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)

創新引領智慧教育

Innovation towards Intelligent Education

ANNUAL REPORT 2019

The Group commits to be a leading innovative and high quality education provider internationally, and to deliver students with knowledge of practical skills required by the emerging market.

The Group will upgrade from TOP 2.0 to TOP 3.0, of which the key words are:

Innovation, Intelligence and Internationalisation

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors:

Dr. Minshen Zhu *(Chairman and Chief Executive Officer)*
(Ms. Rongning Xu as his alternate)
Ms. Sumeng Cao

Non-executive Directors:

Mr. Thomas Richard Seymour (Mr. Kai Zhang as his alternate)
Mr. Amen Kwai Ping Lee
Mr. Yi Dai

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

CORPORATE INFORMATION (CONTINUED)

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
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Company Website

www.top.edu.au

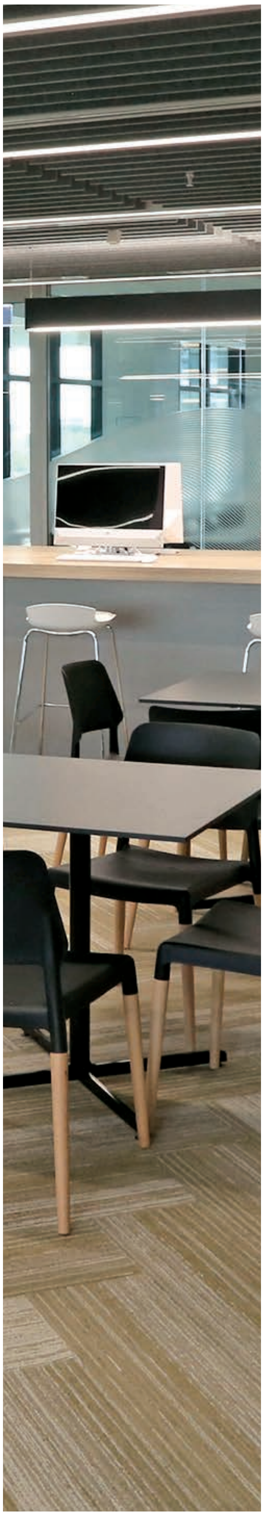
Stock Code

1752

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my great privilege, on behalf of the Board, to present to you the annual report of the Group for the year ended 30 June 2019.



Overview of TOP

The Company is an Australian-registered company established in 2001, located at South Eveleigh (also known as ATP) in Sydney, and has been engaged in the Australian higher education and international education sectors trading as Top Education Institute and Australian National Institute of Management and Commerce.

Since 2010, TOP has been recognised on the JSJ List published by the Ministry of Education of China 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.

Strategic Alliance

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.

Milestones

Two milestone events to the Company happened in 2018. On 11 May 2018, shares in the Company were successfully listed on the Main Board of the Stock Exchange. The Company is the only Australian company with the core business of providing higher education programs listed on the Stock Exchange.

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 AQF Level 9 including the degree programs for Bachelor and Master. The SAA status confirmed TOP's high quality and standing in the field of Management and Commerce. Under SAA, TOP is eligible for, and has been in 2019, creating undergraduate and postgraduate courses that are then assessed and approved by TOP's own academic governance system in accordance with TEQSA's regulatory framework.

Results Performance

The Group's total income (revenue and other income) increased by 13.8% to approximately AUD$28.4 million for the year ended 30 June 2019 from approximately AUD$24.9 million for the year ended 30 June 2018.

The net profit for the year ended 30 June 2019 reached AUD$4.1 million, raised by 166.5%, compared to AUD$1.6 million for the year ended 30 June 2018.

CHAIRMAN'S STATEMENT (CONTINUED)

Business Highlights

As at 30 June 2019, TOP established cooperative educational programs with 12 Chinese higher education institutes in the progression of building up an international education platform.

During the financial year ended 30 June 2019, TOP had, along with its strategic development, commenced its significant course innovation plan featuring the integration between the traditional Management and Commerce courses and the applications of updated digitalised technologies, to meet the emerging demand on talents with relevant knowledge and skills. As a good starting point, TOP has completed course development of the FinTech in graduate certificate and graduate diploma.

The construction of a new building in the South Eveleigh (also known as ATP), Sydney, of which one whole floor has been leased by TOP, had been completed on schedule during the financial year ended 30 June 2019.

TEQSA has approved the new premises for increasing the CRICOS student number capacity from 1,500 to 2,000. It will increase the student capacity by over 30% of TOP's current capacity.

In addition to the organic growth, the Group will also actively seek to grow either in capacity of current programs, or courses in other fields through mergers and acquisitions ("M&A"). A wholly owned subsidiary has been set up during the financial year ended 30 June 2019 to focus on future development and investment activities.

The Company will continue working with PwC Australia particularly in student career development programs, so that TOP can support students' learning outcome and skills within Australia.

CHAIRMAN'S STATEMENT (CONTINUED)

Future Strategy — Transmission from TOP 2.0 to TOP 3.0

The first half of 2019 is a significant period of TOP in respect of its strategic development. Along with the direction that was determined and commenced in 2018, TOP continues its organic growth in innovative approach, and remains supported by expansion in supplementary models including M&A. The Group will upgrade from TOP 2.0 to TOP 3.0, which features as following:

1. To meet the Industry 4.0 and Society 5.0, TOP has upgraded "Smart Campus" proposal to comprehensive "Intelligent Education";

2. To provide TOP's students with updated knowledge and skill for their life career capabilities, TOP will implement its Course Innovation Plan for our traditional Management and Commerce courses to integrate with the applications of digitised technologies such as artificial intelligence ("AI"), Data Analytics, FinTech, Machine Learning and etc.;

3. To reach the goal of student population in Australia, TOP has, not only completed new premises in South Eveleigh (also known as ATP) in Sydney and been developing the very first interstate campus in Hobart, Tasmania in Australia, but also registered a new business name as Australian National Institute of Management and Commerce with TEQSA in 2019.

4. Particularly, since China's central authorities published the consultation paper in February 2019, which was also formalised on 30 June 2019, to encourage foreign investment in education sectors in several designated provinces, the Group has sought the investment opportunity in China, the largest education market in the world, to diversify the Group's education asset transnationally.

In all, the Group commits to be a leading innovative and quality education provider internationally. Our slogan is ***Innovation***, ***Intelligence*** and ***Internationalisation***.

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 provider; to the Shareholders for their trusting investment in TOP; and to all of our business partners 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 2019.

Dr. Minshen Zhu
Chairman

Australia, 19 September 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Introduction of the Group

As one of Australia's primary, best-in-class private tertiary education 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 ACCA, 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 at 30 June 2019, the Company had 1,258 EFTSL students with 32 programs across a range of award and non-award studies.

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

As at the date of this report, TOP has completed the process with the relevant regulatory authorities in Australia and China in respect of registering the new name as Australian National Institute of Management and Commerce.

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 the Alliance 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.

Operational Updates

Course Innovation Plan

During the Reporting Period, TOP had been building up designated courses in business data analytics for Management and Commerce students at both undergraduate and postgraduate levels, which includes reviewing and upgrading the existing course curriculum by way of amendment to the course structure and modification of certain subjects (units) to assist students in understanding the elements of advanced technology and their applications in the relevant areas.

TOP has also dedicated in integrating digitalised-tech based elements throughout the curriculum development within the existing or proposed courses.

To improve the fundamental knowledge and skills training in digitalised technology, TOP has been developing online modules to assist our students in the Management & Commerce fields meeting skill requirement to understand data analysis, algorithmic language, coding and programming in the business management perspective.

We are also developing an internationalised case study collection in relation to the practical applications of the above digitalised technologies in "new economics" and "new business models" in Australia, China, the United States and other countries with relevant succeeded or failed illustrations.

To achieve the above curriculum innovation tasks, the Group actively sets out a broad domestic and international cooperative platform to work with leading experts and leading institutions on our research founding.

To achieve high standing results of the curriculum innovation and future teaching and learning outcomes, the Group is also seeking a close relationship and integration with industrial partners in the "new economics" and "new business models".

International Cooperative Education Programs in China

During the Reporting Period, TOP had continued to establish cooperative educational programs with Chinese universities and higher education institutes in the progression of building up an international education platform for students coming to TOP in Australia through pathway programs, and achieved the goal to build up more than eight cooperative educational programs with universities and institutes located in Chongqing, Hubei, Zhejiang, Shandong and other regions on top of the three cooperative programs as at 1 July 2018. During the Reporting Period, such three cooperative programs in China continued their operations.

As a formal program approved by China's Ministry of Education, TOP's 3+1 pathway program at Guangxi University of Finance and Economics was approved for renewal of a 5-year intakes from 2018 to 2023, and successfully completed its in-quota intake in September 2018 through the China's National Higher Education Entrance Examination (in quota) ("Gaokao"). The programs with the institutes in Shandong Province and Henan Province also successfully completed in-quota requirement in September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In April 2019, TOP signed a new cooperation agreement with Pass College of Chongqing Technology and Business University and Chongqing College of Humanities, Science & Technology respectively, which are both owned by Minsheng Education Group, the cornerstone investor of the Company who held approximately 8.2% of the total issued share capital of the Company as at 30 June 2019. The agreements are for a period of five years and may be renewed with mutual consent. The agreements provide cooperative opportunities between the Group and the two institutes.

In June 2019, TOP signed a new cooperation agreement with two schools of the Ocean University of China, which since 2017 was included in China's plan of building "Double First-Rate" universities, having previously also been on the list of "Project 985" (a list of top-ranking universities in China) and "Project 211". It is now the recipient of significant national and provincial support and funding, which assist it to becoming a world class university. The agreement is for a period of five years and may be renewed with mutual consent. The agreement provides cooperative opportunities between the two institutes including undergraduate programs, and students' short-term programs in Australia for study and internal career skill development.

The 12 universities and institutes which have cooperative education pathway programs with TOP include:

- Guangxi University of Finance and Economics
- Shandong Polytechnic College
- Henan Institute of Economics and Trade
- Jiaxing University
- Hubei University of Economics
- Law and Business College of Hubei University of Economics
- Zhejiang Yuexiu University of Foreign Languages
- Chongqing College of Humanities, Science & Technology
- Pass College of Chongqing Technology and Business University
- Chongqing Vocational College of Art and Engineering
- Chongqing Vocational College of Media
- Management School and Economic School of the Ocean University of China

Along with the development of the international educational platform during the Reporting Period, TOP had been developing an AI mobile application ("App") to host an online platform for students' preparation of future studies in Australia. The App will facilitate the Group's international education platform to provide students a better experience and knowledge on the Group's programs and strengths. The Group also intends to use the new AI methodology to analyse student demand in order to increase the conversion rate of the cooperative education programs in China.

Bachelor of Law Re-accreditation

The scheduled re-accreditation process of our Bachelor of Laws ("LLB") went smoothly. On 27 June 2019, TOP received formal notification from NSW LPAB to accredit TOP's LLB for a further five-year period commencing from the notification date.

New Course Development and Accreditation

During the Reporting Period, TOP's SAA & Strategy Committee had accredited below new courses:

- Graduate Certificate in Business
- Graduate Certificate in Financial Technologies Management
- Graduate Diploma of Financial Technologies Management
- Graduate Certificate in Financial Planning
- Graduate Diploma of Financial Planning
- Master of Financial Planning
- Graduate Diploma of Marketing
- Master of Marketing
- Master of Professional Accounting Services

These courses have already been added to TOP's CRICOS list for offering to international students as well as domestic students.

The new course within SAA scopes as management programs in the discipline of hotel and hospitality, and those outside of SAA scopes such as a master program in the field of Information Technology, Doctor of Philosophy in Management and Commerce at AQF level 10, and a bachelor program in digital film and new media area are under development process and will be submitted to TEQSA for assessment and approval when complete.

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 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 itself 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 differentiates TOP from other education providers.

From the survey of the students who had a work placement in Career Edge programs, 72% of them obtained a full-time job within three months when they finished this work-related experience of the program. The students who had a full-time job were offered positions at various employers such as accounting firms, major banks, insurance groups or other large-sized enterprises.

Increase of CRICOS Capacity

On 7 June 2019, TEQSA approved the new premises for increasing our CRICOS student number capacity from 1,500 to 2,000. It will increase the international student capacity by over 30%.

Diversity of International Student Sources

TOP has maintained major market of international students from China, which remains the number one contributor to Australia's international education. Meanwhile TOP has also actively developed diversified international market.

The international students of TOP came from over 60 countries/regions. For the intakes in the Reporting Period, the number of international students enrolled coming from areas other than China increased over 63% comparing to the financial year ended 30 June 2018.

Mergers and Acquisitions

On 20 September 2019 (after trading hours), a wholly-owned subsidiary of TOP (the "Purchaser") and Mr. Shichao Niu (the "Seller") entered into a share sale and purchase deed, pursuant to which the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, 85% of the entire issued share capital of Scots English College Pty Ltd (ACN 605 117 575) (the "Target") for a base purchase price of A$3,622,360 (equivalent to approximately HK$19,270,955) in cash, subject to completion adjustment.

On the same date, the Purchaser, the Seller and the Target entered into the shareholders' deed to establish certain matters relating to the operations of the Target and the relationship among the parties.

Completion of the acquisition will give TOP a controlling (85%) stake in the Target, with management control. The Target is in a complementary business to TOP, being the provision of English-language education services in Australia. From an operational perspective, the acquisition will further strengthen TOP's ability to deliver English-language related education training services in the PRC and potentially in other countries.

The Company has established a strong M&A team, which is composed of experienced professionals with various background, including merger and acquisition, accounting, financial, legal and compliance and industry experts. Presently, the team is working together to continue finding potential targets with synergy effect with the Company.

Student Enrolments

For the year ended 30 June 2019, the total EFTSL increased by 9.3% comparing with the last financial year.

	2019	2018
Bachelor of International Business[(1)]	**341.5**	365.6
Bachelor of Applied Finance and Accounting[(2)]	**136.7**	97.9
Bachelor of Laws	**63.5**	74.6
Master of Professional Accounting and Business[(3)]	**363.6**	391.4
Master of International Business[(4)]	**91.8**	98.6
Others[(5)]	**77.8**	5.8
Non-Award Unit Study	**183.2**	117.2
Total	**1,258.1**	1,151.1

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	**2019 AUD$**	2018 AUD$	% Change	**2019 AUD$**	2018 AUD$	% Change
Diploma in Applied Finance and Accounting	**21,000**	20,000	5%	**17,000**	17,000	0%
Associate Degree of Applied Finance and Accounting	**42,000**	40,000	5%	**34,000**	34,000	0%
Bachelor of Applied Finance and Accounting	**63,000**	60,000	5%	**51,000**	51,000	0%
Diploma of Business	**21,000**	20,000	5%	**15,000**	15,000	0%
Associate Degree of Business	**42,000**	40,000	5%	**30,000**	30,000	0%
Bachelor of International Business	**63,000**	60,000	5%	**45,000**	45,000	0%
Graduate Certificate in Accounting	**11,960**	11,500	4%	**8,500**	8,500	0%
Graduate Certificate in Business Management	**11,960**	11,500	4%	**8,500**	8,500	0%
Graduate Diploma of Accounting	**23,920**	23,000	4%	**17,000**	17,000	0%
Graduate Diploma of International Business	**23,920**	23,000	4%	**17,000**	17,000	0%
Graduate Diploma of Public Relations and Marketing	**23,920**	23,000	4%	**17,000**	17,000	0%
Master of International Business	**35,880**	34,500	4%	**25,500**	25,500	0%
Master of Marketing and Public Relations	**35,880**	34,500	4%	**25,500**	25,500	0%
Master of Professional Accounting	**35,880**	34,500	4%	**25,500**	25,500	0%
Master of Accounting Practice	**35,880**	34,500	4%	**25,500**	25,500	0%
Master of Professional Accounting and Business	**47,840**	46,000	4%	**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*	**11,960**	10,900	10%	**8,500**	8,500	0%
Graduate Diploma of Business Administration	**23,000**	21,800	6%	**17,000**	17,000	0%
Master of Business Administration	**46,000**	43,600	6%	**34,000**	34,000	0%
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%

* Formerly as Graduate Certificate in Business Administration

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Outlook

The Company's achievements of listing on the Stock Exchange, obtaining SAA status, student capacity increase with Smart Campus and building up further cooperative pathway programs at international platform with China and other regions have created TOP 2.0. Now the key words of TOP 3.0 are ***Innovation***, ***Intelligence*** and ***Internationalisation***.

1. To welcome the Industry 4.0 and Society 5.0 nowadays and in the future, the Group has upgraded "Smart Campus" proposal to a more comprehensive "Intelligent Education", using innovative approach to cover the aspects of digitalising campus infrastructure, teaching and learning methodology and institutional management system for better student experience and learning outcome as well as more efficient and accurate management, for which the Group has been engaging with major technological enterprises in the relevant areas.

2. To provide students with updated knowledge and skills for their life career capabilities, TOP will implement its Course Innovation Plan for traditional Management and Commerce courses to integrate with the applications of digitised technologies like AI, Data Analytics, FinTech, Machine Learning and etc, for which TOP has been working with internal academic staff members and the external experts of international leading universities, research institutions and relevant industries. Such course innovation will be continued in the next two to three years, and then, regularly reviewed and updated in the future along with the developments of business practice and the technologies.

3. To reach the goal of student population in the future three to five years, TOP has, not only completed new premises in South Eveleigh (also known as ATP) in Sydney and been developing the very first interstate campus in Hobart, Tasmania in Australia in an innovative model, but also registered a new business name as Australian National Institute of Management and Commerce with TEQSA in 2019. Particularly, since China's central authorities published formal foreign investment categories on 30 June 2019 to encourage foreign investment in education sectors in several designated provinces under China's educational regulations, the Group has been seeking the M&A or direct investment opportunity of establishing an innovative institute in China, the largest education market in the world, in addition to setting out more cooperative pathway programs with other universities/colleges. The Group wishes to be an international education group in respect of diversifying its education assets transnationally, rather than heavily dependent on recruiting international students from a single region.

Financial Review

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group's revenue reached AUD$26.0 million for the year ended 30 June 2019, increased by 9.2% as compared to previous year's revenue. A breakdown of revenue is shown below:

	2019 AUD$'000	2018 AUD$'000	Change %
Course fee income	**24,696**	22,806	+8.3%
Overseas service fee	**1,324**	1,017	+30.2%
	26,020	23,823	+9.2%

The increase in revenue was primarily due to a 8.3% increase in course fee income from approximately AUD$22.8 million for the year ended 30 June 2018 to approximately AUD$24.7 million for the year ended 30 June 2019, resulting mainly from (i) an increase in tuition rate that started to become effective in March 2019, and (ii) increased enrolment as the EFTSL increased by 9.3% from 1,151 for the year ended 30 June 2018 to 1,258 for the year ended 30 June 2019.

Tuition fee contributed over 94.9% of the Group's revenue for the year ended 30 June 2019 while overseas service fee represented approximately 5.1% of the revenue during the same period.

Cost of Sales

Cost of sales consists primarily of staff costs, depreciation and amortisation, office expenses, consultation and student related costs.

Cost of sales increased by approximately AUD$1.8 million, or 16.8%, from AUD$11.0 million for the year ended 30 June 2018 to AUD$12.8 million for the year ended 30 June 2019. This increase in cost of sales was mainly attributable to (i) an increase of AUD$0.7 million in employee benefit expenses due to the increase in the number of employees recruited, (ii) an increase of AUD$0.4 million in agent commissions due to the increase in tuition rates and EFTSL, (iii) an increase of AUD$0.25 million in amortisation of intangible assets due to increase in intangible assets, (iv) an increase of AUD$0.15 million in lease payments due to new leasing agreements signed during the year, and (v) an increase of AUD$0.1 million in student costs due to the increase in EFTSL.

Gross Profit and Gross Profit Margin

Gross profit increased by 2.7% from AUD$12.8 million for the year ended 30 June 2018 to AUD$13.2 million for the year ended 30 June 2019, which was primarily due to the increase in tuition revenue resulted from increases in tuition rates and EFTSL. The gross profit margin slightly decreased by 3.2% to 50.6% for the year ended 30 June 2019 from 53.8% for the year ended 30 June 2018, which was primarily due to the increase in employee expenses and the increase in amortisation.

Other Income

Other income increased by 112.4% from approximately AUD$1.1 million for the year ended 30 June 2018 to approximately AUD$2.4 million for the year ended 30 June 2019. The increase primarily resulted from (i) an increase of AUD$0.8 million in foreign exchange gain, and (ii) an increase of AUD$0.4 million in interest income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative Expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, office-related expenses, depreciation and public company expenses.

Administrative expenses decreased significantly from approximately AUD$10.5 million for the year ended 30 June 2018 to AUD$7.8 million for the year ended 30 June 2019. This decrease was mainly attributable to (i) a decrease in listing expenses of approximately AUD$6.0 million, (ii) an increase of AUD$1.4 million in employee benefit expenses due to increase in employee number, (iii) an increase of approximately AUD$1.0 million in public company expenses, and (iv) an increase of AUD$0.5 million being the accounting treatment for employee share scheme.

Profit for the Year

As a result of the above factors, the net profit for the year of the Group increased by approximately 166.5% from approximately AUD$1.6 million for the year ended 30 June 2018 to approximately AUD$4.1 million for the year ended 30 June 2019.

Capital Expenditures

The Group's capital expenditures for the year ended 30 June 2019 were approximately AUD$4.4 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 2019, the Group had cash on hand of AUD$42.4 million (30 June 2018: AUD$47.4 million) with no bank borrowings (30 June 2018: nil). During the year ended 30 June 2019, the Group financed the working capital requirements and capital expenditures principally through net cash inflows from operating activities and the net proceeds raised from the initial public offering.

As at 30 June 2019, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2018: 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 authorised by the Board for other material investments or additions of capital assets during the year ended 30 June 2019.

Foreign Exchange Risk Management

The functional currency of the Group is AUD$. The majority of the Group's revenue and expenditures are denominated in AUD$, except that certain expenditures are denominated in HK$. As at 30 June 2019, certain bank balances and payables were denominated in US$ and HK$. The Group 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 Group's Assets

There were no charges on the Group's assets as at 30 June 2019 and 2018.

Contingent Liabilities

As at 30 June 2019, the Group did not have any material contingent liabilities.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Executive Directors

Dr. Minshen Zhu, aged 69, is the Chairman, executive Director, Chief Executive Officer of the Company and a member of the Nomination Committee, and Principal of Top Education Institute (Australian National Institute of Management and Commerce). 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. From 2008 to April 2019, Dr. Zhu was a Board Member of the Confucius Institute of the University of Sydney. 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. From August 2012 to September 2013, he was a member of the Chinese Ministerial Consultative Committee of the Australian Federal Government. 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 from September 2017 to May 2019. Since May 2019, Dr. Zhu has been appointed as a council standing member of the China Overseas Friendship Association ("COFA").

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 the field of 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's major academic publications include "A University Course of Chinese Calligraphy" (Fudan University Press, 1985) as editor-in-chief; "The Shuowen Jiezi, the Dawn of Studies of the Ancient Characters" (Fudan University Press, 1999); "Labour Structure vs Education" (Caijiang Official Publication of BFA Annual Conference 2013); and "A Study of Chinese Calligraphy" (GALE — A Cengage Company and Foreign Language Teaching and Research Press, 2019).

Ms. Sumeng Cao, aged 36, 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. Ms. Cao has served as the Company's Chief Operating Officer since March 2019 to monitor the Company's business operations as well as to assist in development of the strategic and business plan, and is responsible for its implementation.

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. Since May 2016 to March 2019, Ms. Cao served as the Chief Operating Officer of the alliance programs with PwC Australia and was responsible for the Company's use of services provided by PwC Australia under the Alliance Agreement.

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 59, 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 Transways 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 49, 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. Yi Dai, aged 31, has served as a non-executive Director of the Company since 24 June 2019.

Since May 2017, Mr. Dai has acted as the managing director of Xinjiang Guoli Minsheng Equity Investment Co., Ltd, an investment holding company and a substantial Shareholder, and is responsible for overseeing its equity and security investment activities. He served as Regional Account Manager of Howden BC Compressors, a company based in France which primarily engages in the design, manufacturing and servicing of compressors, between August 2011 and June 2015. From July 2015 to April 2017, Mr. Dai acted as the investment manager of, and then since May 2017 has become the general manager of UOB Investment (China) Limited, an investment subsidiary of United Overseas Bank Limited Co., and is responsible for overseeing its equity and security investment activities in China.

Mr. Dai has also served as a member of the investment committee of Unicom Innovation Capital since May 2019 and is responsible for overseeing its equity investment projects. Mr. Dai graduated with a Bachelor of Science from University of California in San Diego, United States in June 2008, and a Master of Business Administration from California State Polytechnic University in Pomona, United States in June 2011.

Independent non-executive Directors

Professor Weiping Wang, aged 67, 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. From June 2017 to March 2019, Professor Wang 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), 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 73, 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.

Mr. Tianye Wang, aged 61, 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 diploma 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 72, 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. From May 2013 to December 2017, he was the chief executive officer of the Council for the Humanities, Arts and Social Sciences of Canberra in Australia. From June 2015 to May 2018, he was the chairman of the Australian Curriculum Assessment and Reporting Authority. Since December 2018, Professor Schwartz has been appointed as the consultant for Australian Government Department of Health.

In 1991, Professor Schwartz was admitted as a fellow of the Academy of Social Sciences in Australia. He is currently an 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 Dr. Zhu

Ms. Rongning Xu, aged 32, has served as the alternate Director to Dr. Minshen Zhu since 17 December 2018. As the Vice President (Regulatory & Compliance) of the Company, Ms. Xu 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 in academic area of TOP.

Ms. Xu has over six 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.

Alternate Director to Mr. Seymour

Mr. Kai Zhang, aged 40, 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.

Changes to Directors' Information

Save as disclosed herein, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Senior Management

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

Ms. Rongning Xu's biography can be referred to in the section headed "Alternate Director to Dr. Zhu" in this report.

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 Hong Kong 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 set up one subsidiary in Australia and one subsidiary in China during the year, and there were no significant changes in the nature of the Company's principal activities during the year. The alliance with PwC Australia only relates to relevant activities by the Company in Australia.

Results and Business Review

The results of the Group for the year ended 30 June 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 89 of this annual report.

A fair review of the business of the Group during the year and its future development and outlook, important events affecting the Group occurred during the year ended 30 June 2019 and an analysis of the Group'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 Group for the last five financial years, as extracted from the Group's audited consolidated financial statements, is set out in the section headed "Financial Summary" on page 143 of this annual report.

Principal Risks and Uncertainties

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

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

- As a higher education provider in Australia with international students, the Group 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 Group'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 Group'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 Group'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

The Board recommends the payment of a final dividend of HK0.4 cents per ordinary share for the year ended 30 June 2019 (2018: nil).

Subject to the Shareholders approving the recommended distribution at the forthcoming AGM, the final dividend will be paid on or about Wednesday, 18 December 2019 to the Shareholders whose names appear on the register of members of the Company on Monday, 9 December 2019.

Annual General Meeting

The forthcoming AGM will be held on Wednesday, 27 November 2019. A notice convening the AGM and all other relevant documents will be published and despatched to the Shareholders.

Closure of Register of Members

For determining the entitlement to attend and vote at the forthcoming AGM to be held on Wednesday, 27 November 2019, the register of members of the Company will be closed from Friday, 22 November 2019 to Wednesday, 27 November 2019, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 21 November 2019.

For determining the entitlement to receive the final dividend, the register of members of the Company will be closed by the Company from Thursday, 5 December 2019 to Monday, 9 December 2019, both days inclusive, during which period no transfer of shares of the Company will be registered. All share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, 4 December 2019.

Share Capital

Details of changes during the year in the share capital of the Company are set out in Note 21 to the consolidated financial statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the year ended 30 June 2019 are set out in Note 12 to the consolidated financial statements.

Distributable Reserves of the Company

Details of movements in the retained profits of the Company during the year ended 30 June 2019 are set out on page 91 of this annual report.

As at 30 June 2019, 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$11.1 million.

Directors

The Directors during the year ended 30 June 2019 and up to the date of this report are:

Executive Directors:

Dr. Minshen Zhu (Chairman of the Board and Chief Executive Officer)
Ms. Rongning Xu (alternate director to Dr. Minshen Zhu)
Ms. Sumeng Cao

Non-executive Directors:

Mr. Thomas Richard Seymour
Mr. Kai Zhang (alternate director to Mr. Thomas Richard Seymour)
Mr. Amen Kwai Ping Lee
Mr. Jing Li (resigned on 24 June 2019)
Mr. Yi Dai (appointed on 24 June 2019)

Independent non-executive Directors:

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

Pursuant to code provision A.4.2 of the CG Code contained in Appendix 14 to 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 Professor Brian James Stoddart, Mr. Tianye Wang and Professor Weiping Wang 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, Mr. Yi Dai shall be subject to re-election at the AGM.

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/redesignation 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.

Save as aforesaid, 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 each of the independent non-executive Directors, pursuant to Rule 3.13 of the Listing Rules. The Company considers them to be independent.

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

As at 30 June 2019, 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	975,788,000[3], [4]	38.16%
Mr. Amen Kwai Ping Lee	Beneficial owner/Interest held jointly with other persons	855,468,000[5]	33.46%
Mr. Thomas Richard Seymour	Interested in a controlled corporation	21,008,000[6]	0.82%
Mr. Kai Zhang (as alternate director to Mr. Thomas Richard Seymour)	Beneficial owner	20,976,000	0.82%
Mr. Jing Li (resigned on 24 June 2019)	Beneficial owner	4,592,000[7]	0.17%
Professor Brian James Stoddart	Beneficial owner	4,592,000[8]	0.17%
Professor Steven Schwartz	Beneficial owner	4,592,000[9]	0.17%
Ms. Sumeng Cao	Beneficial owner	7,294,274[10]	0.29%
Ms. Rongning Xu (as alternate director to Dr. Minshen Zhu)	Beneficial owner	7,294,274[11]	0.29%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 2,556,588,000 Shares in issue as at 30 June 2019.

(3) 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 2019, all the members of the Controlling Shareholders Group together controlled 855,468,000 Shares. 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) Apart from 228,456,000 Shares beneficially owned by Dr. Zhu and 627,012,000 Shares held by other members of the Controlling Shareholders Group, such interest includes Dr. 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. Lee beneficially owned 150,002,000 Shares and is also deemed to be interested in the Shares held by other members of the Controlling Shareholders Group.

(6) 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).

(7) 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. During the Reporting Period, certain performance rights had been vested and exercised and 1,530,000 Shares had been issued to Mr. Jing Li.

(8) 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. Such interest includes 1,530,000 Shares which have been issued to him pursuant to the exercise of vested performance rights.

(9) 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. Such interest includes 1,530,000 Shares which have been issued to him pursuant to the exercise of vested performance rights.

(10) This represents Ms. Sumeng Cao's entitlement to receive up to 1,294,274 Shares pursuant to the exercise of options granted to her under the Share Option Scheme, subject to the conditions (including vesting conditions) of those options, and the entitlement to receive up to 6,000,000 Shares pursuant to the exercise of Awarded Shares granted to her under the Share Award Scheme, subject to the conditions (including vesting conditions) of those Awarded Shares.

(11) This represents Ms. Rongning Xu's entitlement to receive up to 1,294,274 Shares pursuant to the exercise of options granted to her under the Share Option Scheme, subject to the conditions (including vesting conditions) of those options, and the entitlement to receive up to 6,000,000 Shares pursuant to the exercise of Awarded Shares granted to her under the Share Award Scheme, subject to the conditions (including vesting conditions) of those Awarded Shares.

Save as disclosed above, as at 30 June 2019, 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 and the share options 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 2019, 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[1]
Ms. Xing Shi Huang	Interest of a spouse[(2), (3)]	Long	975,788,000	38.16%
Mr. Qingquan Yang	Beneficial owner[(4)]; interest in controlled corporation[(4)]; interest held jointly with other persons[(2)]	Long	855,468,000	33.46%
Ms. Shuling Chen	Interest of a spouse[(5)]	Long	855,468,000	33.46%
Billion Glory	Beneficial owner[(4)]; interest held jointly with other persons[(2)]	Long	855,468,000	33.46%
Tristar United	Beneficial owner; interest held jointly with other persons[(6)]	Long	855,468,000	33.46%
Ms. Josephine Kam Shan Lam	Interest of a spouse[(7)]	Long	855,468,000	33.46%
Mr. Xin Wang	Beneficial owner; interest held jointly with other persons[(8)]	Long	855,468,000	33.46%
Ms. Zhuo Liu	Interest of a spouse[(9)]	Long	855,468,000	33.46%
Xinjiang Guoli	Beneficial owner	Long	351,180,000	13.73%
PwC Australia	Beneficial owner[(10)]	Long	264,708,000	10.35%
Loyal Creation	Beneficial owner	Long	224,096,000	8.76%
Minsheng Education Group	Interest in a controlled corporation[(11)]	Long	209,000,000	8.17%

Notes:

(1) The calculation is based on the total number of 2,556,588,000 Shares in issue as at 30 June 2019.

(2) 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 2019, all the members of the Controlling Shareholders Group together controlled 855,468,000 Shares. Under the SFO, each Ms. Xing Shi Huang, Mr. Qingquan Yang, Ms. Shuling Chen, Tristar United, Ms. Josephine Kam Shan Lam and Mr. Xin Wang of the Controlling Shareholders Group are deemed to be interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.

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

(4) Mr. Qingquan Yang directly holds 151,102,000 Shares and Billion Glory, which is wholly-owned by Mr. Yang, directly holds 59,524,000 Shares. Accordingly, Mr. Yang is deemed to be interested in 59,524,000 Shares held by Billion Glory by virtue of the disclosure requirements of the SFO. Mr. Yang and Billion Glory are members of the Controlling Shareholders Group and are also deemed to have interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.

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

(6) Tristar United beneficially owned 150,002,000 Shares and is also deemed to have interests in Shares held by the other members of the Controlling Shareholders Group.

(7) 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. Lee and members of the Controlling Shareholders Group by virtue of the disclosure requirements of the SFO.

(8) Mr. Xin Wang beneficially owned 116,382,000 Shares and is also deemed to have interests in Shares held by the other members of the Controlling Shareholders Group.

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

(10) 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.

(11) Minsheng Education Group is the sole shareholder of Minsheng Development which directly holds 209,000,000 Shares, and accordingly, Minsheng Education Group is deemed to be interested in 209,000,000 Shares held by Minsheng Development by virtue of the disclosure requirements of the SFO.

Pre-IPO Performance Rights Plan, Share Option Scheme and Share Award Scheme

The Company has adopted Pre-IPO Performance Rights Plan, Share Option Scheme and Share Award 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.

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

Movements in the Pre-IPO Performance Rights granted under the Pre-IPO Performance Rights Plan during the period are as follows:

Grantee	Balance as at 1 July 2018 (number of underlying Shares)	Granted during the Period	Exercised during the Period	Lapsed or cancelled during the Period	Balance at 30 June 2019 (number of underlying Shares)
Directors					
Dr. Minshen Zhu	120,320,000	—	—	—	120,320,000
Mr. Jing Li (resigned on 24 June 2019)	4,592,000	—	1,530,000	—	3,062,000(1)
Prof. Brian James Stoddart	4,592,000	—	1,530,000	—	3,062,000
Prof. Steven Schwartz	4,592,000	—	1,530,000		3,062,000
Council Members				—	
Mr. Sean Gregory	4,592,000	—	—	4,592,000(2)	—
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

Notes:

(1) Pursuant to the Pre-IPO Performance Rights Plan rules, the Board approved Mr. Jing Li to retain his unvested Performance Rights based on the condition that he is a Good Leaver and his contribution to the Company during his tenure.

(2) Pursuant to the Pre-IPO Performance Rights Plan rules, the offer of Performance Rights to Mr. Sean Gregory lapsed during the year.

The Pre-IPO Performance Rights granted to Dr. Minshen Zhu will vest subject to the satisfaction of the vesting conditions as the occurrence of a Liquidity Event, and will vest on the fifth anniversary of the date of grant, being 10 June 2022.

The Pre-IPO Performance Rights granted to the grantees other than Dr. Minshen Zhu 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 granted to the grantees other than Dr. Minshen Zhu 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 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 subsidiaries ("**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 subsidiaries of the Company if such grant will result in the maximum number being exceeded.

(b) As at 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**").

(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. As at 30 June 2019, 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 259,095,800 Shares.

(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

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, and to Ms. Rongning Xu, the alternate Director to Dr. Minshen Zhu, respectively.

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 movement of Share Options granted under the Share Option Scheme for the year ended 30 June 2019 are as follows:

Grantee	Balance as at 1 July 2018	Granted during the Period	Exercised during the Period	Lapsed/ cancelled during the Period	Balance as at 30 June 2019
Directors					
Ms. Sumeng Cao	—	1,294,274	—	—	1,294,274
Ms. Rongning Xu	—	1,294,274	—	—	1,294,274
Employees (in aggregate)	—	23,193,390	—	—	23,193,390
Total					25,781,938

Share Award Scheme

On 23 October 2018, the Company adopted the Share Award Scheme ("Scheme") in which the Employees will be entitled to participate. The Share Award Scheme 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 Share Award Scheme:

Objectives

The specific objectives of the Scheme are (i) to recognise the contributions by certain Employees and to provide them with incentives in order to retain them for the continual operation and development of the Company; and (ii) to attract suitable personnel for further development of the Company.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules relating to the Share Award Scheme as amended from time to time ("Scheme Rules"), the Scheme shall be valid and effective for a term of 10 years commencing on 23 October 2018, being the date on which the Scheme is adopted by the Company ("Adoption Date").

Administration

The Scheme shall be subject to the administration of the Board, the share award committee ("Committee") and the Trustee in accordance with the Scheme Rules and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme shall be final and binding. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

Scheme limit

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of Shares awarded by the Board under the Scheme exceeding 1.5% of the total number of the issued Shares as at the Adoption Date, being 38,828,220 Shares.

The maximum aggregate number of Shares which may be awarded to any Selected Employee under the Scheme shall not exceed 0.5% of the total number of the issued Shares as at the Adoption Date, being 12,942,740 Shares.

Operation of the Scheme

The Board or the Committee may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company or such other person as directed by the Board or the Committee from time to time which shall constitute part of the Trust Fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed.

Subject to the Scheme Rules, the Committee may from time to time instruct the Trustee to purchase Shares on the Stock Exchange (or from such other Shareholder(s) of the Company as may be agreed by the Board, subject to compliance with the applicable laws and Listing Rules), and to hold them for the benefit of the Employees under the Trust on and subject to the terms and conditions of the Scheme and the Trust Deed.

Award of the Awarded Shares ("Award")

Subject to the Scheme Rules, the Board may from time to time at its absolute discretion select any Employee for participation in the Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at no consideration and on and subject to such terms and conditions as it may in its absolute discretion determine.

In determining the number of Awarded Shares to be granted to any Selected Employee, the Board shall take into consideration matters including, but without limitation to:

(a) the present contribution and expected contribution of the relevant Selected Employee to the financial performance, development and/or regulatory compliance of the Company;

(b) the general financial condition of the Company;

(c) the Company's overall business objectives and future development plan; and

(d) any other matter which the Board considers relevant.

The Board is entitled to impose any conditions (including a period of continued service with the Company after the Award) as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee, and shall inform such Selected Employee the relevant conditions of the Award and the Awarded Shares.

Where any grant of Awarded Shares is proposed to be made to any Selected Employee who is a Director (including an independent non-executive Director), such grant must first be approved by all the members of the Remuneration Committee, or in the case where the grant is proposed to be made to any member of the Remuneration Committee, by all of the other members of the Remuneration Committee.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable unless otherwise exempted under the Listing Rules.

Vesting of the Awarded Shares

Subject to the terms and conditions of the Scheme and the fulfilment of all relevant vesting conditions (if any), the respective Awarded Shares shall vest in such Selected Employee in accordance with the vesting schedule (if any) and the Trustee shall cause the relevant number of Shares to be allocated to such Selected Employee on the Vesting Date.

Voting rights

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust which have not been vested and allocated to the specific Selected Employee under the Scheme and the Trust Deed.

Termination

The Scheme shall terminate on the earlier of (i) the tenth anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not materially and adversely affect any subsisting rights of any Selected Employee under the Scheme.

Awarded Shares Granted under the Share Award Scheme

On 28 February 2019, the Company granted a total of 12,000,000 Awarded Shares to two Selected Employees for nil consideration in accordance with the Scheme Rules, among which, 6,000,000 Awarded Shares were granted to Ms. Sumeng Cao, and 6,000,000 Awarded Shares were granted to Ms. Rongning Xu.

Furthermore, on 24 May 2019, the Company granted a total of 19,000,000 Awarded Shares to four Selected Employees for nil consideration in accordance with the Scheme Rules.

The Awarded Shares granted to Selected Employees will vest subject to the satisfaction of the vesting conditions as that on the applicable vesting dates (fifth anniversary of the date of grant), the grantee remains as an employee of the Company.

For the year ended 30 June 2019, the Trustee pursuant to the Trust Deed and Share Award Scheme has purchased an aggregate of 20,120,000 Shares from the market at a total consideration (excluding all related expenses, brokerage, duties and levies, etc.) of approximately HK$6,391,000.

Details of the grant of Awarded Shares to the Directors and other employees of the Company are as follows:

Grantee	Balance as at 1 July 2018	Granted during the Period	Exercised, lapsed or cancelled during the Period	Balance as at 30 June 2019
Directors				
Ms. Sumeng Cao	—	6,000,000	—	6,000,000
Ms. Rongning Xu	—	6,000,000	—	6,000,000
Employees (in aggregate)	—	19,000,000	—	19,000,000
Total				31,000,000

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

During the Reporting Period, the Company purchased a total of 39,420,000 Shares on the Stock Exchange at an aggregate consideration (before brokerage and expenses) of approximately HK$12,042,910. As at 30 June 2019, 36,550,000 repurchased Shares have been cancelled. As at the date of this report, all the aforesaid repurchased Shares have been cancelled.

Month of repurchases	Total number of Shares repurchased	Highest price paid per Share HK$	Lowest price paid per Share HK$	Aggregate consideration HK$
October 2018	260,000	0.310	0.290	77,200
November 2018	3,930,000	0.345	0.300	1,234,450
December 2018	21,260,000	0.325	0.285	6,444,000
January 2019	4,550,000	0.335	0.315	1,456,450
February 2019	350,000	0.360	0.355	124,650
March 2019	520,000	0.415	0.355	192,300
April 2019	—	—	—	—
May 2019	1,640,000	0.265	0.249	416,160
June 2019	6,910,000	0.340	0.260	2,097,700

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any Shares during the Reporting Period.

Borrowings

As at 30 June 2019, the Company had no borrowings.

Equity-Linked Agreements

Save as disclosed in "Pre-IPO Performance Rights Plan, Share Option Scheme and Share Award 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 ended 30 June 2019 or subsisted at 30 June 2019.

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 2019.

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 2019.

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 2019.

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 ended 30 June 2019.

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 the Company 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 law school, has strong synergies with PwC Australia's extensive history in business and accounting services, along with their growth strategy into the legal services market in Australia. The Alliance Agreement allows the Company 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 in relation to 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 delivered 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 2019:

		Transaction amount for the year ended 30 June	
	Proposed annual cap for the year ended 30 June 2019 AUD$'000	**2019 AUD$'000**	2018 AUD$'000
Total Service Fees	**650**	**430**	735

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 re-comply 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 2019 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 and the 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 2019. Details are set out in Note 25 to the consolidated financial statements 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 2019, the Company employed 147 staff (2018: 137), a 7.3% increase from the comparable reporting period in 2018.

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, Share Option Scheme and Share Award Scheme" in this annual report.

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

The Company strongly encourages all employees to participate in systematic training and professional development. In addition, the Company provides comprehensive training programs to ensure that employees have the training required to fulfil the continuous professional training requirements of their respective profession.

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 consolidated 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 relevant expenses) amounted to approximately HK$172 million or AUD$30 million. As at 30 June 2019, a total amount of approximately HK$33.6 million out of net proceeds had been used by the Group according to the allocation set out in the Prospectus.

Purpose	**Percentage to total amount**	**Net proceeds** HK$ (million)	**Utilised Amount** HK$ (million)	**Unutilised amount** HK$ (million)
Acquiring or investing in educational groups/institutions in the PRC and in Australia	41.0%	70.4	—	70.4
Establishing six student experience centres in the PRC[1]	26.7%	45.8	—	45.8
Upgrading TOP's campus	9.4%	16.1	8.8	7.3
Expanding TOP's campus locations	5.5%	9.5	9.5	—
Further development of SCDP as an online program[1]	4.9%	8.4	—	8.4
Expanding TOP's research and scholarship activities and professional development towards our strategic goal	3.1%	5.3	1.7	3.6
Expanding TOP's marketing activities	4.4%	7.6	5.2	2.4
Working capital and general corporate purposes	5.0%	8.6	8.4	0.2
Total	100.0%	171.7	33.6	138.1

Note (1): As disclosed in the Prospectus, it is intended that such student experience centres would incorporate virtual reality or augmented reality technology to allow potential students in the PRC to experience life in Sydney and at TOP, thereby attracting the enrolment of such students with us. Also, it is intended that such further development of SCDP as an online program could bring us a target rate of return. However, we noted that information sharing via virtual methods has become more common and efficient due to the rapid development of digital technology, thus such student experience centres and SCDP online program may not bring expected paybacks. As such, the Board is reviewing and considering a change in such allocation of net proceeds by putting it towards investments in utilising AI methodology instead for the student experience centre. and developing the Intelligent Education to meet the emerging demands from students and the market.

During the Reporting Period, the Group commenced developing an AI App to host an online platform for students' preparation of future studies in Australia. The App is expected to enhance the Group's international education platform by providing students with an easily accessible and efficient means to gain a better experience of and knowledge on the Group's programs and general offerings. AI methodology will be used in the App to analyse student demand, and effective use of such data is expected to improve targeting and increase the conversion rate of students who participate in our cooperative education programs in China. The Board is currently conducting a feasibility study on the mobile application as an alternative means to the physical experience centres for accessing potential students in the PRC, and its wider strategy to make investments in and apply the use of AI in delivering educational services. Subject to the results of feasibility study, such proposal may be put forward to the Board for consideration.

As at the date of this report, the Board has no concrete plan to change any allocation of the net proceeds from the Listing. The Company will make announcement(s) in relation to the above as and when appropriate in accordance with the Listing Rules.

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 2019, 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

The Company has the following significant events after the Reporting Period:

- On 1 August 2019, TOP completed the process with Ministry of Education of PRC in respect of registering a new operational name as Australian National Institute of Management and Commerce on the JSJ List. Accordingly, the registrations process on the new name with the relevant regulatory authorities both in Australia and China are completed. Please refer to the web links of https://www.teqsa.gov.au/national-register/provider/top-education-group-limited and http://www.jsj.edu.cn/news/1/221.shtml.
- On 16 August 2019, TEQSA approved TOP's first interstate branch campus in Hobart, Tasmania, from which date TOP has been able to recruit its first intake of students at this branch campus.
- On 11 August 2019, the Company signed a memorandum of understanding with iFLYTEK Co., Ltd. (科大訊飛股份有限公司) ("iFLYTEK"), a company listed on Shenzhen Stock Exchange (stock code: 002230), and Jingle Magic (Beijing) Technology Co., Ltd. (訊飛幻境(北京)科技有限公司) ("Jingle Magic"), the leading artificial intelligence and big data companies in China, for the purpose of jointly developing the Intelligent Education in comprehensive approaches. The working team of iFLYTEK and Jingle Magic visited TOP on 5 September 2019 to follow up the implementation plan.
- On 8 September 2019, TOP organised the first International Conference on Course Innovation in Management Studies in Beijing, China as an important step of the Group's Course Innovation Plan. The senior experts who attended the conference include those from the University of Chinese Academy of Sciences, Tsinghua University, Fudan University, Renmin University, Beijing National Accounting School, Jiaxing University, and those from the University of Sydney Business School and the University of Western Australia Business School, as well as those from relevant industries. The experts, as a think tank, discussed the feature, trend and experience in educational innovation and provided the Group with their commentaries and advice on the Course Innovation Plan.

REPORT OF THE DIRECTORS (CONTINUED)

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, 19 September 2019

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board of the Company is committed to maintaining good corporate governance standards.

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

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the year ended 30 June 2019, the Company has complied with all the code provisions as set out in the CG Code, except for code provision A.2.1.

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 year ended 30 June 2019.

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 price-sensitive 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 Group's businesses, strategic decisions and performance and takes 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)* (Ms. Rongning Xu as his alternate)
Ms. Sumeng Cao *(Chief Operating Officer)* (Designated on 18 March 2019)

Non-executive Directors
Mr. Thomas Richard Seymour (Mr. Kai Zhang as his alternate)
Mr. Amen Kwai Ping Lee
Mr. Jing Li (resigned on 24 June 2019)
Mr. Yi Dai (appointed on 24 June 2019)

Independent Non-executive Directors
Professor Brian James Stoddart
Professor Steven Schwartz
Mr. Tianye Wang
Professor Weiping Wang

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 17 to 21 of this annual report.

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

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Code provision A.2.7 of the CG Code has been revised to require that the chairman of the Board should at least annually hold meetings with independent non-executive Directors without the presence of other Directors. Arrangements have been made for compliance with the revised code provision which took effect from 1 January 2019.

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 Group 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 year ended 30 June 2019, 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) 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 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.

Professor Weiping Wang, Mr. Tianye Wang, Professor Brian James Stoddart and Mr. Yi Dai will retire and being eligible, offer themselves for re-election as directors at the 2019 AGM.

Responsibilities, Accountabilities and Contributions of the Board and Management

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 Group'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 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 2019, the Company organized training sessions conducted by the finance department of the Company for members of the Audit Committee. The training sessions covered the structure and procedures of our accounting system, significant accounting policies in use, and the internal control procedures for the accounting system. In addition, relevant reading materials including compliance manual and legal and regulatory updates have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 30 June 2019 are summarized as follows:

Directors	Type of Training[Note]
Executive Directors	
Dr. Minshen Zhu	A and B
(Ms. Rongning Xu as his alternate)	A and B
Ms. Sumeng Cao	A and B
Non-Executive Directors	
Mr. Thomas Richard Seymour	B
(Mr. Kai Zhang as his alternate)	B
Mr. Amen Kwai Ping Lee	A and B
Mr. Yi Dai	B
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 and B

Note:

Types of Training

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, risk management and internal control systems, effectiveness of the internal audit function, 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.

The Audit Committee held two meetings to review, in respect of the year ended 30 June 2019, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, 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.

The Remuneration Committee met twice during the year to consider the relevant matters and to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Executive Directors and senior management.

Details of the remuneration of the Directors and the senior management by band are set out in Note 7 in the Notes to the audited consolidated financial statements for the year ended 30 June 2019.

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.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Nomination Procedures for Directors and Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee met once 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 AGM. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Nomination Procedures for Directors

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Nomination Procedures for Directors which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Nomination Procedures for Directors set out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications and business experience relevant and beneficial to the Company;
- Willingness to devote adequate time to discharge duties as a member of the Board;

- Accomplishments in personal careers;
- Present needs of the Board for particular expertise, skills or experience and whether the candidates would satisfy those needs;
- Requirements for the Board to have independent Directors in accordance with the Listing Rules and whether the candidates for independent Directors would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- Such other perspectives appropriate to the Company's business.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 30 June 2019, Mr. Yi Dai was nominated by a substantial Shareholder of the Company as a non-executive Director of the Company in place of Mr. Jing Li.

The Nomination Committee will review the Nomination Procedures for Directors, as appropriate, to ensure its effectiveness.

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 year, 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 year ended 30 June 2019 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	5/5	N/A	N/A	1/1	1/1
Ms. Sumeng Cao	5/5	N/A	N/A	N/A	1/1
Mr. Thomas Richard Seymour	3/5	N/A	N/A	N/A	0/1
Mr. Amen Kwai Ping Lee	5/5	N/A	2/2	N/A	1/1
Mr. Jing Li (Resigned on 24 June 2019)	4/4	N/A	N/A	N/A	1/1
Mr. Yi Dai (Appointed on 24 June 2019)	1/1	N/A	N/A	N/A	N/A
Professor Brian James Stoddart	5/5	2/2	N/A	1/1	1/1
Professor Steven Schwartz	5/5	2/2	2/2	N/A	1/1
Mr. Tianye Wang	5/5	2/2	2/2	N/A	1/1
Professor Weiping Wang	5/5	2/2	N/A	1/1	1/1

The attendance record of Dr. Minshen Zhu and Mr. Thomas Richard Seymour at the Board and Board Committee meetings by their respective alternate is set out below:

	Attendance/Number of Meetings				
Name of Alternate Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Ms Rongning Xu (Alternate to Dr. Minshen Zhu)	—	N/A	N/A	—	—
Mr. Kai Zhang (Alternate to Mr. Thomas Richard Seymour)	2/5	N/A	N/A	N/A	—

Independent non-executive Directors and Non-executive Directors have attended general meetings to gain and develop a balanced understanding of the view of shareholders.

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 subcommittees; 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 TOP policies, plans and procedures
- Internal and external financial and performance reports
- Evaluation reviews and audits
- External authorities' assessments and indicators such as TEQSA and Department of Immigration and Border Protection ("DIBP")
- 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

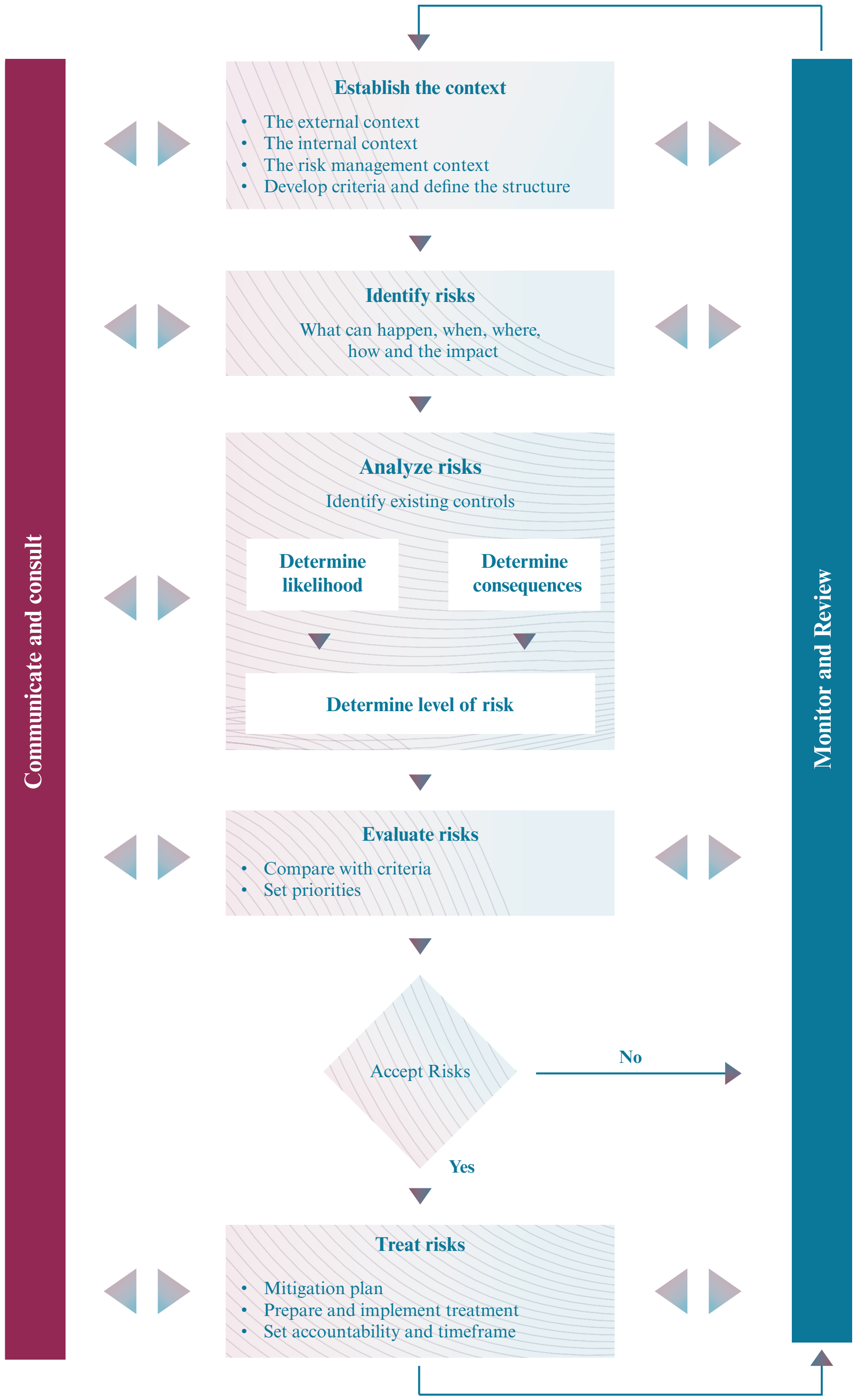
The most readily used approach to defining consequences tends to be qualitative whereby managers use experience, judgement and intuition to make decisions in identifying and managing risk.

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 TOP through which potential risks are ranked as Extreme, High, Moderate or Low.

Assessment

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

Identification Analysis and Assessment



TOP's Assessment Table of Risk Objectives is a tool to demonstrate the risk areas, risk indicator, assessment criteria and benchmarks, TEQSA's assessments and TOP's comments, analysis, evaluations, 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 2019.

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 2019, 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 procedures are 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.

TOP adopts a disclosure policy which complies with the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission. An upward Reporting Approach is adopted to monitor the potential inside information. The Board or the designated person(s) will review and assess the potential inside information and to maintain strict confidential of any inside information until it being properly disclosed when consider to be appropriate.

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.

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 2019 and 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 85 to 88.

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 2019 amounted to approximately AUD$325,000 and AUD$11,000 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, a global professional services provider specializing in integrated business, corporate and investor services, 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 2019 in compliance with Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services of the 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 Shareholder 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 annual 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 Group'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 is 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 year under review, the Company has not made any changes to its Constitution. An up to date version of the Company's Constitution is also available on the Company's website and the Stock Exchange's website.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval. Details of the final dividend of the year ended 30 June 2019 have been disclosed in the annual report of the Company.

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") while enhancing the value and performance of the Company. Hence, the Board working together with the management has taken on the overall responsibility of assessing and identifying risks associated with ESG that affects TOP, and has engaged in the mission of promoting awareness of an environmentally and socially sustainable culture among all our stakeholders, including our employees and students. This culture drives the long-term sustainable growth of TOP through the formulation of appropriate ESG policies and procedures to mitigate ESG related risks, measure and monitor the progress of ESG performances, and report on these performances to investors and key stakeholders.

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.

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.

Through TOP's ESG framework, the management has established written guidelines which enable the provision of training and investment of resources in the exploration of sustainability improvement. While internally 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 reaches out externally, cultivating its students to have a sense of social responsibility and be servient to the global community that builds on the best of our heritage.

Using a top-down approach, we assimilate ESG concepts into 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.

The ESG Report describes the ESG progress made by TOP during the Reporting Period. The scope of the ESG Report covers TOP's main campus consisting of three sites, namely the Biomedical Building, Bay 16 of the Locomotive Workshop and Level 3 of Yerrabingin House, all located in the South Eveleigh (also known as 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 the views and interests of stakeholders (including shareholders, corporate customers, students and their parents, employees, suppliers, creditors, regulatory authorities and the public) through constructive communications and the maintenance of close working 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 and risk management • Compliance with laws and regulations • Internal inspection • Employees' and students' health and 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 student's 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 • On-site visits
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 • Corporate governance policies • 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 visits • Website information disclosure on the Stock Exchange and the Company

Stakeholder Groups	Expectations	Typical communication channels
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 Stock Exchange and the Company • Financial reports, announcements and circulars and other publicly available information

In order to identify the most significant ESG aspects specific to TOP, 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, the most significant ESG topics were employment, occupational health and safety, and development & 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 below.

Environment

Our principal business activity is the provision of higher education services. By nature of our business we engage in activities that have only minimal direct impact on the environment. Nonetheless, we recognize the importance of environmental protection and have 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:

		For the year ended 30 June			
(Units: Kilograms)		**2019**		2018	
Direct air emissions	**Air emission source**	**Total volume emitted**	**Intensities (Note 1)**	Total volume emitted	Intensities (Note 1)
Nitrogen Oxides ("NOx")	Company vehicles	**3.18**	**1.06**	4.69	1.56
Sulphur Oxides ("SOx")	Company vehicles	**0.02**	**0.01**	0.02	0.01
Particulate Matters ("PM")	Company vehicles	**0.29**	**0.10**	0.43	0.14

Note 1: Intensity is measured by the total volume emitted divided by 3 (2018: 3), being the average number of vehicles held by the Company during the Reporting Period.

The approximate volume of different types of GHG emissions in CO2 equivalent emissions ("$CO_{2}e$") during the Reporting Period were as follows:

(Units: Tonnes of $CO_{2}e$)		For the year ended 30 June 2019		2018	
GHG emissions	Emission sources	Total volume emitted	Intensities (Note 2)	Total volume emitted	Intensities (Note 2)
Scope 1: Direct emissions	Company vehicles	**2.52**	**0.84**	3.19	1.06
Scope 2: Energy indirect emissions	Purchased electricity	**105.31**	**52.65**	106.77	106.77
Scope 3: Other indirect emissions	— Business air travels — Disposal of paper	**48.20**	**0.26**	31.13	0.27
Total GHG emissions		**156.03**		141.09	

Note 2: For each of the scope of GHG emissions, intensity is measured by the total volume emitted for that scope during the year divided by a denominator. The denominators of GHG emission are determined as follows:

Scope 1: 3 (2018: 3), being the average number of vehicles held by the Company during the Reporting Period.

Scope 2: 2 (2018: 1), being the number of campus where purchased electricity was/were used during the Reporting Period.

Scope 3: 186 (2018:117), being the number of employees who has gone business travel by air during the Reporting Period.

Other indirect emissions: 147 (2018: 137), being the number of employees during the Reporting Period.

A small amount of direct air emissions were generated from the infrequent use of company motor vehicles. Direct air emissions consist of mainly of NOx, SOx and PM were exhausted when petrol is combusted in 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 was purchased from an electricity company which generated these GHG directly by the burning of fuel during its electricity generation. This electricity company is subjected to stringent environmental protection laws and regulations imposed by the Australian 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 105 (2018: 107) tonnes of $CO_{2}e$ of scope 2 GHG emission was emitted, representing a monthly average emission of approximately 9 (2018: 9) tonnes, showing that these emissions have been maintained at a steady level, a result from our continuous environmental protection efforts as described in the later section titled "environmental protection measures".

By comparison to scope 2, the environmental impact of scope 1 and scope 3 GHG emissions were relatively low. During the Reporting Period, 2.52 (2018: 3.19) tonnes of $CO_{2}e$ of scope 1 GHG emission was directly emitted from the use of company motor vehicles. The decrease in emission level was the result of our green initiative which replaced one of an existing vehicle with an Ultra-Low Emissions Vehicle. The scope 3 GHG emission was approximately 48 (2018: 31) tonnes of $CO_{2}e$ in total during the Reporting Period. These were emissions from airplanes due to our business air travels and emissions from landfills due to our disposal of paper. The increase in the scope 3 GHG emission was mainly due to the increased business air travel from essential business development activities, from 117 journeys in 2018 increased to 186 journeys during the Reporting Period. The management is aware of this increase and will monitor continuously, taking measures as and when necessary, for instance, by using video conferencing equipment instead where possible.

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". No data on waste generation were collected, since significant efforts would have been required for its collection, but analytical results of these data would have been of insignificant value compared to our other ESG efforts during the Reporting Period.

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 our classrooms and offices, and the powering of equipment such as ventilators, projectors, computers, screens, and printers around the area. The total energy consumption during the Reporting Period was approximately 130,009 (2018: 128,644) kilowatt hour ("kWh"), averaging a consumption amount of approximately 10,834 (2018: 10,720) kWh per month, showing a steady consumption pattern for both years.

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 was minimal and only secondary to our operation. The data on water consumption were hence not collected, since significant efforts would have been required for its collection, but the analytical results of these data would have been of insignificant value compared to our other ESG efforts during the Reporting Period.

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, we did not consume significant resources from, nor causes any significant impact on the environment during the Reporting Period. Wastewater generated from toilets and pantries was properly disposed of through designated network of pipelines provided by the city of Sydney which are ultimately connected to the mains sewer for sewage processing. The direct impact on the natural environment as a result of our operation is therefore minimal.

Nonetheless as outlined in the next section, we are committed to environmental protection and have 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 provider in Australia which is home to a diverse species of wildlife, it is no doubt that one of TOP's strategic priorities is the conservation of this beautiful environment through integrating ESG concepts into the cultivation of our student as well as our staff.

Specifically, we have the following measures which are regularly carried out to achieve our ESG strategy in the course of our operations:

- We have built a new eco-friendly campus, using construction materials which are strictly environmental-friendly;
- The campus also uses automatic lighting system, in which the lights in an area turn on only when it detects people present and then automatically turn themselves off a period of time after they have left;
- In addition, the campus also uses a daylighting design which reduce the use of electricity by introducing natural daylight to indoor areas as far as possible;

- We will continue to develop our "Intelligent Education" strategy, which include digital education solutions that complement traditional classroom teaching to facilitate the effectiveness of studies;

- 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;

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

- These policies and procedures enable us to minimize emissions and conserve the use of energy by:

  i. Reminding our employees to turn off office equipment such as computers, photocopiers, printers, air conditioners and others when not in use, or during non-office hours such as evenings and weekend;

  ii. Reminding our employees to keep the doors and windows shut when air conditioners are in operation;

  iii. Encouraging our employees to commute or travel to/from external meetings through the use of carpooling (i.e. car share) wherever possible;

  iv. Making arrangements to inspect electricity and power equipment regularly, ensuring their safety as well as operating efficiency;

  v. Reminding our employees to stay at the office after work hours only when necessary, as well as working from home instead of from office should they need to work during weekend;

- These policies and procedures also enable us to minimise waste and conserve the use of resources by:

  i. Reminding our employees to reduce the use of office supplies wherever possible;

  ii. Centralising the orders for office supplies from various departments to reduce delivery distance and packaging wastes;

  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 waste;

  v. Dispose computers responsibly by handing them over to authorized e-waste collection and computer recycling service sites for recycling;

  vi. Reduce excessive printing by going paperless as far as possible, by distributing information and documents through electronic means in daily workflows;

  vii. Utilizing digital devices to the greatest extent for internal meeting and internal communications, which cuts down on paper printing as well as travelling;

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

  ix. Encourages 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;

- With regards to our company vehicles:

  i. Drivers are encouraged to study traffic rules, traffic maps and routes so that they take efficient paths to their destinations, saving them time as well as fuel;

  ii. Drivers are also encouraged 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. Carry out inspection and maintenance of vehicles regularly to keep them in good condition, as well as ensuring safety and operating efficiency;

  iv. Dispose of old vehicles by selling it in second hand market rather than scraping it wherever possible.

TOP is also committed to complying with environmental laws and regulations. We strictly comply with the Environment Protection and Biodiversity Conservation Act 1999, Protection of the Environment Legislation Amendment Act 2011 and 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, generation of hazardous and non-hazardous waste and heritage protection.

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 (2018: Nil).

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 our highest priority to ensure a fair, harmonious, comfortable, ethical, and safe working environment for all employees.

To that effect, TOP have formulated a set of human resources policies together with the employee handbook which cover areas such as remuneration, recruitment and selection, promotion and disciplinary measures, leave entitlements and other employee benefits, as well as guidelines related to employee privacy, external work, training and development, staff performance review, occupational health & safety, code of conduct, anti-bribery, 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 race, gender, nationality, ethnicity, religion, sexuality, socio-economic background and disability or anything other than their qualifications and their abilities to fit the requirements of the job. TOP does not impose any limit on age other than the legal age limits for employment. TOP encourages employees at all levels to conduct business in a professional manner with integrity, impartiality and honesty. TOP do 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".

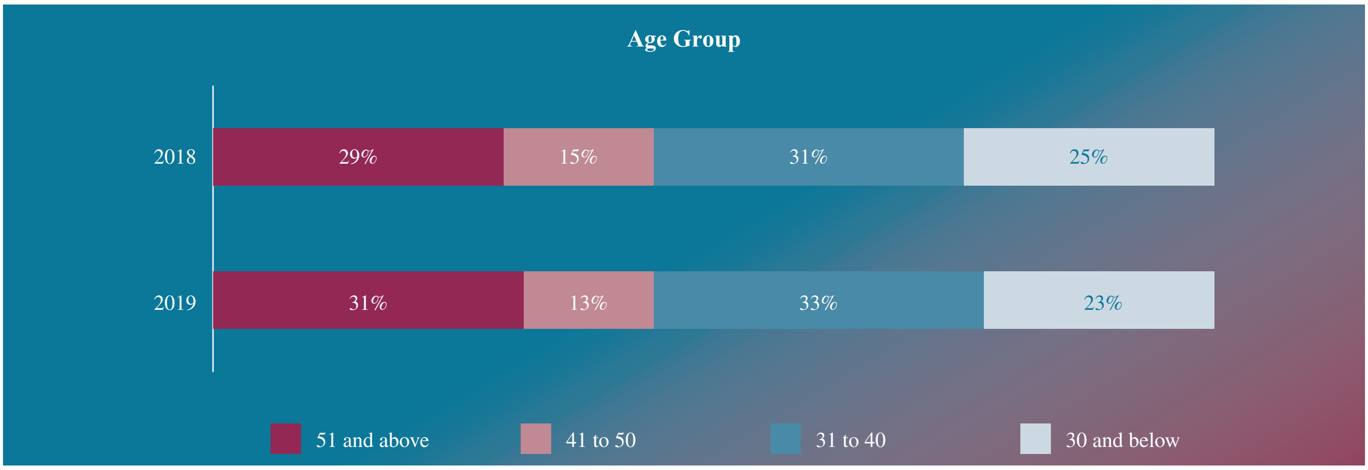
We maintain good working relationship with employees and we have not experienced any significant labour disputes since our inception. We invest significant time and resources to fulfill our obligations under The Fair Work Act 2009 (the "FWA").

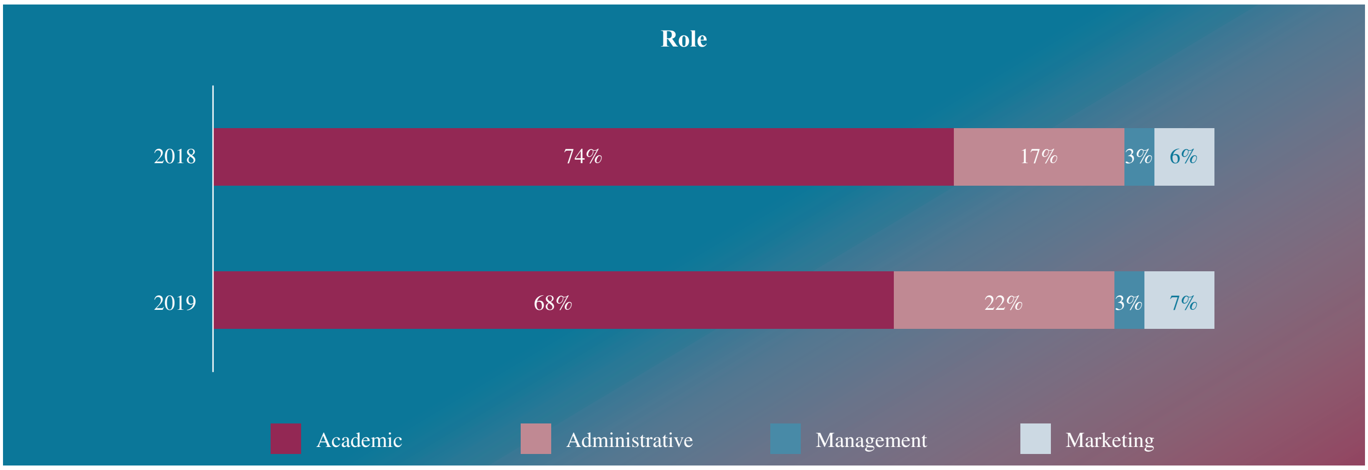
During the Reporting Period, TOP has not received any complaint from an individual or the authority, nor has paid or was liable to pay any penalty as a result of any breach of the FWA and its related regulation, or other relevant employment laws and regulations in Australia (2018: Nil).

Our workforce

We had 147 (2018: 137) employees during the Reporting Period. We have developed a three-year human resources workplace strategic plan which will enable us to meet the demands from and continuously assess the required capabilities of existing and future student enrolments based on our current operating context. In the plan we are also committed to improving teaching quality by hiring lecturers with better teaching attributes such as the depth of knowledge in the subject, academic reputation and qualifications, etc. In support of continuous learning, we have allocated financial and other resources to support scholarship activities for any employed teaching/academic staff.

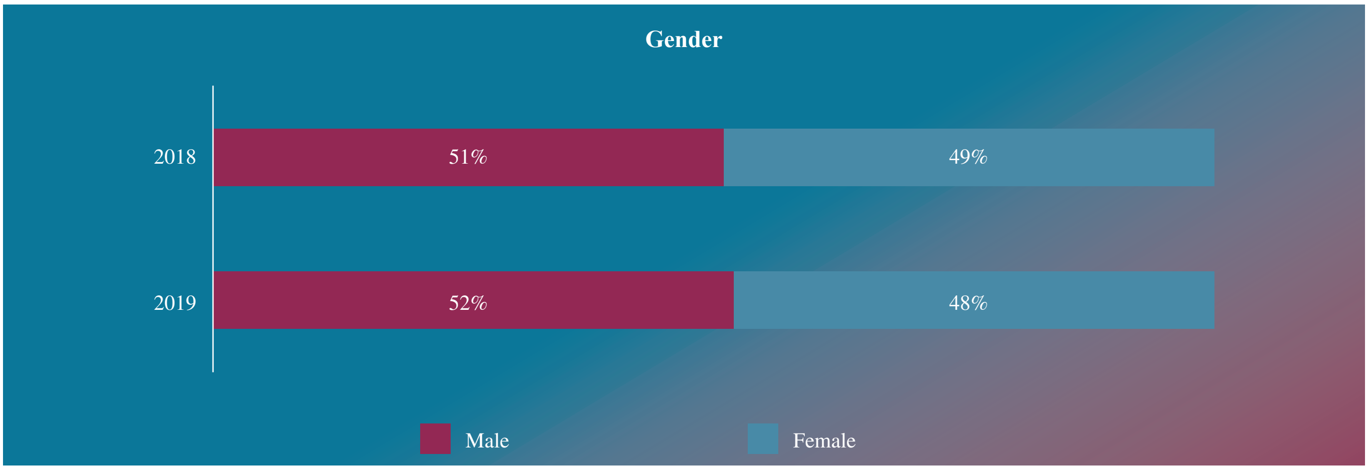
The workforce categorised by age group and roles depicted below:

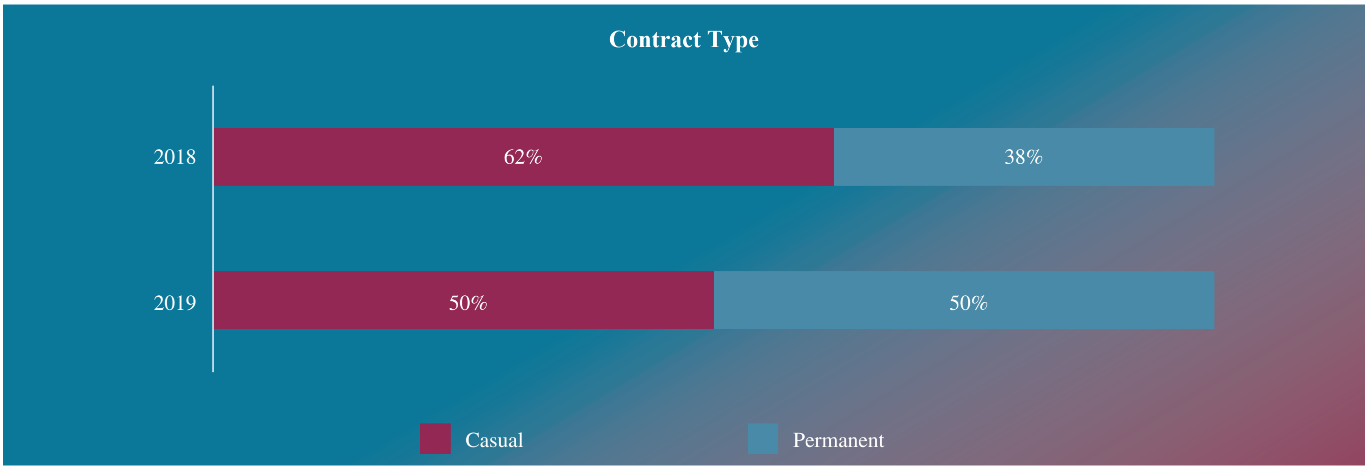




Academic staff consists of professors, tutors, exam invigilators, librarians, and student ambassadors. They are responsible for largely for academic-related duties such as tutoring, teaching, and undertaking of research. Administrative staff consists of directors and student support and services staff who deals with the daily administrative duties such as processing student application and admission matters, organization of classes, launching of new courses, and student communication, etc.

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





In order to ensure consistency of teaching quality, we have endeavoured to reduce our casual academic ratio over the years. Hence during the Reporting Period, an additional of 22 permanent staff was employed. Meanwhile, employment under the casual basis remains an option open to those staff who prefer 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.

We have kept a workforce which is gender-balanced for both of the reporting years, a female-to-male ratio of approximately 1:1 for the Reporting Period (2018: 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.

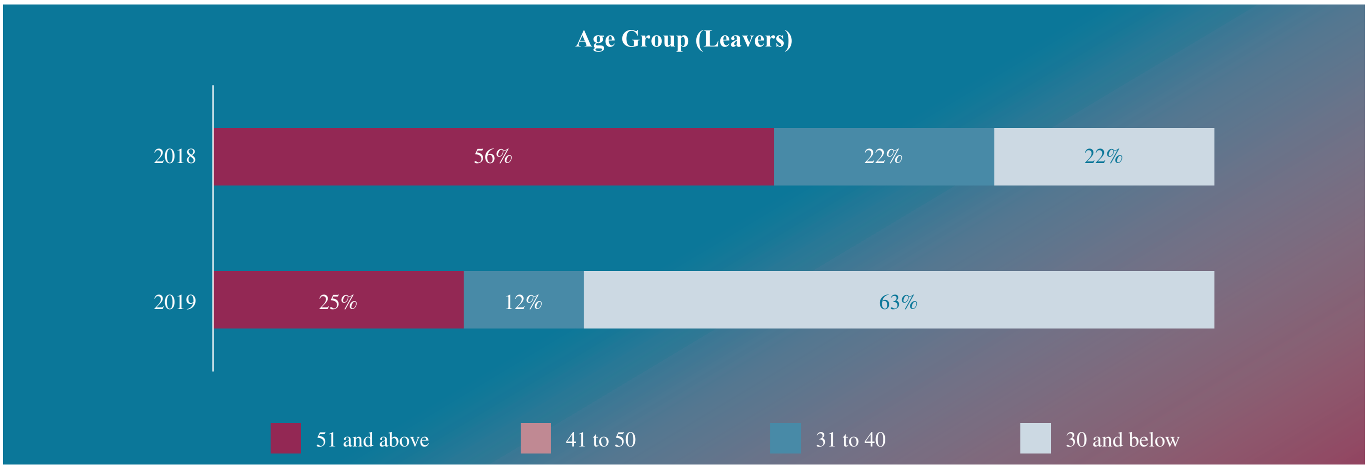
We strive to ensure that our employees are reasonably remunerated and properly incentivised. TOP implement an appraisal program that reviews staff performances during their probation, after probation and annually to explore those areas that meet expectations as well as those that are underperforming. Ultimately, these appraisal exercises aim to motivate the staff to attain their career goals, help them to achieve their full potentials, as well as help us to identify ambitious individuals. We collect up-to-date remuneration data within industry and establish a fair, reasonable and competitive remuneration scheme to ensure that remuneration packages we offer is in line with the industry standards for the higher education sector in Australia.

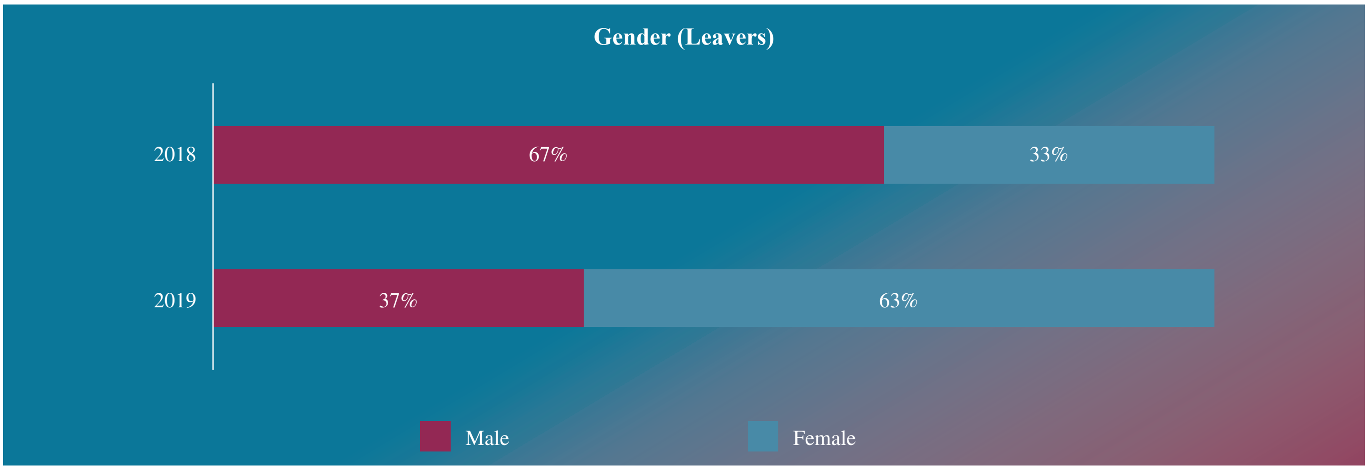
The quality of our staff underpins our ability to provide quality higher education. We maintain rigorous policies and procedures with respect to staff recruitment to ensure the quality of the academic staff. Our quality assurance policies and procedures will be further discussed in the later section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

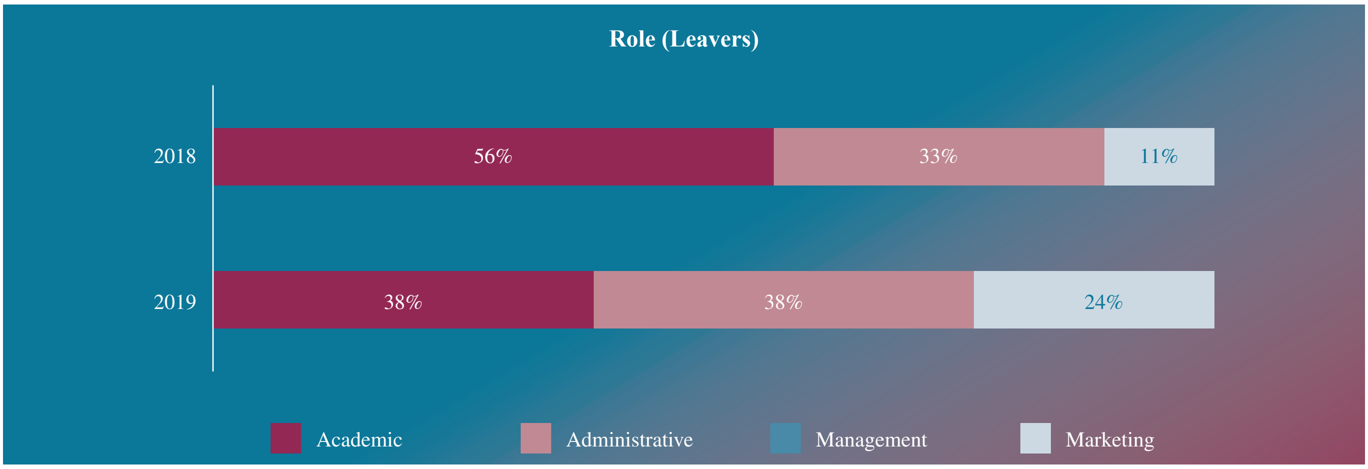
The quality of our service also relies on the ability of our staff to maintain their teaching quality by keeping abreast with the latest knowledge and development in the subject area of their relevant profession. Training and development of our employees will be discussed in the later section titled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

Employee turnover

During the Reporting Period, a total of 8 (2018: 9) employees left TOP, representing an employee turnover rate of approximately 5.4% (2018: 6.6%), a rate that is lower than the previous year. The distributions of employee leavers by age group, gender and roles were as follows:







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 such as the Work Health and Safety Act 2011.

OHS risk management approach

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 ("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*
   HR 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 Human Resources department and facility manager conduct 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.

We also pay attention to our employees' well-being, adopting a five-day work week and established standard working hours in accordance with Australia labour laws to encourage a better work-life balance. We also organised a number of leisure activities which also helps to improve the physical and mental health of our employees.

Training

We provide training on topics related to occupational health and safety to all 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 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 (2018: Nil).

Aspect B3: Development and Training

TOP places great importance on the continuing development of professional knowledge and skills for our employees. We believe that the continued growth and success of business is built upon employee excellence and their ability to provide quality of services to 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:

	For the year ended 30 June	
Training topics	**2019 Total training hours**	2018 Total training hours
Professional & Skills	**649**	309
Induction and Ongoing Updates	**200**	251
Ethics & Compliance	**21**	23
Grievance Handling	**—**	25
Bullying, Harassment & Discrimination	**—**	9
Staff welfare	**14**	—
Other	**26**	4
Total training hours	**910**	621

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

	For the year ended 30 June	
	2019 Average training hours per employee	2018 Average training hours per employee
By Gender		
Male	**3.33**	3.03
Female	**9.33**	5.97
By employee category		
Management	**57.13**	44.18
Academic	**3.94**	3.93
Others	**7.31**	1.47

Last year, we held Grievance Handling and Bullying, Harassment & Discrimination training of total 34 hours to our employees, which we had not held during the Reporting Period. Instead we launched new trainings of Staff Welfare to our employees, which accounted for a total of 14 training hours. We have also put more resources in Professional & Skills training to enforce our teaching quality, with an increase of its training hours by more than doubled.

During the Reporting Period, there was a decrease in training hours for Induction and Ongoing Updates trainings compared to last year. Our management are aware of this trend and will monitor the situation closely, and TOP may launch additional Induction and Ongoing Updates trainings or other similar new trainings to our employees in the coming year. Overall, the total training hours increased by 14%.

Aspect B4: Labour Standards

We prohibit 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 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 FWA and other relevant laws and regulations in Australia.

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 the 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.

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 110 (2018: 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 provide training and 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;
- A duty to promote 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; and,
- 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 them informed about student applications they lodged to TOP;
- Provide the agent with adequate training regarding appropriate conduct;
- Inform 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 we become aware that an agent may be in breach of their contract terms with us or engaging in unethical activity. To that effect, we have established and adopted the International Agent Monitoring Policy to ensure the monitoring of agent's compliance.

Aspect B6: Product Responsibility

Quality assurance

Academic quality assurance is a vital part of our strategic plan and is built into our general business planning and reporting processes. Our academic quality assurance ensures that our learning system maintains a high standard of academic integrity and continuously improves the quality of our teaching and learning.

Our courses are designed and developed by senior academics with considerable experience and those with previous appointments in Australian universities. The development is supported by our academic staff members under the supervision of the respective Deans.

We have an established policy and procedure to regularly review and assess our academic courses. These reviews are integral part of our quality assurance process which is also a vital element for obtaining approval from TEQSA for our partial SAA status. Our review includes formal processes that analyses and evaluates the level of educational objective achieved and the related learning outcomes. In addition, we also regularly conduct informal consultations and obtain feedback from the engagement with academic staff, students, the profession and other key stakeholders. These reviews also include benchmarking against other like education providers, including Australian and overseas universities, ensures that reviews of academic standards are evidence-based analyses.

On the governance level, we have established a distinct governance and management system to ensure continuous quality excellence.

In this system, the Board of Directors 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 independent parties, who are not employees, members of management, Shareholders or executive Directors of TOP, and can voice outside viewpoints on these decisions. Many of the 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 twelve members and meets six times a year. Four of the members of Academic Board are external members, who are not employees, members of management, Shareholders or Directors of TOP. Many of the 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 five 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 the classes and courses are achieving target outcomes in line with TOP's institutional teaching and learning plan. For example, the TLC reviews class outlines, course materials and teaching evaluations to determine if the 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 employees is another crucial element of ensuring our service quality. Through comprehensive and rigorous recruitment process, we ensure the employees are sufficiently qualified and experienced. Our hiring policy requires that all of 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 the academic staff, such as, conferences and scholarly publications. These activities help enhance their scholarship which in turn, help continually advance our 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, we have a course transition and teach out policy in place to deal with such an incident to lessen any negative impact to employees and students.

Academic recognition

During the Reporting Period:

- A research paper titled "Australian Higher Education Sector and SMEs" prepared by one of our Business School Senior Lecturer and Discipline Leader in Finance received the "Best Paper from Australia and New Zealand" Award in the 64th ICSB (International Council for Small Business) World Congress "The Future of Entrepreneurship".

- An article published in "Journal of Organizational Change Management" by one of our academic staff has been selected as an outstanding paper in the "2019 Emerald Literati Awards".

Regulatory excellence

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

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 highly value feedback and consider feedback and evaluation as a key component of our internal and external quality assurance. Stakeholders' views about their experience at TOP provide valuable information in maintaining a successful teaching and learning environment and contributing to ongoing improvement.

We aim to provide a timely, effective and transparent system for managing complaints and have multiple channels in place to collect feedback which have listed in the previous section "Stakeholder Engagement and Materiality Assessment". Stakeholders can also provide feedback to the student representatives of Council, Academic Board, and other governance and management committees.

We want our students to enjoy their time while studying at the Institute. Students have the right to report problems, concerns or grievances regarding any aspect of their education or other related activities, which are within the control of us and our management staff. We will attend to the complaint and ensure that the concerns are addressed appropriately and as quickly as possible. Thus, we have established Student Complaints and Appeals Policy and Procedures and set up Student Grievance Committee to receive suggestions and complaints effectively. Students are informed about this policy prior to enrolment. In addition, information about the policy is included in orientation materials, the Student Handbook and on website. All formal complaints and appeals will be acknowledged in writing and will be informed in writing of decisions, with a full explanation for reasons for the decision and information on further avenues of resolution including external bodies.

During the Reporting Period, we have not received any significant complaint related to our services (2018: Nil).

With regards to grievance procedures related to anti-corruption, please refer to the later section "Aspect B7: Anti-corruption".

Protection of intellectual property

TOP respect and protect intellectual property rights ("IP rights"). We have established an Academic Intellectual Property Policy to take active steps to protect our own trademarks by making the necessary filing of claims or registration of trademarks. TOP has significant 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.

Measures have been taken to ensure that pre-existing IP is dealt with appropriately. At the commencement of employment at TOP, academic staff must disclose any pre-existing IP or agreements with third parties that may be relevant to their employment at TOP. This decrease the possibility of TOP wrongly claiming IP rights.

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 (2018: Nil). 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 stakeholders, e.g. students and staff, 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 addition 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.

We are committed to complying with relevant laws and regulations on customer data protection and privacy. We are subject to Australian Privacy Act 1988 and the Australian Privacy Principles 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 Australian laws and regulations including but not limited to Anti-Money Laundering and Counter-Terrorism Financing Act 2006, 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 us of their complaint or suggestion.

Our policies and procedures require employees to report gifts, entertainment and travel acceptance while conducting business on behalf of us and to manage such gifts and entertainment provided by business associates according to our guidelines.

We take 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 us (2018: Nil).

Community

Aspect B8: Community Investment

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

- We have 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 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
(Incorporated in Australia with limited liability)

Opinion

We have audited the consolidated financial statements of Top Education Group Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 89 to 142, which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated 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 ("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 Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Revenue recognition	
Revenue for the year mainly comprised of the performance obligation for rendering of education services to 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 when the performance obligations are satisfied over time. The portion of course fees received from students but not yet earned is recorded as contract liabilities. Given the significant volume of transactions and the risk of revenue not being recorded in the current period, we considered revenue recognition to be a key audit matter. The Group's disclosures about revenue recognition are included in Notes 2.5 and 5 in the consolidated 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 transactions on a substantive approach 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; • We independently recalculated the amount of contract liabilities and the revenue recognised in the period; and • We assessed the Group's revenue recognition policy applied from 1 July 2018, which included assessing whether the revenue recognition process and adequacy of disclosures were made in accordance with IFRS 15.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

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

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
19 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2019

	Notes	2019 AUD$'000	2018 AUD$'000
REVENUE	5	**26,020**	23,823
Cost of sales		**(12,841)**	(10,996)
Gross profit		**13,179**	12,827
Other income and gains	5	**2,355**	1,109
Administrative expenses		**(7,849)**	(10,472)
Advertising and marketing expenses		**(1,780)**	(1,159)
PROFIT BEFORE TAX	6	**5,905**	2,305
Income tax expense	9	**(1,766)**	(752)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,139**	1,553
Attributable to:			
Owners of the Company		**4,139**	1,553
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings per share (AUD cents)	11	**0.161**	0.079
Diluted earnings per share (AUD cents)	11	**0.155**	0.075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	2019 AUD$'000	2018 AUD$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**5,023**	980
Intangible assets	13	**5,728**	4,181
Prepayments and deposits	15	**1,020**	1,627
Deferred tax assets	20	**1,714**	2,905
Total non-current assets		**13,485**	9,693
CURRENT ASSETS			
Prepayments, other receivables and other assets	15	**2,173**	1,266
Tax receivable		**1,210**	—
Cash and cash equivalents	16	**42,352**	47,367
Total current assets		**45,735**	48,633
CURRENT LIABILITIES			
Trade payables	17	**1,450**	1,345
Other payables and accruals	18	**2,091**	2,804
Deferred income		**—**	2,626
Contract liabilities	19	**2,202**	—
Tax payable		**—**	398
Total current liabilities		**5,743**	7,173
NET CURRENT ASSETS		**39,992**	41,460
TOTAL ASSETS LESS CURRENT LIABILITIES		**53,477**	51,153
NON-CURRENT LIABILITIES			
Other payables and accruals	18	**288**	217
Net assets		**53,189**	50,936
EQUITY			
Share capital	21	**43,221**	45,133
Treasury shares		**(1,140)**	—
Reserves		**11,108**	5,803
Total equity		**53,189**	50,936

Minshen Zhu
Director

Sumeng Cao
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2019

	Notes	Issued capital AUD$'000	Treasury shares AUD$'000	Share-based payments reserve AUD$'000	Retained profits AUD$'000	Total equity AUD$'000
At 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 and 1 July 2018		45,133	—	1,518*	4,285*	50,936
Profit and total comprehensive income for the year		—	—	—	4,139	4,139
Issue of shares		200	—	(200)	—	—
Repurchase of shares	21	—	(1,140)	—	—	(1,140)
Cancellation of shares	21	(2,112)	—	—	67	(2,045)
Equity-settled performance rights arrangements	22	—	—	1,299	—	1,299
At 30 June 2019		43,221	(1,140)	2,617*	8,491*	53,189

* These reserve accounts comprise the reserves of AUD$11,108,000 (2017: AUD$5,803,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2019

	Notes	2019 AUD$'000	2018 AUD$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**5,905**	2,305
Adjustments for:			
Interest income	5	**(671)**	(237)
Loss on disposal of items of property, plant and equipment		**8**	—
Share-based payments	22	**1,274**	827
Depreciation of property, plant and equipment	12	**338**	243
Amortisation of intangible assets	13	**1,039**	780
		7,893	3,918
Decrease in trade receivables		**—**	58
(Increase)/decrease in prepayments, other receivables and other assets		**(300)**	142
Increase in trade payables		**105**	217
(Decrease)/increase in other payables and accruals		**(642)**	287
Increase in deferred income		**—**	278
Decrease in contract liabilities		**(424)**	—
Cash generated from operations		**6,632**	4,900
Interest received		**671**	237
Income tax paid		**(2,158)**	(1,965)
Net cash flows from operating activities		**5,145**	3,172
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of items of property, plant and equipment		**9**	—
Purchases of items of property, plant and equipment		**(4,398)**	(473)
Additions to intangible assets		**(2,586)**	(1,337)
Net cash flows used in investing activities		**(6,975)**	(1,810)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	21	**—**	39,197
Cancellation of shares	21	**(2,045)**	—
Repurchase of shares	21	**(1,140)**	—
Share issue expenses	21	**—**	(3,009)
Dividend paid	23	**—**	(6,283)
Net cash flows (used in)/from financing activities		**(3,185)**	29,905
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(5,015)**	31,267
Cash and cash equivalents at beginning of year		**47,367**	16,100
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	**42,352**	47,367
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	**42,352**	47,367

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate and Group Information

The consolidated financial statements of Top Education Group Ltd (the "Company"), and its subsidiaries (collectively, the "Group") for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 19 September 2019.

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 Group is principally engaged in providing private higher education services in Australia. Further information on the nature of the operations and principal activities of the Group is provided in the section headed "Report of the Directors". Information on other related party relationships of the Group is provided in Note 25.

information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Top Education Consulting (Beijing) Limited*	PRC/Mainland China	Hong Kong dollars ("HK$") 3,000,000	100	—	Provision of education consulting services
Top Education Development Pty Ltd	Australia	AUD$100	100	—	Provision of and investments in education services

* Top Education Consulting (Beijing) Limited is registered as a wholly-foreign-owned enterprise under PRC law.

During the year, Top Education Consulting (Beijing) Limited and Top Education Development Pty Ltd were incorporated in PRC/Mainland China and Australia, respectively.

2. Significant Accounting Policies

2.1 Basis of Preparation

These consolidated 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 consolidated financial statements are presented in Australian dollars ("AUD$") and all values are rounded to the nearest thousand ("AUD$'000") except when otherwise indicated.

2. Significant Accounting Policies (Continued)

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2019. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Additionally, on 23 October 2018, the Board of Directors approved an employee share award scheme under which shares may be awarded to employees of the Group in accordance with the related terms and conditions of the scheme. Pursuant to the rules of the employee share award scheme, the Group has set up a Trust for the purpose of administering the employee share award scheme and holding the awarded shares before they vest (the "Trust"). As the Group has control over the Trust, the Directors of the Company consider that it is appropriate to consolidate the Trust within the Group.

2. Significant Accounting Policies (Continued)

2.3 Changes in Accounting Policies and Disclosures

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

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendment to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9 and IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the Group's consolidated financial statements.

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has not recognised any transition adjustments against the applicable opening balances in equity at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

(a) Classification and measurement

Under 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 new classification and measurement of the Group's debt instruments are as follows:

— Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). This category includes the Group's trade receivables, financial assets included in prepayments, other receivables and other assets.

The assessment of the Group's business model was made as of initial application of IFRS 9, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments were solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The adoption of IFRS 9 has no significant impacts on the recognition of financial instruments, has no material impact on opening balances as at 1 July 2018 and hence does not result in an adjustment of opening retained earnings as at 1 July 2018.

2. Significant Accounting Policies (Continued)

2.3 Changes in Accounting Policies and Disclosures (Continued)

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through OCI, 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 impact of the change in impairment methodology on the Group's retained earnings as at 1 July 2018 was immaterial and hence does not result in an adjustment of opening retained earnings as at 1 July 2018.

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 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 disclosures are included in note 5 to the consolidated financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.5 to the consolidated financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that were not completed as at 1 July 2018.

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance as deferred income. Under IFRS 15, the amount is classified as contract liabilities. Therefore, upon adoption of IFRS 15, the Group reclassified AUD$2,626,000 from deferred income to contract liabilities as at 1 July 2018 in relation to the consideration received from customers in advance as at 1 July 2018. As at 30 June 2019, under IFRS 15, AUD$2,202,000 was reclassified from deferred income to contract liabilities in relation to the consideration received from customers in advance for provision of education services.

The adoption of IFRS 15 has no significant impacts on the recognition of service income from the provision of education services, has no material impact on opening balances as at 1 July 2018 and hence does not result in an adjustment of opening retained earnings as at 1 July 2018. The comparative information was not restated and continues to be reported based on the requirements of IAS 18 and related interpretations.

2. Significant Accounting Policies (Continued)

2.4 Issued But Not Yet Effective International Financial Reporting Standards

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

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 *cycle*	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
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 Group is described below:

IFRS 16 Leases

IFRS 16 replaces IFRS 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 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. 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.

2. Significant Accounting Policies (Continued)

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

IFRS 16 Leases (Continued)

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 Group will adopt IFRS 16 from 1 July 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 July 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During the year, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that the right-of-use assets of AUD$12,256,000 and lease liabilities of AUD$13,518,000 will be recognised at 1 July 2019, with a corresponding reclassification of unamortised lease incentives balances of AUD$1,262,000 as at 30 June 2019 to right-of-use assets.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 July 2019. The interpretation is not expected to have any significant impact on the Group's consolidated financial statements.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies

Segment reporting

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

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 Group. 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 Group 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 consolidated 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 consolidated financial statements on a recurring basis, the Group 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.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Revenue recognition (applicable from 1 July 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group's revenue is primarily related to rendering of private higher education services and other income. The accounting policies are explained as follows:

(i) Rendering of education services

The Group provides education services for the offer of private higher education. Such services are separately priced and provided based on offer period. As the Group provides the education services over the offer period, the students simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognised over the contract period.

Most of the contractual considerations of the Group are tuition fees that are collected in advance prior to the beginning of each term. When the Group has rendered education offer, the consideration was received from students upon signing the offers, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognised as contract liabilities (2018: deferred income). The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

(ii) Variable consideration — Scholarships

The Group provides scholarship to certain students once the offers rendered. Scholarships are offset against tuition fee amounts payable by the students.

(iii) Cost to obtain an offer

The Group pays sales commission to its agents for each revenue contract that they obtain for tuition fee offer. The Group has elected to apply the optional practical expedient for costs to obtain an offer which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Revenue recognition (applicable from 1 July 2018) (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition (applicable before 1 July 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group, 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 Group 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.

Contract liabilities (applicable from 1 July 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Related parties

A party is considered to be related to the Group 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 Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group 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 Group 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 Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of 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 Group or to the parent of the Group.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currencies

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency. Foreign currency transactions recorded by the Group 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, 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 country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting periods 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, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any 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, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 it 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 statements 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.

Dividends

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

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 Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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	10%–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/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases.

Where the Group is the lessor, assets leased by the Group 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 Group 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.

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

2. Significant Accounting Policies (Continued)

2.5 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 Group 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.

Financial assets (policies under IFRS 9 applicable from 1 July 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies "Revenue recognition" above.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement of financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Financial assets (policies under IAS 39 applicable before 1 July 2018)

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 Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the 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.

Derecognition of financial assets (policies under IFRS 9 applicable from 1 July 2018 and policies under IAS 39 applicable before 1 July 2018)

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 Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group 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 risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 July 2018)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost of effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (policies under IAS 39 applicable before 1 July 2018)

The Group 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 Group 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 Group 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.

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 Group.

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 (policies under IFRS 9 applicable from 1 July 2019 and IAS 39 applicable before 1 July 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings; or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, 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.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 July 2019 and IAS 39 applicable before 1 July 2018)

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 July 2019 and IAS 39 applicable before 1 July 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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, to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, 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.

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.

Cash and cash equivalents

For the purpose of the statements 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 Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits (less than 3 months), and assets similar in nature to cash, which are not restricted as to use.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share-based payments reserve or retained earnings.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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.

Employee benefits

(i) Pension schemes

Contributions to defined contribution fund 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.

(ii) Obligations to employees

Liabilities for wages and salaries, including non-monetary benefits expected to be settled wholly within 12 months after the end of the period in which the employees render the related service 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 statements of financial position as the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Share-based payments

The Group operates performance rights and share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Employees (including directors) of the Group 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 is measured by reference to the fair value at the date at which they are granted. The unhurdled fair value of the awards are calculated as the value of the ordinary shares in the Group less the present value of the projected dividends over the expected term of the awards, further details of the Group's award schemes are given in Note 22.

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 Group'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 Group'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.

2. Significant Accounting Policies (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Share-based payments (Continued)

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 Group 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.

As disclosed in Note 21 to the consolidated financial statements, the Group has set up the Trust for the employee ownership scheme, where the Trust purchases Shares issued by the Group and the consideration paid by the Group, including any directly attributable incremental costs, is presented as "Shares held for share-based payments" or "Treasury shares" and deducted from the Group's equity.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's consolidated 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 Group 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.

3. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a black scholes model to determine the fair value of the liability incurred. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 22.

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 2.5 "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 Group'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 2.5 "Intangible assets".

4. Operating Segment Information

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

During the year, the Group operated within one geographical segment because all of its revenue was generated in Australia. All of the non-current assets of the Group 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 Group'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 Group during the financial year.

5. Revenue and Other Income and Gains

An analysis of revenue is as follows:

	2019 AUD$'000	2018 AUD$'000
Revenue from contracts with customers		
Course fee income	**24,696**	22,806
Others service fee income	**1,324**	1,017
	26,020	23,823

Revenue from contracts with customers

(i) Disaggregated revenue information

	2019 AUD$'000	2018 AUD$'000
Geographical markets		
Australia	**26,020**	23,823
Timing of revenue recognition		
Course fee income recognised over time	**24,696**	22,806
Others service fee income recognised over time	**1,324**	1,017
	26,020	23,823

(ii) Performance obligations

Provision of private higher education services in Australia

The performance obligation is satisfied over time as services are rendered. The Group's contracts with students for higher education programs are normally with duration of 0.5 year renewed up to total duration of 1 to 4 years depending on the education programs. Tuition fees are determined and paid by the students before the start of each school year.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2019 are as follows:

	2019 AUD$'000
Contract liabilities (Note 19)	2,202

Contract liabilities include short-term advances received to render education services. All the other remaining performance obligations are expected to be recognised within one year.

No revenue recognised during the year related to performance obligations that were satisfied in prior years.

5. Revenue and Other Income and Gains (Continued)

	2019 AUD$'000	2018 AUD$'000
Other income and gains		
Interest income	**671**	237
Realised foreign exchange gains, net	**1,151**	169
Unrealised foreign exchange gains, net	**392**	590
Others	**141**	113
	2,355	1,109

6. Profit Before Tax

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

	Notes	2019 AUD$'000	2018 AUD$'000
Amortisation of intangible assets	13	**1,039**	780
Depreciation	12	**338**	243
Minimum lease payments under operating leases		**1,441**	1,273
Auditors' remuneration		**325**	298
Employee benefit expense (excluding directors' and chief executive's remuneration (Note 7)):			
Wages, salaries and other employee benefits		**8,733**	6,316
Share-based payments	22	**1,274**	827
Pension scheme contributions (defined contribution schemes)		**726**	541
Less: Amount capitalised		**(843)**	(564)
		9,890	7,120

7. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (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:

	2019 AUD$'000	2018 AUD$'000
Fees	**776**	196
Other emoluments:		
Salaries	**485**	498
Share-based payments	**649**	754
Performance related bonuses*	**—**	269
Pension scheme contributions	**99**	79
	1,233	1,600
	2,009	1,796

* 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 Group.

During the year, one director was granted share awards, in respect of the services to the Group, under the employee share award scheme of the Group, further details of which are set out in Note 22. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and the CEO's remuneration disclosures.

(a) independent non-executive directors

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
2019				
Professor Brian James Stoddart	**81**	**112**	**8**	**201**
Professor Steven Schwartz	**81**	**112**	**8**	**201**
Mr. Tianye Wang	**54**	**—**	**—**	**54**
Professor Weiping Wang	**54**	**—**	**—**	**54**
	270	**224**	**16**	**510**

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

(a) independent non-executive directors (Continued)

	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 (2018: Nil).

(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
2019						
Executive directors:						
Minshen Zhu, CEO	**130**	**230**	**263**	**—**	**34**	**657**
Sumeng Cao	**130**	**255**	**50**	**—**	**33**	**468**
	260	**485**	**313**	**—**	**67**	**1,125**
Non-executive directors:						
Thomas Richard Seymour	**80**	**—**	**—**	**—**	**8**	**88**
Amen Kwai Ping Lee	**80**	**—**	**—**	**—**	**8**	**88**
Jing Li (a)	**86**	**—**	**112**	**—**	**—**	**198**
Yi Dai (b)	**—**	**—**	**—**	**—**	**—**	**—**
	246	**—**	**112**	**—**	**16**	**374**
	506	**485**	**425**	**—**	**83**	**1,499**

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

(b) Executive directors and non-executive directors (Continued)

	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	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 (c)	6	—	—	—	—	6
Qingquan Yang (d)	6	—	—	—	1	7
Chaohui Liu (c)	6	—	—	—	—	6
	96	—	36	—	6	138
	146	498	682	269	77	1,672

(a) Resigned on 24 June 2019

(b) Appointed on 24 June 2019

(c) Resigned on 26 October 2017

(d) 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 Group during the year included the CEO and an executive director (2018: the CEO and an executive director), details of whose remuneration are set out in Note 7 above. Details of the remuneration for the year of the remaining three (2018: three) highest paid employees who are neither directors nor the CEO of the Group are as follows:

	2019 AUD$'000	2018 AUD$'000
Salaries	**783**	778
Performance related bonuses	**114**	36
Pension scheme contributions	**73**	64
	970	878

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	
	2019	2018
Nil to AUD$161,000 (HK$1,000,000)	**—**	—
AUD$161,001 (HK$1,000,001) to AUD$242,000 (HK$1,500,000)	**—**	—
AUD$242,001 (HK$1,500,001) to AUD$323,000 (HK$2,000,000)	**2**	2
AUD$323,001 (HK$2,000,001) to AUD$404,000 (HK$2,500,000)	**—**	1
AUD$404,001 (HK$2,500,001) to AUD$484,000 (HK$3,000,000)	**1**	—
	3	3

During the year, no emolument was paid or payable by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office (2018: nil).

9. Income Tax

The Group is subject to income tax on profits arising in or derived from the jurisdiction in which the Group is domiciled and operates. Profits tax has been provided at the Group's statutory tax rate of 27.5% for the years ended 30 June 2019 and 2018 on the estimated assessable profits.

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

	2019 AUD$'000	2018 AUD$'000
Current — Elsewhere		
Charge for the year	**544**	2,022
Underprovision for current tax of prior periods	**6**	—
Deferred (Note 20)	**1,216**	(1,270)
Total tax charge for the year	**1,766**	752

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

	2019		2018	
	AUD$'000	**%**	AUD$'000	%
Profit before tax	**5,905**		2,305	
Tax at the Group's statutory tax rate of 27.5% for 2019 and 2018	**1,624**	**27.5**	634	27.5
Expenses not deductible for tax	**136**	**2.3**	113	4.9
Reduction in opening deferred taxes resulting from reduction in tax rate	**—**	**—**	17	0.7
Others	**6**	**0.1**	(12)	(0.5)
Tax charge at the Group's effective rate	**1,766**	**29.9**	752	32.6

10. Dividends

	2019 AUD$'000	2018 AUD$'000
Interim — Nil (2018: AUD$6.7 per ordinary share of the Company prior to Listing) per ordinary share	—	6,283

Subsequent to the end of the Reporting Period, a final dividend in respect of the year ended 30 June 2019 of HK0.4 cents (2018: nil) per ordinary share, in an aggregate amount of approximately HK$10,952,000 (approximately AUD$2,000,000) (2018: nil), has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting.

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$4,139,000 (2018: AUD$1,553,000) and the weighted average number of ordinary Shares of 2,565,884,000 (2018: 1,977,977,000) in issue during the year.

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:

	2019 AUD$'000	2018 AUD$'000
Earnings		
Profit attributable to owners of the Company	**4,139**	1,553

	Number of Shares	
	2019 Ordinary shares '000	2018 Ordinary shares '000
Shares		
Weighted average number of Shares in issue used in the basic earnings per Share calculation taking into account the share subdivision	**2,565,884**	1,977,977
Effect of dilution — weighted average number of Shares:		
Performance rights	**97,983**	98,280
	2,663,867	2,076,257

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 2019				
At 1 July 2018:				
Cost	245	1,046	641	1,932
Accumulated depreciation	(153)	(598)	(201)	(952)
Net carrying amount	92	448	440	980
At 1 July 2018, net of accumulated depreciation	92	448	440	980
Additions	42	944	3,412	4,398
Disposal	—	(17)	—	(17)
Depreciation provided during the year	(33)	(162)	(143)	(338)
At 30 June 2019, net of accumulated depreciation	101	1,213	3,709	5,023
At 30 June 2019:				
Cost	286	1,697	4,004	5,987
Accumulated depreciation	(185)	(484)	(295)	(964)
Net carrying amount	101	1,213	3,709	5,023

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 2018				
At 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

13. Intangible Assets

	Registration and other development expenditure AUD$'000	Course development expenditure AUD$'000	Trademark AUD$'000	Total AUD$'000
30 June 2019				
At 30 June and 1 July 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
Cost as at 1 July 2018, net of accumulated amortisation	539	3,593	49	4,181
Additions	117	2,466	3	2,586
Amortisation	(130)	(904)	(5)	(1,039)
At 30 June 2019, net of accumulated amortisation	526	5,155	47	5,728
At 30 June 2019:				
Cost	1,917	8,463	52	10,432
Accumulated amortisation	(1,391)	(3,308)	(5)	(4,704)
Net carrying amount	526	5,155	47	5,728

13. Intangible Assets (Continued)

	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

The Group 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 2019 and 30 June 2018. The Group amortises its registered trademark with finite useful life using the straight-line method of 10 years from 1 July 2018.

14. Trade Receivables

The Group's students are required to pay tuition fees in advance for upcoming semesters. The Group had no outstanding receivables during the year (2018: nil). The Group 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 Group's trade receivables relate to a large number of students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

There have been no impairment losses recognised during the year.

15. Prepayments, Other Receivables and Other Assets

	2019 AUD$'000	2018 AUD$'000
Prepayments	**1,877**	2,199
Lease deposits	**203**	344
Other assets	**677**	—
Other receivables	**436**	350
	3,193	2,893
Less: Non-current portion	**(1,020)**	(1,627)
	2,173	1,266

The balance of current and non-current prepayments primarily relates to the future service allowance provided by PricewaterhouseCoopers partnership in Australia ("PwC Australia"). On 30 May 2016, PwC Australia 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 Group to use and apply for services with PwC. The Group may utilise the service allowance until the end of 31 March 2023. The amounts of unutilised allowance were AUD$1,729,422 and AUD$1,298,933 as at 30 June 2018 and 30 June 2019, respectively.

As at 30 June 2019, other assets included the Group's total restricted cash and cash equivalents of AUD$521,000 and AUD$156,000 which were reserved at the Trust and a security account, respectively, to fund the employee performance share scheme.

Deposits and other receivables mainly represent rental deposits and GST receivables. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 30 June 2019, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied for as at 30 June 2019 was 0%.

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

	2019 AUD$'000	2018 AUD$'000
Cash and bank balances	**39,659**	44,729
Time deposits	**2,693**	2,638
Cash and cash equivalents	**42,352**	47,367

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 Group, 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

An ageing analysis of the trade payables as at the end of the year, based on the payment due date, is as follows:

	2019 AUD$'000	2018 AUD$'000
Over two months	**1,450**	1,345

18. Other Payables and Accruals

	2019 AUD$'000	2018 AUD$'000
Other payables	**851**	1,714
Unpaid leave obligations	**1,407**	1,212
Accruals for reinstatement cost	**121**	95
	2,379	3,021
Less: Non-current portion	**(288)**	(217)
	2,091	2,804

Other payables and accruals for reinstatement cost are unsecured, interest-free and have no fixed terms of repayment.

19. Contract Liabilities

Details of contract liabilities balance as at 30 June 2019 and 1 July 2018 are as follows:

	30 June 2019 AUD$'000	1 July 2018 AUD$'000
Short-term advances received from students		
Course fees	**2,202**	2,626

Contract liabilities include short-term advances received from students in relation to the proportionate service not yet provided. The Group receives tuition fees from students in advance prior to the beginning of each academic term. Tuition fees are recognised proportionately over the relevant period of the applicable program.

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 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 and 1 July 2018	897	359	289	1	2,282	3,828
Deferred tax credited/(charged) to profit or loss during the year *	(106)	61	(134)	(1)	(596)	(776)
Equity	25	—	—	—	—	25
Gross deferred tax assets at 30 June 2019	816	420	155	—	1,686	3,077

Deferred tax liabilities

	Intangible assets AUD$'000	Prepayments AUD$'000	Unrealised foreign exchange gains AUD$'000	Total AUD$'000
At 1 July 2017	564	—	—	564
Deferred tax charged/(credited) to profit or loss during the year *	196	—	163	359
Gross deferred tax liabilities at 30 June 2018 and 1 July 2018	760	—	163	923
Deferred tax charged to profit or loss during the year *	490	5	(55)	440
Gross deferred tax liabilities at 30 June 2019	1,250	5	108	1,363

* Total deferred tax charged (2018: credited) to profit or loss during the year amounted to AUD$1,216,000 (2018: AUD$1,270,000) (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 Group for financial reporting purposes:

	2019 **AUD$'000**	2018 AUD$'000
Gross deferred tax assets	**3,077**	3,828
Gross deferred tax liabilities	**(1,363)**	(923)
Net deferred tax assets recognised in the statement of financial position	**1,714**	2,905

21. Share Capital

Shares

	2019 **AUD$'000**	2018 AUD$'000
Issued and fully paid:		
2,556,588,000 (2018: 2,588,548,000) ordinary shares	**43,221**	45,133
	43,221	45,133

Treasury shares

	Number of shares	**Total** AUD$'000
At 1 July 2018	—	—
Shares held for share-based payments	19,880,000	1,140
At 30 June 2019	19,880,000	1,140

During the year ended 30 June 2019, the Trust acquired 19,880,000 shares for AUD$1,140,000, which was deducted from shareholders' equity.

21. Share Capital (Continued)

A summary of movements in the Group'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 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 — ordinary 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 and 1 July 2018	2,588,548,000	—	45,133
Issue of new shares upon exercise of the pre-IPO rights	4,590,000	—	200
Cancellation of shares (Note (v))	(36,550,000)	—	(2,112)
At 30 June 2019	2,556,588,000	—	43,221

Notes:

(i) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of the shares held and amounts paid thereon.

(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 those of 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.

(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.

21. Share Capital (Continued)

Notes: (Continued)

(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).

(v) During the year, the Group purchased a total of 39,420,000 Shares on the Stock Exchange for a consideration of AUD$2,112,000. As at 30 June 2019, 36,550,000 repurchased shares have been cancelled.

22. Share-Based Payments

The Group has adopted three share schemes, namely Pre-IPO Performance Rights Plan, Share Option Scheme and Share Award Scheme, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include the Group's employee, director or member of the Council of one or more members of the Company and its subsidiaries selected by the Board of Directors in its absolute discretion to participate in the Scheme.

Pre-IPO Performance Rights Plan

The Pre-IPO Scheme (the "Scheme") was adopted under written resolutions of the Board of Directors passed on 8 June 2017. As at 30 June 2019, 60,160 performance rights had been granted to the CEO of the Company under this plan. The Group has on 20 April 2018 granted an additional 11,481 performance rights under the Pre-IPO Performance Rights Plan to certain members of the Council and certain Directors, including (i) Mr. Jing Li, being our non-executive Director; and (ii) Professor Brian James Stoddart and Professor Steven Schwartz, being our independent non-executive Directors and members of the Council. The shareholding of each of Professor Brian James Stoddart and Professor Steven Schwartz in the Group will not be more than 1% of the enlarged share capital of the Group upon completion of the Global Offering assuming that their performance rights above are fully vested.

The maximum aggregate number of shares underlying all grants of performance rights pursuant to the Pre-IPO Performance Rights Plan is 143,282,000 shares, assuming the total of 71,641 performance rights granted under the Pre-IPO Performance Rights Plan 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 Pre-IPO Performance Rights Plan on or after the date of the Listing.

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 that 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)

Pre-IPO Performance Rights Plan (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 that 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	Remained employment of the same role and the Listing
Dates 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 shares were outstanding under the Scheme during the year:

	2019 Weighted average exercise price HK$ per share	**2019** Number of rights	2018 Weighted average exercise price HK$ per share	2018 Number of rights
At 1 July	—	**143,282,000**	—	60,160
Granted during the year	—	—	—	11,481
Share subdivision (note (i))	—	—	—	143,210,359
Forfeited	—	**(4,592,000)**	—	—
Exercised	—	**(4,590,000)**	—	—
At 30 June	—	**134,100,000**	—	143,282,000
Weighted average exercise period		**15 years**		15 years
Exercisable as at end of the year		**1,532,000**		—

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.318 per share (2018: No share options were exercised).

22. Share-Based Payments (Continued)

Pre-IPO Performance Rights Plan (Continued)

Certain Council and Board members' performance rights plan (the "Council and Board members' performance rights plan") (Continued)

Note:

(i) As further detailed in Note 21 to the consolidated 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.

Post-IPO Schemes

Share Option Scheme

The Share Option Scheme was adopted under written resolutions of the Board of Directors passed on 18 April 2018. On 18 July 2018, 25,781,938 ordinary shares had been granted to one director, one alternative director and a total of 40 employees of the Group under this plan, including Ms Sumeng Cao, being the Executive Director of the Company. The grant of the share options to Ms Sumeng Cao would not result in the shares issued and to be issued upon exercise of all the share options already granted and to be granted to her, collectively in the 12-month period in aggregate over 0.1% of the shares in issue or having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK$5 million.

The details of the performance rights granted are shown below:

Exercise price	HK$0.560
Vesting condition	Services of the employees
Dates of vesting	17 July 2019, 33% of award
	17 July 2020, 33% of award
	17 July 2021, 33% of award
Expiry date	17 July 2028

The following shares were outstanding under the Share Option Scheme during the year:

	2019	
	Weighted average exercise price HK$ per share	Number of rights
At 1 July	—	—
Granted during the year	**0.56**	**25,781,938**
At 30 June	**0.56**	**25,781,938**
Weighted average exercise period		**10 years**
Exercisable as at end of the year		—

22. Share-Based Payments (Continued)

Post-IPO Schemes (Continued)

Share Award Scheme

The Share Award Scheme was adopted under written resolutions of the Board of Directors passed on 23 October 2018. The aggregate number of Shares awarded by the Board of Directors under the Scheme shall not exceed 1.5% of the total number of the issued shares as at the adoption date of the Share Award Scheme (the "Adoption Date"), being 38,828,220 Shares. On 28 February 2019, 12,000,000 awarded shares had been granted to one director and one alternate director of the Company under this plan for nil consideration, including (i) Ms. Sumeng Cao, being the Executive Director of the Company, and (ii) Ms. Rongning Xu, being the Alternate Director to Dr. Minshen Zhu, an Executive Director and Vice President (Regulatory & Compliance). The 12,000,000 Awarded Shares represent 0.46% of the total number of issued Shares as at the Adoption Date.

On 24 May 2019, 19,000,000 awarded shares had been granted to four employees of the Group under this plan for nil consideration. The 19,000,000 awarded shares represent approximately 0.73% of the total number of issued Shares as at the Adoption Date. Based on the closing price of HK$0.265 per Share as quoted on the Stock Exchange on 24 May 2019 (being the date of the Grant), the aggregate market value of the awarded shares granted under the grant amounts to approximately HK$5.04 million.

The details of the performance rights granted are shown below:

Grant date	28 February 2019	24 May 2019
Exercise price	—	—
Vesting condition	Services of employees and remained employed for management positions	Services of employees and remained employed for management positions
Vesting period	28 February 2019 to 27 February 2024	24 May 2019 to 23 May 2024
Expiry date	27 February 2029	27 February 2029

The following shares were outstanding under the Share Award Scheme during the year:

	2019 Weighted average exercise price HK$ per share	Number of rights
At 1 July	—	—
Granted during the year	—	**31,000,000**
At 30 June	—	**31,000,000**
Weighted average exercise period		**10 years**
Exercisable as at end of the year		—

22. Share-Based Payments (Continued)

Post-IPO Schemes (Continued)

Share Award Scheme (Continued)

The fair value of the share-based payments in relation to the Scheme is calculated as the total value of the ordinary shares in the Group less the present value of the projected dividends over the expected term of the awards. The fair value of the CEO's performance rights as at the measurement date is AUD$2,298,000 and the fair value of the Certain Council and Board members' performance rights as at the measurement date is AUD$800,000. The following table lists the inputs to the model used for the Scheme:

	2018
Adjusted total value of the ordinary shares of the Company (AUD$'000)	89,914–120,920
Present value of the projected dividends (AUD$'000)	12,849–120,920

The fair value of the share-based payments in relation to the Share Option Scheme was estimated as at the date of grant using Black-Scholes model. The fair value of the Share Option Scheme as at the measurement date is AUD$843,000. The following table lists the inputs to the model used for the Share Option Scheme:

	2019
Dividend yield (%)	**1.41%**
Expected volatility (%)	**50–60**
Risk-free interest rate (%)	**2.08**
Expected life of options (year)	**3.8**
Weighted average share price (HK$ per share)	**0.54**

The fair value of the share-based payments in relation to the Share Award Scheme is calculated as the value of the ordinary shares in the Group less the present value of the projected dividends over the expected term of the awards. The fair value of the Share Award Scheme as at the measurement date is AUD$1,633,000. The following table lists the inputs to the model used for the Share Award Scheme:

	2019
Adjusted value of the ordinary shares of the Company per share (AUD$)	**0.049–0.065**
Present value of the projected dividends per share (AUD$)	**0.002**

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.

The Group recognised share-based payments of AUD$1,274,000 (2018: AUD$827,000) during the year ended 30 June 2019.

22. Share-Based Payments (Continued)

Post-IPO Schemes (Continued)

Share Award Scheme (Continued)

As at 30 June 2019, the Group had 190,881,938 shares outstanding under the various schemes mentioned above. The exercise in full of the outstanding performance rights would, under the present capital structure of the Group, result in the issue of 190,881,938 additional ordinary shares of the Group.

	2019 AUD$'000	2018 AUD$'000
Expense arising from equity-settled share-based payment transactions	**1,274**	827
Adjustments for current deferred tax of prior periods	**—**	(5)
Deferred tax assets arising from equity-settled share-based payment	**25**	659
	1,299	1,481

23. Note to the Statement of Cash Flows

Change in liability arising from a financing activity:

	2018 Dividend payable AUD$'000
At 1 July 2017	—
Change from financing cash flows	(6,283)
Dividends to shareholders	6,283
At 30 June 2018	—

24. Operating Lease Arrangements

The Group leases office and training room space under non-cancellable operating leases arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 30 June 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2019 AUD$'000	2018 AUD$'000
Within one year	**1,402**	1,463
In the second to fifth years, inclusive	**4,165**	1,578
Over five years	**5,403**	—
	10,970	3,041

25. Related Party Transactions

(a) In addition to the transactions, arrangements and balances detailed elsewhere in the consolidated financial statements, the Group had the following transaction with a related party during the year:

During the year ended 30 June 2019, the Group used AUD$430,489 (2018: AUD$734,691) 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, is set out below:

	2019 AUD$'000	2018 AUD$'000
Payables to directors	**18**	36

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 Group:

The compensation of key management personnel of the Group for the year represented directors' and chief executive's remuneration as further detailed in Note 7 to the consolidated financial statements.

(d) There were no transactions other than capital injection paid by the Company to Top Education Consulting (Beijing) Limited and Top Education Development Pty Ltd, the Group's wholly owned subsidiaries during the financial year (2018: nil).

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:

	2019 AUD$'000	2018 AUD$'000
Financial assets at amortised cost (2018: classified as loans and receivables)		
Financial assets included in deposits and other receivables	**639**	694
Cash and cash equivalents	**42,352**	47,367
	42,991	48,061
Financial liabilities at amortised cost		
Trade payables	**1,450**	1,345
Financial liabilities included in other payables and accruals	**676**	1,239
	2,126	2,584

27. Fair Value and Fair Value Hierarchy of Financial Instruments

At the end of the reporting period, the carrying amounts of the Group'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 or 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 Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial assets and liabilities such as trade payables which arise directly from its operations.

The main risks arising from the Group'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 Group'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 Group'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 details in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 14 to the consolidated financial statements.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the proceeds denominated in HK$ from the initial public offering ("IPO") and certain IPO related professional fees denominated in HK$.

The Group 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.

28. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using its level of cash and cash equivalents. The Group's management reviews the level of cash and cash equivalents monthly to ensure that sufficient working capital is kept for the Group's operation.

The maturity of the Group'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 2019				
Trade payables	**1,450**	—	—	**1,450**
Financial liabilities included in other payables and accruals	**555**	—	**121**	**676**
	2,005	—	**121**	**2,126**
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

Capital management

The primary objectives of the Group's capital management are to safeguard the Group'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 Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

29. Events After the Reporting Period

There are no significant events after the Reporting Period.

30. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 AUD$'000	2018 AUD$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**5,023**	980
Intangible assets	**5,728**	4,181
Prepayments and deposits	**1,020**	1,627
Investments in subsidiaries	**88**	—
Deferred tax assets	**1,714**	2,905
Total non-current assets	**13,573**	9,693
CURRENT ASSETS		
Prepayments, other receivables and other assets	**2,173**	1,266
Tax receivable	**1,210**	—
Cash and cash equivalents	**42,264**	47,367
Total current assets	**45,647**	48,633
CURRENT LIABILITIES		
Trade payables	**1,450**	1,345
Other payables and accruals	**2,091**	2,804
Deferred income	**—**	2,626
Contract liabilities	**2,202**	—
Tax payable	**—**	398
Total current liabilities	**5,743**	7,173
NET CURRENT ASSETS	**39,904**	41,460
TOTAL ASSETS LESS CURRENT LIABILITIES	**53,477**	51,153
NON-CURRENT LIABILITIES		
Other payables and accruals	**288**	217
Net assets	**53,189**	50,936
EQUITY		
Share capital	**43,221**	45,133
Treasury shares	**(1,140)**	—
Reserves	**11,108**	5,803
Total equity	**53,189**	50,936

30. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share-based payments reserve AUD$'000	Retained profits AUD$'000	Total AUD'000
Balance at 1 July 2017	37	9,015	9,052
Total comprehensive income for the year	—	1,553	1,553
Interim dividends	—	(6,283)	(6,283)
Equity-settled share-based payments	1,481	—	1,481
At 30 June 2018 and 1 July 2018	1,518	4,285	5,803
Total comprehensive income for the year	—	4,139	4,139
Equity-settled share-based payments	1,299	—	1,299
Issue of shares	(200)	—	(200)
Cancellation of shares	—	67	67
At 30 June 2019	2,617	8,491	11,108

The share-based payments reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in Note 2.5 to the consolidated financial statements. The amount will either be transferred to issued capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

31. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 19 September 2019.

FINANCIAL SUMMARY

The following table summarises the results, assets and liabilities of the Company for the years ended 30 June 2015, 2016, 2017, 2018 and 2019:

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.

Results

	Year ended 30 June				
	2019 AUD$'000	2018 AUD$'000	2017 AUD$'000	2016 AUD$'000	2015 AUD$'000
REVENUE	**26,020**	23,823	21,138	17,408	17,114
Cost of sales	**(12,841)**	(10,996)	(9,977)	(8,055)	(7,712)
Gross profit	**13,179**	12,827	11,161	9,353	9,402
PROFIT BEFORE TAX	**5,905**	2,305	6,769	4,957	7,333
Income tax expense	**(1,766)**	(752)	(2,167)	(1,515)	(2,572)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,139**	1,553	4,602	3,442	4,761
Attributable to:					
Owners of the Company	**4,139**	1,553	4,602	3,442	4,761

Assets and Liabilities

	As at 30 June				
	2019 AUD$'000	2018 AUD$'000	2017 AUD$'000	2016 AUD$'000	2015 AUD$'000
TOTAL ASSETS	**59,220**	58,326	24,026	25,027	19,968
TOTAL LIABILITIES	**6,031**	7,390	6,494	14,528	4,358
TOTAL EQUITIES	**53,189**	50,936	17,532	10,499	15,610

DEFINITIONS

"Academic Board"	the academic board of our Institute
"ACCA"	Association of Chartered and Certified Accountants
"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
"Awarded Share(s)"	such number of rights awarded by the Board to acquire Shares subject to the Share Award Scheme rules, where each Awarded Share represents the right to acquire one Share
"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"	Australian National Institute of Management and Commerce, (formerly Sydney City School of Business), as the name adopted for the Company's academic division covering 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, with trading names as Top Education Institute and Australian National Institute of Management and Commerce
"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

DEFINITIONS (CONTINUED)

"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
"Contributed Amount"	cash paid or made available to the Trust by way of settlement or otherwise contributed to the Trust by the Company or such other person as directed by the Board or the Committee from time to time
"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
"Council"	Top Education Institute Council
"course"	a program of study that will confer an award upon completion
"CPA Australia"	CPA Australia Ltd
"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
"Group"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"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" or "HK"	the Hong Kong Special Administrative Region of the PRC
"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
"Joint Global Coordinators"	China Galaxy International Securities (Hong Kong) Co., Limited, CCB International Capital Limited, Essence International Securities (Hong Kong) Limited and AMTD Global Markets Limited, as defined in the prospectus issued by the Company dated 27 April 2018
"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 Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"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, 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
"Minsheng Development"	Minsheng Education Development Company Limited, a direct wholly-owned subsidiary of Minsheng Education Group
"Minsheng Education Group"	Minsheng Education Group Company Limited (民生教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2005, listed on the Main Board of the Stock Exchange on 22 March 2017 with Stock Code 1569
"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. 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

DEFINITIONS (CONTINUED)

"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
"Prospectus"	the prospectus of the Company dated 27 April 2018
"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
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the period from 1 July 2018 to 30 June 2019
"SCDP"	the Student Career Development Program
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Service Allowance"	AUD$3.0 million in credit granted by PwC Nominees to be used between the commencement of the Alliance Agreement and the fifth anniversary of that commencement
"Share(s)"	share(s) in the capital of the Company
"Share Award Scheme"	the Share Award Scheme adopted by the Company on 23 October 2018
"Share Option Scheme"	the Share Option Scheme adopted by the Company on 18 April 2018
"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
"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
"Trust"	the trust constituted by the Trust Deed
"Trust Deed"	a trust deed dated 23 October 2018 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)

"Trustee"	Pacific Custodians Pty Ltd (ACN 009 682 866) (which is independent of and not connected with the Company) and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed
"Underwriters"	the Hong Kong Underwriters and the International Underwriters, as defined in the prospectus issued by the Company dated 27 April 2018
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement, as defined in the prospectus issued by the Company dated 27 April 2018
"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, and is a substantial Shareholder

Top Education Group Ltd

澳洲成峰高教集團有限公司