in Axiom, which is listed on the Australian Securities Exchange, based on the quoted market price is RMB17,374,000 (June 30, 2022: RMB21,623,000).

Note:

During the year ended June 30, 2023, impairment of RMB 2,652,000 made in prior years against the carrying amount of interests in associates had been reversed. This reversal arose due to an increase in its fair value less cost to sell by reference to its quoted market price of RMB17,374,000 as at June 30, 2023.

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE – *Continued*

(a) Interests in associates – *Continued*

For the year ended June 30, 2023

	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	119,650	76,511	
Group's effective interest	24.61%	19.01%	
Group's share of net assets of the associates other than goodwill	29,446	14,545	43,991
Goodwill	–	2,652	2,652
Group's share of net assets of the associates	29,446	17,197	46,643

For the year ended June 30, 2022

	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	216,525	87,423	
Group's effective interest	24.61%	19.01%	
Group's share of net assets of the associates other than goodwill	53,287	16,619	69,906
Goodwill	–	2,652	2,652
Accumulated impairment loss	–	(2,652)	(2,652)
Group's share of net assets of the associates	53,287	16,619	69,906

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE – *Continued*

(a) Interests in associates – *Continued*

Summarised financial information of 4 Vallees is as follows:

	2023 RMB'000	2022 RMB'000
As at June 30		
Current assets	**1,908**	43,529
Non-current assets	**286,408**	248,089
Current liabilities	**(96,792)**	(10,614)
Non-current liabilities	**(71,874)**	(64,479)

	2023 RMB'000	2022 RMB'000
Revenue	**5,262**	5,692
Profit for the year	**25**	8,660
Other comprehensive income	**33,269**	279
Total comprehensive income	**33,294**	8,939
Return of capital (Note 16(b))	**(130,169)**	–

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE – *Continued*

(a) Interests in associates – *Continued*

Summarised financial information of Axiom is as follows:

	2023 RMB'000	2022 RMB'000
As at June 30,		
Current assets	**60,080**	99,005
Non-current assets	**26,486**	3,814
Current liabilities	**(10,055)**	(14,464)
Non-current liabilities	**–**	(932)

	2023 RMB'000	2022 RMB'000
Revenue	**9,578**	5,806
(Loss)/profit for the year	**(15,001)**	24,794
Other comprehensive income	**4,089**	(1,824)
Total comprehensive income	**(10,912)**	22,970
Return of capital received by the Group	**–**	(15,550)

16. INTERESTS IN ASSOCIATES AND AMOUNT DUE FROM AN ASSOCIATE – *Continued*

(b) Amount due from an associate

The balance represented the capital reduction receivables from 4 Vallees, which was unsecured, interest-free and no fixed term of repayment.

Pursuant to a board resolution of 4 Vallees dated November 1, 2022, an aggregate amount of Singapore Dollar ("SGD") 22,603,440 will be returned from its paid-up share capital to its shareholders as excess capital by way of a share capital reduction. Out of SGD22,603,440 share capital reduction, SGD6,250,861 (equivalent to RMB33,406,000) will be returned to the Group. After the share capital reduction, the Group's effective interest in 4 Vallees remains unchanged.

17. PREPAYMENTS

As at June 30, 2023, included in the balances were (i) prepayments of RMB26,943,000 (2022: RMB18,009,000) made for acquisition of investment properties in Mongolia at a total consideration of RMB32,712,000 and (ii) prepayment of RMB45,393,000 (2022:Nil) made for various refurbishment and construction works of investment properties in Langfang at a total consideration of RMB94,354,000.

Subsequent to the reporting date, the Group and the construction company, who is responsible for one of the refurbishment and construction works of investment properties in Langfang, entered into a supplemental agreement, pursuant to which both parties agreed unconditionally to (1) postpone the estimated completion date of construction works to March 31, 2025 as a result of the change on scope of the refurbishment and construction works, and (2) refund in whole the prepayment made for refurbishment and construction works of RMB44,454,000 by the construction company to the Group, as the construction work has been postponed.

18. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	RMB'000
Trade receivables	**7,689**	6,559
Other receivables (Note)	**624**	8,553
Other tax recoverable	**3,691**	3,511
	12,004	18,623

Note:

Included in the balance as at June 30, 2023 was an amount due from an associate of RMB66,000 (2022: RMB 63,000), which was unsecured, interest-free, repayable on demand and non-trade in nature.

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 required to be paid 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. Generally, the Education Institutions are required to pay the majority of the annual rentals before the end of October, with the remaining payable by the end of calendar year. In relation to commercial leasing for support facilities, most of the Group's tenants are required to pay the annual rent in advance unless stated otherwise in their respective tenancy agreements. The aging analysis of trade receivables (net of impairment) by the contract terms is as follows:

	2023 RMB'000	2022 RMB'000
Within 3 months	5,499	47
3 months to 6 months	1,282	5,138
6 months to 12 months	–	1,232
Over 1 year	908	142
	7,689	6,559

The Group recognised impairment loss for trade and other receivables during the years ended June 30, 2022 and 2023 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 31(a)(i).

19. TRADE AND OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000
Trade payables	2,641	4,284
Other payables (Note) and accruals	9,694	15,186
	12,335	19,470

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

Note:

Included in other payables as at June 30, 2023 were (i) rental deposits received from customers and RE Group of RMB4,107,000 and RMB648,000 respectively (2022: RMB4,739,000 and RMB636,000 respectively); (ii) other tax payable of RMB1,842,000 (2022: RMB1,038,000); (iii) amounts due to RE Group of nil (2022: RMB4,551,000, which were unsecured, interest-free, shall not be payable before January 1, 2024 and non-trade in nature); and (iv) an amount due to RE Group of nil (2022: RMB1,500,000, which was unsecured, interest-free, repayable on demand and non-trade in nature).

Analysis of trade payables and other payables and accruals for reporting purposes:

	2023	2022
	RMB'000	RMB'000
Current	**12,335**	14,919
Non-current	**–**	4,551
	12,335	19,470

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:

	2023	2022
	RMB'000	RMB'000
Within 3 months	**829**	1,210
3 months to 6 months	**880**	977
6 months to 12 months	**–**	1,829
Over 1 year	**932**	268
	2,641	4,284

20. BANK BORROWINGS, SECURED

	Notes	2023 RMB'000	2022 RMB'000
Bank borrowings due for repayment:			
– Within one year	(a)	**68,323**	40,552
– After one year but within two years		**60,615**	47,997
– After two years but within five years		**91,416**	125,569
– After five years		**41,111**	16,300
	(b)	**193,142**	189,866
	(c), (d)	**261,465**	230,418

Notes:

(a) As at June 30, 2023, bank borrowings due for repayment within one year included bank overdraft (non-revolving) and term loans amounting to RMB1,540,000 (2022: RMB20,226,000) and RMB66,783,000 (2022: RMB20,326,000) respectively.

(b) As at June 30, 2022 and 2023, 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 RMB9,682,000 (2022: RMB10,608,000).

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, 2022 and 2023 as based on the legal opinion of a Malaysian lawyer, the Directors considered that the Group has an unconditional right to defer settlement of the loan irrespective of the repayable on demand clause but follow the agreed repayment schedule.

(c) Bank borrowings are interest-bearing at both fixed rates and floating rates. The interest rates of the Group's bank borrowings as at June 30, 2023 granted under banking facilities ranged from 4.48% to 8.55% (2022: 4.63% to 8.16%) per annum.

(d) As at June 30, 2022 and 2023, the banking facilities of the Group were secured by certain investment properties of the Group (Note 15), corporate guarantee of the Company and share capital of PRC Subsidiary.

(e) As at June 30, 2023, the undrawn banking facility of RMB20,000,000 (2022: Nil), was subsequently fully utilised after the end of reporting period.

21. 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, 2021	158,788
Charged to profit or loss (Note 12)	20,263
Exchange realignment	(85)
At June 30, 2022 and July 1, 2022	178,966
Charged to profit or loss (Note 12)	(3,164)
Exchange realignment	341
At June 30, 2023	176,143

No withholding income tax has been recognised as at June 30, 2023 in respect of the unremitted earnings of the Group's PRC Subsidiary as the Group currently does not have any plan to declare or distribute dividend from the PRC Subsidiary.

As at June 30, 2023, the Group has no tax loss carried forward. The Group had not recognised deferred tax assets in respect of cumulative tax losses of RMB31,171,000 as at June 30, 2022 as it was not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

22. SHARE CAPITAL

The share capital as at June 30, 2022 and 2023 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, 2021, June 30, 2022 and June 30, 2023	180,000,000	366,320,500	290,136,000

23. RESERVES

The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated reserves 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
Balance at July 1, 2021	20,868
Profit for the year	4,429
Balance as at June 30, 2022 and July 1, 2022	25,297
Profit for the year	4,643
Balance as at June 30, 2023	29,940

24. DIVIDENDS

The Directors have resolved not to recommend the payment of any final dividend for the years ended June 30, 2022 and 2023.

25. 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 (2022: one to ten years). The minimum rent receivables under non-cancellable operating leases are as follows:

	2023 RMB'000	2022 RMB'000
Not later than one year	**54,816**	47,439
Later than one year but not later than two years	**36,749**	36,113
Later than two years but not later than three years	**33,507**	32,226
Later than three years but not later than four years	**30,027**	32,905
Later than four years but not later than five years	**11,977**	31,961
More than five years	**36,050**	37,987
	203,126	218,631

26. COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Investments in subsidiaries	27	**566,484**	566,484
Interests in associates		**17,197**	49,231
Prepayment		**26,943**	18,009
		610,624	633,724
Current assets			
Other receivables		**66**	63
Amounts due from subsidiaries		**77,315**	43,058
Amount due from an associate		**33,406**	–
Cash and cash equivalents		**468**	45
		111,255	43,166
Current liabilities			
Other payables and accruals		**2,218**	2,069
Amounts due to subsidiaries		**399,509**	359,312
Current tax liabilities		**76**	76
		401,803	361,457
Net current liabilities		**(290,548)**	(318,291)
NET ASSETS		**320,076**	315,433
Capital and reserves			
Share capital	22	**290,136**	290,136
Retained profits	23	**29,940**	25,297
TOTAL EQUITY		**320,076**	315,433

On behalf of directors

Chew Hua Seng
Chairman and Executive Director

Liu Ying Chun
Chief Executive Officer and Executive Director

27. INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of the subsidiaries which affected the results, assets or liabilities of the Group during the year ended June 30, 2023:

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	RMB263,500,000	99%
Langfang Tongrui Education Consultancy Co., Ltd.# 廊坊通睿教育諮詢有限公司	PRC, limited liability company	Provision of education facilities rental services in the PRC	RMB199,000,000	99%
OUC Malaysia Sdn. Bhd.	Malaysia, limited liability company	Provision of education facilities rental services in Malaysia	RM2,000,000	100%
OUC (Indonesia) Pte. Ltd.	Singapore, limited liability company	Investment holding	Singapore dollar 2	100%
PT OUC Jakarta Indo	Indonesia, limited liability company	Investment holding	IDR2,500,000,000	100%
PT OUC Thamrin Indo	Indonesia, limited liability company	Provision of education facilities rental services in Indonesia	IDR2,500,000,000	100%

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

28. RELATED PARTY TRANSACTIONS

The Group is controlled by RE and Mr. Chew Hua Seng, the founding shareholder of RE, 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:

	Note	2023 RMB'000	2022 RMB'000
Rental income received from fellow subsidiaries:			
Raffles College of Higher Education Sdn. Bhd.		**3,112**	2,981
PT. Raffles Institute of Higher Education		**3,291**	3,148
		6,403	6,129
Rental income received in advance from fellow subsidiary included in advances from customers:			
PT. Raffles Institute of Higher Education		**–**	1,547
Interest expense on bank borrowings, which one of director of the bank is also the independent director of the Company			
Langfang Bank Co., Ltd ("LF Bank")#	(ii)	**Not Applicable**	10,016

Notes:

(i) The Group obtained a loan revolving facility of RMB35,000,000 from RE for a term of three years effective from June 30, 2020 to June 30, 2023. On June 30, 2023, the Group obtained a new loan revolving facility of RMB40,000,000 from RE for a term of three years effective from June 30, 2023. The Group did not utilise the facilities during the years ended June 30, 2022 and 2023.

(ii) During the year ended June 30, 2021, the Group obtained a bank borrowing of RMB200,000,000 from LF Bank, Mr. Guo Shaozeng was one of directors of LF Bank and also an independent director of the Company. On February 23, 2022, Mr. Guo Shaozeng resigned his position of director of LF Bank.

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.

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.

28. RELATED PARTY TRANSACTIONS – *Continued*

(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.

29. CAPITAL COMMITMENTS

	2023 RMB'000	2022 RMB'000
Renovation/refurbishment of investment properties	**221,205**	184,180
Acquisition of investment properties	**5,769**	14,703
	226,974	198,883

30. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets, at amortised cost		
– Trade and other receivables	**8,313**	15,112
– Amount due from an associate	**33,406**	–
– Restricted cash	**–**	2,678
– Cash and cash equivalents	**63,752**	4,713
Financial liabilities		
Financial liabilities, at amortised cost		
– Trade and other payables	**9,749**	17,556
– Bank borrowings, secured	**261,465**	230,418

31. 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, 2023, the Group provided education facilities leasing and commercial leasing for supporting facilities to five largest customers (2022: five) which accounts to 77.0% (2022: 73.7%) of the Group's total revenue. As at June 30, 2023, 86.5% (2022: 78.3%) of trade receivables due from these five customers. For the consideration of collectability of these five customers, management has not made any provision for trade receivables as of June 30, 2022 and 2023. The Group believes there is no further credit risk provision required because the credit risk of these trade receivables is not significant.

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 and 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.

31. 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, 2023

	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
Neither past due nor impaired	N/A	5,499	–	5,499
1 to 3 months past due	–	–	–	–
More than 3 months but less than 12 months past due	–	1,282	–	1,282
More than 12 months past due	35	1,399	491	908
		8,180	491	7,689

At June 30, 2022

	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	–	47	–	47
More than 3 months but less than 12 months past due	–	6,370	–	6,370
More than 12 months past due	78	633	491	142
		7,050	491	6,559

31. FINANCIAL RISK MANAGEMENT – *Continued*

(a) Financial risk factors – *Continued*

(i) *Credit risk – Continued*

Impairment of trade receivables – *Continued*

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.

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

	2023	2022
	RMB'000	RMB'000
At beginning and end of the year	**491**	491

The credit risk on trade receivables is limited because the counterparties are with low loss rates which is estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available.

Impairment of other financial assets at amortised cost

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

31. FINANCIAL RISK MANAGEMENT – *Continued*

(a) Financial risk factors – *Continued*

(i) *Credit risk – Continued*

Impairment of other financial assets at amortised cost – *Continued*

These financial assets 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.

In determining the ECL for other receivables and amount due from an associate, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, and concluded that credit risk inherent in the Group’s outstanding receivables is insignificant. The management of the Group has assessed there is no significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no impairment has been recognised.

31. FINANCIAL RISK MANAGEMENT – *Continued*

(a) Financial risk factors – *Continued*

(i) Credit risk – Continued

Impairment of other financial assets at amortised cost – *Continued*

The following table provides information about the Group's exposure to credit risk and ECLs for other receivables and amount due from an associate are as follows:

At June 30, 2023

	Expected loss rate (%)	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**	**Net amount RMB'000**
12-month ECLs – Stage 1	**–**	**34,030**	**–**	**34,030**
Lifetime ECLs – Stage 2	**N/A**	**–**	**–**	**–**
Lifetime ECLs – Stage 3	**100**	**5,937**	**5,937**	**–**
		39,967	**5,937**	**34,030**

At June 30, 2022

	Expected loss rate (%)	Gross carrying amount RMB'000	Loss allowance RMB'000	Net amount RMB'000
12-month ECLs – Stage 1	–	8,553	–	8,553
Lifetime ECLs – Stage 2	N/A	–	–	–
Lifetime ECLs – Stage 3	100	5,937	5,937	–
		14,490	5,937	8,553

31. FINANCIAL RISK MANAGEMENT – *Continued*

(a) Financial risk factors – *Continued*

(i) Credit risk – Continued

Impairment of other financial assets at amortised cost – *Continued*

	12-month ECLs RMB'000	Lifetime ECLs RMB'000	Total RMB'000
As July 1, 2021 and June 30, 2022, July 1, 2022 and June 30, 2023	–	5,937	5,937

(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, 2022 and 2023.

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.

31. FINANCIAL RISK MANAGEMENT – *Continued*

(a) Financial risk factors – *Continued*

(ii) Liquidity risk – Continued

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, 2023						
Trade and other payables	**9,749**	**9,749**	**9,749**	**–**	**–**	**–**
Bank borrowings, secured	**261,465**	**312,942**	**82,478**	**70,939**	**110,320**	**49,205**
	271,214	**322,691**	**92,227**	**70,939**	**110,320**	**49,205**
As at June 30, 2022						
Trade and other payables	17,556	17,556	13,005	4,551	–	–
Bank borrowings, secured	230,418	267,195	53,749	58,287	136,423	18,736
	247,974	284,751	66,754	62,838	136,423	18,736

(iii) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits and bank borrowings, secured. The Group has not used any derivative contracts in order to hedge its exposure to interest rate risk. At June 30, 2022 and 2023, the Group does not anticipate significant impact to bank deposits because the interest rates of bank deposits are not expected to change significantly. The Group has not formulated a policy to manage the interest rate risk.

Cash at banks earns interest at floating rates based on daily deposit rates. At June 30, 2023, the deposits bore interest rates ranging from 0.2% to 0.55% (2022: 0.3% to 0.35%) which are close to the market interest rates.

31. FINANCIAL RISK MANAGEMENT – *Continued*

(a) Financial risk factors – *Continued*

(iii) Interest rate risk – Continued

The Group's fair value interest-rate risk mainly arises from bank borrowings, secured as disclosed in Note 20. At June 30, 2022 and 2023, borrowings, secured of RMB12,242,000 (2022: RMB31,947,000) were issued at variable rate in terms of RM which expose the Group to fair value interest rate risk. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

At June 30, 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year by approximately RMB122,000 (2022: decrease/increase the Group's profit for the year by approximately RMB319,000).

(iv) Foreign currency risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is currently exposed to currency risk primary arising from amount due from an associate which are denominated in currency other than the functional currency of the respective group entities, including Singapore dollar ("SGD"). During both years, the Group did not have foreign currency hedging policy but management continuously monitors foreign exchange exposure.

At June 30, 2023, it is estimated that a general increase/decrease of 50 basis points in RMB against SGD, with all other variables held constant, would decrease/increase the Group's (loss)/ profit for the year by approximately RMB167,000 (2022: RMBNil).

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial years and held constant throughout the year.

31. 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, 2023, the Group has bank borrowings, secured amounted to RMB261,465,000 (2022: RMB230,418,000). 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 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 carrying amounts of the Group's financial instruments including restricted cash, cash and cash equivalents, trade and other receivables, amount due from an associate, trade and other payables and bank borrowings, secured approximate their fair values.

At June 30, 2022 and 2023, all investment properties are included in level 3 in the fair value hierarchy. Details of the fair value measurement have been disclosed in Note 15.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Amounts due to related companies (Note 19) RMB'000	Bank borrowings, secured (Note 20) RMB'000
At July 1, 2022	6,051	230,418
Changes from cash flows:		
Interest paid on borrowings	–	(14,905)
Repayment to related companies	(6,051)	–
Proceeds from bank borrowings	–	50,000
Repayment of bank borrowings	–	(22,636)
	(6,051)	12,459
Other changes:		
Interest expense on borrowings	–	14,905
Exchange difference	–	3,683
Total other charges	–	18,588
At June 30, 2023	–	261,465

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – *Continued*

	Amounts due to related companies (Note 19) RMB'000	Bank borrowings, secured (Note 20) RMB'000
At July 1, 2021	–	281,928
Changes from cash flows:		
Interest paid on borrowings	–	(19,648)
Advances from related companies	6,051	–
Repayment of bank borrowings	–	(50,917)
	6,051	(70,565)
Other changes:		
Interest expense on borrowings	–	19,648
Exchange difference	–	(593)
Total other charges	–	19,055
At June 30, 2022	6,051	230,418

33. EVENT AFTER THE REPORTING PERIOD

On July 4, 2023, the Company (as the purchaser), RE (as the seller) and 4 Vallees (as the target company) had entered into a sale and purchase agreement ("SPA"), pursuant to which, the Company agreed to acquire the remaining 75.39% of the issued share capital of 4 Vallees, which it did not own, from RE, at a purchase consideration of Swiss Franc ("CHF") 11,479,000 (approximately RMB96,400,000) (the "Acquisition"). Upon completion of the Acquisition, 4 Vallees will become a wholly-owned subsidiary of the Company. The purchase consideration shall be adjusted at completion date, subject to a cap of CHF11,479,000, pursuant to the terms and conditions set out in the SPA.

An extraordinary general meeting will be convened to obtain approval of shareholders for the Acquisition, details of which will be disclosed in due course. Please refer to the Company's announcements dated July 4, 2023 and July 24, 2023 for details of the Acquisition.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements were reviewed by the Audit Committee and approved and authorised for issue by the Board of Directors on August 18, 2023.

INVESTMENT PROPERTIES

AT JUNE 30, 2023

Name and Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
Various land and buildings at Oriental University City, Langfang Economic & Technological Development Zone, Langfang City, Hebei Province, the People's Republic of China	Medium term	Teaching buildings	198,433	99
		Student and staff dormitories	103,433	
		Retail	24,663	
		Ancillary facilities	1,327	
			327,856	
		Land	476,858	
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, 2023 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				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
RESULTS					
Revenue	76,451	78,046	65,775	54,168	**61,680**
Operating profit	46,616	70,532	71,750	45,962	**903**
Interest income	998	463	61	53	**78**
Interest expense on bank borrowings	(953)	(3,108)	(13,892)	(19,648)	**(14,905)**
(Loss)/profit before income tax	46,661	67,887	57,919	26,367	**(13,924)**
Income tax expenses	(15,183)	(22,623)	(22,446)	(20,416)	**(9,455)**
(Loss)/profit for the year	31,478	45,264	35,473	5,951	**(23,379)**
Attributable to:					
Owners of the Company	31,144	44,764	34,891	5,811	**(23,017)**
Non-controlling interests	334	500	582	140	**(362)**

FINANCIAL SUMMARY

	As at June 30,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS AND LIABILITIES					
Non-current assets	1,312,398	1,595,066	1,646,226	1,656,313	**1,582,564**
Current assets	14,733	13,436	51,679	26,090	**109,193**
Current liabilities	(14,202)	(46,566)	(77,184)	(61,275)	**(89,026)**
Total assets less current liabilities	1,312,929	1,561,936	1,620,721	1,621,128	**1,602,731**
Non-current liabilities	(148,005)	(347,994)	(378,406)	(373,383)	**(369,285)**
Net assets	1,164,924	1,213,942	1,242,315	1,247,745	**1,233,446**
CAPITAL AND RESERVES					
Share capital	290,136	290,136	290,136	290,136	**290,136**
Reserves	864,907	913,425	941,343	946,633	**932,696**
Equity attributable to owners of the Company	1,155,043	1,203,561	1,231,479	1,236,769	**1,222,832**
Non-controlling interests	9,881	10,381	10,836	10,976	**10,614**
Total equity	1,164,924	1,213,942	1,242,315	1,247,745	**1,233,446**

The Company will deliver the financial statements for the year ended June 30, 2023 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

2023

Oriental University City
东方大學城

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