Top Education Group Ltd

澳洲成峰高教集團有限公司

(Registered in New South Wales, Australia with limited liability)
(Stock Code: 1752)

ANNUAL REPORT **2018**

能力 責任

誠信 共贏

祝敏申

Capability, Integrity, Responsibility & A Winning Alliance

Top has been a leader in innovative private higher education since its inception in 2001.

With the approval from TEQSA for Self-Accrediting Authority ("**SAA**"), TOP's growth strategy is to focus on organic growth to deliver high quality higher education programs in Australia, in support of the long-term strategic goal of becoming the first private, for-profit University of Specialisation in the broad field of education of Management and Commerce in Australia.

TOP's students are a snapshot of an increasingly global community. Drawn from both the international and domestic markets, our student community is diverse and vibrant. TOP's teachers are highly accomplished academics from both Australian and international universities, offering specialised academic guidance with a strong emphasis on practical skills.

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Corporate Information

Board of Directors

Executive directors:

Dr. Minshen Zhu *(Chairman and Chief Executive Officer)*
Ms. Sumeng Cao

Non-executive directors:

Mr. Thomas Richard Seymour
(Mr. Kai Zhang as his alternate)
Mr. Amen Kwai Ping Lee
Mr. Jing Li
Mr. Keith Kyoichi Ogata (resigned on 26 October 2017)
Mr. Chaohui Liu (resigned on 26 October 2017)
Mr. Qingquan Yang (resigned on 27 October 2017)

Independent non-executive directors:

Professor Brian James Stoddart
Professor Steven Schwartz
Mr. Tianye Wang
Professor Weiping Wang

Audit Committee

Mr. Tianye Wang *(Chairman)*
Professor Brian James Stoddart
Professor Steven Schwartz
Professor Weiping Wang

Remuneration Committee

Professor Steven Schwartz *(Chairman)*
Mr. Tianye Wang
Mr. Amen Kwai Ping Lee

Nomination Committee

Professor Brian James Stoddart *(Chairman)*
Dr. Minshen Zhu
Professor Weiping Wang

Joint Company Secretaries

Ms. Min Ying
Ms. Ivy Yuk Yin Chow

Authorised Representatives

Dr. Minshen Zhu
Ms. Ivy Yuk Yin Chow

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Compliance Adviser

China Galaxy International Securities (Hong Kong)
Co., Limited
20th Floor, Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

Registered Office, Principal Place of Business and Head Office in Australia

Suite 1, Biomedical Building
1 Central Avenue
Australian Technology Park
Eveleigh, New South Wales 2015
Sydney
Australia

Place of Business in Hong Kong Registered under Part 16 of the Companies Ordinance

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Australia Principal Share Registrar

Top Education Group Ltd
Suite 1, Biomedical Building
1 Central Avenue
Australian Technology Park
Eveleigh, New South Wales 2015
Sydney
Australia

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Company Website

www.top.edu.au

Stock Code

1752

Chairman's Statement

Dear Shareholders,

It is my great privilege, on behalf of the Board of Directors of Top Education Group Ltd (the "Company" or "TOP"), to present to you the annual report of the Company for the year ended 30 June 2018, the first such report since the Company listed in Hong Kong.

Overview of TOP

The Company is an Australian-registered company established in 2001 and engaged in the Australian international education sector.

The Company is trading under the name Top Education Institute, located at the Australian Technology Park in Sydney ("ATP").

In 2009, TOP became a higher education institute with the principal business being to provide higher education award programs in Australia including undergraduate and postgraduate levels. Since January 2012, TOP has been registered with the Tertiary Education Quality and Standards Agency ("TEQSA"), the national regulator for the Australian higher education sector. In May 2018, TOP received approval from TEQSA for Self-Accrediting Authority ("SAA") in the Broad Field of Education in Business and Commerce from AQF level 5 to level 9 including Bachelor and Master degrees.

Since 2010, TOP has been recognised on the list issued by the Ministry of Education of the People's Republic of China on the Jiaoyu Shewai Jianguan Xinxi Wang ("JSJ List") as one of the 42 Australian Universities and Higher Education Institutes. TOP has also established three joint education co-operative programs in China, all officially approved by China's education authorities.

Alliance Agreement

In June 2016, TOP and PwC Australia announced that they had entered into a long-term Alliance Agreement to assist TOP to deliver initiatives in Australia including tertiary student career development, executive education programs, as well as smart-campus and digital education solutions.

Listing

On 11 May 2018, shares in the Company were successfully listed on the Main Board of the Stock Exchange. It was a significant milestone in the Company's development. The Company is the only Australian company listed on the Stock Exchange with core business of providing higher education programs.

The Company is committed to the ongoing provision of high-quality higher education programs in Australia as its core business, to continue the student career development programs and to build up Smart-campus infrastructure and services to its students in furtherance of the Company's strategic goals. TOP also continues to strengthen research capabilities and research culture as part of its commitment to delivering the very best possible educational programs and services.

Results Performance

The core business was growing in the year ended 30 June 2018 under the environment of the continuance of Australia's national strategy for international education and the increase of international student number in Australia such as those from China.

Our total income (revenue and other income and gains) increased by 16.2% to approximately AUD$24.9 million for the year ended 30 June 2018 from approximately AUD$21.5 million for the year ended 30 June 2017.

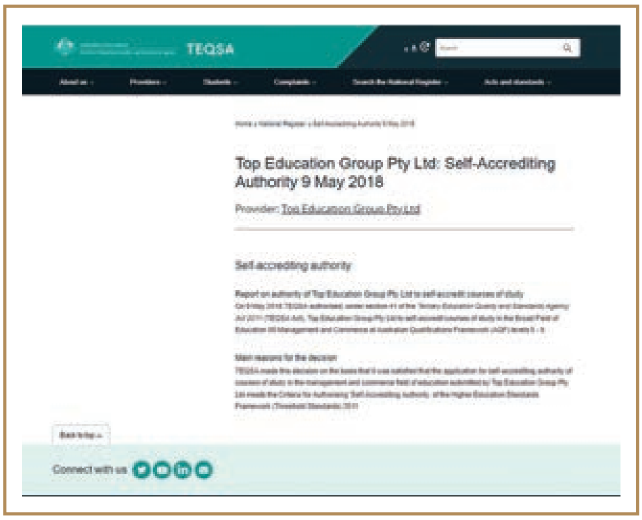
This financial year featured the one-off listing expenses of approximately AUD$6.0 million (2017: AUD$0.95 million), and the non-cash share-based payment of AUD$827,000 (2017: AUD$37,000).

Excluding the items which are not indicative of the Company's operating performance, the core net profit for the year ended 30 June 2018 reached AUD$8.1 million, raised by 45.2%, compared to AUD$5.6 million for the year ended 30 June 2017.

Business Highlights

TOP's Bachelor and Master Programs in Management & Commerce field ran well. In October 2017, TOP received a full seven years accreditation approval from TEQSA for the Master of Business Administration program ("MBA"). TOP has launched its MBA from March 2018.

The Company has worked with PwC Australia pursuant to the Alliance Agreement, particularly in delivering the Career Edge programs to TOP's students that helps enhance their career skills including communication, presentation, team work, case study, and decision-making. Such programs were well received by TOP's students as a major contribution to achieve their learning outcomes and future career development goals.



One of TOP's most prominent business highlights for the year was gaining approval from TEQSA in May 2018 for partial SAA in the broad field of education of Management and Commerce from AQF level 5 to level 9, including Bachelor and Masters degrees. By this decision, TOP became one of the 12 SAA-approved higher education institutes in Australia outside the public universities.

Being awarded SAA status confirmed TOP's high quality and standing in the field of Management and Commerce. This field attracts majority of international students to Australia. Under SAA, TOP is eligible to create undergraduate and postgraduate courses that are then assessed and approved by TOP's own academic governance system in accordance with TEQSA's regulatory framework.

Consequently, TOP has prepared a prioritised list of new courses to be processed under SAA terms.

The Company continues to develop its joint cooperative education programs in China. The cooperative program with Guangxi University of Economics and Finance was assessed by China's Ministry of Education during this financial year, and formally renewed for five years with student recruitment continuing within the China's National Higher Education Entrance Examination (in quota) system.

Chairman's Statement (Continued)

Another prominent highlight was the Company's successful listing on the Main Board of the Stock Exchange on 11 May 2018. The capital raised from that listing is being used to support the Company's future growth in both organic and mergers and acquisitions ("M&A") forms.

Future Strategy

Looking forward, the Company's principal growth strategy is to continually focus on delivering high-quality higher education programs in Australia towards the Company's long-term strategic goal of becoming Australia's first private, for-profit University of Specialisation in the broad field of education in Management and Commerce. In doing so, TOP has committed to further develop research culture.

The Company has strong organic capability to grow with respect to development of updated quality degree programs through SAA in Management & Commerce field in student demand, and degree courses in other fields by own application to TEQSA or by M&A.

The Company has planned increasingly expansion of its campus infrastructure by Smart Campus proposal and set out new campus capacities organically through "light asset investment" as the Australian educational legislation does not request the higher education provider must own any land or premise building, or through M&A.

TOP is continuously building its international network and platform supported by its growth of international cooperative programs in China, with public or private education providers, and other countries, which generates its service revenue overseas and provides student source for Australia.

The Company will continue working with PwC Australia particularly in student career development programs as the Company's unique character to support students' learning outcome and career future within Australia.

TOP has commenced research and development ("R&D") for digitalised education and training methodology with trend of future education.

Sincere Acknowledgement

On behalf of the Board, I take this opportunity to sincerely thank all students and parents for choosing TOP as their higher education supplier; to the Shareholders for their trusting investment in the Company; and to all of our business co-operators for their ongoing support of and confidence in TOP. I also express my sincere appreciation to the Board Members, the Council and Academic Board members, executives and all academic and administrative staff members for their dedication and contribution to the growth of the Company. Without all this appreciated and valued support, TOP would not have achieved these great results for the year ended 30 June 2018.

Dr. Minshen Zhu
Chairman

Australia, 24 September 2018

Management Discussion and Analysis

Business Review

Introduction of the Company

As one of Australia's primary, best-in-class private tertiary providers, the Company is nationally registered with TEQSA. TOP's Business School provides quality programs at both undergraduate and postgraduate levels. The relevant courses are also accredited by major professional bodies, such as CPA Australia and CAANZ. The Company made history as it founded the very first Law School within a private higher education institute when both TEQSA and NSW LPAB officially accredited its degree program in Law. As of 30 June 2018, the Company has 1151 students attending 23 programs across a range of diploma, bachelor and master's degrees, and non-award training.

Additionally, up to date, the Company is the only private higher education provider on JSJ List as one of the 42 recommended Australian universities and higher education institutes.

In May 2016, PwC Nominees, as a nominee for PwC Australia, invested in TOP as a Shareholder.

PwC Australia and TOP entered into an Alliance Agreement expiring on 31 March 2023. Prior to its expiry, the parties may agree to extend the term of that agreement for a further period and may agree to vary its terms for the extension period. Under the Alliance Agreement, PwC Australia agreed to provide a variety of services to help expand the Company's academic courses and non-academic programs in Australia.

Listing

On 11 May 2018, shares in the Company were successfully listed on the Main Board of the Stock Exchange with an offer price of HK$0.33. Including the issue of over-allotment shares that was completed in May 2018, the Company issued a total of 703,520,000 new shares, representing 27.2% of enlarged share capital. Through the initial public offering ("IPO"), the Company raised a total net proceeds of approximately HK$172 million or AUD$30 million after deducting underwriting fees and all relevant expenses.

Management Discussion and Analysis (Continued)

Operational Updates

For the year ended 30 June 2018, the Company had 137 employees. Compared with last financial year, our total number of staff members has increased by approximately 26%.

The Company continues to invest in staff scholarship and research. As at 30 June 2018, the cost occupied 2% of the employee expenses.

Compared with the last financial year, as at 30 June 2018, TOP's total equivalent full-time student load ("EFTSL") was increased by 4.2%.

TOP was approved an increase to international student capacity on CRICOS from 920 to 1500 on 16 February 2018.

TOP has launched its Master of Business Administration program since March 2018.

The Company engaged and allocated approximately AUD$1.1 million to develop a new Student and Staff Management platform in 2018 in response to the challenges of the changing environment and Smart Campus strategy.

Receive Self-Accreditation Authority

The Company received a letter from TEQSA on 16 May 2018 in relation to its approval for partial SAA in the broad field of education of Management and Commerce, as classified by the Australian Standard Classification of Education, which covers the AQF from level 5 (Diploma) to level 9 (Masters degree) Management and Commerce courses offered at TOP.

By obtaining the SAA, TOP is able to determine by itself whether its undergraduate and postgraduate courses in Management and Commerce adequately comply with regulatory standards rather than applying through TEQSA. While maintaining high quality of the courses, the time required for course accreditation will hence be significantly reduced. Accordingly, the partial SAA status not only allows TOP to more efficiently respond to market demand in coursework, but also constitutes a necessary step towards eventually achieving university of specialisation status.

Following the approval of partial SAA status, TOP enjoys the SAA status with 11 other non-university higher education providers, and has become one of the three non-university higher education providers with the SAA status that offer Management and Commerce higher education courses, and is the only non-university for-profit higher education provider offering courses in Management and Commerce.

Alliance with PwC Australia

Under the Alliance Agreement, PwC Australia has provided services which have assisted the Company to deliver initiatives in Australia including tertiary student career development and executive education programs, as well as designing `smart campus' and digital education solutions.

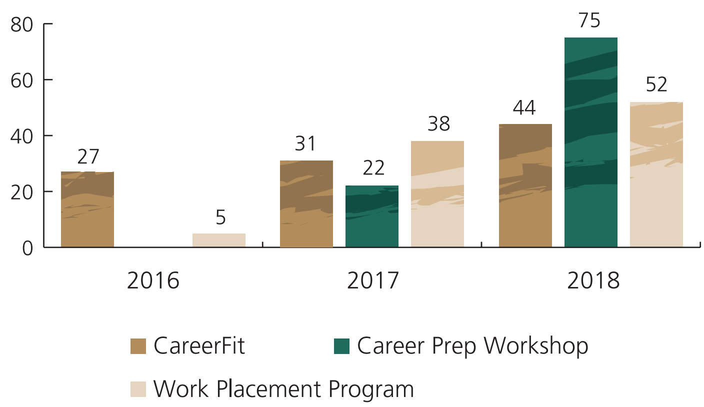
Student Career Development

TOP has a strong belief that the education is more than what students learn in the classroom. Through TOP's career development programs, the students will be able to turn the theories they learn in class into real life experiences. These experiences will help shape TOP's students to be outstanding candidates in today's highly competitive employment market.

Also, TOP's Career Edge programs have positioned it at a unique and competitive position in the student recruitment market as TOP has built up the reputation of focusing on student career development and pathway, which has been overlooked by many other providers.

For the half year ended 30 June 2018, the number of attendees of TOP's CareerFit increased by 41.9% to 44 compare to the year of 2017. For Career Prep Workshop, the number increased by 240.9% to 75 attendees. There are 36.8% more attendees of Work Placement compared to the year of 2017, being the total number as 52 for the half year ended 30 June 2018.

Number of the attendees for Career Edge



The conversion rate between CareerFit and Work Placement programs increased by 248.6% from the year of 2016 to 2017. This rate interprets how many students attended career training and found a work placement or full-time job subsequently.

Conversion Rate between CareerFit and Work Placement

Executive training

Since 2016, the Company has entered corporate training agreement with nearly 20 enterprises in Australia, including Bank of China Australia and Greenland (Australia) Investment Pty Limited.

In China, TOP on 28 June 2016 met with the executives of Tsinghua University and Fudan University, two prestigious institutions in China and also listed within top 100 universities in the world, and signed agreements to deliver corporate training programs in China. The signings were also witnessed by Australian Education Counsellor in China and the China Ministry of Education. Thereafter, TOP has provided the following training programs in China:

- On 25 March 2017 in Shanghai for one Chinese public company and one large-sized private enterprises group with 30 trainees attended;
- On 18 November 2017 in Nanning, Guangxi Province for 120 executives from the enterprises in Guangxi Province;
- On 8 June 2017 in Jiaxing, Zhejiang Province for 150 Financial Controllers from the enterprises in Zhejiang Province.

Student Enrolments

For the year ended 30 June 2018, the total EFTSL increased by 4.2% comparing with the last financial year.

	2018	2017
Bachelor of International Business[(1)]	**365.6**	368.1
Bachelor of Applied Finance and Accounting[(2)]	**97.9**	53.1
Bachelor of Laws	**74.6**	51.0
Master of Professional Accounting and Business[(3)]	**391.4**	459.5
Master of International Business[(4)]	**98.6**	103.3
Others[(5)]	**5.8**	0.5
Non-Award Unit Study	**117.2**	68.8
Total	**1,151.1**	1,104.3

Notes:

(1) This includes courses that are part of the same track, namely Associate Degree of Business and Diploma of Business.

(2) This includes courses that are part of the same track, namely Associate Degree of Applied Finance and Accounting and Diploma of Applied Finance and Accounting.

(3) This includes courses that are part of the same track, namely Master of Professional Accounting, Graduate Diploma of Accounting and Graduate Certificate in Accounting. This also includes a small amount from students who enrolled in certain accounting units to fulfil academic requirements for membership with CPA Australia.

(4) This includes courses that are part of the same track, namely Master of Marketing and Public Relations, Graduate Diploma of Public Relations and Marketing, Graduate Diploma of International Business, and Graduate Certificate in Business Management.

(5) This includes all other postgraduate courses.

Tuition Fee

Annual tuition fee increases will be capped at 15% and increases over any three year period will not exceed 30%. The tuition fee increase is determined by the school management teams subject to market conditions.

	International			Domestic		
Course Name	2017 AUD$	**2018 AUD$**	% Change	2017 AUD$	**2018 AUD$**	% Change
Diploma in Applied Finance and Accounting	19,000	**20,000**	5%	17,000	**17,000**	0%
Associate Degree of Applied Finance and Accounting	38,000	**40,000**	5%	34,000	**34,000**	0%
Bachelor of Applied Finance and Accounting	57,000	**60,000**	5%	51,000	**51,000**	0%
Diploma of Business	19,000	**20,000**	5%	15,000	**15,000**	0%
Associate Degree of Business	38,000	**40,000**	5%	30,000	**30,000**	0%
Bachelor of International Business	57,000	**60,000**	5%	45,000	**45,000**	0%
Graduate Certificate in Accounting	10,900	**11,500**	6%	8,500	**8,500**	0%
Graduate Certificate in Business Management	10,900	**11,500**	6%	8,500	**8,500**	0%
Graduate Diploma of Accounting	21,800	**23,000**	6%	17,000	**17,000**	0%
Graduate Diploma of International Business	21,800	**23,000**	6%	17,000	**17,000**	0%
Graduate Diploma of Public Relations and Marketing	21,800	**23,000**	6%	17,000	**17,000**	0%
Master of International Business	32,700	**34,500**	6%	25,500	**25,500**	0%
Master of Marketing and Public Relations	32,700	**34,500**	6%	25,500	**25,500**	0%
Master of Professional Accounting	32,700	**34,500**	6%	25,500	**25,500**	0%
Master of Accounting Practice	32,700	**34,500**	6%	25,500	**25,500**	0%
Master of Professional Accounting and Business	43,600	**46,000**	6%	34,000	**34,000**	0%
Graduate Certificate in Business Research	18,000	**18,000**	0%	10,000	**10,000**	0%
Master of Business Research	72,000	**72,000**	0%	40,000	**40,000**	0%
Graduate Certificate in Business Administration	—	**10,900**	N/A	—	**8,500**	N/A
Graduate Diploma of Business Administration	—	**21,800**	N/A	—	**17,000**	N/A
Master of Business Administration	—	**43,600**	N/A	—	**34,000**	N/A
Bachelor of Laws	80,000	**80,000**	0%	48,000	**48,000**	0%
Master of Laws	20,000	**20,000**	0%	20,000	**20,000**	0%

Outlook

The Company's growth strategy is to focus on organic growth with its SAA accreditation to deliver high quality higher education programs in Australia, in support of the long-term strategic goal of becoming the first private, for-profit University of Specialisation in the broad field of education of Management and Commerce in Australia.

Meanwhile, the Company intends to expand its network, build synergy effects with China education providers and increase its market share in the private higher education sector in Australia through M&A activities.

Our alliance with PwC Australia

- Under the Alliance Agreement, PwC Australia provides services within Australia to the Company, which assists to further enhance TOP's higher education programs. In particular, PwC Australia's services support the further enhancement and TOP's implementation of the student career development program, Career Edge, and provides TOP with a unique advantage in the higher education sector that helps to enhance students' attractiveness to get work placements and their future career development prospects.

- PwC Australia provides services to the Company relating to corporate training provided by TOP to help organisation unlock the potential business opportunities and accelerate the professional development of their employees.

Self-growth and rapid development with advantages of SAA

- The Company is planning a new course development agenda in the field of Management and Commerce, such as financial planning, financial technology (Fintech), and assessing expansion into other major fields like Information Technology, the latter subject to TEQSA's approval, in order to meet identified student demand.

- The Company has established an institutional research fund that will support targeted research activities as a central part of creating a mature higher education culture. Building up research culture is also the key step towards to our long-term strategy goal of becoming the first private, for-profit University of Specialisation in Australia.

Expansion of recruitment scale through "light asset investment"

- TOP has planned increasingly expansion of its campus infrastructure by Smart Campus proposal and set out new campus capacities organically through "light asset investment" as the Australian educational legislation does not request that higher education provision must own land or premises.

- The new lease with ATP allows TOP to expand its enrolments with the infrastructure cost under ten years' depreciation.

- TOP will use the same "light asset investment" strategy to expand our interstate campus, such as in Melbourne.

- Through self-growth development and M&A activities, TOP expects to increase its market share and to grow organically.

- In the same time, the Company has commenced a development program to enable digitalised delivery of our non-award student career skill training programs, and gradually delivering award courses online, which will become a significant supplement to our traditional mode.

Cooperation with overseas higher education universities and overseas market expansion
Along with the planned expansion in Australia, the Company is continuing to enlarge its overseas networks and capabilities to ensure strong student recruitment patterns. The main focus continues to be on the traditional market in China.

Besides strengthening TOP's already approved joint cooperative programs, TOP is also working closely with several other Chinese universities, both public and private, that are emerging under new official policies. These new cooperation will be enhanced by the new research and student experience centres that TOP will develop in Chinese cities selected with cautious.

Financial Review

Revenue

The Company's revenue reached AUD$23.8 million for the year ended 30 June 2018, increased by 12.7% as compared to previous year's revenue. A breakdown of revenue is shown below:

	2018 AUD$'000	2017 AUD$'000	Change %
Course fee income	**22,806**	20,263	+12.5%
Overseas service fee	**1,017**	875	+16.2%
	23,823	21,138	+12.7%

The increase in revenue was primarily due to a 12.5% increase in course fee income from AUD$20.3 million for the year ended 30 June 2017 to AUD$22.8 million for the year ended 30 June 2018, resulting mainly from (i) increases in tuition rates that became effective in March 2018, and (ii) increased enrolment as the EFTSL increased by 4.2% from 1,104 for the year ended 30 June 2017 to 1,151 for the year ended 30 June 2018.

Tuition fee contributed over 95.7% of the Company's revenue while overseas service fee represented approximately 4.3% of the revenue.

Cost of Sales

Cost of sales increased by approximately AUD$1 million, or 10%, from AUD$10.0 million for the year ended 30 June 2017 to AUD$11.0 million for the year ended 30 June 2018. This increase in cost of sales was mainly attributable to (i) an increase of AUD$0.6 million in agent commissions due to the increase in tuition rates and EFTSL, (ii) an increase of AUD$0.2 million in amortisation of intangible assets due to increase in intangible assets, and (iii) an increase of AUD$0.2 million in lease payments due to new leasing agreements signed during the year.

Gross Profit and Gross Profit Margin

Gross profit increased by 14.9% from AUD$11.2 million for the year ended 30 June 2017 to AUD$12.8 million for the year ended 30 June 2018, primarily due to the increase in tuition revenue resulted from increases in tuition rates and EFTSL. The gross profit margin increased to 53.8% for the year ended 30 June 2018 from 52.8% for the year ended 30 June 2017, which was primarily due to the increase in revenue was higher than the increase in costs.

Other Income

Other income increased by 252.1% from approximately AUD$0.3 million for the year ended 30 June 2017 to approximately AUD$1.1 million for the year ended 30 June 2018. The increase primarily resulted from an increase of AUD$0.8 million in foreign exchange gain.

Administrative Expenses

Administrative expenses increased significantly from approximately AUD$3.5 million for the year ended 30 June 2017 to AUD$10.5 million for the year ended 30 June 2018. This increase was mainly attributable to (i) an increase in listing expenses from approximately AUD$0.9 million for the year ended 30 June 2017 to approximately AUD$6.0 million for the year ended 30 June 2018, (ii) an increase of AUD$0.8 million being the accounting treatment for employee share scheme, and (iii) an increase in auditors' remuneration from approximately AUD$0.1 million for the year ended 30 June 2017 to approximately AUD$0.3 million for the year ended 30 June 2018.

Listing Expenses

Listing expenses for the year ended 30 June 2018 consists of professional fees directly charged in relation to the IPO in May 2018. The amount of AUD$6.0 million was expensed while the amount of AUD$1.7 million was capitalised.

Profit for the Year and Core Net Profit

Profit for the year of the Company decreased from AUD$4.6 million for the year ended 30 June 2017 to around AUD$1.6 million for the year ended 30 June 2018, mainly due to the increase of the non-recurring listing expenses to AUD$6.0 million.

The Company defines its core net profit as profit for the year after adjusting for unrealised foreign exchange gain and normalisation expenses, which consists of non-recurring expenses and non-cash items that are not indicative of the Company's operating performances, including (i) the listing expenses for professional fees directly charged in relation to the IPO in May 2018, (ii) share-based payment, (iii) performance bonus awarded to the Company's Chief Executive Officer, and (iv) professional fees directly charged in relation to the employee share schemes.

The Company has presented this item because the Company considers it an important supplemental measure of the Company's operational performance used by the Company's management as well as analysts or investors.

Core net profit for the year ended 30 June 2018 increased by 45.2% from AUD$5.6 million to AUD$8.1 million as compared with the year ended 30 June 2017. A breakdown of core net profit is shown below:

	Year ended 30 June	
	2018	2017
	AUD$'000	AUD$'000
Statutory net profit after tax	**1,553**	4,601
Add:		
Listing expenses	**5,994**	948
Share-based Payment	**827**	37
Employee share scheme service fees	**82**	—
One-off pre-IPO performance related bonus*	**243**	—
Less:		
Unrealised foreign exchange gain	**590**	—
Core net profit	**8,109**	5,586

* AUD$243,000 comprises performance related bonus of AUD$222,000 and AUD$21,000 of pension scheme contributions.

Capital Expenditures

The Company's capital expenditures for the year ended 30 June 2018 were approximately AUD$0.5 million, consisted primarily of expenditures on (i) plant and equipment, (ii) classroom equipment and office, and (iii) teachers reference books.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2018, the Company had cash on hand of AUD$47.4 million (30 June 2017: AUD$16.1 million) with no bank borrowings (30 June 2017: Nil). During the year ended 30 June 2018, the Company financed its working capital requirements and capital expenditures principally through net cash inflows from operating activities and the net proceeds raised from the IPO.

As at 30 June 2018, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Company was 0% (30 June 2017: 0%).

Significant Investments, Acquisitions and Disposals

Save as disclosed in this annual report, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor any plan authorized by the Board for other material investments or additions of capital assets during the year ended 30 June 2018.

Foreign Exchange Risk Management

The functional currency of the Company is AUD$. The majority of the Company's revenue and expenditures are denominated in AUD$, except that certain expenditures are denominated in HK$. As at 30 June 2018, certain bank balances and payables were denominated in US$ and HK$. The Company did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Company's Assets

There were no charges on the Company's assets as at 30 June 2018 and 2017.

Contingent Liabilities

As at 30 June 2018, the Company did not have any material contingent liability.

Directors and Senior Management

Board of Directors

Executive Directors

Dr. Minshen Zhu, aged 68, is the Chairman, executive Director, Chief Executive Officer of the Company and a member of the Nomination Committee, and Principal of Top Education Institute. Dr. Zhu is primarily responsible for the overall management, education and business development, and strategic planning of the Company.

Dr. Zhu founded the Company in October 2001 and has been a Director since then. Since 2009, Dr. Zhu has served as the Chief Executive Officer of the Company. Before founding and joining the Company, Dr. Zhu held key management positions in a number of multinational corporations in various industries, including international trading.

In addition to his employment positions above, Dr. Zhu has been appointed to various academic and public advisory roles. Since 2008, Dr. Zhu has been a Board Member of the Confucius Institute of the University of Sydney, an institute primarily engaged in the promotion of Chinese language and culture. Dr. Zhu was appointed as a member of the NSW-East Asia Business Council of the New South Wales Government in 2000, the NSW-Asia Business Advisory Council from September 2003 to June 2007, and the Asia Business Council from September 2007 to June 2010 which all principally engage in the promotion and research of continued economic development and competitiveness of the Asia region. From August 2012 to September 2013, he was a member of the Chinese Ministerial Consultative Committee of the Australian Federal Government, which is principally engaged in the promotion of the needs, interests and concerns of the Chinese community in Australia. From September 2013 to September 2017, Dr. Zhu was appointed as a council member of the China Overseas Exchange Association ("COEA") and has been a council standing member of the COEA since September 2017.

Dr. Zhu graduated with a Bachelor of Chinese Language and Literature degree from Fudan University, PRC in January 1982, and a Doctor of Philosophy degree in Far Eastern History from the Australian National University, Australia in September 1989. Further, Dr. Zhu completed an executive training program in Crisis Leadership in Higher Education from the Harvard Graduate School of Education of Harvard Kennedy School in the United States in March 2010.

Dr. Zhu has also been involved in the publication of an academic reference book on university-level calligraphy in 1985 as chief-editor, "The Shuowen Jiezi, the Dawn of Studies of the Ancient Characters" (Fudan University Press, 1999) as an author; and the article "Labour Structure vs Education" (BOAO Forum for Asia, 2013) as part of the annual publications for the BOAO Forum for Asia in 2013.

Ms. Sumeng Cao, aged 35, is an executive Director of the Company responsible for setting up the strategic and business development plan and operations of the Company in relation to marketing, recruitment and business channels. As the Company's Chief Operating Officer of the alliance programs with PwC Australia since May 2016, Ms. Cao is responsible for the strategic planning of the Alliance Agreement and execution of the business activities between the Company and PwC Australia.

Ms. Cao joined the Company as a marketing officer in June 2011 and was promoted as marketing manager of the Company in July 2012. She was appointed as the Co-Director of Professional Year Programs of our Company in September 2013 and was primarily responsible for the marketing and the management of these programs. In April 2014, Ms. Cao was the executive assistant to the Principal of the Company and was then promoted in July 2015 as the Assisting Principal (External Engagement), followed by her promotion as the Vice President (External Engagement) of the Company in July 2017.

Ms. Cao obtained a Master of Translating and Interpreting degree in September 2008 from Macquarie University, Australia, and a Master of Professional Accounting degree from the University of Technology, Australia in August 2010. Ms. Cao received pre-admission for the Executive Doctorate in Business Administration program of Université Paris-Dauphine in July 2017.

Non-executive Directors

Mr. Amen Kwai Ping Lee, aged 58, joined the Company as a Director in November 2001 and is a non-executive Director and a member of the Remuneration Committee of the Company.

Mr. Lee has over 30 years of experience in management. Mr. Lee is currently a chairman of Transway Group Pty Ltd, a company founded by him primarily engaged in the provision of logistics services. Mr. Lee was a managing director of Transways Group Pty Ltd, responsible for business and strategic development and business management from 1983 to June 2017.

Mr. Lee completed a Diploma of Competence in Freight Forwarding in Montreal, Canada, certified by the International Federation of Freight Forwarders Association in September 1993. Mr. Lee was conferred a Doctorate degree in Business and Administration by Westcliff University in the United States in December 2015.

Mr. Lee was appointed as an associate fellow of the Australian Institute of Management in May 1988 and was appointed as a justice of the peace of New South Wales in May 1989. He was awarded the medal of the Order of Australia in the General Division in Australia in January 2009.

Mr. Thomas Richard Seymour, aged 48, joined the Company in May 2016 and is a non-executive Director of the Company. Mr. Seymour has also been the managing partner of PwC Australia's Financial Advisory business since 2016, responsible for overseeing and managing PwC Australia's Tax, Deals Legal and Private Client's businesses.

Mr. Seymour has over 20 years of experience in management. Mr. Seymour joined PwC Australia as a graduate in 1994 and was admitted to the PwC Australia partnership in 2002. Since 2002, Mr. Seymour has served as a PwC Australia partner, and was appointed a member of the executive board of PwC Australia in 2012. Since 2013, Mr. Seymour has been a member of the PwC Australia Global Tax leadership team and responsible for leading PwC Australia's Asia Pacific and Americas Tax business.

Mr. Seymour graduated with a Bachelor of Business (Accountancy) in March 1992 from Queensland University of Technology, Australia, and a Bachelor of Laws in February 1994 from Bond University, Australia. Mr. Seymour is currently holding a Certificate of Public Practice, awarded by The Institute of Chartered Accountants in Australia (now known as CAANZ) in September 2002.

Mr. Jing Li, aged 37, is a non-executive Director of the Company and has joined the Company since July 2016.

Since May 2012, Mr. Li has been served as a director in YanTai Metastar Special Paper Co., Ltd, a company primarily engaged in the production of paper listed on the National Equities Exchange and Quotations, PRC ("NEEQ") (Stock Code: 833394). Since September 2014, he has served as a supervisor in Sichuan Neo-Life Stem Cell Biotech Inc, a company primarily engaged in stem cell research and the provision of stem cell biological technology services. Since June 2015, he has been the supervisor of Beijing ZIZHUHUI Construction Services Co. Ltd, a company primarily engaged in construction and is listed on the NEEQ (Stock Code: 834243).

Mr. Li graduated with a Bachelor of Mechanical Engineering degree from McGill University, Canada in October 2004, and a Master of Science in Mechanical Engineering from Stanford University, United States in April 2006.

Independent non-executive Directors

Professor Weiping Wang, aged 66, has served as an independent non-executive Director since 18 April 2018 and is a member of the Audit Committee and Nomination Committee of the Company.

Professor Wang has over 20 years of experience in higher education. Professor Wang was vice president and executive vice president of the Shanghai Medical University in 1996 and 1998, respectively. From July 2005 to April 2011, Professor Wang was appointed as executive vice-president of Fudan University, during which he was responsible for managing hospital affairs and overseeing international exchange and medical education. From March 2012 to March 2016, Professor Wang served as the Chairman of the Teaching Steering Committee of Fudan University. Professor Wang has served as an executive director of Rici Healthcare Holdings Limited, a company principally engaged in the hospital services listed on the Stock Exchange (stock code: 1526) since June 2017, before which he was appointed as an independent non-executive director from June 2016 to June 2017.

Professor Wang was accredited as a higher education institution teacher in September 1996 by the State Education Commission of the PRC and as a Professor of Pediatrics in December 1994 by Shanghai Medical University (上海醫科大學) He was awarded the Shanghai Higher Education Institute Teaching Award (上海高校教學名師獎) in July 2009 by the Shanghai Education Committee.

Professor Wang graduated with a Medical degree in August 1978 and a Master degree in Medicine in October 1982, from Norman Bethune University (白求恩醫科大學), now known as Norman Bethune College of Medicine of Jilin University (吉林大學) in China. Professor Wang also graduated with a PhD in Medicine in December 1988 from Shanghai Medical University in China.

Professor Brian James Stoddart, aged 72, has served as an independent non-executive Director since 18 April 2018 and is a member and Foundation Chair of the Council since 2008. He is also the chairman of the Nomination Committee and a member of the Audit Committee of the Company. In addition, Professor Stoddart provides certain services to the Company from time to time, such as preparing meeting documentations and correspondence with TEQSA.

Before joining the Company, Professor Stoddart held various academic positions at numerous universities in Australia. From 1997 to 1998, Professor Stoddart was as an academic director of Royal Melbourne Institute of Technology. He also held vice- chancellor and deputy vice-chancellor positions at University of New England, Victoria University of Technology, and La Trobe University from 1998 to 2003, 2003 to 2004, and 2005 to 2006 respectively. From March 2007 to March 2008, Professor Stoddart served as Deputy Vice-Chancellor (Research) at the University of Newcastle, Australia. From 2010 to 2013, Professor Stoddart was technical adviser to the Department of Higher Education in Cambodia. From 2013 to 2014, he served as consultant for Australia Awards Bhutan, an entity outsourced by the Australian government to manage the Australia Awards Scholarships awarded to Bhutanese citizens to study in Australia.

Professor Stoddart graduated with a Bachelor of Arts degree in English, History, and Asian Studies in May 1969 and a Master of Arts degree in History in May 1970 from the University of Canterbury, New Zealand. Professor Stoddart subsequently obtained a Doctor of Philosophy in May 1976 from the University of Western Australia.

Directors and Senior Management (Continued)

Mr. Tianye Wang, aged 60, has served as an independent non-executive Director since 18 April 2018 and the chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Wang has over 20 years of experience in management and financial services. Mr. Wang began his employment at the Beijing Branch of Bank of China, a financial institution providing financial services, in February 1981 and served as manager of the foreign currency loan department of the said Branch. He held various positions in companies listed on the Stock Exchange — from November 2004 to June 2012, he was executive director and chief executive officer of Central China Real Estate Limited (stock code: 0832), a company principally engaged in residential property development; from September 2012 to March 2018, he was executive director of Top Spring International Holdings Limited (stock code: 3688), a company principally engaged in real-estate development, and since June 2016, he has been independent non-executive director of China Logistics Property Holdings Company Limited (stock code: 1589), a company principally engaged in premium logistics facilities. He has also been the independent non-executive director of Henan Pinggao Electric Company Limited (stock code: 600312), a company listed on the Shanghai Stock Exchange, since September 2014.

Mr. Wang graduated with a degree in international finance from the Renmin University School of Finance in July 1985 and obtained a master's degree in Applied Finance from the Macquarie University, Australia in April 1996. He was also admitted as a Senior Associate of the Australian Institute of Banking and Finance in April 1996.

Professor Steven Schwartz, aged 71, has served as an independent non-executive Director of the Company since 18 April 2018 and is a member of the Council. He is also the chairman of the Remuneration Committee and a member of the Audit Committee of our Company.

Professor Schwartz has over 20 years of experience in higher education. From 1996 to 2002, 2002 to 2005, and 2006 to 2012, Professor Schwartz served as vice chancellor of Murdoch University, Brunel University, and Macquarie University, respectively, where he was responsible for academic growth and development. From 2011 to 2013, he was the chairman of the Australian American Fulbright Commission, a foreign exchange scholarship programme in United States. In May 2013, he was appointed as the chief executive officer of the Council for the Humanities, Arts and Social Sciences of Canberra in Australia. Since June 2015, he has been the chairman of the Australian Curriculum Assessment and Reporting Authority.

In 1991, Professor Schwartz was admitted as a fellow of the Academy of Social Sciences in Australia. He is currently a honorary senior fellow of the LH Martin Institute of the University of Melbourne, which is a national institute aiming to serve the tertiary education sector in Australia and New Zealand. He was awarded the Order of Australia in January 2013.

Professor Schwartz obtained his degree in Bachelor of Arts from the Brooklyn College of the City University of New York in June 1967. He then obtained his Master Degree in Psychology and his PhD from Syracuse University in New York in January 1970 and June 1971, respectively.

Alternate Director to Mr. Seymour

Mr. Kai Zhang, aged 39, has served as the alternate Director to Mr. Seymour since 27 May 2016.

Mr. Zhang joined PwC Australia since 2011 and was appointed as a partner in July 2012. He has served as the national lead partner of the China Desk at PwC Australia since July 2013.

Mr. Zhang obtained his Bachelor of Economics degree from Fudan University, China in July 2001, and Master of Practising Accounting degree from Monash University, Australia in October 2004. In May 2005, Mr. Zhang completed the Graduate Diploma of Business Administration from La Trobe University, Australia. Furthermore, Mr. Zhang graduated with a Master of laws (Juris Doctor) degree from the Monash University in May 2012, and a Master of Tax from the University of Melbourne in August 2012.

Mr. Zhang was awarded the Graduate Diploma (ICAA) in December 2005 by the Institute of Chartered Accountants in Australia (now known as CAANZ), and was admitted as a member of the Institute of Chartered Accountants in Australia in May 2006. In July 2012, Mr. Zhang was admitted as a fellow of the Tax Institute in Australia.

Senior Management

Ms. Sumeng Cao's biography can be referred to in the section headed "Executive Directors" in this report.

Ms. Rongning Xu, aged 31, has been the Vice President (Regulatory & Compliance) of the Company and is responsible for the implementation of academic policies and procedures of TOP, and the administrative rules and regulations of TEQSA as well as the management of the academic affairs, operations and risk management of TOP.

Ms. Xu has over four years of experience in the education industry. Ms. Xu joined the Company in June 2009 as a Casual Tutor and served in this role until October 2010, during which she was responsible for teaching and academic matters. From November 2010 to January 2012, Ms. Xu was employed by Nanjing Da Lve Industry Trade Co. Ltd, a company principally engaged in goods trading, as senior project manager. Ms. Xu then re-joined our Company as Lecturer and Academic Programs Coordinator in August 2013. From September 2013 to December 2013, Ms. Xu served as Co-Director of Professional Year Program. From December 2013 to February 2016, Ms. Xu served as an acting director of business programs. Ms. Xu was then promoted to be a senior lecturer and an Associate Dean of Business School since February 2016 until she assumed the current role as the Vice President (Regulatory and Compliance) of the Company in June 2017.

Ms. Xu obtained her Bachelor of Financial Administration degree in April 2008 and her Master of Commerce (Accounting and Finance) degree from the University of New England in April 2009. Ms. Xu was admitted to full membership of CPA Australia in August 2013. In September 2014, Mr. Xu obtained her Postgraduate Certificate of Higher Education in learning and teaching from Macquarie University in Australia.

Joint Company Secretaries

Ms. Min Ying and Ms. Yuk Yin Ivy Chow are the joint company secretaries of the Company.

Ms. Min Ying is one of the joint company secretaries of the Company and has been the company secretary of the Company since April 2017.

Ms. Ying joined the Company in July 2013 as a tutor of TOP and served in this role till December 2013. Since December 2013, Ms. Ying was employed by Lambda Chase Pty Ltd, a firm of chartered accountants as a manager where she was responsible for matters in relation to accountancy services. Ms. Ying re-joined the Company in July 2014 as accountant of the Company and was appointed as the IPO project manager in December 2016, where she was responsible for IPO project coordination and analysis of the performance of education companies in various equity markets.

Ms. Ying obtained her Bachelor of Engineering degree from the Chinese University of Hong Kong in December 2009 and her Master of Accounting (CPA Extension) degree from Macquarie University in Australia in July 2012. In January 2017, she was admitted to full membership of CPA Australia.

Ms. Ivy Yuk Yin Chow was appointed as one of the joint company secretaries of our Company in September 2017. Ms. Chow has over 20 years of experience in the corporate secretarial field.

Since January 2003, she has been working in the group companies of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services, with her latest and current position as Director, Corporate Services Division, where she has been responsible for the provision of professional corporate secretarial services to companies listed on the Stock Exchange and other multinational, private and offshore companies. Prior to that, Ms. Chow worked with PricewaterhouseCoopers Limited in various positions in the company secretarial section of its tax department from March 1994 to January 2003 for provision of professional corporate secretarial services.

Ms. Chow is a member of both the Hong Kong Institute of Chartered Secretaries ("HKICS") and the Institute of Chartered Secretaries and Administrators in the United Kingdom ("ICSA") and a fellow of the HKICS and the ICSA. Ms. Chow was awarded the Chartered Governance professional qualification of HKICS in September 2018. Ms. Chow is also a member of the Hong Kong Securities and Investment Institute. Ms. Chow obtained her Bachelor of Arts degree in Business Studies from the Hong Kong Polytechnic University.

Report of the Directors

Registration and Listing

The Company was registered in New South Wales, Australia under the Corporations Act with limited liability on 2 October 2001. The Company's shares were successfully listed on the Main Board of the Stock Exchange on 11 May 2018.

Principal Activities

The Company is principally engaged in providing private higher education services in Australia. The Company has no subsidiaries since its incorporation, and there were no significant changes in the nature of the Company's principal activities during the year.

Results and Business Review

The results of the Company for the year ended 30 June 2018 are set out in the statement of profit or loss and other comprehensive income on page 85 of this annual report.

A fair review of the business of the Company during the year and its future development and outlook, important events affecting the Company occurred during the year ended 30 June 2018 and an analysis of the Company's financial performance, and key relationships with stakeholders as required under Schedule 5 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Environmental, Social and Governance Report" of this annual report and which also constitute part of this report.

A summary, in the form of a comparative table, of the published results and of the assets and liabilities of the Company for the last five financial years, as extracted from the Company's audited financial statements, is set out in the section headed "Financial Summary" on page 128 of this annual report.

Principal Risks and Uncertainties

The principal risks and uncertainties for the Company include the followings:

- The Company's business is heavily dependent on the market recognition of the brand and reputation. If the Company is unable to maintain or sustain its brand reputation and recognition, it may adversely affect the Company's financial condition, results of operations and growth prospect.

- As a higher education provider in Australia with international students, the Company is subject to periodic registration requirements which are valid for a limited period, and it must undergo extensive reviews in accordance with the regulatory requirements to obtain registration renewals.

- The Company's business is dependent on the level of tuition fees it is able to charge and our ability to maintain and raise tuition fees.

- The Company's business and results of operations heavily depend on the number of students it may admit, which in turn is subject to the capacity approved from the regulatory authorities and the international education market in Australia.

- The Company's growth strategies included expanding academic and non-academic education and training provision in Australia and in China which may not be able to be successfully executed.

Dividend

An interim dividend of AUD$6.7 per ordinary share for the year ended 30 June 2018 (2017: Nil) amounting to AUD$6.3 million (2017: Nil) was paid to the Shareholders of the Company during the year prior to Listing.

The Board does not recommend the payment of a final dividend to the Shareholders of the Company for the year ended 30 June 2018 (2017: Nil).

Annual General Meeting

The forthcoming AGM will be held on 28 November 2018. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 28 November 2018, the register of members of the Company will be closed from Friday, 23 November 2018 to Wednesday, 28 November 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 22 November 2018.

Share Capital

Details of changes during the year in the share capital of the Company are set out in note 21 to the financial statements. Immediately following the completion of IPO and the exercise of the over-allotment option, the number of issued and paid up shares of TOP was 2,588,548,000 (there is no concept of authorised capital nor "par value" in respect of issued shares).

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Company during the year ended 30 June 2018 are set out in note 12 to the financial statements.

Distributable Reserves of the Company

Details of movements in the retained profits of the Company during the year ended 30 June 2018 are set out on page 87 of this annual report.

As at 30 June 2018, the Company's reserves available for distribution, calculated in accordance with the provisions of sections 254T and 588G of the Corporations Act, amounted to AUD$5.8 million.

Directors

The Directors during the year ended 30 June 2018 and up to the date of this report are:

Executive Directors:

Dr. Minshen Zhu (Chairman, re-designated as an executive director on 18 April 2018)
Ms. Sumeng Cao (appointed on 27 October 2017, re-designated as an executive director on 18 April 2018)

Non-executive Directors:

Mr. Thomas Richard Seymour (re-designated as a non-executive director on 18 April 2018)
Mr. Amen Kwai Ping Lee (re-designated as a non-executive director on 18 April 2018)
Mr. Jing Li (re-designated as a non-executive director on 18 April 2018)
Mr. Kai Zhang (alternate director to Mr. Thomas Richard Seymour)
Mr. Keith Kyoichi Ogata (resigned on 26 October 2017)
Mr. Chaohui Liu (resigned on 26 October 2017)
Mr. Qingquan Yang (resigned on 27 October 2017)

Independent non-executive Directors:

Professor Brian James Stoddart (appointed on 18 April 2018)
Professor Steven Schwartz (appointed on 18 April 2018)
Mr. Tianye Wang (appointed on 18 April 2018)
Professor Weiping Wang (appointed on 18 April 2018)

Pursuant to code provision A.4.2 of the CG Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Accordingly, it was determined by the Board that Dr. Minshen Zhu, Mr. Amen Kwai Ping Lee and Ms. Sumeng Cao shall retire by rotation at the AGM and, being eligible, would offer themselves for re-election at the AGM.

Pursuant to Article 18.4 of the Constitution conditionally adopted by the members of the Company in April 2018 effective upon Listing, any person appointed by the Directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the next annual general meeting. There is no provision in the Constitution regarding retirement of Directors by rotation at the AGM of the Company.

Directors' Biographies

Biographical details of the Directors are set out on pages 17 to 21 of this annual report.

Directors' Service Contracts and Letter of Appointment

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the date of his/her appointment/redesignation as an executive Director which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any executive Director not less than three months' prior notice in writing or (ii) any executive Director giving to the Company not less than three months' prior notice in writing.

Each of the non-executive Directors has entered into an appointment letter with the Company for an initial period of three years commencing from the date of his appointment/redesignation as a non-executive Director which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any non-executive Director not less than three months' prior notice in writing or (ii) any non-executive Director giving to the Company not less than three months' prior notice in writing.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial period of three years commencing from the date of his appointment as an independent non-executive Director which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any independent non-executive Director not less than one month's prior notice in writing or (ii) any independent non-executive Director giving to the Company not less than one month's prior notice in writing.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than normal statutory compensation.

None of the Directors had any interests in any business which competes or is likely to compete, directly or indirectly with the business of the Company.

Independence of INED

The Company has received annual confirmations of independence from Professor Brian James Stoddart, Professor Steven Schwartz, Mr. Tianye WANG and Professor Weiping Wang, pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company still considers them to be independent.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the share capital and underlying shares and debentures of the Company (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Shares and Underlying Shares(1)	Approximate % of Shareholding in the Company(2)
Dr. Minshen Zhu	Beneficial owner/Interest held jointly with other persons	973,628,000(3),(4)	37.61%
Mr. Amen Kwai Ping Lee	Beneficial owner/Interest held jointly with other persons	853,308,000(3)	32.96%
Mr. Thomas Richard Seymour(5)	Interested in a controlled corporation	21,008,000	0.81%
Mr. Kai Zhang (as alternate director to Mr. Thomas Richard Seymour)	Beneficial owner	20,976,000	0.81%
Mr. Jing Li	Beneficial owner	4,592,000(6)	0.18%
Professor Brian James Stoddart	Beneficial owner	4,592,000(7)	0.18%
Professor Steven Schwartz	Beneficial owner	4,592,000(8)	0.18%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 2,588,548,000 Shares in issue as at 30 June 2018.

(3) The members of the Controlling Shareholders Group are parties acting in concert and on 13 October 2017, they entered into a confirmation deed to, among others, confirm that they have been acting together with an aim to achieving decisions at general meetings of the Company on a unanimous basis. Members of the Controlling Shareholders Group are the founding Shareholders or have invested in the Company at an early stage. Dr. Zhu and Mr. Lee are the members of the Controlling Shareholders Group. As at 30 June 2018, all the members of the Controlling Shareholders Group together control led approximately 32.96% of the total issued share capital of the Company. Under the SFO, each of Dr. Zhu and Mr. Lee is deemed to be interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.

(4) Such interest includes Dr. Minshen Zhu's entitlement to receive up to 120,320,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.

(5) Mr. Thomas Richard Seymour controls more than one-third of the voting rights of TD Seymour Pty Ltd (ACN 609 660 139). As such, Mr. Thomas Richard Seymour is deemed to be interested in 21,008,000 Shares held by TD Seymour Pty Ltd (ACN 609 660 139).

(6) This represents Mr. Jing Li's entitlement to receive up to 4,592,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.

(7) This represents Professor Brian James Stoddart's entitlement to receive up to 4,592,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.

(8) This represents Professor Steven Schwartz's entitlement to receive up to 4,592,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save for the Pre-IPO Performance Rights granted to certain Directors, at no time during the year was the Company a party to any arrangements 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.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2018, so far as the Directors are aware, the following persons (other than Directors or chief executives of the Company) or corporations have interests or short positions in the Shares and the underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Position	Number of Shares	Approximate percentage
Ms. Xing Shi Huang	Interest of a spouse[(1), (2)]	Long	973,628,000	37.61%
Mr. Qingquan Yang	Beneficial owner[(3)]; interest in controlled corporation[(3)]; interest held jointly with other persons[(1)]	Long	853,308,000	32.96%
Ms. Shuling Chen	Interest of a spouse[(4)]	Long	853,308,000	32.96%
Billion Glory	Beneficial owner[(3)]; interest held jointly with other persons[(1)]	Long	853,308,000	32.96%
Tristar United	Beneficial owner; interest held jointly with other persons[(1)]	Long	853,308,000	32.96%
Ms. Josephine Kam Shan Lam	Interest of a spouse[(5)]	Long	853,308,000	32.96%
Mr. Xin Wang	Beneficial owner; interest held jointly with other persons[(1)]	Long	853,308,000	32.96%
Ms. Zhuo Liu	Interest of a spouse[(6)]	Long	853,308,000	32.96%
Xinjiang Guoli	Beneficial owner	Long	351,180,000	13.57%
PwC Nominees	Trustee[(7)]	Long	264,708,000	10.23%
PwC Australia	Beneficial owner[(7)]	Long	264,708,000	10.23%
Loyal Creation Investment Ltd ("Loyal Creation")	Beneficial owner	Long	224,096,000	8.66%
Mr. Weiping Wang	Interest in a controlled corporation[(8)]	Long	224,096,000	8.66%

Notes:

(1) Members of the Controlling Shareholders Group are parties acting in concert and on 13 October 2017, they entered into a confirmation deed to, among others, confirm their acting-in-concert agreement. At 30 June 2018, all the members of the Controlling Shareholders Group together control approximately 32.96% of the total share capital of the Company. Under the SFO, each member of the Controlling Shareholders Group is deemed to be interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.

(2) Ms. Xing Shi Huang is the spouse of Dr. Minshen Zhu and is deemed to be interested in the shareholding interests of Dr. Zhu by virtue of the disclosure requirements of the SFO.

(3) Mr. Qingquan Yang directly holds 150,002,000 Shares, representing approximately 5.79% of the total share capital of the Company and Billion Glory, which is wholly-owned by Mr. Yang, directly holds 59,524,000 Shares, representing approximately 2.30% of the total share capital of the Company. Accordingly, Mr. Qingquan Yang is deemed to be interested in 59,524,000 Shares held by Billion Glory by virtue of the disclosure requirements of the SFO.

(4) Ms. Shuling Chen is the spouse of Mr. Qingquan Yang and is deemed to be interested in the shareholding interests of Mr. Yang by virtue of the disclosure requirements of the SFO.

(5) Ms. Josephine Kam Shan Lam is the spouse of Mr. Amen Kwai Ping Lee and is deemed to be interested in the shareholding interests of Mr. Amen Kwai Ping Lee by virtue of the disclosure requirements of the SFO.

(6) Ms. Zhuo Liu is the spouse of Mr. Xin Wang and is deemed to be interested in the shareholding interests of Mr. Xin Wang by virtue of the disclosure requirements of the SFO.

(7) PwC Nominees is the registered owner of the Shares and holds the Shares as a bare trustee for PwC Australia as the sole beneficiary of a trust under a trust arrangement between PwC Nominees and PwC Australia. Accordingly, PwC Australia is deemed to be interested in 264,708,000 Shares held by PwC Nominees as nominee and bare trustee by virtue of the disclosure requirements of the SFO.

(8) Mr. Weiping Wang holds 40% of the issued share capital of Loyal Creation, which holds 224,096,000 Shares, and accordingly, Mr. Weiping Wang is deemed to be interested in 224,096,000 Shares held by Loyal Creation by virtue of the disclosure requirements of the SFO.

Pre-IPO Performance Rights Plan and Share Option Scheme

The Company has adopted Pre-IPO Performance Rights Plan and Share Option Scheme for the purpose of motivating eligible participants to optimise their future contributions to the Company and/or to reward them for their past contributions.

Pre-IPO Performance Rights Plan

The Pre-IPO Performance Rights Plan is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms of the Pre-IPO Performance Rights Plan the Company adopted on 8 June 2017:

Purposes of the Pre-IPO Performance Rights Plan

The Pre-IPO Performance Rights Plan creates a long-term incentive framework aimed at creating a stronger link between the Company and the Eligible Persons (defined below), whilst increasing shareholder value.

Performance Rights

A performance right under the Pre-IPO Performance Rights Plan ("**Pre-IPO Performance Right(s)**") gives an Eligible Person (defined below) the right to, subject to the absolute discretion of the Board and to the terms of the Pre-IPO Performance Rights Plan, including but not limited to satisfaction of any vesting conditions, acquire Shares notified to the Eligible Person by the Company or to receive a cash payment in lieu of a Share.

The Board may decide, in its absolute discretion, to substitute the issue, transfer or allocation of Shares on the exercise of Pre-IPO Performance Rights, for the payment to the Pre-IPO Performance Rights Participants (defined below) of a cash amount calculated in accordance with the following formula:

Number of Pre-IPO Performance Rights × Market Value of a Share on the Exercise Date of the Pre-IPO Performance Rights

Pre-IPO Performance Rights participants in the Pre-IPO Performance Rights Plan

A participant of the Pre-IPO Performance Rights Plan ("**Pre-IPO Performance Rights Participants**") means any person in respect of whom an offer to participate in the Pre-IPO Performance Rights Plan is accepted and includes:

(a) any employee, director or member of the Council of one or more members of the Company and its subsidiaries selected by the Board in its absolute discretion to participate in the Pre-IPO Performance Rights Plan ("**Eligible Persons**"); and

(b) in relation to an Eligible Person, a body corporate who is:

 (i) an entity controlled by the Eligible Person ("controlled" has the corresponding meaning of "control" as defined in section 50AA of the Corporations Act); or

 (ii) any other entity as the Board may determine in its absolute discretion ("**Affiliates**").

Administration of the Pre-IPO Performance Rights Plan

The Pre-IPO Performance Rights Plan is to be administered by the Board. The Board may make further provisions for the operation of the Pre-IPO Performance Rights Plan which are consistent with the clauses in the Pre-IPO Performance Rights Plan.

Offer of Performance Rights

From time to time, the Company may make an offer to participate in the Pre-IPO Performance Rights Plan to an Eligible Person or their Affiliate. An offer to an Eligible Person or their Affiliate to apply for Pre-IPO Performance Rights may be made on such terms and conditions as the Board decides from time to time, and the Board shall have the power, in its sole discretion to:

(a) determine the number of Pre-IPO Performance Rights the subject of the offer;

(b) approve or not approve any Affiliate;

(c) determine the exercise price (if any) to exercise the Pre-IPO Performance Rights and be issued, transferred or allocated Shares subject to the Pre-IPO Performance Rights Plan;

(d) determine the vesting, disposal and forfeiture restrictions that apply to those Pre-IPO Performance Rights;

(e) determine the manner in which the offer may be accepted;

(f) amend any offer related to any Pre-IPO Performance Rights;

(g) determine appropriate procedures, regulations and guidelines for the administration of the Pre-IPO Performance Rights Plan;

(h) determine whether a cash payment will be payable to a Participant in lieu of a Share being issued, transferred or allocated; and

(i) take advice in relation to the exercise of any of its powers or discretions under these clauses.

The offer to an Eligible Person or their Affiliate must be accompanied by an application form. The Company may require from the relevant Eligible Person or Affiliate: (aa) any information that it regards as necessary concerning the Eligible Person or Affiliate; and (bb) confirmation that any information previously provided by the Eligible Person or Affiliate to the Company still remains true and correct in all material respects.

Acceptance of offer

On receipt of an offer, the Eligible Person to whom the offer was addressed (or a nominated Affiliate) may apply for the number of Pre-IPO Performance Rights described in that offer by sending to the person designated by the Company a duly completed and signed application form in accordance with the offer and Pre-IPO Performance Rights Plan.

Rights attached to Pre-IPO Performance Rights

An offer will be in respect of a single grant of Pre-IPO Performance Rights and does not entitle an Eligible Person or an Affiliate of an Eligible Person to participate in any subsequent grants.

A Pre-IPO Performance Right does not confer on an Eligible Person, an Affiliate of an Eligible Person or a Pre-IPO Performance Right holder:

(a) any voting rights in respect of Shares or in respect of any other equity securities of the Company;

(b) the right to participate in new issues of Shares or other equity securities of the Company;

(c) the right to attend or vote at any general meeting or other meeting of holders of any Shares or other equity securities of the Company;

(d) the right to receive any dividends or other distributions or to receive or otherwise participate in any returns of capital from the Company; or

(e) the right to participate in a liquidation or winding up of the Company.

Rights attached to the Shares

All Shares issued or transferred on exercise of Pre-IPO Performance Rights in accordance with the Pre-IPO Performance Rights Plan will (i) be issued as fully paid; (ii) be free of any security interests; and (iii) rank equally in all respects with the other Shares on issue in the Company as at the date of issue and be subject to the terms of the Constitution, shareholders agreement (if any) and the Pre-IPO Performance Rights Plan.

Vesting

An offer may specify any (i) vesting conditions; or (ii) other vesting events, which must be satisfied before a Pre-IPO Performance Right vests ("**Vesting Conditions**"). The Board may, in its absolute discretion, determine any: (i) Vesting Conditions; or (ii) other vesting events, or (iii) may waive any vesting conditions or events in its sole discretion, in respect of any Pre-IPO Performance Right. A Pre-IPO Performance Right will only vest on the occurrence or satisfaction of the Vesting Conditions or other vesting events specified in respect of that Pre-IPO Performance Right.

Lapse of Pre-IPO Performance Rights

An unvested Pre-IPO Performance Rights shall lapse immediately upon the following events:

(a) if a Trigger Event (defined below) occurs in relation to a Pre-IPO Performance Right holder (or related Eligible Person), who is a Bad Leaver (defined below);

(b) if a Trigger Event (defined below) occurs in relation to a Pre-IPO Performance Right holder (or related Eligible Person), who is a Good Leaver (defined below), unless the Board in its absolute discretion serves a notice in writing within 30 days of the Trigger Event on the Pre-IPO Performance Rights Participant (Non-Lapse Notice), advising the Pre-IPO Performance Rights Participant that all or any of his or her unvested Pre-IPO Performance Rights have not lapsed;

(c) where in the opinion of the Board in its absolute discretion any of the following occurs:

(i) the Pre-IPO Performance Rights Participant acts, or has acted, fraudulently or dishonestly; or

(ii) the Pre-IPO Performance Rights Participant is in material breach of any of his or her duties or obligations to the Company or its related bodies corporate under the rules of the Pre-IPO Performance Rights Plan or otherwise; or

(iii) an event has occurred which in the Board's absolute discretion would result in the Participant obtaining an inappropriate benefit if the rights of the Company under this clause are not exercised.

The Company may also require Pre-IPO Performance Rights to be exercised or lapse if a Liquidity Event (defined below) is to occur, if:

(a) the Company expects a Liquidity Event (defined below) to occur; or

(b) a Liquidity Event (defined below) whether or not anticipated by the Company does occur, and in such circumstances the Company may, by notice to all Pre-IPO Performance Right holders, require that all outstanding performance either be exercised:

(i) on or before the Exit Date (defined below) pertaining to the relevant Liquidity Event; or

(ii) in the case of an unanticipated Liquidity Event, a date after the Exit Date for that event, or if they are not exercised to lapse on a date specified by the Board in its absolute discretion.

For the purpose of the Pre-IPO Performance Rights Plan:

(a) "Exit Date" means each of:

(i) in respect of an IPO, the date of admission of the Company or a special purpose vehicle formed for the purpose of a Listing which directly or indirectly (including through one or more interposed entities) owns at least 50 per cent of the capital of the Company, to the official list of ASX Limited or any other recognised stock exchange;

(ii) in respect of a Share Sale, the date on which the parties complete the sale and purchase of the Shares; or

(iii) in respect of a Business Sale, the date of the first distribution to Shareholders arising from the Business Sale.

(b) "Bad Leaver" means an Eligible Person whose employment or engagement with the Company or member of the Company due to the termination of employment or engagement or vacation of office of such Eligible Person where such Eligible Person:

(aa) is engaged in serious or wilful misconduct; or

(bb) is or has been seriously negligent in the performance of their duties; or

(cc) committed a serious breach of their employment contract; or

(dd) committed an act, whether at work or otherwise, which brings the Company into disrepute; or

(ee) has been convicted of an offence punishable by imprisonment; or

(ff) are as a result of circumstances other than those set out in the definition of "Good Leaver".

(c) "Good Leaver" means the employment or engagement of an Eligible Person with the Company ceases as a result of circumstances other than those set out in the definition of "Bad Leaver"; or the Board in its absolute discretion determines the participant to be a Good Leaver.

(d) "Liquidity Event" means

(i) an initial public offering of a member of the Company or its subsidiary ("**Group**") or a special purpose vehicle formed for the purpose of a listing which directly or indirectly (including through one or more interposed entities) owns at least 50 per cent of the capital of the Company to the official list of the ASX Limited or any other recognised stock exchange ("**IPO**");

(ii) a sale to a third party purchaser of all (or substantially all) of the assets and business undertaking of the Company (including by way of a sale of Shares of the Company's subsidiaries) provided that no sale or transfer undertaken to effect a corporate reorganisation of the Company will constitute a Business Sale ("**Business Sale**"); or

(iii) a sale by Shareholders (in one transaction or a series of connected transactions) to a third party purchaser of all of the issued Shares provided that no sale or transfer undertaken to effect a corporate reorganisation of the Company will constitute a Share Sale ("**Share Sale**").

(e) "Trigger Event" means when an Eligible Person whose employment with the Company or members of the Company ceases.

Cancellation of Pre-IPO Performance Rights and suspension and cancellation of the plan

The Board may, in its absolute discretion on a Liquidity Event, cancel some or all of the Pre-IPO Performance Rights (whether vested or not) in exchange for their market value in accordance with the Pre-IPO Performance Rights Plan. The Board may also from time to time suspend the operation of the Pre-IPO Performance Rights Plan and may at any time cancel the Pre-IPO Performance Rights Plan. The suspension or cancellation of the Pre-IPO Performance Rights Plan must not prejudice any existing rights of Pre-IPO Performance Rights Participants.

Reorganisation events

"Reorganisation Event" means any one or more of the following:

(a) a distribution of cash or securities by way of a return of capital;

(b) a bonus issue of Shares by the Company;

(c) a share split, consolidation or other similar action in respect of the share capital of the Company; or

(d) any other internal reorganisation, recapitalisation, reclassification or similar event with respect to the share capital of the Company.

Subject to this paragraph, the Pre-IPO Performance Rights Plan continues to apply in full force and effect despite any Reorganisation Event. If any Reorganisation Event occurs before all Pre-IPO Performance Rights capable of vesting in favour of the Pre-IPO Performance Right holder have vested in favour of that Pre-IPO Performance Right holder, the Company will procure that the terms of the Pre-IPO Performance Rights Plan are varied in such a way as determined by the Board in its absolute discretion, which neither disadvantages nor advantages that Pre-IPO Performance Right holder nor adversely effects the rights of the other holders of Shares, to account for the effect of the Reorganisation Event. Each Pre-IPO Performance Right holder and Eligible Person agrees to any such variations to the Pre-IPO Performance Rights Plan.

Alteration or amendment to the Pre-IPO Performance Rights Plan

The Pre-IPO Performance Rights Plan may be amended from time to time by resolution of the Board subject to the requirements of the Corporations Act from time to time. Any such amendment however, must not adversely affect the rights of Pre-IPO Performance Rights Participants or Pre-IPO Performance Right holders in respect of Pre-IPO Performance Rights granted prior to such amendment without the consent of those Participants and Pre-IPO Performance Right holders (as applicable), unless such amendment is required by, or necessitated by law, the Corporations Act, or any clauses of any other recognised stock exchange, any other relevant law or to address potential adverse tax implications affecting the Pre-IPO Performance Rights Plan arising from changes to laws relating to taxation, the interpretation of laws relating to taxation by the relevant governmental authorities (including the release of any ruling), courts or tribunals.

General

On 10 June 2017, 60,160 Pre-IPO Performance Rights had been granted to Dr. Minshen Zhu by the Company pursuant to the Pre-IPO Performance Rights Plan. An additional 11,481 Pre-IPO Performance Rights under the Pre-IPO Performance Rights Plan had been granted on 20 April 2018 to certain members of the Council and certain Directors, including (i) Mr. Jing Li, a non-executive Director, and (ii) Professor Brian James Stoddart and Professor Steven Schwartz, being the independent non-executive Directors and members of the Council. The shareholding of each of Professor Brian James Stoddart and Professor Steven Schwartz in the Company will not be more than 1% of the share capital of the Company.

The Company will issue announcements according to the applicable Listing Rules, disclosing particulars of any Pre-IPO Performance Rights vested under the Pre-IPO Performance Rights Plan, including the date of vesting, number of Shares involved and compliance with Chapter 14A of the Listing Rules. Details of the Pre-IPO Performance Rights Plan, including particulars and movements of the Pre-IPO Performance Rights granted during each financial year of the Company, and the Company's employee related costs arising from the grant of the Pre-IPO Performance Rights will be disclosed in the Company's annual and interim reports.

Pre-IPO Performance Rights Granted under the Pre-IPO Performance Rights Plan

The following Pre-IPO Performance Rights for the subscription in aggregate of 143,282,000 Shares after adjustment of the share split were granted:

Grantee	Balance at 1 July 2017 (number of underlying Shares after the share split)	Performance rights granted during the year (number of underlying Shares after the share split)	Exercised, lapsed or cancelled during the year	Balance at 30 June 2018 (number of underlying Shares)
Directors				
Dr. Minshen Zhu	120,320,000	—	—	120,320,000
Mr. Jing Li	—	4,592,000	—	4,592,000
Prof. Brian James Stoddart	—	4,592,000	—	4,592,000
Prof. Steven Schwartz	—	4,592,000		4,592,000
Council Members			—	
Mr. Sean Gregory	—	4,592,000	—	4,592,000
Prof. Stephen Nicholas	—	2,066,000	—	2,066,000
Prof. John Hearn	—	2,066,000	—	2,066,000
Dr. Le Ma	—	462,000	—	462,000

The Pre-IPO Performance Rights will vest subject to the satisfaction of the vesting conditions as (i) the Listing of the Company; and (ii) that on the applicable vesting dates (the first being on 12 November 2018), the grantee remains a council member or non-executive Director of the Company and the Company has not taken steps to remove the grantee from that role.

The Pre-IPO Performance Rights will be vested during a 3-year period, during which 33% of the total rights will be vested in each year. The grantee may exercise in whole or in part of all vested Pre-IPO Performance Rights at any time during the 15 years commencing from the date the Pre-IPO Performance Rights were issued.

The grantees of the performance rights granted under the Pre-IPO Performance Rights Plan above is/are not required to pay for the grant of any performance rights under the Pre-IPO Performance Rights Plan.

Save and except as disclosed above, no other rights have been granted or agreed to be granted by the Company under the Pre-IPO Performance Rights Plan.

Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the Shareholders of the Company passed on 18 April 2018:

Purpose

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company or its subsidiary ("**Group**").

Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("**Participant**"), to take up options to subscribe for Shares:

(a) any employee or proposed employee (whether full-time or part-time and including any executive director), consultants or advisers of or to the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which the Group holds an equity interest;

(b) any non-executive Directors (including independent non-executive Directors) of the Company, any of the subsidiaries or any Invested Entity;

(c) any Council member of the Company;

(d) any supplier of goods or services to any member of the Group or any Invested Entity;

(e) any customer of the Group or any Invested Entity;

(f) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(g) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.

For the purposes of this Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of Participants. For the avoidance of doubt, (i) the Company has no obligation to make any offer to any Participant and/or to accept any acceptance of the offer by any Participant if to do so would require the Company to issue a disclosure document under Chapter 6D of the Corporations Act or a product disclosure statement under Chapter 7 of the Corporations Act or any applicable laws, and (ii) the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of Participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under this Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of the participants' contribution to the development and growth of the Group. In order for a person to satisfy the Directors that he is qualified to be (or where applicable, continues to qualify to be) a participant, such person shall provide all such information as the Directors may request for the purpose of assessing his eligibility (or continuing eligibility).

Maximum Number of Shares

(a) The maximum number of Shares to 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 Group must not in aggregate exceed 30% of the Company's issued share capital from time to time. No options may be granted under any schemes of the Company or the subsidiary of the Company if such grant will result in the maximum number being exceeded.

(b) As of 30 June 2018, the total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange (excluding the Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme) which amounts to 251,342,800 Shares (the "**General Mandate Limit**"), representing 9.7% of the total number of Shares in issue as at the date hereof.

(c) Subject to (a) above and without prejudice to (d), the Company may issue a circular to its shareholders in compliance with Note (1) to Rule 17.03(3) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules and seek approval of its shareholders in general meeting to refresh the General Mandate Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the limit, options (including those outstanding, cancelled or lapsed in accordance with the Share Option Scheme or exercised options) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted.

(d) Subject to (a) above and without prejudice to (c) above, the Company may issue a circular to its shareholders in compliance with Note (1) to Rule 17.03(3) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules and seek separate shareholders' approval in general meeting to grant options beyond the General Mandate Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought.

Maximum entitlement of each participant and connected persons

(a) Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue (the "**Individual Limit**").

(b) Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders in compliance with the Note to Rule 17.03(4) and Rule 17.06 of the Listing Rules and/or such other requirements as prescribed in the Listing Rules and the approval of the Shareholders in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note (1) to Rule 17.03(9) of the Listing Rules.

(c) In addition to the Shareholders' approval set out in Note (1) to Rule 17.03(3) and Note to Rule 17.03(4) of the Listing Rules, each grant of options under the Share Option Scheme or any other share option schemes of the Group to a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(d) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Share Option Scheme or any other share option schemes of the Group to such person in the 12-month period up to and including the date of such grant:

  (i) representing in aggregate more than 0.1% of the Shares in issue; and

  (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options must be approved by the Shareholders. The Company must send a circular to the Shareholders. All of the connected persons must abstain from voting in favour at such general meeting. Any core connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such option must be taken on a poll.

Minimum period of holding an option and performance target

The Directors may, at their absolute discretion, fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant.

Subscription price for Shares

The subscription price of a Share in respect of any option granted under the Share Option Scheme, subject to any adjustments made in accordance with the Share Option Scheme, shall be such price as the Board in its absolute discretion shall determine, provided that such price shall not be less than the highest of (i) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of the option (which must be a business day); (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day); and (iii) the nominal value of the Share. A consideration of AUD$1.00 is payable on acceptance of the offer of the grant of an option.

Rights are personal to grantee

An option granted under the Share Option Scheme shall not be transferable or assignable and is personal to the grantee.

Time of exercise of option

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

Rights on ceasing employment or death

If the grantee of an option, who is an employee of the Group or any Invested Entity at the time of the grant of the option, ceases to be an employee of the Group or Invested Entity for any reason other than death, ill-health or retirement in accordance with his contract of employment or certain other grounds, before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless the Directors otherwise determine, in which case the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation or termination, which date shall be the last day on which the grantee was actually at work with the Group or the relevant Invested Entity, whether salary is paid in lieu of notice or not. Failing such exercise, the option will lapse.

If the grantee of an option, who is an employee of the Group or any Invested Entity at the time of the grant of the option, ceases to be an employee of the Company or Invested Entity by reason of death, ill-health or retirement in accordance with his contract of employment, before exercising the option in full, the grantee or, if appropriate, his lawful personal representative(s) may exercise the option in whole or in part (to the extent not already exercised) within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with the Group or any Invested Entity, whether salary is paid in lieu of notice or not (or such longer period as the Directors may determine), failing which it will lapse.

Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees (or his personal representative(s)) on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, a grantee (or his personal representative(s)) shall, notwithstanding any other terms on which his options were granted, be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in accordance with the provisions of the Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be.

Rights on winding-up

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee of an option (or his personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company elect to exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice within two business days prior to the proposed general meeting of the Company considering such winding up, such notice to be accompanied by the subscription price for the Shares in respect of which the notice is given, whereupon the grantee will be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his options, to receive out of the assets available in the liquidation pari passu with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date of commencement of the winding-up of the Company.

Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Company's Constitution for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

Period of the Share Option Scheme

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional, i.e. 18 April 2018.

Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of the Board except that any material alteration to its terms and conditions, any change to the terms of options granted (except for changes which automatically take effect under the existing terms of the Share Option Scheme) and the matters contained in the relevant provisions of the Listing Rules shall not be altered to the advantage of the grantees or prospective grantees without the prior sanction of any resolution of the Company in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the applicable requirements under the Listing Rules. Any change to the authority of the Directors or scheme administrators (if applicable) in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

Effect of alterations to capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital or otherwise howsoever, then, in any such case, the Company shall instruct the auditors for the time being or an independent financial adviser to the Company to certify in writing the adjustment, if any, to be made either generally or as regards any particular grantee, to (a) the number of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised), and/or (b) the subscription price of any unexercised option, and/or (c) the maximum number of Shares referred to in the subparagraph headed "Maximum number of Shares" above, and (d) an adjustment as so certified by the auditors or the independent financial adviser to the Company shall be made, provided that (i) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event; (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) no such adjustment shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; (iv) the issue of Shares or securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and (v) for the avoidance of doubt, any adjustments shall be made in compliance with the Listing Rules and the "Supplementary Guidance on Main Board Listing Rule 17.03(13)/GEM Listing Rules 23.03(13) and the note immediately after the rule" set out in the letter from the Stock Exchange to all listed issuers dated 5 September 2005 or other relevant guidance as the Stock Exchange may from time to time issue. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements that they give a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled.

Cancellation of options

The Directors may effect the cancelation of any options granted but not exercised on such terms as may be agreed with the relevant grantee, as the Directors may in their absolute discretion see fit and in a manner that complies with all applicable legal requirements for cancelation. Where the Company cancels any options granted and offers to grant or grants new options to the same grantee, the offer or grant of such new options may only be made under the Share Option Scheme if there are available unissued options (excluding the cancelled options) within each of the limits as referred of in the subparagraph headed "Maximum Number of Shares" above.

Conditions of the Share Option Scheme

The Share Option Scheme is conditional on (i) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares on the main board of the Stock Exchange, which Shares may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme; (ii) upon the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, for themselves and on behalf of the Underwriters) and such obligation not being terminated in accordance with the terms of the Underwriting Agreements; and (iii) the commencement of dealings in the Shares on the Stock Exchange.

Termination of the Share Option Scheme

The Company may by resolution in general meeting at any time terminate the operation of Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any outstanding options granted prior to such termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme and outstanding options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme.

Details of the options granted, including options exercised or outstanding, under Share Option Scheme and (if applicable) options that become void or non-exercisable as a result of the termination must be disclosed in the circular to shareholders of the Company seeking approval of the first new scheme to be established after such termination.

Status of the Listing Rules

The Share Option Scheme shall comply with the Listing Rules as amended from time to time. In the event that there are differences between the terms of the Share Option Scheme and the Listing Rules, the Listing Rules shall prevail. No offer of option or no Share may be issued to a Participant if to do so would contravene the Listing Rules, the Corporations Act, the Constitution or any applicable law in Australia, Hong Kong or other relevant jurisdictions.

Options Granted under the Share Option Scheme

During the year ended 30 June 2018, no options under the Share Option Scheme have been granted, exercised, lapsed or cancelled. On 18 July 2018 ("Date of Grant"), the Company granted share options (the "Share Options") to subscribe for a total of 25,781,938 Shares under the Share Option Scheme, among which, the options to subscribe for 1,294,274 Shares were granted to Ms. Sumeng Cao, our executive Director.

The consideration for the acceptance of the Share Options was AUD$1.00. The exercise price of the Share Options granted is HK$0.560, which represents no less than the highest of the following: (i) the closing price of HK$0.540 per Share as stated in the Stock Exchange's daily quotation sheet on the Date of Grant; (ii) the average of the closing prices as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Date of Grant of HK$0.560 per Share; and (iii) the nominal value of the Share.

The validity period of the Share Options is 10 years from the Date of Grant, i.e. from 18 July 2018 to 17 July 2028 (both days inclusive), and the Share Options shall lapse at the expiry of the validity period.

The Share Options shall be vested in three tranches in accordance with the following dates: (i) up to 33.33% of the Share Options shall be vested to each Grantee at any time after expiration of 12 months from the Date of Grant, i.e. 17 July 2019; (ii) up to 33.33% of the Share Options shall be vested to each Grantee at any time after expiration of 24 months from the Date of Grant, i.e. 17 July 2020; (iii) up to 33.34% of the Share Options shall be vested to each Grantee at any time after expiration of 36 months from the Date of Grant, i.e. 17 July 2021.

Details of the grant of Share Options to one Director and a total of 41 employees of the Company are as follows:

Grantee	Relationship with the Company	Number of Shares to be issued upon full exercise of the Share Options
Ms. Sumeng Cao	Executive Director of the Company	1,294,274
41 employees of the Company	Employees of the Company	24,487,664
Total		25,781,938

Purchase, Sale or Redemption of the Company's Listed Securities

The Company has not purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to 30 June 2018.

Borrowings

As at 30 June 2018, the Company had no borrowings.

Equity-Linked Agreements

Save as disclosed in "Pre-IPO Performance Rights Plan and Share Option Scheme", neither (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i), were entered into by the Company during the year or subsisted at the end of the year.

Directors' Interests in Transaction, Arrangement or Contract of Significance

No Director nor an entity connected with a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company was a party during the year ended 30 June 2018.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 30 June 2018.

Controlling Shareholders' Interests in Contracts of Significance

Save as otherwise disclosed in this annual report, none of the Controlling Shareholder or any of its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Company to which the Company was a party during the year ended 30 June 2018.

Major Customers and Suppliers

In the year under review, the Company did not have any single customer who accounted for more than 5% of the revenue. Purchases from the Company's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's share capital) had any beneficial interest in the Company's five largest customers.

Connected Transaction

Non-Exempt Continuing Connected Transactions

PwC Nominees, as a nominee for PwC Australia, is a shareholder of the Company. Accordingly, PwC Australia is a connected person of the Company.

Pursuant to the Alliance Agreement dated 27 May 2016, the Company and PwC Australia agreed to establish an alliance and work together to grow and promote the Company's business, including the provision of various services ("**PwC Australia Services**") by PwC Australia to the Company for a period commencing from 27 May 2016 to 31 March 2023. Prior to its expiry, the parties may agree to extend the term of the agreement for a further period and may agree to vary its terms for the extension period. The terms of the Alliance Agreement were negotiated between the parties on an arm's length basis.

The provision of the PwC Australia Services will be subject to the standard terms of PwC Australia's engagement letters to be separately entered into with the Company as and when the Company requires the PwC Australia Services, including the service fees (the "**Service Fees**") which are calculated with reference to the nature of services provided, PwC Australia's standard rates as applicable at the time of the PwC Australia Services as well as the estimated number of chargeable hours involved.

Reasons for the Transactions

The Company's alliance arrangement with PwC Australia under the Alliance Agreement has provided us with a unique advantage in that it has enhanced the Company's standing, marketing position and future development prospects within Australia. The Company's strong background in business and accounting education, along with its recently founded law school, has strong synergies with PwC Australia's extensive history in business and accounting services, along with their recent growth strategy into the legal services market in Australia. The Alliance Agreement allows us to publicly use a co-brand "Top Education in alliance with PwC" at an institutional level for activities in Australia only and, subject to PwC Australia's approval in each new instance, which the Company believes is very attractive to both students and corporate training clients. The Company's students also benefit from the services provided by PwC Australia under the Alliance Agreement such as Career Edge. The Company's students also benefit from the enhanced learning experiences with special lectures provided by PwC Australia's senior professionals, the Company's Career Edge program with PwC Australia, and work experience opportunities with PwC Australia. In the long term, the alliance with PwC Australia supports the Company's goal of becoming the first private for-profit university of specialisation in the management and commerce field in Australia.

Under the Alliance Agreement, PwC Australia and TOP will also offer each other, in respect of higher education and executive education services, certain preferred terms including, but not limited to, trading terms not less favourable than those offered to any other party in the higher education sector and a first option to take up opportunities working together.

Under the Listing Rules, any written agreement for a continuing connected transaction should not be more than three years except in special circumstances where the nature of the transaction requires the agreement to be of a longer period. Given the importance of the Company's alliance with PwC Australia which provides the Company with a unique advantage as discussed above, the Directors consider that it is in the interest of the Company and the Shareholders to maintain and cultivate a long-term relationship with PwC Australia to ensure its continuous participation in the development of the Company's business and operations in Australia and enable the Company to maximise the long-term benefits of PwC Australia's involvement.

Transaction amounts and proposed annual cap

The table below sets out the transaction amounts in relation to the PwC Australia Services, and proposed annual cap of the transaction contemplated under the Alliance Agreement during the year ended 30 June 2018:

		Transaction amount for the year ended 30 June	
	Proposed annual cap for the year ended 30 June 2018 AUD$'000	2018 AUD$'000	2017 AUD$'000
Total Service Fees	**1,000**	**735**	536

Implications under the Listing Rules

Since each of the applicable percentage ratios under the Listing Rules in respect of the annual cap is less than 5%, the transactions under the Alliance Agreement will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but is exempted from independent shareholders' approval.

Application for Waivers

The transactions under the Alliance Agreement constitute the Company's continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to the reporting, annual review and announcement requirements of the Listing Rules. As these non-exempt continuing connected transactions are expected to continue on a recurring and continuing basis, the Directors (including the independent non-executive Directors) consider that compliance with the above announcement requirements will be impractical, will add unnecessary administrative costs and will be unduly burdensome.

Accordingly, pursuant to Rule 14A.105 of the Listing Rules, the Company has applied for, and the Stock Exchange has granted to the Company, a waiver exempting the Company from strict compliance with the announcement requirements of the Listing Rules, subject to the condition that the aggregate values of the continuing connected transactions for each financial year not exceeding the relevant amounts set out in the respective annual caps (as stated above) and there being no significant changes in the terms of such transactions. The waiver granted by the Stock Exchange for the above non-exempt continuing connected transactions will expire on 30 June 2020. Upon expiry of the waiver, the Company will recomply with the then applicable Listing Rules, including the requirements for setting new monetary annual caps for the Service Fees payable by us to PwC Australia under the Alliance Agreement.

Confirmation from INEDs

Our INEDs reviewed the aforesaid continuing connected transaction for the year ended 30 June 2018 and on an annual basis confirmed that, during the relevant financial year, the transactions carried out have been entered into (i) in the ordinary and usual course of business of the Company, (ii) on normal commercial terms or better, and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Confirmation of auditors of the Company

Ernst & Young, the Company's auditors, were engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Review of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants ("Auditor's Letter"). Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditor's Letter has been provided by the Company to the Stock Exchange.

Related Party Transactions

Other than remuneration of Directors and utilisation of the Service Allowance with PwC Australia, the Company did not engage in any related party transactions during the year ended 30 June 2018. Details are set out in note 25 to the financial statement and section headed "Related Party Transaction".

The Company confirmed it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Employees and Remuneration Policies

During the year ended 30 June 2018, including academic staff, the Company employed 137 staff (2017: 108).

The remuneration packages of the employees of the Company are determined with reference to their qualification, working experience, performance, contribution to the Company and prevailing market rate.

The Company's remuneration policy is formulated under the guidance of the Australian Law, industry award as well as various market factors. The Company pays its permanent staff with a basic annual salary plus superannuation and other standard entitlements under Australian employment law; and pays its casual staff on a sessional basis with an hourly basis plus standard entitlements for casual staff.

A remuneration committee was set up for reviewing the Company's remuneration policy and structure for all Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices. None of the Directors will determine their own remuneration.

The Directors and senior management may also receive options to be granted under the Share Option Scheme. For further details of the Share Option Scheme, please refer to "Pre-IPO Performance Rights Plan and Share Option Scheme" in this annual report.

Remuneration of Directors and the Five Highest Paid Employees

Details of the Directors' remuneration and the five highest paid employees in the Company are set out in note 7 and note 8 to the financial statements in this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Constitution, or under the Corporations Act, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued Shares are held by the public as at the date of this report.

Use of Net Proceeds from the Company's Initial Public Offering

Net proceeds from the Listing (including the over-allotment option and after deducting underwriting fee and all relevant expenses) amounted to approximately HK$172 million or AUD$30 million. As at 30 June 2018, a total amount of approximately AUD$272,000 or HK$1.58 million out of net proceeds had been used by the Company according to the allocation set out in the Prospectus.

Proposed use of proceeds HK$'000	Amount utilised from Listing Date to 30 June 2018 AUD$'000	Amount utilised from Listing Date to 30 June 2018 HK$'000	Proposed use for the year ending 30 June 2019 HK$'000	Expected timeframe
• Acquire or invest in educational groups/institutions in the PRC and in Australia				
70,386	—	—	300	To be used by the end of 2019.
• Establish six students experience centres in the PRC				
45,836	—	—	4,000	Flagship center is expected to be completed by the end of 2019 and other five centers are expected be completed from 2020–2023.
• Upgrade our existing campus				
16,137	—	—	8,415	To be used in two to three years. Upgrading campus facilities may take six to twelve months to complete.
• Expanding our campus locations, which include acquiring new potential location in ATP, Sydney central business district, and in other Australian states				
9,442	74	429	4,681	To be used in two to three years. New premise development including acquiring relevant authorities' approval may take one to two years to complete.

Proposed use of proceeds HK$'000	Amount utilised from Listing Date to 30 June 2018 AUD$'000	Amount utilised from Listing Date to 30 June 2018 HK$'000	Proposed use for the year ending 30 June 2019 HK$'000	Expected timeframe
• Further development of SCDP as on online program				
8,412	—	—	4,000	To be used in two years. Development of the course content and the conversion to online model may take six to twelve months.
• Expanding our research program and developing PhD towards our strategic goal				
5,321	—	—	1,200	To be used in three to four years. The preparation of PhD course proposal to TEQSA may take 12 to 18 months.
• Expanding our marketing activities				
7,554	18	104	1,200	To be used in three to four years. The development of the new marketing network may take one to two years.
• Working capital and general corporate purposes				
8,584	180	1,044	4,000	To be used in two to three years.

Use of Proceeds from Third Round Pre-IPO Investments

AUD$2.5 million of the cash proceeds generated from the Third Round Pre-IPO Investment had been used as at 30 June 2018 to pay for part of the listing related expenses of the Company.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Permitted Indemnity Provision

The Company shall indemnify any current or former Directors, officers, auditor and agent of the Company (the "**Officer**") or a related body corporate of the Company, out of the property of the Company, against any liability which that Director or the officer may incur because of being an Officer or in carrying out the business or exercising the powers of the Company, To the extent that it is permitted to do so under the Corporations Act. Under the Constitution, this indemnity applies except to the extent that:

- the Company is forbidden by law to indemnify the person against the liability or legal costs; or
- an indemnity by the Company of the person against the liability or legal costs, if given, would be made void by law.

Compliance with the Relevant Laws and Regulations

During the year ended 30 June 2018, the Company was not aware of material non-compliance with the relevant laws and regulations that have a significant impact on the business and operations of the Company.

Events After the Reporting Period

Save as disclosed in note 29 to the financial statements, the Company has the following significant events after the reporting period:

(a) The Company has signed agreement of cooperative framework with Jiaxing University on 22 August 2018, to promote Undergraduate to Postgraduate pathway program, short term students exchange program and establishing international cooperative centre.

(b) On 5 September 2018, we received a formal advice from NSW LPAB that the re-accreditation process of our Bachelor of Laws will commence in September 2018 and may take more than six months to complete.

This accreditation follows the normal cycle of re-accreditation. In A Framework for the Accreditation of Law Course by NSW LPAB, TOP has been scheduled in accreditation cycle in 2018, 2020 and 2023.

(c) On 12 September 2018, TEQSA has approved the Company to increase its Business School's annual tuition fee by 4% to 5% for international coursework students from March 2019 (Semester 1, 2019).

Auditors

Ernst & Young will retire at the forthcoming AGM and a resolution for their reappointment as auditors of the Company will be proposed thereat.

On behalf of the Board
Dr. Minshen Zhu
Chairman

Australia, 24 September 2018

Corporate Governance Report

Corporate Governance Practices

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles as set out in the CG Code contained in Appendix 14 to the Listing Rules.

The shares of the Company were listed on the Stock Exchange on 11 May 2018.

The Board is of the view that throughout the period from the Listing Date to 30 June 2018, the Company has complied with all applicable code provisions as set out in the CG Code, except for code provisions A.2.1 and C.2.5.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to 30 June 2018.

The Company has also adopted the Model Code as the Employee Written Guidelines, to regulate the securities transactions of the relevant employees who are likely to be in possession of unpublished inside information of the Company. To the best knowledge of the Company, no incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

Board of Directors

The Board oversees the Company's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises the following Directors:

Executive Directors
Dr. Minshen Zhu *(Chairman, re-designated on 18 April 2018)*
Ms. Sumeng Cao *(re-designated on 18 April 2018)*

Non-executive Directors
Mr. Thomas Richard Seymour (Mr. Kai Zhang as his alternate) *(re-designated on 18 April 2018)*
Mr. Amen Kwai Ping Lee *(re-designated on 18 April 2018)*
Mr. Jing Li *(re-designated on 18 April 2018)*

Independent non-executive Directors
Professor Brian James Stoddart *(appointed on 18 April 2018)*
Professor Steven Schwartz *(appointed on 18 April 2018)*
Mr. Tianye Wang *(appointed on 18 April 2018)*
Professor Weiping Wang *(appointed on 18 April 2018)*

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 17 to 22 of this annual report for the year ended 30 June 2018.

The relationships between the Directors (where applicable) are disclosed in the respective Director's biography under the section headed "Directors and Senior Management".

Board Meetings and Directors' Attendance

Since the Company's Shares were only listed on 11 May 2018, the Company had not held any Board meeting or Board committee meeting during the period from the Listing Date to 30 June 2018 but one prior to the Listing Date for the period ended 30 June 2018. Subsequent to the said period, the Board met on 18 July 2018 to approve the grant of share options under the Share Option Scheme adopted by the Shareholders of the Company on 18 April 2018, and on 24 September 2018 to approve the financial results of the Company for the year ended 30 June 2018. No AGM was held during the said period.

To comply with the CG Code, the Company will make appropriate arrangements for holding at least 4 regular Board meetings each year pursuant to code provision A.1.1. Meeting will also be arranged between the Chairman and the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors pursuant to code provision A.2.7.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Dr. Minshen Zhu who is the founder of the Company and has extensive experience in the industry, in-depth knowledge about the management as well as business operations of the Company.

The Board believes that vesting the roles of the Chairman and Chief Executive Officer in Dr. Minshen Zhu provides the Company with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies.

Independent non-executive Directors

During the period from the Listing Date to 30 June 2018, the Board at all times exceeded the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for an initial term of three years, subject to renewal, rotation, removal, vacation or termination.

Article 18.4 of the Company's Constitution, which was adopted by the members of the Company in April 2018, effective conditionally upon listing, provides that any person appointed by the Directors to fill a casual vacancy on or as addition to the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

There is no provision in the Constitution governing the retirement of Directors by rotation at AGM of the Company. In accordance with code provision A.4.2 of the CG Code, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Dr. Minshen Zhu, Ms. Sumeng Cao and Mr. Amen Kwai Ping Lee will retire and being eligible, offer themselves for re-election as directors at the 2018 AGM.

Responsibilities of the Directors

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received 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 Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 30 June 2018, the Company organized a training session conducted by the external legal adviser for all Directors. Such training session covers a wide range of relevant topics including directors' duties and responsibilities, the Company's continuing compliance obligations, the disclosure requirements and the reporting obligations under the Listing Rules and SFO etc. In addition, relevant reading materials including directors' manual and regulatory update have been provided to the directors for their reference and studying.

The records of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 30 June 2018 are summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
Dr. Minshen Zhu	A and B
Ms. Sumeng Cao	A and B
Non-Executive Directors	
Mr. Thomas Richard Seymour	A and B
(Mr. Kai Zhang as his alternate)	A and B
Mr. Amen Kwai Ping Lee	A
Mr. Jing Li	A
Independent Non-Executive Directors	
Professor Brian James Stoddart	A and B
Professor Steven Schwartz	A and B
Mr. Tianye Wang	A and B
Professor Weiping Wang	A

Note:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Committees

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

The Audit Committee consists of four independent non-executive Directors, namely Professor Steven Schwartz, Professor Brian James Stoddart, Mr. Tianye Wang, and Professor Weiping Wang. Mr. Tianye Wang is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control systems, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

As the time of listing of the Company's Shares is relatively short, no meeting of the Audit Committee was held during the period from the Listing Date to 30 June 2018. On 24 September 2018, the Audit Committee held a meeting to review the annual financial results and reports in respect of the year ended 30 June 2018 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Amen Kwai Ping Lee, non-executive Director, Professor Steven Schwartz, independent non-executive Director, and Mr. Tianye Wang, independent non-executive Director. Professor Steven Schwartz is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

As the time of listing of the Company's Shares is relatively short, no meeting of the Remuneration Committee was held during the period from the Listing Date to 30 June 2018. On 20 September 2018, the Remuneration Committee met to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the Directors and senior management and other related matters of the Company.

Details of the remuneration of the Directors and the senior management by band are set out in note 7 and note 8 in the Notes to the financial statements for the year ended 30 June 2018.

Nomination Committee

The Nomination Committee consists of three members, namely Dr. Minshen Zhu, executive Director, Professor Brian James Stoddart, independent non-executive Director, and Professor Weiping Wang, independent non-executive Director. Professor Brian James Stoddart is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, ethnicity or professional experience, skills, knowledge and length of services. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

As the time of listing of the Company's Shares is relatively short, no meeting of the Nomination Committee was held during the period from the Listing Date to 30 June 2018. On 24 September 2018, the Nomination Committee met to review the structure, size and composition of the Board and the independence of the Independent Non-executive Directors and to consider the qualifications of the retiring directors standing for election at the 2018 AGM of the Company.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the period from the Listing Date to the date of this report, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Records of Directors

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the period from the Listing Date to 30 June 2018 (inclusive of one Board meeting held prior to the Listing Date and exclusive of Board and Board Committee meetings held subsequent to the said period) is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Dr. Minshen Zhu	1/1	—	—	—	—
Ms. Sumeng Cao	1/1	—	—	—	—
Mr. Thomas Richard Seymour	1/1	—	—	—	—
Mr. Amen Kwai Ping Lee	1/1	—	—	—	—
Mr. Jing Li	1/1	—	—	—	—
Professor Brian James Stoddart	1/1	—	—	—	—
Professor Steven Schwartz	1/1	—	—	—	—
Mr. Tianye Wang	1/1	—	—	—	—
Professor Weiping Wang	1/1	—	—	—	—

The attendance record of Mr. Thomas Richard Seymour at the Board meetings by his alternate is set out below:

	Attendance/Number of Meetings				
Name of Alternate Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Mr. Kai Zhang	N/A	—	—	—	—

Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Board is the ultimate decision-making authority but the Council is the body that oversees the regular monitoring of potential risks and risk factors at the institutional level while the Academic Board and its sub-committees are responsible for managing academic risks. The Principal and administrative management team are responsible for managing non-academic risks such as regulatory compliance, management and other areas.

The Company utilizes an integrated risk management system to minimize and protect against a range of strategic, operational, business, financial and legal risks. Through our risk management system, the Company seeks to manage and reduce risks, encourage effective and reliable communication, maintain legal and regulatory compliance and ensure the quality of our education provision.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions.

The Company's risk management and internal control systems have been developed with the following principles, features and processes:

Culture of Risk Management

The Company's culture of risk management is that each management position in the organisation should play a role and at relevant responsibilities and the following description on the roles and responsibilities. The process of the Risk Management is a continuous one of analysis, treatment, monitoring, review and reporting with a bottom up and top down approach and clear communication through defined channels.

- Regular monitoring of the potential risks as part of each officer's day-to-day responsibilities is required. In line with the relevant policies, procedure and risk management framework (the "Risk Framework") that are regarded as the criteria and benchmarks, each officer is charged with the responsibility of identifying potential risks. However, investigation and analysis of the risks and development and implementation of appropriate measures to minimise or prevent the risk can only take place with appropriate consultation and approval from the staff member's supervisor and/or higher reports.

- If the initial assessment identifies "risk factors" that cannot be mitigated through use of existing or implemented approved procedures agreed with the officer, immediate manager or supervisor, then the officer should discuss with the related role(s) and report to the supervisor(s) in line with the following diagram and in reference of the Organisational Chart for further identification, analysis and mitigation at the higher level of the management.

- The Directors and the management of the Company must comply with specific rules on an ongoing basis (known as continuing obligations), which include:

  - the Listing Rules;

  - the Securities and Futures Ordinance Chapter 571 of the laws of Hong Kong; and

  - the Companies Ordinance, Chapter 622 of the laws of Hong Kong.

- The continuing obligations ensure, among other things, the Company and the Directors treat all shareholders fairly and equally, and keep investors and the public fully informed of matters which might affect their interests.

- The senior level academic management, administrative, and the Principal should be monitoring, analysing, identifying and mitigating the potential risks or risk factors at the institutional level during the day-to-day management and report to the Academic Board and the Council for the governance bodies' monitoring and risk control on institutional risks.

- The administrative, senior management, the Chief Executive Officer, and the Board should be monitoring, analysing, identifying and mitigating the potential risks or risk factors at the corporation level during the day-to-day management and report to Audit Committee, a certain delegated Committee or the Board for the governance bodies' monitoring and risk control on corporation level risks.

- When the governing bodies or the Board have discussed and identified an institutional or corporate level risk and have made the mitigation strategy/plan, the Principal, Chief Executive Officer and senior management team are responsible for taking action for implementation of the strategy/plan and shall report back to the relevant governance bodies for the outcome.

Main Features

- Establish proper governance and operational mechanisms, including the governance bodies and their sub-committees; comprehensive policies/procedures in academic and administrative affairs; separation between the governance and management of the Company; clear delegations and dialogue within the system; and the planning and review circulation of policies, plans and procedures;

- Embed regular monitoring, early awareness and identify potential risks and risk factors during day-to-day operations;

- Prompt and effective analysis and assessment of risk factors to determine the risk scope and risk level, for instance at the organizational or operational level; and

- Appropriate responses to risk factors, such as rapid report to relevant senior managers or to governance bodies depending on the risk levels, or to immediately consider and implement mitigation strategies or plans, or to review resolutions and ensure continuous improvement.

Risk Identification and Analysis

The level of risk is determined by the relationship between the likelihood (frequency or probability) and the consequences (impact or magnitude of the effect) if the risk occurs. The likelihood and consequences are assessed by taking into account the adequacy and enforcement of controls. The resultant consequences and likelihood are combined to produce a level of risk.

The following areas provide risk identification data for risk analysis:

- Strategic goals or actions. These can be found in the strategic plans, operational plans, and other key policies, plans and procedures of the Company

- Internal and external financial and performance reports

- Evaluation reviews and audits

- External authorities' assessments and indicators such as TEQSA

- Student and staff surveys

- Team-based brainstorming, structured interviews, focus groups, personal experiences, facilitated workshops

- Forecasts and financial modeling

- Records, databases, insurance claims

- Past organisational experiences

The most readily used approach to defining consequences tends to be qualitative whereby managers use experience, judgement and intuition to make decisions in identifying and managing risk.

At this point, the objectives are to separate possible minor risks from major ones. The level of risk is determined by measuring the likelihood of each event arising and the associated consequences. A matrix format ranking has been adopted by the Company through which potential risks are ranked as Extreme, High, Moderate or Low, as follows:

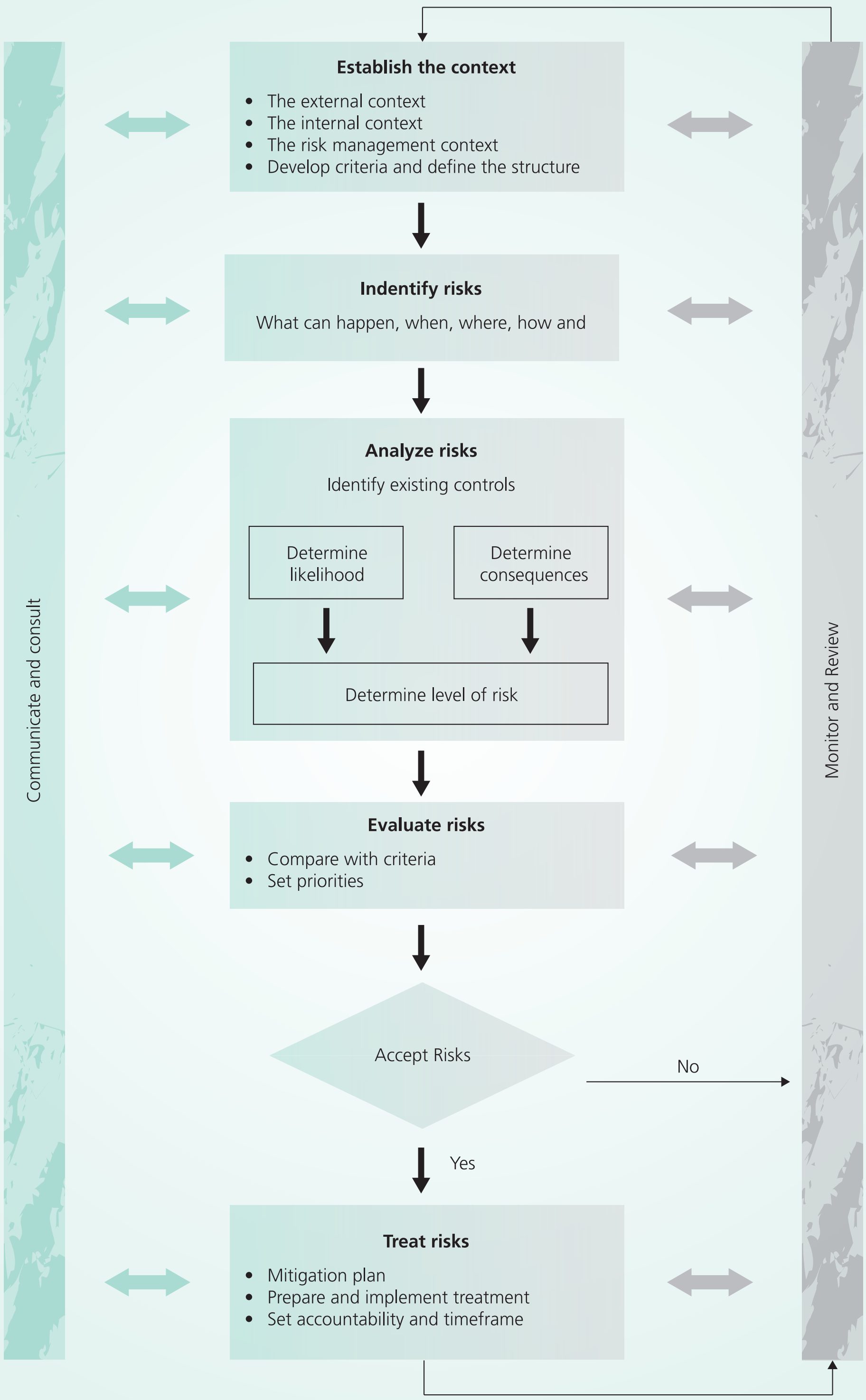
Risk Ranking Matrix

	Consequences				
	Insignificant	**Minor**	**Moderate**	**Major**	**Severe**
Almost Certain	Low	Medium	High	High	Extreme
Likely	Low	Medium	Medium	High	High
Possible	Low	Low	Medium	Medium	High
Unlikely	Low	Low	Low	Medium	Medium
Rare	Low	Low	Low	Low	Medium

Assessment

The following diagram represents the process of identification, analysis and assessment of the Framework:

Identification, Analysis and Assessment



The Company has adopted a tool "Assessment Table of Risk Objectives" to demonstrate the risk areas, risk indicator, assessment criteria and benchmarks, TEQSA's assessments and the Company's comments, analysis, evaluation, initial rating, mitigating strategies/plan, the responsible officer/roles, the response timeframe and final rating.

All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Company and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provides treatment plans, and monitors the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 30 June 2018.

The Board, as supported by the Audit Committee as well as the management report, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 30 June 2018, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

Whistleblowing policy is in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries with the following principle, features and processes:

Principle

Access to confidential information should be limited to a minimum number of employees on a "need to know" basis.

Processes

The Company takes the following measures regarding the handling of confidential documents or correspondence:

- use of codenames and passwords;
- allocation of dedicated or password protected printers, photocopiers, data rooms and private fax lines;
- appropriate storage and disposal of physical copies of confidential documents; and
- maintenance of a working parties list (both internal and external) and appropriate advice to members regarding their confidentiality obligations.

The Company takes the following information technology control measures:

- allocation of restricted User IDs and passwords to relevant staff, which passwords shall be updated on a regular basis;
- granting of network access rights to designated employees only;

- logged-on workstations or laptops not permitted to be left unattended;
- use of auto screensavers with log-on password control; and
- recording of information dissemination including the identity of senders and recipients and the dispatch time.

All external advisers or service providers involved in any specific project or transaction of the Company are required to sign a confidentiality agreement and/or confirm that they have sufficient internal precautions for protecting the confidentiality of such project or transaction.

Only designated persons are authorised to speak on behalf of the Company and, where applicable, conduct meetings with investors, analysts and the media, etc. the Company's current designated spokespersons are:

- Dr. Minshen Zhu, Chief Executive Officer; and
- Ms. Min Ying, Joint Company Secretary.

Proper records of due diligence and audit trail of meetings and discussions concerning assessment of Inside Information should be maintained by the Company.

The Company does not have an internal audit function to carry out independent reviews of the adequacy and effectiveness of its risk management and internal control systems. The risk management and internal controls are self-assessed by the management and reviewed by the Board or a certain delegated committee on an on-going basis. The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary. The arrangement of engaging with an external expert instead of having an internal audit function is considered to be cost-effective based on the Company's size, nature and complexity of the business. Furthermore, outsourcing to specialist could ensure the independence of the internal audit work, together with flexibility to cater for the everchanging regulatory environment.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 June 2018.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 81 to 84.

Auditors' Remuneration

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 30 June 2018 amounted to AUD$298,000 and AUD$70,000 respectively.

Joint Company Secretaries

Ms. Min Ying and Ms. Ivy Yuk Yin Chow are the Company's joint company secretaries. The Company has engaged Ms. Chow of Tricor Services Limited, external service provider, as one of the joint company secretaries. Her primary contact person at the Company is Ms. Ying, joint company secretary of the Company.

Ms. Ying and Ms. Chow has each taken no less than 15 hours of relevant professional training during the year ended 30 June 2018 in compliance with Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services of joint company secretaries on corporate governance and board practices and matters.

Shareholders' Rights

The Company engages with shareholders through various communication channels and a Shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening a General Meeting

General meetings may be convened by the Board on requisition of Shareholder(s) of the Company representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings pursuant to Section 249D of the Corporations Act.

Shareholders should follow the requirements and procedures as set out in the Corporations Act and where applicable, the Company's Constitution, for convening a general meeting.

Putting Forward Proposals at General Meetings

Pursuant to Section 249N of the Corporations Act, Shareholders representing at least 5% of the total voting rights of all Shareholders; or at least 100 Shareholders (as the case may be) who have a right to vote at the relevant general meeting, may request to circulate a resolution to be moved at a general meeting.

Shareholders should follow the requirements and procedures as set out in the Corporations Act and where applicable, the Company's Constitution, for circulating a resolution for general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Registered Office in Australia:
Suite 1, Biomedical Building
1 Central Avenue
Australian Technology Park
Eveleigh, New South Wales 2015
Sydney
Australia
(For the attention of the Joint Company Secretary)

Or

Principal Place of Business in Hong Kong:
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
(For the attention of the Joint Company Secretary)

Or

By email:
ir@top.edu.au

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above addresses and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Investor Relations

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company maintains a website at www.top.edu.au as a platform to provide access for Shareholders and investors with updated information on the Company's business.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the period from the Listing Date to 30 June 2018, the Company has not amended its Constitution. An up to date version of the Company's Constitution is available on the Company's website and the Stock Exchange's website.

Environment Social and Governance Report

Our Commitment and Approach to Environmental, Social and Governance

The Board recognizes the importance of Environmental, Social and Governance ("ESG") in meeting the changing expectations of stakeholders while enhancing the value and performance of the Company and the Board has hence taken the responsibility of assessing and identifying risks associated with environmental, social and governance matters of TOP, ensuring that the relevant risk management and internal control systems are operated properly and effectively.

TOP's motto is "Capability, Integrity, Responsibility and a Winning Alliance". We strive to deliver long-term benefits for all stakeholders by operating in a responsible and ethical manner, taking not only economic factors but also social and environmental factors into consideration while we operate our business in order to maintain a sustainable growth for the Company.

TOP structures its ESG approach around focus areas considered to be material to the business. These focus areas will be detailed in the later section titled "Stakeholder Engagement and Materiality Assessment". Driven by strong risk management, TOP works to continually improve performance across these focus areas to create sustainable value over the long-term through our ESG framework.

Internally, TOP's ESG framework has established written guidelines, provides training and invests in resources wherever possible in the exploration of sustainability improvement. Externally, while we are devoted to delivering best quality higher education courses and experience for our students to equip them with comprehensive knowledge and skills, TOP's ESG framework also aims to cultivate in its students a sense of social responsibility and service to the global community that builds on the best of our heritage.

Using a top-down approach, we assimilate ESG concepts into our daily operations at our workplace through Company's policies and guidelines. This ensures that the scope of our ESG coverage is sufficiently broad to cover key parts of our business, thereby effectively raising ESG awareness amongst employees, so that they each become ambassadors of TOP's sustainability efforts.

Reporting Standard, Period and Scope

This Environmental, Social and Governance report (the "ESG Report") has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Reporting Guide") as set out in Appendix 27 to the Listing Rules issued by the Stock Exchange.

The ESG Report describes the ESG progress made by TOP during the period from 1 July 2017 to 30 June 2018 (the "Reporting Period"). The scope of the ESG Report covers TOP's main campus consisting of two sites, namely the Biomedical Building and Bay 16 of the Locomotive Workshop, both located in the Australian Technology Park ("ATP") in Eveleigh, Sydney.

Those aspects and key performance indicators ("KPI") defined in the ESG Reporting Guide which are considered to be relevant and material to TOP's operations will be presented under four subject areas, namely "Our Environment", "Our Employees", "Our Services" and "Our Community".

The ESG Report is prepared in both Chinese and English, and in case of any discrepancy or inconsistency between the Chinese and English versions, the English version shall prevail.

Stakeholder Engagement and Materiality Assessment

TOP strives to accommodate views and interests of stakeholders (including shareholders, corporate customers, students and their parents, employees, suppliers, creditors, regulatory authorities and the public) through constructive communications to determine the direction of the Company's long-term development and maintain close relationships. The stakeholder groups, their expectations and their typical communication channels with TOP are shown below:

Stakeholder Groups	Expectations	Typical communication channels
Government and regulatory authorities	• Educational service quality • Compliance with laws and regulations • Internal inspection • Employees' health and workplace safety	• Seminars for staff • Financial reports, announcements and circulars • Direct communication via email and telephone
Corporate customers, students & their parents	• Research and teaching quality • Student information protection • Administrational and psychological support and care for overseas students • School atmosphere • Health and safety protection • Career prospect • Fair assessment	• Open Day • Collection of complaints and feedback • Maintaining good communication with students • Caring for student life • Helping families experiencing difficulties • Survey of students' satisfaction
Employees	• Training and career development space • Salary and welfare • Working environment • Health and safety protection • Career development and opportunities	• Staff activities • Employee notice board • Training, seminars and workshops • Meetings of the Academic Board and its sub-committees • Staff orientation • Regular memo to staff • Direct communication to collect opinions from staff • Staff training, seminars and briefings • Cultural activities
Suppliers and agents	• Good business relationship • Fair and honest dealing • Information sharing	• Regular communication via email or telephone • Regular progress meetings or reports

Stakeholder Groups	Expectations	Typical communication channels
Shareholders and investors	• Return on investment • Information disclosure and transparency • Protect the rights and interests of shareholders • Disclose relevant and accurate information in a timely manner • Improve corporate governance • Run business in compliance with laws and regulations • Combat corruption and uphold integrity	• Shareholders' meetings, AGM, etc. • Financial reports, announcements and circulars and other publicly available information • Company enquiries via e-mail and phone • Information disclosure of listed companies • Roadshows/conference calls/meetings with investors/shareholders • Enquiries via telephone/emails • Investors' on-site visit • Website information disclosure on the Stock Exchange and the Company
Local communities, non-government organisations, prospective students and the general public	• Employment opportunities • Ecological environment • Community development • Social commonwealth • Enthusiasm towards public welfare • Charitable donations • Reduce pollutant emissions • Waste reduction	• Charitable activities • Community investment and service • Stakeholder engagement • Environmental protection activities • Sponsorships and donations
Media	• Transparency of information • Good media relations	• Website information disclosure on the Stock Exchange and the Company • Financial reports, announcements and circulars and other publicly available information

In order to identify the most significant aspects for the Company to report on for the ESG report, key stakeholders including shareholders, directors, management team, staff and students have been involved in discussions to review areas of attention which will help the business meets its potential growth and prepares for future challenges. Through these stakeholder surveys carried out during this Reporting Period, the most significant material ESG topics were employment, occupational health and safety, and development and training. With these results in mind, the Company will continue to improve its ESG performance to meet the expectations of our stakeholders. Details of our ESG efforts during the Reporting Period are presented in the later sections.

Our Environment

Our principle business activity of TOP is the provision of higher education services. By nature of our business we engage in activities that have only minimal direct impact — if any — on the environment. Nonetheless, TOP recognizes the importance of environmental protection and has adopted a number of measures which are regularly carried out to manage emissions and waste in the course of our business operations.

Aspect A1: Emissions and Wastes

Air and Green House Gases ("GHG") emissions
The amounts of the different types of air emissions emitted by TOP during the Reporting Period were as follows:

Direct air emissions	Air emission source	Total volume emitted (kilograms)	Intensities (kilograms)
Nitrogen Oxides ("NOx")	Company vehicles	4.69	1.56
Sulphur Oxides ("SOx")		0.02	0.01
Particulate Matter ("PM")		0.43	0.14

The approximate volume of different types of GHG emissions in CO_2 equivalent emissions ("CO_2e") during the Reporting Period were as follows:

GHG emissions	Emission sources	Total volume emitted (tonnes of CO_2e)	Percentage of total volume (%)	Intensities (tonnes of CO_2e)
Scope 1: Direct emissions	Company vehicles	3.19	2.3	1.06
Scope 2: Energy indirect emissions	Purchased electricity	106.77	75.7	106.77
Scope 3: Other indirect emissions	Business air travels	31.13	22.0	0.27
Total GHG emissions		141.09	100.0	

Small amount of direct air emissions were generated from the infrequent use of company motor vehicles. Direct air emissions consist mainly of NOx, SOx and PM exhausted when petrol is combusted from the engines of the vehicles.

GHG emission indirectly generated from the use of purchased electricity was the main contributor of GHG emissions during the Reporting Period. Electricity consumed by TOP is purchased from an electricity company which generated these GHG directly by the burning of fuel. This electricity company is subjected to stringent environmental protection laws and regulations imposed by the Australia government, which includes a duty to monitor pollution levels, prepare and implement pollution incident response management plans, and mandatory environmental audits. During the Reporting Period, a total of approximately 107 tonnes CO_2e of scope 2 GHG emission was emitted, representing a monthly average emission of approximately 9 tonnes.

By comparison, the environmental impact of scope 1 and scope 3 GHG emissions were relatively low. The total volume of scope 3 GHG emissions was approximately 31 tonnes CO_2e during the Reporting Period which was indirectly generated from business air travels, while 3.19 tonnes CO_2e of scope 1 GHG emission was directly emitted from the use of company motor vehicles.

To cut down on these emissions, the Company has adopted a number of measures which are regularly carried out in the course of our operations which are described in detail in the later section titled "Environmental Protection Measures".

Wastes

Wastes generated by the Company were entirely non-hazardous in nature and minimal in quantity consisting of mainly domestic waste such as food wraps, drinking cans and bottles, waste paper products and stationeries from office.

Despite this, various waste reduction measures were implemented at TOP to further reduce the amount of waste around the building, which will be detailed in the later section titled "environmental protection measures". Hence, no data were collected during the Reporting Period since the result of analysis of such data would not be meaningful and insignificant compared to our other ESG efforts.

Aspect A2: Use of Energy and Resources

Electricity was the major source of energy used by TOP during the Reporting Period, used in all areas of TOP's business operation such as general lighting in both our classrooms and offices, and powering of classroom and office equipment such as ventilators, projectors, computers, screens, and printers. The total energy consumption during the Reporting Period was approximately 128,644 kWh, averaging a consumption amount of approximately 10,720 kWh per month.

We use a fairly minimal amount of resources during our operation. Water was the major resource used during the Reporting Period, used in toilets and pantries, however its use is minimal and only secondary to our operation. Hence, no data were collected during the Reporting Period since the result of analysis of such data would not be meaningful and insignificant compared to our other ESG efforts.

Nonetheless, both energy and resource conservation are essential parts of our ESG strategy which will be detailed in the later section titled "environmental protection measures".

Aspect A3: Environment and Natural Resources

Other than water as described in the previous section, TOP does not consume significant resources from, nor causes any significant impact on the environment. Wastewater generated from toilets and pantries is properly disposed of through designated network of pipelines provided by the city of Sydney which is ultimately connected to the mains sewer for sewage processing. Hence the direct impact on the natural environment as a result of TOP's operation — if any— is very limited.

Nonetheless, as outlined in the next section, TOP is committed to environmental protection and has adopted and implemented a number of measures to reduce the negative impact on our environment and habitat.

Environmental protection measures

As a responsible higher education service provider in Australia, TOP is committed to the well-being of the environment. Accordingly, we have the following measures which are regularly carried out to achieve our ESG strategy in the course of our operations:

- educational posters are displayed in common area of the campus to promote the importance of environmental protection to students and employees in order to enhance their environmental awareness;

- TOP's policies and procedures are regularly updated to incorporate rules and guidelines on environmental protection in order to assimilate them into their daily workflows;

- Specifically, through these rules and guidelines, we encourage our employees to minimise emissions and conserve energy by:

  i. turning off electronic equipment when not in use or when leaving the office in order to save energy;

  ii. carpooling (i.e. share car) wherever possible for regular commuting and to/from external meetings.

  iii. We inspect our electricity and power equipment regularly to ensure safety as well as operating efficiency.

  iv. Centralizing the orders for office supplies from various departments to reduce delivery distance, thus reduce indirect emissions from transportation.

  v. Staying at the office after work hours only if necessary and work from home instead of office should they need to work during the weekends.

- Through these rules and guidelines, we also encourage our employees to minimise waste and conserve the use of resources by:

  i. Encouraging the reduction of the use of office supplies wherever possible;

  ii. Centralizing the orders for office supplies from various departments reduce packaging waste;

  iii. Reusing or recycling packaging such as plastic or paper bag, and paper cartons;

  iv. Collecting cardboard in a bin at the Biomedical building rubbish room and utilising the cardboard disposal service provided by the landlord to recycle these wastes;

  v. Reducing excessive printing by going paperless as far as possible, utilizing digital devices to the greatest extent for internal meeting and internal communications;

  vi. Reusing printed paper wherever possible, subject to the personal data privacy requirements;

  vii. Thinking twice before printing any email, and the message "Please consider the environment before printing this email" is attached to the bottom of every email sent to remind the recipient to do the same;

- We dispose of computers responsibly by handing them over to authorized e-waste collection and computer recycling service sites for recycling.

- With regards to our company vehicles:

  i. We encourage our drivers to study traffic rules, traffic maps and routes so that they will more likely take efficient and correct paths the their destinations which may save them time as well as fuel.

  ii. We encourage drivers to switch off engines when idling for more than a short period, and also require them to be proficient in the technical performance of the vehicle so they can use it much more efficiently.

  iii. We carry out inspection and maintenance of our vehicles regularly to keep them in good condition, as well as ensuring safety and operating efficiency.

TOP is also committed to complying with environmental laws and regulations. We strictly comply with the Protection of the Environment Operations Act 1997 in Australia, and all other relevant laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste. During the Reporting Period TOP has not received any complaint from individual or the authority, nor has paid or was liable to pay any penalty as a result of any breach of relevant environmental laws and regulations in Australia.

Our Employees

Aspect B1: Employment

TOP's workforce is not only the most valuable asset in our operations, it is also the solid foundation for the furtherance of our sustainable development journey. Hence it is TOP's highest priority to ensure a fair, harmonious, comfortable, ethical, and safe working environment for all of our employees.

To that effect, TOP has formulated a set of human resources policies together with the employee handbook which cover areas such as remuneration, recruitment, promotion and disciplinary measures, leave entitlements and other employee benefits, as well as guidelines related to occupational health and safety, code of conduct, anti-bribery and equal opportunities, and grievances. These policies are clearly communicated to all levels of employees, both current and the newly employed.

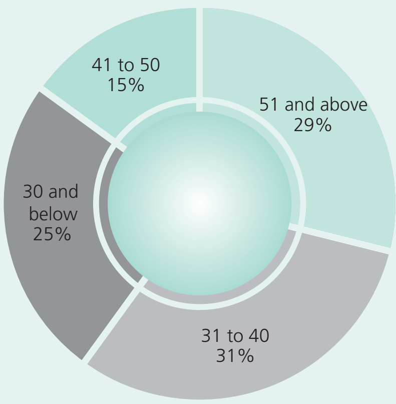
TOP respects and protects employee rights and is committed to equal opportunity, as detailed in our anti-discrimination policy. We have fair policies for recruitment, remuneration and disciplinary decisions, which are never based on gender, age, family position, ethnic background or anything other than their qualifications and their abilities to fit the requirements of the job. TOP does not imposed any limit on age other than the minimum legal age limits for employment. TOP encourages employees at all levels to conduct business in a professional manner with integrity, impartiality and honesty. TOP does not tolerate unethical conduct, discrimination, bullying or harassment in any shape or form. To that end, TOP requires employees to observe the staff's "Code of Conduct" and has established grievance procedures to receive suggestions and complaints from employees as outlined in the later section "Aspect B7: Anti-corruption".

We maintain good working relationship with our employees and we have not experienced any significant labour disputes since our inception. We invest significant time and resources to fulfill our obligations under The Fair Work Act 2009 (the "FWA"). During the Reporting Period, TOP has not received any complaint from an individual or the authority, nor has paid or was liable to pay any penalty as a result of any breach of the FWA and its related regulation, or other relevant employment laws and regulations in Australia.

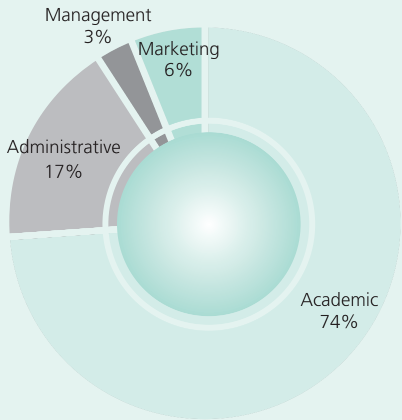
Our workforce

TOP had total number of 137 employees during the Reporting Period. The workforce categorised by roles and age groups is depicted below:

Age Group



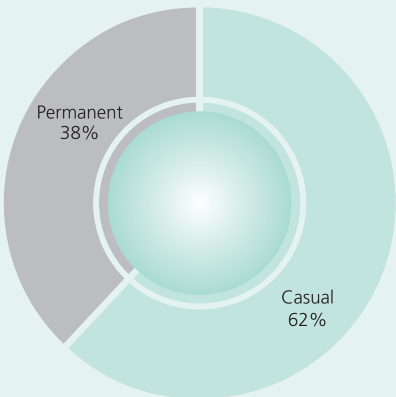
Roles



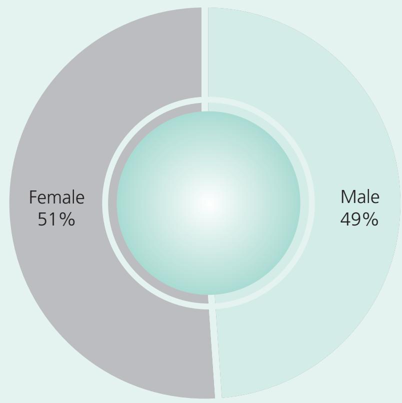
For the year ended 30 June 2018, there were 101 academic staff, 24 administrative staff and 8 marketing staff and 4 management staff. Academic staff consists of professors, tutors, exam invigilators, librarians, and student ambassadors. They are responsible for largely for academic-related duties such as tutoring, teaching, and undertaking of research. Administrative staff consists of directors and student support and services staff who deals with the daily administrative duties such as processing student application and admission matters, organization of classes, launching of new courses, student communication, etc.

The gender and the contract type ratios of the workforce are depicted below:

Contract Type



Gender



In order to ensure consistency of teaching quality, we have endeavoured to reduce our casual academic ratio over the years; however employment under the casual basis remains an attractive option for both TOP and our employees since it provides flexibility. For instance, some academic staff may wish to teach at other institutions, or pursue other lines of work while also working to teach at TOP. On the other hand, by being able to employ staff on a sessional basis provides us with the flexibility to offer courses on a broader variety of topics, allows us to more easily adapt for market demands, and make better accommodation for student requirements.

During the Reporting Period we had a workforce that is gender-balanced. There were 70 female and 67 male employees, a female-to-male ratio of approximately 1:1.

Recruitment and retention of talents

Our success depends on our ability to attract, retain and motivate quality personnel. We pride ourselves in our ability to attract and maintain a stable core workforce through providing a fair working environment, a fair remuneration and appraisal scheme, as well as training and development opportunities for our employees.

TOP provides a fair working environment through our recruitment, remuneration and promotion policies by ensuring that recruitment, remuneration and promotion decisions are made on the basis of individual merit, taking into account his/her history of working experience, qualifications obtained, type of professional expertise, general aptitude as well as the level of competency expected by the job position and that possessed by the individual.

We strive to ensure that our employees are reasonably remunerated and properly incentivised. TOP implements an appraisal program that reviews staff performances semi-annually to explore those areas that meet expectations as well as those that are underperforming. Ultimately, these appraisal exercises aim to motivate our staff to attain their career goals, help them to achieve their full potentials, as well as help us to identify ambitious individuals and ensure that remuneration packages we offer are in line with the industry standards for the higher education sector in Australia.

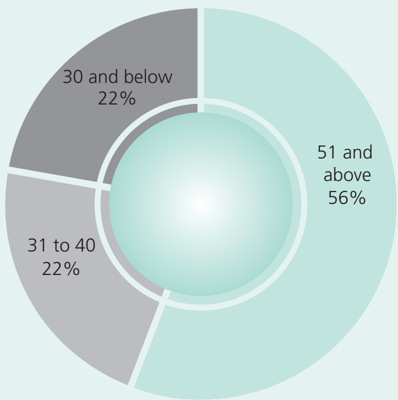
The quality of our staff underpins our ability to provide quality higher education. We maintain rigorous policies and procedures with respect to staff recruitment to ensure the quality of our academic staff. Our quality assurance policies and procedures will be further discussed in the later section titled "Aspect B6: Product Responsibility".

The quality of our service also relies on the ability of our staff to maintain their teaching quality by keeping abreast with the latest knowledge and development in the subject area of their relevant profession. Training and development of our employees will be discussed in the later section titled "Aspect B3: Development and Training".

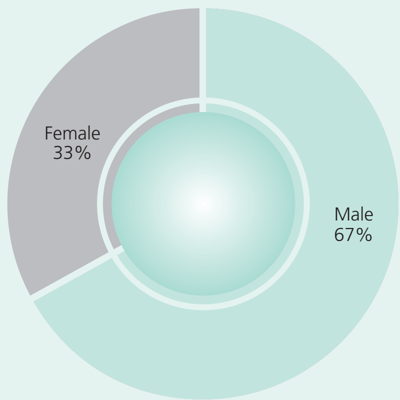
Employee turnover

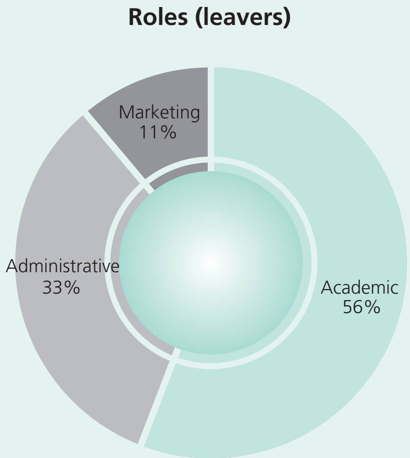
A total of 9 employees left TOP during the Reporting Period, representing an employee turnover rate of approximately 6.6%. The distributions of employee leavers by age group, gender and roles were as follows:

Age Group (leavers)



Gender (leavers)





Aspect B2: Health and Safety

TOP is committed to providing a comfortable and safe working environment for our employees, and we put continuous effort into maintaining and improving of the well-being of our employees.

We have established a workplace health and safety policy, as well as adopted a three step approach to ensure occupational health and safety ("OHS") risk in the workplace is adequately addressed and complies with the relevant laws and regulations in Australia.

Our OHS risk management approach

At TOP we adopt a three step OHS risk management approach as follows:

1. *Risk Identification*

   It is the responsibility of all workplace participants to identify risks and inform their line manager or Human Resources department ("HR Department") of potential workplace and/or personal hazards. A member of staff who identifies a risk or potential risk in their daily work should notify the HR Department immediately. If a HR representative is unavailable, potential hazards should be reported to the line manager.

2. *Risk Assessment*

   An assessment will be made, and action will be taken on all identified and reported risks. The HR Department will assess risk and identify measures to control/eliminate the risk. If the risk is not significant, an assessment and recommendation will be recorded and raised in a Management meeting.

3. *Addressing the risk*

   Human Resources department will, in consultation with the Chief Executive Officer, senior management, law enforcement agencies and other organisational groups, design an action plan to control and minimise identified risks. The HR Department may, at its discretion, assign workplace participants with tasks and/or additional responsibilities to minimise and/or eliminate risk.

The risk will be monitored at regular intervals to ensure the safety of workplace participants.

Workplace safety

The HR Department conducts safety check on all premises as necessary. In the case of new premise, a safety check will be undertaken prior to signing the tenancy agreement. A formalised report and recommendations on these checks will be reported to the Chief Executive Officer, who will discuss the findings and consider the recommendations, seeking additional information if required. Agreed recommendations will be put forward for action at the next staff meeting, and those recommendations which are not taken will be discussed and provided with reasons for not proceeding.

In addition, there are also policies and procedures in place to ensure that there are adequate first aiders on duty while staff and students are at the premise; fire suppression equipment, electricity and power equipment are checked at regular intervals to ensure safety and comply with laws and regulations; requirement to report and record occurrence of serious incident or potential hazards, including workplace injury and serious illness, as well as a company vehicle policy for those who drives company vehicle to ensure that employees drive responsibility and any occurrence of accident is reported.

Training

We provide training on topics related to occupational health and safety to all our employees and keeps them up-to-date with the latest knowledge and raise awareness on occupational hazard mitigation. These training programmes are detailed in the next section.

Compensation

In addition to the government-mandated employment entitlements, we also maintain workers' compensation insurance under workers compensation legislation to provide support for our employees in the unfortunate event of sickness or workplace injury which covers their loss of work, medical expenses and rehabilitation. During the Reporting Period there were no work-related fatalities and no lost on workdays due to work injuries.

Aspect B3: Development and Training

TOP places great importance on the continuing development of professional knowledge and skills for our employees. TOP believes that the continued growth and success of our business is built upon employee excellence and their ability to provide quality of services to our students and corporate clients, and is also a key element on our objective to retain a team of quality and skilled core workforce.

TOP has established policies, through systematic training and professional development, to ensure that employees have the training required to fulfill the continuous professional training requirements of their respective profession.

All employees are required to complete a staff induction program as well as subsequent on-going training activities, such as topics on occupational health & safety, professional & skills training, and ethics & compliance. We identify outside workshops, seminars or other professional development activities for our staff and offer subsidies to facilitate their participation.

The types of training topics employees completed during the Reporting Period are tabled below:

Training topics	Total training hours
Professional and Skills	309
Induction and Health and Safety	251
Ethics & Compliance	23
Grievance Handling	25
Bullying, Harassment & Discrimination	9
Others	4
Total training hours	621

The average hours of training completed per employee by gender and by employee category are as follows:

	Average training completed per employee (hours)
By Gender	
Male	3.03
Female	5.97
By employee category	
Management	44.18
Academic	3.93
Others	1.47

Aspect B4: Labour Standards

TOP prohibits unethical business practices, such as child and forced labour, which is clearly stated in the employee's code of conduct. We actively detect and prevent child labour through our comprehensive screening in the recruiting process, checking the identity document, and their working visa if applicable prior to any employment. We also provide a grievance process for anyone including employees to file a complaint or report on unethical behaviour, which is described in detail in the section "Aspect B7: Anti-corruption".

Work schedules are arranged with input from the employees to ensure they are set up fairly, that the employees work voluntarily and are provided with adequate rest and the appropriate work-life balance to ensure service quality excellence. In cases where overtime work is required, employees do so of their own accord and overtime compensation is provided in accordance with relevant labour laws and regulations. As stipulated in their individual employment contracts and staff handbook and in accordance with relevant laws and regulations, all employees are provided entitlements such as maximum weekly hours, flexible working arrangements, annual leave, compassionate leave, sick leave, parental leave, public holidays, and others as stipulated in the National Employment Standards of the Fair Work Act 2009 and other relevant laws and regulations in Australia.

Our Services

We are devoted to delivering quality high education courses and excellent student experience. In the analogy of a production line, quality products require the establishment of a robust quality control mechanism. As a producer of quality high education courses, TOP is no different. Details of our quality assurance mechanisms will be described in the section titled "Aspect B6: Product Responsibility".

Third-party agents are the main suppliers in our service supply chain. These agents provide students, the majority of whom are international students, with information and advice about various higher education providers, guide them through the application process and many also assist with other aspects of student life such as applying for visas, finding housing and providing career guidance. We coordinate with these agents to ensure that they have accurate information about TOP to provide to students and are knowledgeable about TOP and our application process. These third-party agents are subjected to Australian regulations, and hence it is vital to our business to be able to work closely with these third-party agents and ensure their regulatory compliance. Details of our third-party vetting process will be described in the next section.

Aspect B5: Supply Chain Management

We have established policies and procedures to ensure that agents meet our standards, by undergoing a vetting process before we list them as our authorised agents list. We have approximately 100 active authorised agents in the list as at the end of Reporting Period.

Prior to authorising an agent, we have a process to review their accreditations, qualifications and references to ensure that the agent is reliable and trustworthy, and ensure that they are not agents explicitly banned by the authorities. After such review we sign long-term written agreements with all these authorised agents which set out the terms of agents obligations, these include:

- A duty to adhere to and maintaining compliance with all applicable laws and regulations, such as regulations protecting international students and privacy laws; and laws and regulations governing third-party agent, which include but not limited to the ESOS Act and the National Code;

- A duty to promotion TOP and our courses to suitable prospective students with accuracy and integrity and recruiting such students in an ethical and responsible manner;

- A duty to accurately inform prospective students about the requirements of TOP, courses and tuition and fee policies and about the education system and life in Australia;

- A duty to assist students in the application process by ensuring all necessary documentation is included;

- A duty to seek our prior approval for using our name and trademarks in their promotional or marketing activities;

- A duty to providing relevant market information for records and research;

- A duty not to make any representations or guarantees and not incurring any expenses or liabilities on our behalf without our consent.

TOP's obligations in the written agreements include the following:

- Provide the agent with up-to-date and accurate information about TOP and our courses, and keep it informed about student applications it lodged to TOP;

- Provide the agent with adequate training regarding appropriate conduct;

- Informing the agent of any changes regarding visa requirements or visa application processes;

- Nominate a person to act as a point of contact and liaison with the agent; and,

- Monitor the agent's activities and taking corrective actions if TOP becomes aware that an agent may be in breach of its contract terms with us or engaging in unethical activity. To that effect, TOP has established and adopted the International Agent Monitoring Policy to ensure the monitoring of agent's compliance.

Aspect B6: Product Responsibility

Quality assurance

We have established a distinct governance and management system to provide TOP with the oversight needed to ensure continuous quality excellence.

In this system, the Board has ultimate decision-making authority but has delegated the general oversight of higher education provision to the Council, which is the corporate governing body. The Council comprises fifteen members and meets at least four times a year to discuss the latest developments, consider progress on long-term strategic plans, review financial reports and analyse risk factors affecting TOP. Seven of the members of the Council are external parties, who are not employees, members of management, shareholders or directors of TOP, and can voice independent, outside viewpoints on these decisions. Many of our Council members are experienced academics who have held senior positions in Australian universities, such as Vice-Chancellors or Deputy Vice-Chancellors. The Council is primarily responsible for oversight of our Institute as a whole and setting the overall strategic direction and framework of policies needed to achieve institutional objectives and ensure compliance with regulatory requirements.

The Council delegates authority to the Academic Board, which is the academic governing body, to oversee academic quality assurance, academic integrity and independence. The Academic Board comprises fourteen members and meets six times a year. Seven of the members of Academic Board are external members, who are not employees, members of management, shareholders or directors of TOP. Many of our Academic Board members are former or current deans, professors or deputy vice- chancellors of Australian universities. The Academic Board advises the Council on academic matters and approves and monitors academic policies. The Academic Board has three sub-committees: namely the Course Advisory Committee, the Teaching and Learning Committee (the "TLC") and the Student Grievance Committee. Membership of the sub-committees is based on appointment by the Academic Board.

Course Advisory Committee's major academic functions includes monitoring the development of new courses and regularly reviewing existing courses to ensure that they meet regulatory requirements for quality and recommending improvements to the Academic Board to ensure that our quality standards meet the latest benchmark targets. For example, the Course Advisory Committee is responsible for determining what outcomes each class and overall course should ultimately be able to provide to the students. The Course Advisory Committee meets periodically during the course development process. Every course is reviewed at least once every four years. These course reviews are initiated by the Academic Board and conducted by the Course Advisory Committee. More frequently reviewed are the units of each course, which are evaluated by teaching staff at least once every two years. The Course Advisory Committee also implements a process of review that requires external benchmarking, which is a data driven process using student data. There may be extra review processes using internal experts as well as independent external review experts when necessary.

The TLC is responsible for ensuring that our classes and courses are achieving target outcomes in line with our institutional teaching and learning plan. For example, the TLC reviews class outlines, course materials and teaching evaluations to determine if our classes are achieving the target outcomes set by the Course Advisory Committee and reports its findings to the Academic Board. The TLC meets approximately every two months.

The Student Grievance Committee meets only when a student is not satisfied with the results of prior dispute resolution processes with our academic staff. The Student Grievance Committee consists of one Academic Board member with a legal background and two external parties to be brought in on an ad hoc basis in order to ensure impartiality and independence. The Student Grievance Committee has only needed to be convened once during the Reporting Period to review a student's grievance.

The quality of our employees is another crucial element of ensuring our service quality. Through our comprehensive and rigorous recruitment process, we ensure our employees are sufficiently qualified and experienced. Our hiring policy requires that all of our academic staff have obtained the appropriate qualifications. Many of our professors and lecturers have previously taught at Australian universities. When we hire new academic staff, we interview and check references for each candidate. Once hired, as detailed in the section titled "Aspect B3: Development and Training", we provide induction training and support further academic and professional development opportunities for our academic staff, such as, conferences and scholarly publications. These activities help enhance their scholarship which in turn, help continually advance TOP's teaching and learning outcomes.

In the unfortunate event of course discontinuation, for instance due to major course revision following a formal course review process or changes in student demand, or strategic positioning of a particular market, TOP has a course transition and teach out policy in place to deal with such an incident to lessen any negative impact to employees and students.

Regulatory excellence

During the Reporting Period, we have invested significant time and resources to ensure compliance with government regulations and policies.

As a higher education provider in Australia, we are closely regulated by TEQSA and our courses are subject to TEQSA regulations and requirements. As a higher education provider with a substantial number of international students, we are also required to maintain registration on CRICOS and we are subject to the ESOS Act which oversees education provision to international students.

A proven record of continuous compliance is critical in order to retain or renew the relevant accreditations with the authorities, as well as to make way for future growth. For instance, TOP has launched its Master of Business Administration program since March 2018, after we received a full seven years accreditation approval from TEQSA for the Master of Business Administration program in October 2017. The Company also received a letter from TEQSA on 16 May 2018 in relation to its approval for partial SAA in the broad field of education of Management and Commerce, as classified by the Australian Standard Classification of Education, which covers the Australian Qualification Framework from level 5 (diploma) to level 9 (masters degree) Management and Commerce courses offered at TOP.

With regards to our marketing publications, we have a dedicated team of marketing professionals to ensure that these advertisements and any other content published by TOP are appropriate and in compliance with the relevant laws and regulations in Australia, and in particular ESOS Act and National code Part D, Standard 1 on the provision accurate course information to students.

Complaint handling

We treat all grievances and complaints seriously and view them as means to consistently improve the quality of the services we offer. TOP has established grievance procedures to receive suggestions and complaints from students and employees as outlined in the later section "Aspect B7: Anti-corruption". During the Reporting Period we have not received any significant complaint related to our services.

Protection of intellectual property

TOP respects and protects intellectual property rights, and has taken active steps to protect our own trademarks by making the necessary filing of claims or registration of trademarks. TOP has significant intellectual property rights ("IP rights") in terms of course materials, course outlines, lecture notes, case studies, etc. TOP protects these IP rights by agreement of non-disclosures and additionally binding employees to Staff Code of Conduct to respect and protect the confidentiality of information obtained at TOP.

During the reporting period, we have not engaged in and have not been threatened with any claim for infringement of any IP rights, whether as a claimant or as a defendant. We believe that we have taken all reasonable measures to prevent infringement of our own IP rights.

Personal data protection

TOP considers that privacy and security of information are critical operating principles. We recognize the importance of keeping personal information of our students in strict confidence. TOP has implemented various information privacy and information security programmes to protect the security of corporate data as well as personal data privacy.

In additional to our privacy and information security policy, our employees are bound by the terms of their employment contracts and the staff code of conduct to ensure that confidential information is properly protected and such information is kept in strict confidence, and that any information that has come in their possession as a result of their employment with us will not be disclosed to any person without the prior approval of the designated officer(s) of TOP. Any unauthorized copying, dissemination or disclosure of confidential information, including identities and transaction records of customers, is strictly prohibited.

TOP is committed to complying with relevant laws and regulations on customer data protection and privacy. We are subject to Australian Privacy Act 1988 which restricts the use of personal information collected by us for specific purposes. We obtain consent from students and customers before we collect personal information, use them only for their intended purpose, and destroy them when they are no longer required.

Aspect B7: Anti-corruption

TOP is committed to adhering to the highest ethical standards and maintaining a culture of integrity and justice for preventing, detecting and reporting all types of corrupt and fraudulent practices, such as bribes, kickbacks, favouritisms, money-laundering, etc.

To combat these malpractices, we have established policies and procedures, including but not limited to, declaration of conflicts of interests, grievance policy, Gift & Benefits policy and Staff Code of Conduct. Through the establishment of these policies, we encourage all employees to discharge their duties and conduct themselves in compliance with laws and regulations and to do so with integrity and honesty. Furthermore, students, employees or any stakeholders can also utilise complaint channels — as describe in the grievance policy — to file complaint to notify TOP of their complaint or suggestion.

TOP's policies and procedures requires employees to report gifts, entertainment and travel acceptance while conducting business on behalf of the TOP and to manage such gifts and entertainment provided by business associates according to TOP's guidelines.

TOP takes matters related to bribery and any form of corrupt practices very seriously. Any employee in violation may be subject to severe disciplinary actions, including summary dismissal and/or legal action.

During the Reporting Period, there was no legal case regarding corrupted practices nor any case of corruption found by or reported to the Company.

Our Community

Aspect B8: Community Investment

With our commitment to being a socially responsible enterprise, TOP has engaged in the following activities in the community during the Reporting Period:

- TOP has the tradition of holding fundraising events and encourage our employees to contribute their time and efforts in participating or donating to international charity or local community activities and events.

- One of these fundraising events we held was the Australia's Biggest Morning Tea, which is Cancer Council Australia's most popular fundraising event and the largest, most successful event of its kind in Australia.

- We have arranged an organisation to provide a snack box in our office of which 50% of the profit is donated to the National Breast Cancer Foundation.

- We have been a continuous sponsor of the Australia Financial Review (the "AFR") Higher Education Awards since 2016. The Awards are an initiative to highlight at a national level the tremendous contribution that the Higher Education sector makes to Australian prosperity and quality of life. In August 2017, we sponsored a total of AUD$15,000 towards the International Education Award which was announced at the gala dinner during the AFR Higher Education Summit.

- We have been also a continuous sponsor of the International Education Association of Australia ("IEAA") since 2016, of which we have sponsored a total of AUD$15,000 during the Reporting Period. IEAA strives to empower professionals, engage institutions and enhance Australia's reputation as a provider of world-class education.

Independent Auditor's Report

EY 安永

To the shareholders of Top Education Group Ltd
(Registered in Australia with limited liability)

Opinion

We have audited the financial statements of Top Education Group Ltd (the "Company") set out on pages 85 to 127, which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition	
Revenue for the year mainly comprised of course fees from students enrolled for higher education award courses. The revenue is calculated by reference to the number of students and the annual fees of the applicable programs for the academic year, and is recognised proportionately over the relevant period of the applicable programs. The portion of course fees received from students but not yet earned is recorded as deferred revenue. Given the significant volume of transactions and the risk of revenue not being recorded in the correct period, we considered revenue recognition to be a key audit matter. The Company's disclosures about revenue recognition are included in notes 2.4 and 5 in the financial statements.	Our audit procedures included: • We obtained an understanding of the basis for revenue recognition and the overall transaction processes and procedures adopted by the management; • We tested the applicable internal controls relating to the recording of revenue; • On a sample basis, we tested transactions by agreeing to the relevant supporting documentation, including the student payment records, official student records registered with the relevant education authorities, and the payment remittance receipts for the course fees; and • We independently recalculated the amount of deferred revenue and the revenue recognised in the period.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors of the Company are responsible for assessing the Company'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 of the Company either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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. Our report is made solely to you, as a body, 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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

Independent Auditor's Report (Continued)

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the 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.

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K W Lau.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
24 September 2018

Statement of Profit or Loss and Other Comprehensive Income

Year ended 30 June 2018

	Notes	2018 AUD$'000	2017 AUD$'000
REVENUE	5	**23,823**	21,138
Cost of sales		**(10,996)**	(9,977)
Gross profit		**12,827**	11,161
Other income and gains	5	**1,109**	315
Administrative expenses		**(10,472)**	(3,448)
Advertising and marketing expenses		**(1,159)**	(1,199)
Other operating expenses		**—**	(60)
PROFIT BEFORE TAX	6	**2,305**	6,769
Income tax expense	9	**(752)**	(2,167)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,553**	4,602
Attributable to:			
Owners of the Company		**1,553**	4,602
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings per share (AUD cents)	11	**0.079**	0.258
Diluted earnings per share (AUD cents)	11	**0.075**	0.257

Statement of Financial Position

30 June 2018

	Notes	2018 AUD$'000	2017 AUD$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**980**	750
Intangible assets	*13*	**4,181**	3,624
Prepayments and deposits	*15*	**1,627**	1,903
Deferred tax assets	*20*	**2,905**	202
Total non-current assets		**9,693**	6,479
CURRENT ASSETS			
Trade receivables	*14*	**—**	58
Prepayments and other receivables	*15*	**1,266**	1,389
Cash and cash equivalents	*16*	**47,367**	16,100
Total current assets		**48,633**	17,547
CURRENT LIABILITIES			
Trade payables	*17*	**1,345**	1,127
Other payables and accruals	*18*	**2,804**	2,335
Deferred income	*19*	**2,626**	2,348
Tax payable		**398**	533
Total current liabilities		**7,173**	6,343
NET CURRENT ASSETS		**41,460**	11,204
TOTAL ASSETS LESS CURRENT LIABILITIES		**51,153**	17,683
NON-CURRENT LIABILITIES			
Other payables and accruals	*18*	**217**	151
Net assets		**50,936**	17,532
EQUITY			
Share capital	*21*	**45,133**	8,480
Reserves		**5,803**	9,052
Total equity		**50,936**	17,532

Minshen Zhu
Director

Sumeng Cao
Director

Statement of Changes in Equity

Year ended 30 June 2018

	Notes	**Issued capital** AUD$'000	**Share-based payment reserve** AUD$'000	**Retained profits** AUD$'000	**Total equity** AUD$'000
At 1 July 2016		6,086	—	4,413	10,499
Profit and total comprehensive income for the year		—	—	4,602	4,602
Issue of shares	*21*	2,500	—	—	2,500
Share issue expenses	*21*	(106)	—	—	(106)
Equity-settled performance rights arrangements	*22*	—	37	—	37
At 30 June 2017 and 1 July 2017		8,480	37*	9,015*	17,532
Profit and total comprehensive income for the year		—	—	1,553	1,553
Interim 2018 dividend	*10*	—	—	(6,283)	(6,283)
Issue of shares under initial public offering	*21*	39,197	—	—	39,197
Share issue expenses	*21*	(2,544)	—	—	(2,544)
Equity-settled performance rights arrangements	*22*	—	1,481	—	1,481
At 30 June 2018		45,133	1,518*	4,285*	50,936

* These reserve accounts comprise of the reserves of AUD$5,803,000 (2017: AUD$9,052,000) in the statement of financial position.

Statement of Cash Flows

Year ended 30 June 2018

	Notes	2018 AUD$'000	2017 AUD$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2,305**	6,769
Adjustments for:			
Interest income	*5*	**(237)**	(165)
Equity-settled performance rights expense	*22*	**827**	37
Depreciation	*12*	**243**	253
Amortisation of intangible assets	*13*	**780**	589
		3,918	7,483
Decrease/(increase) in trade receivables		**58**	(58)
Decrease in prepayments, deposits and other receivables		**142**	178
Increase in trade payables		**217**	146
Increase/(decrease) in other payables and accruals		**287**	(26)
Increase in deferred income		**278**	202
Cash generated from operations		**4,900**	7,925
Interest received		**237**	165
Income tax paid		**(1,965)**	(1,769)
Net cash flows from operating activities		**3,172**	6,321
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(473)**	(346)
Additions to intangible assets		**(1,337)**	(1,336)
Net cash flows used in investing activities		**(1,810)**	(1,682)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	*21*	**39,197**	2,500
Share issue expenses		**(3,009)**	(106)
Dividends paid		**(6,283)**	(8,889)
Net cash flows from/(used in) financing activities		**29,905**	(6,495)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**31,267**	(1,856)
Cash and cash equivalents at beginning of year		**16,100**	17,956
CASH AND CASH EQUIVALENTS AT END OF YEAR	*16*	**47,367**	16,100

1. Corporate Information

Top Education Group Ltd is a limited liability company, incorporated on 2 October 2001 and domiciled in Australia. The registered office of the Company is located at Suite 1, Biomedical Building, 1 Central Avenue, Australian Technology Park, Eveleigh, New South Wales 2015, Sydney, Australia. The Company's shares have been listed on the Main Board of the Stock Exchange since 11 May 2018.

The Company is principally engaged in providing private higher education services in Australia. The Company has no subsidiaries since its incorporation, and there were no significant changes in the nature of the Company's principal activities during the year.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Australian dollars ("AUD$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Changes in Accounting Policies and Disclosures

The Company has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

None of the above amendments to IFRSs has had a significant financial effect on the Company's financial performance and financial position. Disclosure has been made in note 23 to the financial statements upon the adoption of amendments to IAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.3 Issued But Not Yet Effective International Financial Reporting Standards

The Company has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the financial statements:

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[2]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28[1]
Annual Improvements 2015–2017 Cycle	Amendments to a number of IFRSs[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about certain IFRSs that are expected to be applicable to the Company is described below. Of those standards, IFRS 9 and IFRS 15 will be applicable for the Company's financial year ending 30 June 2019 and are expected to have a certain impact upon adoption. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Company. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Company at the time of applying the standards and the transitional provisions and policy options finally adopted.

2.3 Issued But Not Yet Effective International Financial Reporting Standards (Continued)

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company will adopt IFRS 9 from 1 July 2018. The Company will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 July 2018. During the year, the Company has performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

Upon adoption of IFRS 9, the classification and measurement of financial assets depend on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial assets. The Company does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Company will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Company will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Company currently expects that the provision for impairment might not be significantly increased upon the initial adoption of the standard.

IFRS 15, issued in May 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Company plans to adopt the transitional provisions in IFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 July 2018. In addition, the Company plans to apply the new requirements only to contracts that are not completed before 1 July 2018.

2.3 Issued But Not Yet Effective International Financial Reporting Standards (Continued)

The Company has performed an assessment of the potential impact of the adoption of IFRS 15. The Company currently expects that the transitional adjustment to be made on 1 July 2018 upon initial adoption of IFRS 15 might not be material.

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Company's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Company has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Company expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by IFRS 15, the Company will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

IFRS 16, issued in January 2016, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Company expects to adopt IFRS 16 from 1 July 2019.

The Company is currently assessing the impact of IFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 24 to the financial statements, at 30 June 2018, the Company had future minimum lease payments under non-cancellable operating leases in aggregate of approximately AUD$3,041,000. Upon adoption of IFRS 16, the amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short-term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2.4 Summary of Significant Accounting Policies

Fair value measurement

Fair value is the price that would be received for its services provided or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company 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 employees of either the Company or an entity related to the Company;
- (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 the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.4 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Teacher reference books	14.3%–33.3%
Plant and equipment	20%–25%
Classroom and office equipment	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademark

Trademark registered separately and with a finite useful life is carried at cost less accumulated amortisation and any impairment loss. Amortisation for the trademark with a finite useful life is provided on a straight-line basis over its estimated useful life of 10 years.

2.4 Summary of Significant Accounting Policies (Continued)

Intangible assets (Continued)

Development costs
Expenditure incurred on projects to develop new courses is capitalised and deferred only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Course development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying course not exceeding seven years, commencing from the date when the courses are implemented.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Company is the lessor, assets leased by the Company under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Company is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company 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 marketplace.

Subsequent measurement of loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included profit or loss. The loss arising from impairment is recognised in profit or loss.

2.4 Summary of Significant Accounting Policies (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)
The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating expenses in profit or loss.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.4 Summary of Significant Accounting Policies (Continued)

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified the chief executive officer ("CEO") and the Board of Directors as being the chief operating decision makers.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right exists to set off current tax assets against and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity and the same taxation authority which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company, the revenue can be measured reliably, the price is fixed and determinable and when services are rendered.

Tuition fees are generally received in advance prior to the beginning of each semester, and are initially recorded as deferred revenue. Tuition fees are recognised proportionately over the relevant period of the applicable course. The portion of tuition fee payments received from students but not earned is recorded as deferred revenue and is reflected as a current liability as such amounts represent revenue that the Company expects to earn within one year.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Share-based payments

The Company operates performance rights schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The unhurdled fair value of the performance rights is calculated as the value of the ordinary shares in the Company less the present value of the projected dividends over the expected term of the performance rights, further details of the Company's performance rights schemes are given in note 22 to the financial statements.

2.4 Summary of Significant Accounting Policies (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions for employees is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding performance rights is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

(i) Pension schemes

Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

2.4 Summary of Significant Accounting Policies (Continued)

Other employee benefits (Continued)

(ii) Obligations to employees

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within twelve months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position as the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

The leave obligations cover the Company's liability for long service leave and annual leave.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The financial statements are presented in Australian dollars, which is the Company's functional currency. Foreign currency transactions recorded by the Company are initially recorded using functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

3. Significant Accounting Judgements and Estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets
Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be reversed. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Intangible assets
Intangible assets are capitalised in accordance with the accounting policy for intangible assets in note 2.4 "Intangible assets". Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected periods of benefits.

Useful lives of deferred development costs
The Company's management determines the estimated useful lives of its deferred development costs for the calculation of the amortisation of deferred development costs. This estimate is determined after considering the expected period in which economic benefits can be generated from the development courses/programs to which the deferred development costs related. Management reviews the estimated useful lives on an annual basis and future amortisation charges are adjusted where management believes the useful lives differ from previous estimates. Further details are given in note 2.4 "Intangible assets".

4. Operating Segment Information

The Company has identified the CEO and the Board as the chief operating decision makers. The Company has only one reporting segment being the provision of private higher education services in Australia.

During the year, the Company operated within one geographical segment because all of its revenue was generated in Australia. All of the non-current assets of the Company are located in Australia. The non-current asset information is based on the assets' location and excludes financial instruments and deferred tax assets.

The CEO and the Board as the chief operating decision makers examine the Company's performance primarily based on the number of students and course fees earned.

No services provided to a single customer contributed 10% or more of the total revenue of the Company during the financial year.

5. Revenue and Other Income and Gains

Revenue represents the value of services rendered, after deducting refunds, during the year.

An analysis of revenue and other income and gains is as follows:

	2018 AUD$'000	2017 AUD$'000
Revenue		
Course fee income	**22,806**	20,263
Other service fee income	**1,017**	875
	23,823	21,138
Other income and gains		
Interest income	**237**	165
Realised foreign exchange gains, net	**169**	—
Unrealised foreign exchange gains, net	**590**	—
Others	**113**	150
	1,109	315

6. Profit Before Tax

The Company's profit before tax is arrived at after charging:

	Notes	2018 AUD$'000	2017 AUD$'000
Amortisation of intangible assets	13	**780**	589
Depreciation	12	**243**	253
Minimum lease payments under operating leases		**1,273**	1,004
Listing expenses*		**5,994**	948
Auditors' remuneration*		**298**	70
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 7)*):#			
Wages, salaries and other employee benefits		**6,316**	5,692
Share-based payments*	22	**827**	37
Pension scheme contributions (defined contribution schemes)		**541**	527
Less: Amount capitalised		**(564)**	(581)
		7,120	5,675

* The listing expenses, auditors' remuneration and share-based payments are included in "Administrative expenses" in the statement of profit or loss and other comprehensive income.

\# Inclusive of amount of AUD$2,900,000 classified under "Administrative expenses" in the statement of profit or loss and other comprehensive income (2017:AUD$1,551,000).

7. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2018 AUD$'000	2017 AUD$'000
Fees	**196**	96
Other emoluments:		
Salaries	**498**	220
Share-based payment	**754**	37
Performance related bonuses*	**269**	—
Pension scheme contributions	**79**	102
	1,600	359
	1,796	455

* Certain directors of the Company are entitled to bonus payments which are determined as a percentage of the revenue or as a percentage of the dividend declared by the Company.

7. Directors' and Chief Executive's Remuneration (Continued)

During the year, the CEO was granted performance rights, in respect of the services to the Company, under the performance rights plan of the Company, further details of which are set out in note 22. The fair value of such performance rights, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current year is included in the above directors' and the CEO's remuneration disclosures.

(a) Independent non-executive Directors

During the current year, Professor Weiping Wang, Professor Brian James Stoddart, Mr. Tianye Wang and Professor Steven Schwartz were all appointed as independent non-executive Directors of the Company on 18 April 2018.

The fees paid to independent non-executive Directors during the year were as follows:

	Fees AUD$'000	Share-based payment AUD$'000	Pension scheme contributions AUD$'000	Total remuneration AUD$'000
2018				
Professor Brian James Stoddart	16	36	1	53
Professor Steven Schwartz	16	36	1	53
Mr. Tianye Wang	9	—	—	9
Professor Weiping Wang	9	—	—	9
	50	72	2	124

There were no other emoluments payable to the independent non-executive Directors during the year (2017: Nil).

7. Directors' and Chief Executive's Remuneration (Continued)

(b) Executive directors and non-executive directors

	Fees AUD$'000	Salaries AUD$'000	Share-based payment AUD$'000	Performance related bonuses AUD$'000	Pension scheme contributions AUD$'000	Total remuneration AUD$'000
2018						
Executive directors:						
Minshen Zhu, *CEO*	**25**	**230**	**646**	**222**	**45**	**1,168**
Sumeng Cao *(a)*	**25**	**268**	**—**	**47**	**26**	**366**
	50	**498**	**646**	**269**	**71**	**1,534**
Non-executive directors:						
Thomas Richard Seymour	**15**	**—**	**—**	**—**	**2**	**17**
Amen Kwai Ping Lee	**30**	**—**	**—**	**—**	**3**	**33**
Jing Li	**33**	**—**	**36**	**—**	**—**	**69**
Keith Kyoichi Ogata *(b)*	**6**	**—**	**—**	**—**	**—**	**6**
Qingquan Yang *(c)*	**6**	**—**	**—**	**—**	**1**	**7**
Chaohui Liu *(b)*	**6**	**—**	**—**	**—**	**—**	**6**
	96	**—**	**36**	**—**	**6**	**138**
	146	**498**	**682**	**269**	**77**	**1,672**
2017						
Minshen Zhu, *CEO*	—	220	37	—	98	355
Amen Kwai Ping Lee	18	—	—	—	2	20
Keith Kyoichi Ogata *(b)*	20	—	—	—	—	20
Qingquan Yang *(c)*	18	—	—	—	2	20
Jing Li	20	—	—	—	—	20
Chaohui Liu *(b)*	20	—	—	—	—	20
	96	220	37	—	102	455

(a) Appointed on 27 October 2017

(b) Resigned on 26 October 2017

(c) Resigned on 27 October 2017

There was no arrangement under which directors or the CEO waived or agreed to waive any remuneration during the year.

8. Five Highest Paid Employees

The five highest paid employees of the Company during the year included the CEO and an executive Director (2017: the CEO), details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2017: four) highest paid employees who are neither directors nor the CEO of the Company are as follows:

	2018 AUD$'000	2017 AUD$'000
Salaries	**778**	975
Performance related bonuses	**36**	63
Pension scheme contributions	**64**	79
	878	1,117

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2018	2017
Nil to AUD$161,000 (HK$1,000,000)	**—**	—
AUD$161,001 (HK$1,000,001) to AUD$242,000 (HK$1,500,000)	**—**	1
AUD$242,001 (HK$1,500,001) to AUD$323,000 (HK$2,000,000)	**2**	3
AUD$323,001 (HK$2,000,001) to AUD$404,000 (HK$2,500,000)	**1**	—
	3	4

During the year, no emolument was paid or payable by the Company to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Company or as compensation for the loss of office (2017: Nil).

9. Income Tax

The Company is subject to income tax on profits arising in or derived from the jurisdiction in which the Company is domiciled and operates. Profits tax has been provided at the Company's statutory tax rate of 27.5% for the year ended 30 June 2018 (2017: 30%) on the estimated assessable profits.

No provision for Hong Kong profits tax has been made as the Company had no assessable profits derived from or earned in Hong Kong during the year.

	2018 AUD$'000	2017 AUD$'000
Current — Elsewhere		
Charge for the year	**2,022**	2,273
Deferred *(note 20)*	**(1,270)**	(106)
Total tax charge for the year	**752**	2,167

A reconciliation of the tax expense applicable to profit before tax at the Company's statutory tax rate (statutory tax rate for the jurisdiction in which the Company is domiciled) to the tax charge at the Company's effective tax rate is as follows:

	2018 AUD$'000	**%**	2017 AUD$'000	%
Profit before tax	**2,305**		6,769	
Tax at the Company's statutory tax rate of 27.5% (2017: 30%)	**634**	**27.5**	2,031	30.0
Expenses not deductible for tax	**113**	**4.9**	137	2.0
Reduction in opening deferred taxes resulting from reduction in tax rate	**17**	**0.7**	—	—
Others	**(12)**	**(0.5)**	(1)	—
Tax charge at the Company's effective rate	**752**	**32.6**	2,167	32.0

10. Dividend

	2018 AUD$'000	2017 AUD$'000
Interim — AUD$6.7 (2017: Nil) per ordinary share	**6,283**	—

The Board does not recommend the payment of a final dividend to the Shareholders of the Company for the year ended 30 June 2018.

11. Earnings Per Share Attributable to Owners of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company of AUD$1,553,000 (2017: AUD$4,602,000) and the weighted average number of ordinary shares of 1,977,977,000 (2017: weighted average number of ordinary shares of 1,764,720,000 and Class A shares of 22,024,000) in issue during the year, on the assumption that the share subdivision has been completed on 1 July 2016.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the Company. The weighted average number of shares used in the calculation is the number of shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential shares into shares during the year.

The calculations of basic and diluted earnings per share are based on:

	2018 AUD$'000	2017 AUD$'000
Earnings		
Profit attributable to owners of the Company	**1,553**	4,602

	Number of shares		
	2018	2017	
	Ordinary shares '000	Ordinary shares '000	Class A shares '000
Shares			
Weighted average number of shares in issue used in the basic earnings per share calculation taking into account the share subdivision	**1,977,977**	1,764,720	22,024
Effect of dilution — weighted average number of shares:			
Performance rights	**98,280**	3,990	—
	2,076,257	1,768,710	22,024

12. Property, Plant and Equipment

	Teacher reference books AUD$'000	Plant and equipment AUD$'000	Classroom and office equipment AUD$'000	Total AUD$'000
30 June 2018				
At 30 June 2017 and 1 July 2017:				
Cost	221	1,177	537	1,935
Accumulated depreciation	(124)	(772)	(289)	(1,185)
Net carrying amount	97	405	248	750
At 1 July 2017, net of accumulated depreciation	97	405	248	750
Additions	24	194	255	473
Depreciation provided during the year	(29)	(151)	(63)	(243)
At 30 June 2018, net of accumulated depreciation	92	448	440	980
At 30 June 2018:				
Cost	245	1,046	641	1,932
Accumulated depreciation	(153)	(598)	(201)	(952)
Net carrying amount	92	448	440	980

12. Property, Plant and Equipment (Continued)

	Teacher reference books AUD$'000	Plant and equipment AUD$'000	Classroom and office equipment AUD$'000	Total AUD$'000
30 June 2017				
At 1 July 2016:				
Cost	181	1,055	353	1,589
Accumulated depreciation	(97)	(608)	(227)	(932)
Net carrying amount	84	447	126	657
At 1 July 2016, net of accumulated depreciation	84	447	126	657
Additions	40	122	184	346
Depreciation provided during the year	(27)	(164)	(62)	(253)
At 30 June 2017, net of accumulated depreciation	97	405	248	750
At 30 June 2017:				
Cost	221	1,177	537	1,935
Accumulated depreciation	(124)	(772)	(289)	(1,185)
Net carrying amount	97	405	248	750

13. Intangible Assets

	Registration and other development expenditure AUD$'000	Course development expenditure AUD$'000	Trademark AUD$'000	Total AUD$'000
30 June 2018				
At 30 June and 1 July 2017:				
Cost	1,799	4,710	—	6,509
Accumulated amortisation	(1,132)	(1,753)	—	(2,885)
Net carrying amount	667	2,957	—	3,624
Cost as at 1 July 2017, net of accumulated amortisation	667	2,957	—	3,624
Additions	1	1,287	49	1,337
Amortisation	(129)	(651)	—	(780)
At 30 June 2018, net of accumulated amortisation	539	3,593	49	4,181
At 30 June 2018:				
Cost	1,800	5,997	49	7,846
Accumulated amortisation	(1,261)	(2,404)	—	(3,665)
Net carrying amount	539	3,593	49	4,181

13. Intangible Assets (Continued)

	Registration and other development expenditure AUD$'000	Course development expenditure AUD$'000	Total AUD$'000
30 June 2017			
At 30 June and 1 July 2016:			
Cost	1,612	3,561	5,173
Accumulated amortisation	(1,027)	(1,269)	(2,296)
Net carrying amount	585	2,292	2,877
Cost as at 1 July 2016, net of accumulated amortisation	585	2,292	2,877
Additions	187	1,149	1,336
Amortisation	(105)	(484)	(589)
At 30 June 2017, net of accumulated amortisation	667	2,957	3,624
At 30 June 2017:			
Cost	1,799	4,710	6,509
Accumulated amortisation	(1,132)	(1,753)	(2,885)
Net carrying amount	667	2,957	3,624

The Company amortises intangible assets with a limited useful life using the straight-line method of 7 years for course development expenditure and registration and other development expenditure for the years ended 30 June 2018 and 30 June 2017.

The Company amortises trademark with a finite useful life is provided on a straight-line basis over its estimated useful life of 10 years.

14. Trade Receivables

	2018 AUD$'000	2017 AUD$'000
Trade receivables	—	58

The Company's students are required to pay tuition fees in advance for upcoming semesters. The Company had no outstanding receivables as at 30 June 2018. The Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Company's trade receivables relate to a large number of students, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date, is as follows:

	2018 AUD$'000	2017 AUD$'000
1 to 3 months	—	58

There have been no impairment losses recognised during the current year and prior year.

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2018 AUD$'000	2017 AUD$'000
Neither past due nor impaired	—	58

Receivables of the Company that were neither past due nor impaired relate to students for whom there was no recent history of default.

15. Prepayments, Deposits and Other Receivables

	2018 AUD$'000	2017 AUD$'000
Prepayments	**2,199**	2,892
Lease deposits	**344**	203
Other receivables	**350**	197
	2,893	3,292
Less: Non-current portion	**(1,627)**	(1,903)
	1,266	1,389

The balance of current and non-current prepayments primarily relates to the future service allowance provided by PwC Australia. On 30 May 2016, PwC Nominees purchased a strategic interest in the ordinary shares of the Company. The consideration of AUD$5,500,000 for the 132,354 ordinary shares was settled by a cash payment of AUD$2,500,000, and the remainder of AUD$3,000,000 will be settled by way of a future service allowance. The service allowance enables the Company to use and apply for services with PwC Australia. The Company may utilise the service allowance until May 2021. The amounts of unutilised allowance were AUD$2,464,000 and AUD$1,729,000 as at 30 June 2017 and 30 June 2018, respectively.

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to amounts for which there was no recent history of default.

16. Cash and Cash Equivalents

	2018 AUD$'000	2017 AUD$'000
Cash and bank balances	**44,729**	13,514
Time deposits	**2,638**	2,586
Cash and cash equivalents	**47,367**	16,100

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

17. Trade Payables

	2018 AUD$'000	2017 AUD$'000
Agent commissions payable	**1,345**	1,127

An ageing analysis of the trade payables as at the end of the year, based on the payment due date, is as follows:

	2018 AUD$'000	2017 AUD$'000
Over two months	**1,345**	1,127

Trade payables represent the amounts due to the Company's agents. The trade payables are matured and non-interest bearing. Under the agent contracts, the Company generally is required to pay commission within 45 days after the census date of each term, subject to receipt of an invoice from the relevant agent.

18. Other Payables and Accruals

	2018 AUD$'000	2017 AUD$'000
Sundry payables and accruals	**1,714**	1,331
Unpaid leave obligations	**1,212**	1,073
Accruals for reinstatement cost	**95**	82
	3,021	2,486
Less: Non-current portion	**(217)**	(151)
	2,804	2,335

Sundry payables and accruals for reinstatement cost are unsecured, interest-free and have no fixed terms of repayment.

19. Deferred Income

	2018 AUD$'000	2017 AUD$'000
Deferred income	**2,626**	2,348

Deferred income represents the amount paid by students at the end of the reporting period that relates to the future service provision.

20. Deferred Tax

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Share-based payment AUD$'000	Employee benefits AUD$'000	Accruals AUD$'000	Property, plant and equipment AUD$'000	Others AUD$'000	Total AUD$'000
At 1 July 2016	—	248	44	57	51	400
Deferred tax credited/(charged) to profit or loss during the year *	—	74	90	(45)	201	320
Equity	—	—	—	—	46	46
Gross deferred tax assets at 30 June 2017 and 1 July 2017	—	322	134	12	298	766
Deferred tax credited/(charged) to profit or loss during the year *	238	37	155	(11)	1,210	1,629
Equity	659	—	—	—	774	1,433
Gross deferred tax assets at 30 June 2018	897	359	289	1	2,282	3,828

Deferred tax liabilities

	Intangible assets AUD$'000	Prepayments AUD$'000	Unrealised foreign exchange gains AUD$'000	Total AUD$'000
At 1 July 2016	332	18	—	350
Deferred tax charged/(credited) to profit or loss during the year *	232	(18)	—	214
Gross deferred tax liabilities at 30 June 2017 and 1 July 2017	564	—	—	564
Deferred tax charged to profit or loss during the year *	196	—	163	359
Gross deferred tax liabilities at 30 June 2018	760	—	163	923

* Total deferred tax credited to profit or loss during the year amounted to AUD$1,270,000 (2017: AUD$106,000) (note 9).

20. Deferred Tax (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	2018 AUD$'000	2017 AUD$'000
Gross deferred tax assets	**3,828**	766
Gross deferred tax liabilities	**(923)**	(564)
Net deferred tax assets recognised in the statement of financial position	**2,905**	202

21. Share Capital

Shares

	2018 AUD$'000	2017 AUD$'000
Issued and fully paid:		
2,588,548,000 (2017: 882,360) ordinary shares *(note (iii))*	**45,133**	6,086
Nil (2017: 60,154) Class A shares	**—**	2,394
	45,133	8,480

21. Share Capital (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue *Note (i)*	**Number of Class A shares** *Note (ii)*	**Share capital** AUD$'000
At 1 July 2016	882,360	—	6,086
Issue of Class A shares	—	60,154	2,500
	882,360	60,154	8,586
Share issue expenses	—	—	(106)
At 30 June 2017 and 1 July 2017	882,360	60,154	8,480
Additional shares from share subdivision — ordinary shares *(note (iii))*	1,763,837,640	—	—
Additional shares from share subdivision — Class A shares *(note (iii))*	120,308,000	(60,154)	—
Issue of new shares pursuant to the Share Offer *(note (iv))*	703,520,000	—	39,197
	2,588,548,000	—	47,677
Share issue expenses	—	—	(2,544)
At 30 June 2018	2,588,548,000	—	45,133

Notes:

(i) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

(ii) On 26 April 2017, the Company issued a total of 60,154 Class A shares, representing approximately 6.38% of the total number of shares in the issue share capital of the Company.

The key rights of the Class A shares are summarised below:

(a) Dividend and voting rights: equal ranking with ordinary shares of the Company

(b) Disposal restriction: Subject to the requirements of any listing rules applicable to a listing, Class A shares may not be sold until after they have been converted into ordinary shares.

(c) Conversion to ordinary shares on a listing or trade sale of the Company. Each Class A share will be converted into an ordinary share of the Company on the earlier of (a) 31 December 2020, (b) five business days prior to the issue of a prospectus of the Company for a listing, and (c) such earlier date determined by the board of directors of the Company in good faith to facilitate a listing or trade sale of the Company.

The Class A shares were converted into ordinary shares on 24 April 2018.

21. Share Capital (Continued)

Notes: (Continued)

(iii) Pursuant to a written resolution of the shareholders of the Company passed on 24 April 2018, every existing ordinary share and Class A share in the capital of the Company was subdivided into 2,000 shares, resulting in the subdivision of 882,360 ordinary shares and 60,154 Class A shares of the Company then in issue into 1,885,028,000 ordinary shares of the Company.

(iv) In May 2018, 703,520,000 new ordinary shares of the Company (the "Offer Shares") were issued at a price of HK$0.33 per share under a share offer in connection with the listing for a total cash consideration, before expenses, of AUD$39,196,712 (HK$232,161,600).

22. Share-Based Payments

The Company operates a Pre-IPO Performance Rights Plan (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Eligible participants of the Scheme include the Company's employees, directors or members of the Council of one or more members of the Company and its subsidiaries selected by the Board in its absolute discretion to participate in the Scheme.

The Scheme was adopted under written resolutions of the Board passed on 8 June 2017. On 20 April 2018, the Company has granted an additional 11,481 performance rights under the Scheme to certain members of the Council and certain directors, including (i) Mr. Jing Li, being a non-executive director; and (ii) Professor Brian James Stoddart and Professor Steven Schwartz, being independent non-executive directors and members of the Council. The shareholding of each of Professor Brian James Stoddart and Professor Steven Schwartz in the Company will not be more than 1% of the enlarged share capital of the Company upon completion of the Global Offering assuming that their performance rights above are fully vested. As at 30 June 2018, 60,160 performance rights had been granted to the CEO of the Company under the Scheme.

The maximum aggregate number of shares underlying all grants of performance rights pursuant to the Scheme is 143,282,000 shares, assuming the total of 71,641 performance rights granted under the Scheme are fully vested after the completion of the share split, which would incur a dilution of approximately 5.5% of the shareholding of the shareholders immediately following the listing. No further performance rights will be granted under the Scheme on or after the Listing Date.

CEO's performance rights plan

The CEO's performance rights plan became effective in June 2017 and, unless otherwise cancelled or amended, will remain in force for 15 years from that date.

Performance rights granted to the CEO of the Company are subject to approval in advance by the Directors. Provided the CEO remains employed until the later of the fifth anniversary of the grant of the performance rights and a liquidity event (defined as a listing, a business sale or a share sale in the plan rules), the performance rights will vest.

There is no exercise price payable by the CEO. Performance rights do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The details of the CEO's performance rights granted are shown below:

Exercise price	—
Vesting condition	5-year service and a liquidity event
Vesting period	8 June 2017 to 7 June 2022
Expiry date	7 June 2032

22. Share-Based Payments (Continued)

Certain Council and Board members' performance rights plan (the "Council and Board members' performance rights plan")

The Council and Board members performance rights plan became effective in April 2018 and, unless otherwise cancelled or amended, will remain in force for 15 years from that date.

Provided the participants remain a council member or non-executive Director of the Company and the Company has not taken steps to remove them from that role on the applicable vesting dates (the first being within 6 months, on 12 November 2018) and the listing of the Company, the performance rights will vest.

There is no exercise price payable by the participants. Performance rights do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

The details of the performance rights granted are shown below:

Exercise price	—
Vesting condition	Service and listing
Date of vesting	12 November 2018, 33% of award
	12 November 2019, 33% of award
	12 November 2020, 33% of award
Expiry date	19 April 2033

The following performance rights were outstanding under the Scheme during the year:

	2018 Number of rights	2017 Number of rights
At 1 July	**60,160**	—
Granted during the year	**11,481**	60,160
Share subdivision *(note)*	**143,210,359**	—
At 30 June	**143,282,000**	60,160
Weighted average exercise period	**15 years**	15 years
Exercisable as at end of the year	—	—

Note: As further detailed in note 21 to the financial statements, pursuant to a written resolution of the shareholders of the Company passed on 24 April 2018, the performance rights will be subdivided into 2,000 shares once exercised.

The fair value of the performance rights is calculated as the value of the ordinary shares in the Company less the present value of the projected dividends over the expected term of the performance rights. The fair value of the CEO's performance rights as at the measurement date is AUD$3,229,088, and the fair value of the Certain Council and Board members' performance rights as at the measurement date is AUD$1,000,000.

The expected life of the performance rights is based on the historical data over the past years and is not necessarily indicative of the exercise patterns that may occur. No other feature of the performance rights granted was incorporated into the measurement of fair value.

22. Share-Based Payments (Continued)

Certain Council and Board members' performance rights plan (the "Council and Board members' performance rights plan") (Continued)

The Company recognised share-based payments of AUD$827,000 (2017: AUD$37,000) during the year ended 30 June 2018.

As at 30 June 2018, the Company had 143,282,000 performance rights outstanding under the Scheme. The exercise in full of the outstanding performance rights would, under the present capital structure of the Company, result in the issue of 143,282,000 additional ordinary shares of the Company.

	2018 AUD$'000	2017 AUD$'000
Expense arising from equity-settled share-based payment transactions	**827**	37
Adjustments for current deferred tax of prior periods	**(5)**	—
Deferred tax assets arising from equity-settled share-based payment	**659**	—
	1,481	37

Subsequent to the end of the reporting period, on 18 July 2018, a total of 25,781,938 share options were granted to a director and certain employees of the Company in respect of their services to the Company in the forthcoming year. These share options vest in three tranches in accordance with the following dates: (i) up to 33.33% of the share options shall be vested at any time after 17 July 2019; (ii) up to 33.33% of the share options shall be vested at 17 July 2020; (iii) up to 33.34% of the share options shall be vested at 17 July 2021 and have an exercise price of HK$0.56 per share and an exercise period ranging from 17 July 2019 to 17 July 2028. The price of the Company's shares at the date of grant was HK$0.54 per share.

23. Note to the Statement of Cash Flows

Change in liability arising from a financing activity:

	Dividend payable AUD$'000
At 1 July 2017	—
Change from financing cash flows	(6,283)
Dividend to shareholders	6,283
At 30 June 2018	—

24. Operating Lease Arrangements

The Company leases office and training room space under non-cancellable operating leases arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 30 June 2018, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 AUD$'000	2017 AUD$'000
Within one year	**1,463**	1,041
In the second to fifth years, inclusive	**1,578**	2,577
	3,041	3,618

25. Related Party Transactions

(a) In addition to the transactions, arrangements and balances detailed elsewhere in the financial statements, the Company had the following transactions with a related party during the year:

During the year ended 30 June 2018, the Company used AUD$734,691 (2017: AUD$536,000) of the service allowance from PwC Australia.

(b) Outstanding balances arising from transactions with key management personnel or entities related to them:

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below:

	2018 AUD$'000	2017 AUD$'000
Payables to directors	**36**	80

These balances relate to directors' fees and are interest-free and expected to be settled within one year.

(c) Compensation of key management personnel of the Company:

The compensation of key management personnel of the Company for the year represented directors' and chief executive's remuneration as further detailed in note 7 to the financial statements.

26. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

	2018 AUD$'000	2017 AUD$'000
Financial assets classified as loans and receivables		
Trade receivables	—	58
Financial assets included in prepayments, deposits and other receivables	**694**	400
Cash and cash equivalents	**47,367**	16,100
	48,061	16,558
Financial liabilities at amortised cost		
Trade payables	**1,345**	1,127
Financial liabilities included in other payables and accruals	**1,239**	1,162
	2,584	2,289

27. Fair Value and Fair Value Hierarchy of Financial Instruments

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities reasonably approximated to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely because the maturities are short term/there are no fixed terms of repayment of these instruments or the effect of discounting is not material.

28. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents. The Company has various other financial assets and liabilities such as trade payables which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, foreign currency risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Company's credit risk arises from cash and cash equivalents and deposits with banks.

Payments for services to students are required to be settled in cash or using major credit cards, thus mitigating credit risk. There are no significant concentrations of credit risk through exposure to individual students.

The credit risk of the Company's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Company's exposure to credit risk arising from trade receivables are disclosed in note 14 to the financial statements.

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from the proceeds denominated in Hong Kong dollars ("HK$") from the IPO and certain IPO related professional fees denominated in HK$.

The Company currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK$ exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HK$ exchange rate %	Increase/ (decrease) in profit before tax AUD$'000
2018		
If AUD$ weakens against HK$	(5)	1,452
If AUD$ strengthens against HK$	5	(1,452)

The Directors of the Company consider that the Company's exposure to foreign currency risk as at 30 June 2017 was not significant.

28. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk

The Company monitors its risk to a shortage of funds using its level of cash and cash equivalents. The Company's management reviews the level of cash and cash equivalents monthly to ensure that sufficient working capital is kept for the Company's operation.

The maturity of the Company's financial liabilities as at the end of the year, based on contractual undiscounted payments, is as follows:

	On demand AUD$'000	Within 1 year AUD$'000	1 to 5 years AUD$'000	Total AUD$'000
At 30 June 2018				
Trade payables	**1,345**	—	—	**1,345**
Financial liabilities included in other payables and accruals	**1,144**	—	**95**	**1,239**
	2,489	—	**95**	**2,584**
At 30 June 2017				
Trade payables	1,127	—	—	1,127
Financial liabilities included in other payables and accruals	1,080	—	82	1,162
	2,207	—	82	2,289

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise Shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2018 and 2017.

29. Events After the Reporting Period

On 18 July 2018, 25,781,938 share options were granted to a Director and certain employees of the Company, as further detailed in note 22 to the financial statements.

30. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 24 September 2018.

Financial Summary

The following table summarises the results, assets and liabilities of the Company for the years ended 30 June 2015, 2016, 2017 and 2018:

The summary of the results, assets and liabilities of the Company for the year ended 30 June 2015, 2016 and 2017 were extracted from the Prospectus of the Company dated 27 April 2018. No financial statements of the Company for the year ended 30 June 2014 have been published.

RESULTS	**Year ended 30 June**			
	2018 AUD$'000	2017 AUD$'000	2016 AUD$'000	2015 AUD$'000
REVENUE	**23,823**	21,138	17,408	17,114
Cost of sales	**(10,996)**	(9,977)	(8,055)	(7,712)
Gross profit	**12,827**	11,161	9,353	9,402
PROFIT BEFORE TAX	**2,305**	6,769	4,957	7,333
Income tax expense	**(752)**	(2,167)	(1,515)	(2,572)
Profit Attributable to Owners of the Company	**1,553**	4,602	3,442	4,761

ASSETS AND LIABILITIES	**As at 30 June**			
	2018 AUD$'000	2017 AUD$'000	2016 AUD$'000	2015 AUD$'000
TOTAL ASSETS	**58,326**	24,026	25,027	19,968
TOTAL LIABILITIES	**7,390**	6,494	14,528	4,358
	50,936	17,532	10,499	15,610

Glossary

"Academic Board"	the academic board of our Institute
"AGM"	annual general meeting of the Company
"Alliance Agreement"	the alliance agreement dated 27 May 2016 entered into between the Company and PwC Australia
"AQF"	the Australian Qualifications Framework, which specifies the standards for educational qualifications in Australia
"ATP"	the Australian Technology Park
"AUD$"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"Australia"	the Commonwealth of Australia
"award"	a qualification under levels 1 to 10 of the AQF
"Billion Glory"	Billion Glory Group Holdings Limited 兆隆集團控股有限公司, a company incorporated under the laws of Hong Kong with limited liability on 8 June 2016, which is wholly-owned by Mr. Yang
"Board"	the board of Directors
"Business School"	Sydney City School of Business, as the name adopted for the Company's academic division covering higher education courses in the field of Management and Commerce
"CAANZ"	Chartered Accountants Australia and New Zealand
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual report and for geographical reference only, except where the context requires, does not include Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) , as amended, supplemented or otherwise modified from time to time
"Company", "Institute", "TOP", "we", "us" or "our"	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001 and trading as Top Education Institute
"Connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Constitution"	the constitution of our Company conditionally adopted on 18 April 2018 and effective upon the Listing, as amended, supplemented or otherwise modified from time to time

Glossary

"controlling shareholder(s)"	has the meaning given to it in the Listing Rules and, unless the context otherwise requires, refers to the controlling shareholder(s) of our Company, being the Controlling Shareholders Group
"Controlling Shareholders Group"	collectively, Dr. Zhu, Mr. Yang, Tristar United, Mr. Lee, Mr. Wang and Billion Glory, being a group of six individuals and entities
"Corporations Act"	the Corporations Act 2001(Cth) of Australia, as amended, supplemented or otherwise modified from time to time, which is the principal legislation regulating companies in Australia
"CPA Australia"	CPA Australia Ltd
"Council"	Top Education Institute Council
"course"	a program of study that will confer an award upon completion
"CRICOS"	the Commonwealth Register of Institutions and Courses for Overseas Students
"Director(s)"	the director(s) of the Company
"Dr. Zhu"	Dr. Minshen Zhu 祝敏申, an executive Director, the chairman of the Board, the chief executive officer and the appointed representative of the Controlling Shareholders Group
"EFTSL"	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
"ESOS Act"	the Education Services for Overseas Students Act 2000
"GUFE"	Guangxi University of Finance and Economics
"higher education"	studies in pursuit of a qualification under levels 5 to 10 of the AQF, including a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, master degree and doctoral degree
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	person(s) or company(ies) which, to the best of our Directors' knowledge having made all due and careful enquiries, is/are not connected (within the meaning of the Listing Rules) with the Company
"INED"	the independent non-executive Directors

"JSJ List"	the list of recognised Australian universities and higher education providers issued by the Ministry of Education of China on the Jiaoyu Shewai Jianguan Xinxi Wang (教育涉外監管信息網)
"Law School"	Sydney City School of Law, as the name adopted for the Company to provide degree courses in law
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	11 May 2018
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Loyal Creation"	Loyal Creation Investment Ltd, a company incorporated under the laws of Hong Kong with limited liability on 30 October 2015, which is owned as to 40% by Wang Weiping, 30% by Sun Lian Zhang and 30% by Yam Hau Lam and is a Shareholder
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Mr. Lee"	Amen Kwai Ping Lee 李桂平, a non-executive Director and one of the members of the Controlling Shareholders Group
"Mr. Liu"	Chaohui Liu 劉朝暉, a Shareholder
"Mr. Wang"	Xin Wang 王新, one of the members of the Controlling Shareholders Group
"Mr. Yang"	Qingquan Yang 楊清泉, one of the members of the Controlling Shareholders Group
"National Code"	The National Code of Practice Providers of Education and Training to Overseas Students 2018
"Nomination Committee"	the nomination committee of the Board
"NSW LPAB"	the Legal Profession Admission Board, New South Wales
"pathway program"	a program by which students who complete certain required studies at one institution may become eligible to transfer to another institution to continue their studies and receive credit for work completed
"PwC Australia"	PricewaterhouseCoopers (ABN 52 780 433 757), Australia, chartered public accountants in Australia
"PwC Nominees"	PricewaterhouseCoopers Nominees (A.C.T.) Pty Ltd, a company registered in Australian Capital Territory, Australia with limited liability on 29 August 1969, which is owned as to 50% by PricewaterhouseCoopers Nominees (N.S.W.) Pty Ltd and 50% by PricewaterhouseCoopers Nominees (Victoria) Pty Ltd, a Shareholder

Glossary

"Prospectus"	the prospectus of the Company dated 27 April 2018
"Reporting Period"	the period from 1 July 2017 to 30 June 2018
"SCDP"	the Student Career Development Program
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) in the capital of the Company
"share split"	a share split on 24 April 2018 pursuant to which each Share was subdivided and designated as 2,000 fully paid Shares in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"TEQSA"	the Tertiary Education Quality and Standards Agency in Australia established under the TEQSA Act
"Third Round Pre-IPO Investment"	the investment from subscription for a total of 60,154 Class A Shares between 26 April 2017 and 27 April 2017, representing approximately 6.38% of the total number of Shares in the issued share capital of TOP at the time (including ordinary and Class A Shares and as enlarged by the issue of the Class A Shares at the time)
"Tristar United"	Tristar United Investment Limited, a company incorporated under the laws of New Zealand with limited liability on 12 November 2001, which is owned as to 30% by Ding Jian Yong, 30% by Stanly Cheung S.W., 23% by Mo Lindi and 17% by Zhang Dongbo, who are Independent Third Parties, and is a Shareholder
"US$"	United States dollars, the lawful currency of the United States
"Xinjiang Guoli"	Xinjiang Guoli Minsheng Equity Investment Co., Ltd. (新疆國力民生股權投資有限公司), a company established under the laws of the PRC with limited liability on 6 November 2000, which is owned as to 32.93% by Zhang Gaolu, 25.95% by Dai Yuhan, 25.15% by Lu Qiuwen and 15.97% by Sun Gang, which are Independent Third Parties, and is a substantial Shareholder

Top Education Group Ltd

澳洲成峰高教集團有限公司