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)

2023 ANNUAL REPORT

創新引領
智慧教育

Innovation Towards
Intelligent Education

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 key words of the Group are:

Innovation
Intelligence
and
Internationalisation

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CORPORATE INFORMATION

Board of Directors

Executive Director:

Ms. Rongning Xu

Non-executive Directors:

Mr. Amen Kwai Ping Lee *(Chairperson)*
Mr. Yi Dai
Mr. Edward Chiang
Ms. Xing Shi Huang *(Deputy Chairperson)*
Mr. Qingquan Yang

Independent non-executive Directors:

Professor Steven Schwartz
Mr. Tianye Wang
Mr. Jonathan Richard O'Dea

Audit Committee

Mr. Tianye Wang *(Chairman)*
Professor Steven Schwartz
Mr. Jonathan Richard O'Dea

Remuneration Committee

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

Nomination Committee

Mr. Jonathan Richard O'Dea *(Chairman)*
Professor Steven Schwartz
Ms. Xing Shi Huang

Chief Executive Officer

Ms. Rongning Xu

Company Secretary

Ms. Min Ying

Authorised Representatives

Ms. Rongning Xu
Ms. Min Ying

Auditor

Ernst & Young
Recognised Public Interest Entity Auditor
200 George Street
Sydney, NSW 2000
Australia

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

Suite 1, Biomedical Building
1 Central Avenue
Eveleigh, New South Wales 2015
Australia

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

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

Australia Principal Share Registrar

Top Education Group Ltd
Suite 1, Biomedical Building
1 Central Avenue
Eveleigh, New South Wales 2015
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

Dear Shareholders,

On behalf of the Board, I am pleased to present to you the annual report of the Group for the year ended 30 June 2023 ("FY2023"). Despite the challenges faced during this period, we have demonstrated resilience and innovation, achieving significant progress and growth in the face of unprecedented global and national circumstances.

Business Environment and Achievements

The past year has been marked by a journey of recovery, revival, and growth, highlighting our unwavering commitment to excellence. We've witnessed the increased international student arrivals, reflecting the gradual easing of COVID-19's impact. In the first teaching term of 2023, commencing student enrolments in our higher education courses surged by approximately 82.5% compared to the previous year.

Our agility and innovative approach have allowed us to navigate the challenges posed by the pandemic. While embracing hybrid learning, we've been preparing for the transition to classroom-based teaching in line with regulatory requirements. Our commitment to exceptional education delivery remained steadfast, as evidenced by the successful integration of the "CCMRF" Model, fostering student adaptation and peer interaction.

We've expanded our horizons by introducing a new IT School and establishing operations in Perth. Our Master of Data Analytics course has positioned us as a provider across three key areas of higher education: law, business, and technology. We've enriched our program offerings with the introduction of a generalist Master of Business Administration ("MBA"), enhancing flexibility and choice for our students.

Financial Performance

Our financial review showcases a commendable increase in revenue, reflecting our strong performance. The Group's revenue increased by approximately 43.6% from the previous year. This achievement can be attributed to factors such as an increase in student enrolments and a focus on operational efficiency.

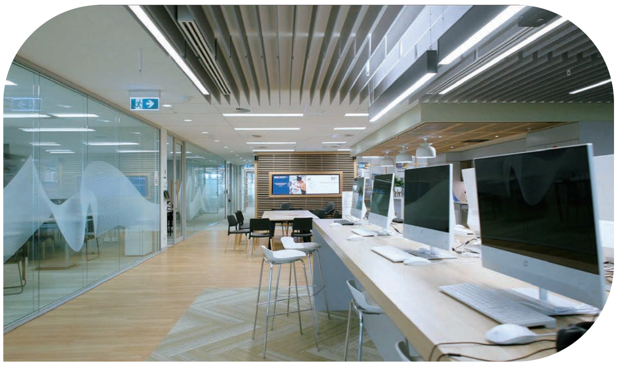
Strategic Vision

Looking forward, our strategic agenda aims to secure the future, rebuild scale and margins, and enhance brand positioning in the education market. We're committed to strengthening academic leadership, fostering community, and promoting corporate social responsibility across all campuses.

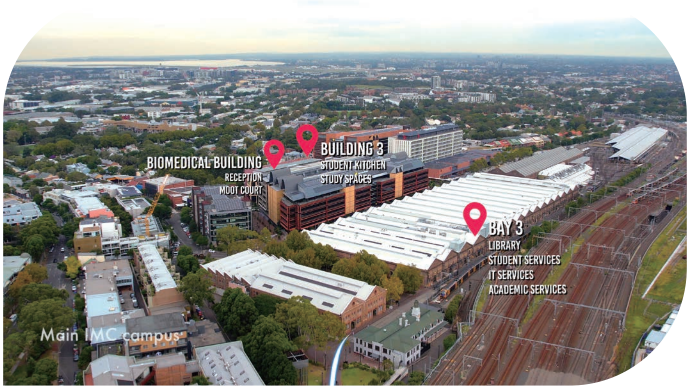
Appreciation

On behalf of the Board, I would like to extend heartfelt appreciation to our dedicated staff who have contributed to our success, particularly during these challenging times. Their hard work and commitment have been instrumental in maintaining our strong position. I would also like to thank our valued Shareholders for their trust and continued support, which drives our pursuit of excellence.

As we reflect on the past year's achievements, the Group is well-positioned for continued growth and success. Our resilience, adaptability, and unwavering commitment to quality education have laid a strong foundation for the future. With a focus on innovation, student support, and strategic expansion, we remain confident in our ability to thrive in the ever-evolving landscape of higher education.



Business Review



Top Education Group Ltd, trading as Australian National Institute of Management and Commerce as well as Top Education Institute, is one of Australia's primary and best-in-class private tertiary education providers. TOP has been nationally registered with the TEQSA and was also approved by TEQSA in May 2018 for Self-Accrediting Authority ("SAA") in the Broad Field of Education in Management and Commerce from AQF levels 5 to 9, which includes bachelor and master's degree courses. In this Broad Field, 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.

TOP also founded the first Law School within a private higher education institute when both TEQSA and NSW LPAB officially accredited its Bachelor of Laws that enables its graduates to apply for admission as professional lawyers.

The Group's IT School was established in 2022, following the very first Information and Communication Technology ("ICT") course, Master of Data Analytics, accredited by TEQSA for seven years.

The Group can now offer courses in three fields of education – Management and Commerce, Information Technology and Law.

Operational Updates

Confronting Challenges, Embracing Transformation: A Year of Progress

Throughout the Reporting Period, the Group demonstrated resilience and innovation in the face of unprecedented global and national challenges. The year was characterised by a journey of recovery, revival and growth, underscoring our unwavering commitment to excellence.

The effect on operations of the COVID-19 pandemic eased in the first half of 2023. International student arrivals into Australia increased, and commencing student enrolments in the Group's higher education courses increased by approximately 82.5% in the first teaching term of 2023 compared to the same term in last financial year.

The initial impact of the pandemic on the ELICOS sector was considerable, with border closures and extended lockdowns creating substantial disruptions to the Group's operations. Strategic action was taken to reinstate SCOTS to its former strength. This concerted effort significantly increased student enrolments, with a remarkable 275% rise within six months.

Teaching and Learning

Teaching in the first half of 2023 in the Group's higher education courses continued in a hybrid format as some students preferred remote learning to in-class learning in the immediate post-pandemic period. However, TEQSA has announced that international students holding Australian student visa are restricted from completing more than one-third of their degree program by online methods, and all institutions must comply with relevant legislation and regulations from July 2023. As a result, the Group's higher education courses will be returned to classroom-based teaching, with only a few units continuing to be taught exclusively online.

The blended learning pedagogy used by the Group's higher education provision had been facilitated through experiences gained during the pandemic, and that demonstrated how digital education delivery could be combined with in-person classes for a more effective learning experience.

Exceptional Student-Focused Education

The disrupted educational environment arising from the COVID-19 pandemic and its aftermath demanded proactive measures to ensure the Group's students continued to thrive both during and after the pandemic period.

The Group pioneered the transformation of its Communication, Monitoring, Resource, and Feedback approaches (known as the "CMRF Model") into a more encompassing system termed the "CCMRF" Model. This newly refined approach integrates Communication, Collaboration, Monitoring, Resource, and Feedback mechanisms. By incorporating collaboration into the existing model, the Group has been able to provide a more robust framework to help students adapt to new learning environments, thereby providing an opportunity to excel in their studies by operating on two distinct yet interconnected levels: fostering peer interactions among students, and facilitating seamless collaboration among the Group's student-support teams.

Given the rich diversity within the Group's cohort of students, an understanding of student's individual needs and cultural backgrounds in planning and implementing support structures was prioritised. A significant part of improving support structures involved an institute-wide mental health training program conducted in October 2022. This comprehensive training emphasised team collaboration and was designed to equip our staff with the skills and knowledge needed to support and promote student well-being. The program reinforced the importance of student mental health, providing tools and resources to enhance empathy, compassion, and support within our educational community.

Expanding Horizons

The Perth campus commenced operations in the first half of 2023, offering undergraduate and postgraduate courses. Enrolments are expected to build over coming terms as the Perth operations gain momentum.

A new course, Master of Data Analytics, is the Group's first approved course within the ICT area and represents a new field of teaching for the Group. The course positions the Group as having three approved fields of higher education – law, business and technology. These fields represent a solid foundation for growth in the international and domestic student markets.

The Group introduced a generalist MBA with a 12-unit course structure and two-year duration to add to its suite of specialist MBAs. Adding choice and flexibility to courses offered is valued by students.

SCOTS is on the precipice of an exciting expansion phase following a remarkable surge in student demand. Having reached its enrolment capacity, SCOTS successfully obtained approval for an additional teaching location to increase capacity further.

Challenges

Reflections have been brought to educationalists on the recent and rapid technological advancements. The most significant issue is possibly the impact of generative artificial intelligence ("AI") on learning and teaching. An immediate concern is how generative AI might undermine student academic integrity. To date, a firm policy position on generative AI has yet to be taken other than to warn students that using generative AI to prepare assessable work is only permitted with the express approval of the lecturer-in-charge and only if full disclosure is made.

Conversely, the Group will encourage the positive use of AI tools. For instance, the Group is providing Grammarly Premium to all higher education students and staff free of charge. This AI writing tool will assist students in improving their written English through suggestions on word choice and sentence construction, grammar, spelling and punctuation. It should make grading written assignments easier for staff, who can more readily focus on substantive content.

Academic management carefully monitors developments in generative AI on education in consultation with the Academic Board and its subcommittees. In particular, the Learning, Teaching and Scholarship Committee is investigating how written assessment tasks for students can be redesigned to mitigate the misuse of generative AI.

The economic conditions facing international students in Australia continue to be challenging, with accommodation rental especially problematic.

Student Enrolments

For the year ended 30 June 2023, the total EFTSL of higher education services of the Group increased by approximately 41.6% comparing with the last financial year.

	2023	2022
Undergraduate Courses	**319.1**	232.2
Postgraduate Courses	**643.0**	574.9
Non-Award Unit Study	**382.1**	141.9
Total	**1,344.2**	949.0

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 management team subject to market conditions. During the Reporting Period, the tuition fee remained flat.

Course Name	International 2023 AUD$	International 2022 AUD$	Domestic 2023 AUD$	Domestic 2022 AUD$
Diploma in Applied Finance and Accounting	**21,000**	21,000	**17,200**	17,200
Associate Degree of Applied Finance and Accounting	**42,000**	42,000	**34,400**	34,400
Bachelor of Applied Finance and Accounting	**63,000**	63,000	**51,600**	51,600
Diploma of Business	**21,000**	21,000	**15,000**	15,000
Associate Degree of Business	**42,000**	42,000	**30,000**	30,000
Bachelor of International Business	**63,000**	63,000	**45,000**	45,000
Graduate Certificate in Accounting	**11,960**	11,960	**8,600**	8,600
Graduate Certificate in Business	**11,960**	11,960	**8,600**	8,600
Graduate Certificate in Business Management	**11,960**	11,960	**8,600**	8,600
Graduate Certificate in Business Analytics	**–**	–	**8,600**	–
Graduate Certificate in Data Analytics	**13,200**	–	**8,600**	–
Graduate Certificate in Digital Business Technologies	**–**	–	**8,600**	–
Graduate Certificate in Financial Technology Management	**11,960**	11,960	**8,600**	8,600
Graduate Diploma of Accounting	**23,920**	23,920	**17,200**	17,200
Graduate Diploma of International Business	**23,920**	23,920	**17,200**	17,200
Graduate Diploma of Marketing	**23,920**	23,920	**17,200**	17,200
Graduate Diploma of Business Administration	**23,000**	23,000	**17,200**	17,200
Graduate Diploma of Data Analytics	**26,400**	–	**17,200**	–
Graduate Diploma of Financial Technology Management	**23,920**	23,920	**17,200**	17,200
Master of Accounting Practice	**35,880**	35,880	**25,800**	25,800
Master of Professional Accounting	**35,880**	35,880	**25,800**	25,800
Master of Professional Accounting Services	**47,840**	47,840	**34,400**	34,400
Master of Big Data Auditing	**47,840**	47,840	**34,400**	34,400
Master of Business Administration	**46,000**	46,000	**34,400**	34,400
Master of Business Administration (Business Analytics)	**46,000**	46,000	**34,400**	34,400
Master of Business Administration (Digital Business Applications)	**46,000**	46,000	**34,400**	34,400
Master of Business Administration (FinTech Management)	**46,000**	46,000	**34,400**	34,400
Master of Business Administration (Professional Accounting)	**46,000**	46,000	**34,400**	34,400
Master of Accounting Intelligence	**47,840**	47,840	**34,400**	34,400
Master of Applied Financial Technology and Blockchain	**47,840**	47,840	**34,400**	34,400
Master of Data Analytics	**52,800**	–	**34,400**	–
Master of Taxation (with Data Analysis and Artificial Intelligence)	**47,840**	–	**34,400**	–
Master of International Business	**35,880**	35,880	**25,800**	25,800
Master of Marketing	**35,880**	35,880	**25,800**	25,800
Bachelor of Laws	**96,000**	80,000	**48,000**	48,000

Outlook

The Group has successfully navigated the challenges posed by the pandemic and now aims to leverage its strengths to establish a robust strategic agenda for the next five years. The goal is to secure the future, rebuild scale and margins, and strengthen brand positioning in the education market. The dynamic post-pandemic Australian education sector, marked by policy changes and evolving student demand, presents opportunities for the Group to thrive as an innovative and agile education provider.

The Group is evolving its market positioning, enhancing brand visibility, and expanding campus locations, aiming to strengthen academic leadership, foster a sense of community, and promote corporate social responsibility across all campuses.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group's revenue increased by approximately 43.6% from approximately AUD$18.7 million for the year ended 30 June 2022 to approximately AUD$26.8 million for the year ended 30 June 2023. A breakdown of revenue is shown below:

	2023 AUD$'000	2022 AUD$'000	Change %
Course fee income	**25,044**	17,048	+46.9%
Other service fee	**1,804**	1,649	+9.4%
	26,848	18,697	+43.6%

The increase in revenue was primarily due to the increase of the Group's student enrolments as compared to the corresponding period in 2022.

Tuition fee contributed over 93.3% of the Group's revenue while overseas service fee represented approximately 6.7% of the revenue.

Cost of Revenue

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

Cost of revenue increased by approximately AUD$3.9 million, or 35.4%, from AUD$11.1 million for the year ended 30 June 2022 to AUD$15.1 million for the year ended 30 June 2023. This increase in cost of revenue was consistent with the increase in student enrolments, and mainly due to (i) the increase in agent commission and student related expenses, (ii) the increase in intangible assets amortisation, (iii) the increase in employment expenses, and (iv) the increase in consultation and other service fees.

Gross Profit and Gross Profit Margin

Gross profit increased by 55.6% from AUD$7.6 million for the year ended 30 June 2022 to AUD$11.8 million for the year ended 30 June 2023, and gross profit margin increased from approximately 40.5% to approximately 43.9%, which was mainly due to the increase in tuition revenue.

Other Income and Gains

Other income decreased by 72.1% from approximately AUD$1.1 million for the year ended 30 June 2022 to approximately AUD$0.3 million for the year ended 30 June 2023. The decrease primarily resulted from the cessation of government support for COVID pandemic.

Advertising and Marketing Expenses

Advertising and marketing expenses primarily consist of salaries and other benefits for recruitment and marketing staff, advertising expenses and student recruitment expenses.

Advertising and marketing expenses increased by approximately 38.4% from approximately AUD$2.0 million for the year ended 30 June 2022 to approximately AUD$2.8 million for the year ended 30 June 2023. The increase was primarily due to (i) the increase in business promotional expenses, and (ii) the increase in employment related expenses.

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 slightly increased by approximately 0.2% from AUD$7.27 million for the year ended 30 June 2022 to AUD$7.29 million for the year ended 30 June 2023. This slight increase primarily resulted from the net effect of the increase in employment related expenses and the decrease in office operating and consulting expenses.

Finance Costs

Finance costs represent the interest expense on the lease liabilities.

Finance costs remains stable at approximately AUD$0.8 million for the year ended 30 June 2023 and for the year ended 30 June 2022.

Profit for the Reporting Period

As a result of the above factors, the net profit for the year of the Group increased by approximately 181.9% from approximately AUD$1.3 million loss for the year ended 30 June 2022 to approximately AUD$1.1 million profit for the year ended 30 June 2023.

Capital Expenditure

The capital expenditures for the year ended 30 June 2023 were approximately AUD$0.8 million, consisted primarily of expenditures on (i) registration and other development, (ii) course development, (iii) plant and equipment, (iv) classroom equipment and office and (v) teachers reference books.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2023, the Group had cash and cash equivalents on hand of approximately AUD$41.7 million (30 June 2022: AUD$33.2 million) with no bank borrowings (30 June 2022: nil). During the year ended 30 June 2023, the Group funded our working capital requirements and capital expenditures principally through net cash inflows from operating activities.

As at 30 June 2023, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2022: 0%).

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 2023, certain bank balances and payables were denominated in USD and HKD. 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 2023 and 2022.

Contingent Liabilities

As at 30 June 2023, the Group did not have any other significant contingent liabilities.

Board of Directors

Executive Director

Ms. Rongning Xu, aged 36, is an executive Director and Chief Executive Officer ("CEO") of the Company since March 2022, and is primarily responsible for the overall management, education and business development, and strategic planning of the Company. She has been president of the Company since 30 April 2021 and is primarily responsible for the overall management of higher education affairs, including but not limited to operations, risk management and compliance in all areas of the Group's higher education provision.

Ms. Xu has over ten years of experience in the higher education industry. Ms. Xu joined the Company in June 2009 as a casual tutor and served in the role until October 2010, during which she was responsible for teaching and academic administration. 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 a lecturer from March 2012 and became an academic programs coordinator in August 2013. From September 2013 to December 2013, Ms. Xu served as co-director of the professional year program. From December 2013 to February 2016, Ms. Xu served as the acting director of business programs. Ms. Xu was then promoted to senior lecturer and associate dean of the business school in February 2016. She remained in those positions until she assumed the role of vice president (regulatory and compliance) of the Company from June 2017 to April 2021. Ms. Xu was appointed as an alternative Director to the late Dr. Minshen Zhu, founder of the Company, from 17 December 2018 to 28 April 2021. From 10 December 2021 to 21 March 2022, Ms. Xu was appointed as acting CEO of the Company. Ms. Xu was serving as acting CEO of SCOTS, a subsidiary of the Company, from 31 December 2021 to 2 December 2022.

Ms. Xu obtained a Bachelor of Financial Administration degree in April 2008 and a Master of Commerce (Accounting and Finance) degree from the University of New England in Australia in April 2009. Ms. Xu was admitted to full membership of CPA Australia in August 2013. In September 2014, Ms. Xu obtained a postgraduate certificate of higher education in learning and teaching from Macquarie University in Australia. Ms. Xu also commenced her candidacy as executive doctorate in business administration program at Université Paris Dauphine-PSL in July 2017.

Non-executive Directors

Mr. Amen Kwai Ping Lee, aged 63, 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. Yi Dai, aged 35, has served as a non-executive Director 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.

Mr. Edward Chiang, aged 42, has served as a non-executive Director since 1 September 2020.

Since June 2017, Mr. Chiang has acted as the director of investor relations at Minsheng Education Group Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1569) and is responsible for developing and executing investor relations strategy, merger and acquisitions and corporate finance function. Mr. Chiang acted as the corporate finance manager of Kingsway Capital Limited, a Hong Kong based financial services provider, and was responsible for execution of initial public offerings in Hong Kong and other corporate finance advisory transactions between January 2013 and January 2014. From January 2014 to June 2017, he served as senior manager, PRC operations of Town Health International Medical Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3886), which primarily engages in healthcare business investments and provision and management of healthcare and related services.

Mr. Chiang graduated with a Bachelor of Arts (majoring in business law) from Macquarie University in Sydney, Australia in October 2005.

Ms. Xing Shi Huang, aged 73, has served as a non-executive Director of the Company since 1 October 2021.

Ms. Huang has extensive experience in recruiting students within international education industry in Australia and maintaining the relationship with frontline operations team. She was one of the first employees in the Company's business when it was established in 2001. Ms. Huang served as the Company's marketing manager between October 2001 and September 2014 and was responsible for managing student recruitment. From September 2014 to October 2018, she acted as the Company's senior marketing manager and was responsible for developing, managing and maintaining relationships with recruitment agencies, university pathway partners and corporate partners. Since October 2018, Ms. Huang has served as the Company's senior administration manager and is primarily responsible for overseeing the fulfillment of ever-changing administrative needs to assist management to achieve operational goals.

Mr. Qingquan Yang, aged 56, has re-joined the Company and served as a non-executive Director since 16 March 2023.

Mr. Yang was a director at the Company between 2001 and 2009, and again from 2012 to 2017. Since 2017, Mr. Yang has acted as chairman of Billion Glory Group Holdings Limited, focussing on private asset management. Between 2006 and 2015, Mr. Yang served as vice president at Guangzhou Yihe Group Company Limited and managed its real estate development operations in the South-West region of the PRC. Mr. Yang also gained experience in the real estate sector through his role as chairman and general manager at Guangzhou Nantian Garden Real Estate Group Limited between 1995 and 2006, where he oversaw the development of real estate project.

Mr. Yang obtained a Bachelor of Civil Engineering from the Harbin Institute of Technology in China in 1992, and graduated with a Master in Business Administration from the Macau University of Science and Technology in 2004.

Independent Non-executive Directors

Mr. Tianye Wang, aged 65, has served as an INED 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 CEO 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. From September 2014 to September 2020, he was the independent non-executive Director of Henan Pinggao Electric Company Limited (stock code: 600312), a company listed on the Shanghai Stock Exchange. From June 2016 to March 2022, he was independent non-executive director of China Logistics Property Holdings Company Limited (stock code: 1589), a company principally engaged in premium logistics facilities.

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 76, has served as an INED 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 and Nomination Committee.

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 CEO 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. From December 2018 to December 2019, Professor Schwartz was 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.

Mr. Jonathan Richard O'Dea, aged 57, has served as an INED since 15 February 2023 and the chairman of the Nomination Committee and a member of the Audit Committee. He held a number of senior leadership roles across private and public sectors in Australia. From 2007 to 2023, Mr. O'Dea was a member of the NSW Parliament, serving local constituents and contributing to policy and reform initiatives. While acting as a local Member of Parliament, Mr. O'Dea has also served as Speaker of the NSW Parliament from 2019 to 2023. Prior to joining the NSW Parliament, he had executive and non-executive director roles in the insurance sector.

As Speaker, Mr. O'Dea chaired the NSW Legislative Assembly and the NSW Parliament Presiding Officer and Executive Group, and served as an international representative at the Commonwealth Parliamentary Association.

Mr. O'Dea obtained a Bachelor of Arts and Laws from the University of Sydney in 1989, a Graduate Diploma of Legal Practice from the NSW College of Law in 1990, a Master of Laws from the University of Sydney in 1994 and a Master of Business Administration from Deakin University in Australia in 2002. In 2009, he was awarded an Advanced Diploma with Order of Merit from the Australian Institute of Company Directors.

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. Rongning Xu's biography can be referred to in the section headed "Executive Director" in this report.

Ms. Yan Li Yu, aged 60, has been our Vice President (Internal Affairs) since 2015. She is primarily responsible for managing our internal affairs, including finance and accounting, human resources and administration aspects.

Ms. Yu has extensive experience in corporate and internal affairs of the Company since joining the Company in 2002 as one of the first employees. She was Senior manager of Finance, Administration and Human Resources from 2011 to 2015, and has been overseeing these matters ever since.

Ms. Yu obtained a Master of Commerce in Professional Accounting from the University of New South Wales in 2003. She was also admitted to full membership of CPA Australia in 2007 and became the Fellow of CPA Australia in 2017.

Company Secretary

Ms. Min Ying, aged 36, has served as 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 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 is a member of both the Governance Institute of Australia and the Chartered Governance Institute, formally known as Institute of Chartered Secretaries and Administrators. 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 2012. In January 2017, she was admitted to full membership of CPA Australia.

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 Group is principally engaged in providing private higher education services and English language courses in Australia. The Group includes one subsidiary in Australia and one subsidiary in China which were set up in 2019, and there were no significant changes in the nature of the Group's principal activities since then. The alliance with PwC Australia (which expired on 31 March 2023) only related to relevant activities by the Company in Australia.

Results and Business Review

The results of the Group for the year ended 30 June 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 97 of this annual report.

A 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 2023 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 "Chairperson'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 159 of this annual report.

Principal Risks and Uncertainties

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

- The Group'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 operations are subject to varying legislation, regulations and government policies particularly relating to education and immigration both in Australia and overseas countries/regions.

- 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 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 growth strategies included expanding academic and non-academic education and training provision in Australia and overseas which may not be able to be successfully executed.

Dividend

The Board recommends the payment of a final dividend of HK0.1 cents per ordinary share for the year ended 30 June 2023 (2022: Nil).

Subject to the Shareholders' approval of the recommended distribution at the forthcoming AGM, the final dividend will be paid on or about Friday, 15 December 2023 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 6 December 2023.

Annual General Meeting

The forthcoming AGM will be held on Wednesday, 29 November 2023. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders.

Closure of Register of Members

For determining the entitlement to attend and vote at the forthcoming AGM to be held on Wednesday, 29 November 2023, the register of members of the Company will be closed from Friday, 24 November 2023 to Wednesday, 29 November 2023, 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, 23 November 2023.

For determining the entitlement to receive the final dividend, the register of members of the Company will be closed by the Company from Tuesday, 5 December 2023 to Thursday, 7 December 2023, 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 Monday, 4 December 2023.

Share Capital

Details of changes during the year in the share capital of the Company are set out in note 24 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 2023 are set out in note 13 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 2023 are set out on page 99 of this annual report.

As at 30 June 2023, the Company's reserves available for distribution, amounted to AUD$9.7 million.

Directors

The Directors during the year ended 30 June 2023 and up to the date of this report are:

Executive Directors:

Ms. Rongning Xu (CEO)

Non-executive Directors:

Mr. Amen Kwai Ping Lee (Chairperson)
Mr. Yi Dai
Mr. Edward Chiang
Ms. Xing Shi Huang (Deputy Chairperson)
Mr. Qingquan Yang (appointed on 16 March 2023)

Independent Non-executive Directors:

Professor Steven Schwartz
Mr. Tianye Wang
Mr. Jonathan Richard O'Dea (Chairperson, on 15 February 2023)
Professor Brian James Stoddart (ceased on 18 November 2022)

Pursuant to code provision B.2.2, Part 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 Mr. Edward Chiang and Professor Steven Schwartz 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, 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. Accordingly, Mr. Qingquan Yang and Mr. Jonathan Richard O'Dea shall be subject to re-election at the AGM.

Directors' Biographies

Biographical details of the Directors are set out on pages 12 to 15 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/her 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 INEDs has entered into an appointment letter with the Company for an initial period of three years commencing from the date of his/her appointment/redesignation as an INED which may only be terminated in accordance with the provisions of the service contract or by (i) the Company giving to any INED not less than one month's prior notice in writing or (ii) any INED 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 INEDs, 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 2023, 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]
Ms. Rongning Xu	Beneficial owner	7,294,274[3]	0.29%
Ms. Xing Shi Huang	Executor or administrator	348,826,000[4]	14.33%
Mr. Amen Kwai Ping Lee	Beneficial owner	150,302,000	6.17%
Professor Steven Schwartz	Beneficial owner	3,892,000[5]	0.15%
Mr. Qingquan Yang	Beneficial owner[6]; interest in controlled corporation[6]	365,764,000	15.03%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 2,433,332,000 Shares in issue as at 30 June 2023.

(3) 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.

(4) Ms. Xing Shi Huang is the widow of the late Dr. Zhu, who beneficially owned 228,506,000 Shares and the entitlement to receive up to 120,320,000 Shares pursuant to the exercise of performance rights granted to Dr. Zhu under the Pre-IPO Performance Rights Plan. Such Shares and entitlement form part of Dr. Zhu's estate. Pursuant to letters of administration granted by the Supreme Court of New South Wales on 24 January 2022, Ms. Huang was appointed as administrator of Dr. Zhu's estate. As such, Ms. Huang is deemed to be interested in the 348,826,000 Shares within the meaning of Part XV of the SFO.

(5) Apart from 830,000 Shares beneficially owned by Professor Steven Schwartz which have been issued to him pursuant to the exercise of vested performance rights, such interest includes Professor Steven Schwartz's entitlement to receive up to 3,062,000 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.

(6) Mr. Qingquan Yang directly holds 153,862,000 Shares and Billion Glory, which is wholly-owned by Mr. Yang, directly holds 211,902,000 Shares. Accordingly, Mr. Yang is deemed to be interested in 211,902,000 Shares held by Billion Glory by virtue of the disclosure requirements of the SFO.

Other than disclosed above, as at 30 June 2023, 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 2023, 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. Shuling Chen	Interest of a spouse[2]	Long	365,764,000	15.03%
Billion Glory	Beneficial owner	Long	211,902,000	8.70%
Tristar United	Beneficial owner	Long	150,002,000	6.16%
Ms. Josephine Kam Shan Lam	Interest of a spouse[3]	Long	150,302,000	6.17%
Xinjiang Guoli	Beneficial owner	Long	351,180,000	14.43%
PwC Australia	Beneficial owner[4]	Long	264,708,000	10.87%
Minsheng Education Group	Interest in a controlled corporation[5]	Long	209,000,000	8.58%

Notes:

(1) The calculation is based on the total number of 2,433,332,000 Shares in issue as at 30 June 2023.

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

(3) 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 by virtue of the disclosure requirements of the SFO.

(4) 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.

(5) 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 year are as follows:

Grantee	Balance as at 1 July 2022 (number of underlying Shares)	Granted during the Year	Exercised during the Year	Lapsed/ cancelled during the Year	Balance at 30 June 2023 (number of underlying Shares)
Directors					
Dr. Minshen Zhu (deceased) (ceased on 28 April 2021)	120,320,000	–	–	–	120,320,000
Prof. Brian James Stoddart (resigned on 18 November 2022)	–	–	–	–	–
Prof. Steven Schwartz	3,062,000	–	–	–	3,062,000
Council Members					
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

As disclosed in the Company's announcement dated 30 April 2021, Dr. Minshen Zhu passed away on 28 April 2021. Pursuant to the Pre-IPO Performance Rights Plan Rules (as modified by the offer letter from the Company to Dr. Zhu dated 10 June 2017), Dr. Zhu was considered to be a Good Leaver. The Board has determined to issue a Non-Lapse Notice on 27 May 2021 that all of Dr. Zhu's unvested Pre-IPO Performance Rights as of the date of the Non-Lapse Notice, being 60,160 Pre-IPO Performance Rights (equivalent to 120,320,000 Shares upon the full exercise of such rights), have not lapsed and all Vesting Conditions in respect of such rights are deemed to have been satisfied. Such rights form part of Dr. Zhu's estate.

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 INEDs), 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 (b) above and without prejudice to (d), the Company may issue a circular to its Shareholders in compliance with Rule 17.03B, Rule 17.03C 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 2023, 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 243,333,200 Shares.

(d) Subject to (a) above and without prejudice to (c) above, the Company may issue a circular to its Shareholders in compliance with Rule 17.03B, Rule 17.03C 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 Rule 17.03D 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 Rule 17.03E of the Listing Rules.

(c) In addition to the Shareholders' approval set out in Rule 17.03B, Rule 17.03C and Rule 17.03D 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 INEDs (excluding any INED who is the grantee of the options).

(d) Where any grant of options to a substantial Shareholder or an INED 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 affect 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.

Employee Share Options

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, the former executive Director, and to Ms. Rongning Xu, the executive Director, respectively. The share options granted to Ms. Sumeng Cao lapsed on 10 December 2021.

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 2023 are as follows:

Grantee	Balance as at 1 July 2022	Granted during the Year	Exercised during the Year	Lapsed/ cancelled during the Year	Balance as at 30 June 2023
Directors					
Ms. Rongning Xu	1,294,274	–	–	–	1,294,274
Employees in aggregate	14,366,440	–	–	569,481	13,796,959
Total	15,660,714	–	–	569,481	15,091,233

Agent Share Options

On 11 November 2021 (the "Grant Date"), the Company granted share options to subscribe for a total of 48,600,000 Shares under the Share Option Scheme to the eligible student recruitment agents (the "Agent Share Options").

The Grantees are third-party education consultancy services who play an important role in promoting the Institutes and the courses offered to prospective students, and assisting students with application process and other aspects of student life in the Institutes. The board of directors of the Company believes that the grant of the Agent Share Options to the Grantees will incentivise them to put additional effort in promoting the Institute's brand influence in Australia and overseas markets, which will ultimately expand and increase market share of the Company.

The closing price of the Shares on 10 November 2021, being the date immediately before the Grant Date, was HK$0.16 per Share.

The consideration for the acceptance of the Agent Share Options was AUD$1.00. The exercise price of the Agent Share Options granted is HK$0.200, which represents (i) a premium of approximately 23.5% to the closing price of HK$0.162 per Share as stated in the Stock Exchange's daily quotation sheet on the Grant Date; and (ii) a premium of approximately 16.0% to the average closing price of HK$0.172 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Grant Date.

The validity period of the Agent Share Options is 10 years from the Grant Date, i.e. from 11 November 2021 to 10 November 2031 (both days inclusive), and the Agent Share Options shall lapse at the expiry of the validity period.

Subject to the vesting conditions of the Share Option Scheme and as set out in the respective letters of grant issued, the Agent Share Options shall be vested in three tranches in accordance with the following dates: (i) up to 30% of the Agent Share Options shall be vested to each Grantee at any time after the expiry of 14 months and 5 days from the Grant Date, i.e. on 16 January 2023; (ii) up to 30% of the Agent Share Options shall be vested to each Grantee at any time after the expiry of 26 months and 5 days from the Grant Date, i.e. on 16 January 2024; (iii) up to 40% of the Agent Share Options shall be vested to each Grantee at any time after the expiry of 38 months and 5 days from the Grant Date, i.e. on 16 January 2025.

Details of the movement of Agent Share Options granted under the Share Option Scheme for year ended 30 June 2023 are as follows:

Grantee	Balance as at 1 July 2022	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Balance as at 30 June 2023
KTM Consulting Pty Ltd	6,800,000	–	–	–	6,800,000
Newstars Education Counselors Pty Ltd	6,800,000	–	–	2,040,000	4,760,000
Aussie Professional Group Pty Ltd	6,800,000	–	–	2,040,000	4,760,000
The trustee for Austop Capital Holdings Unit Trust	3,000,000	–	–	–	3,000,000
A.C.I.C. Pty Ltd	3,000,000	–	–	–	3,000,000
Monkey King Student Service Centre Pty Ltd	2,500,000	–	–	750,000	1,750,000
Total	28,900,000	–	–	4,830,000	24,070,000

Save and except as disclosed above, no other options have been granted or agreed to be granted by the Company under the Share Option Scheme.

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 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 INED), 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, the former executive Director, and to Ms. Rongning Xu, the executive Director, respectively. The Awarded Shares granted to Ms. Sumeng Cao lapsed on 10 December 2021.

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 2023, the Trustee pursuant to the Trust Deed and Share Award Scheme has not purchased any Shares from the market.

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 2022	Granted during the Year	Exercised during the Year	Lapsed or cancelled during the Year	Balance as at 30 June 2023
Ms. Rongning Xu	6,000,000	–	–	–	6,000,000
Employees (in aggregate)	19,000,000	–	–	–	19,000,000
Total	25,000,000	–	–	–	25,000,000

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Borrowings

As at 30 June 2023, 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 2023 or subsisted at 30 June 2023.

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 2023.

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 2023.

Contracts of Significance

During the Reporting Period, save as otherwise disclosed in this annual report, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

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 2023.

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 Transactions

Non-Exempt Continuing Connected Transactions

PwC Nominees, as a nominee for PwC Australia, is a substantial Shareholder. 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 professional services in Australia ("PwC Australia Services") by PwC Australia to the Company, for a period commencing from 27 May 2016 and ceasing on 31 March 2023.

The provision of the PwC Australia Services was subject to the standard terms of PwC Australia's engagement letters separately entered into with the Company as and when the Company required the PwC Australia Services, including the service fees (the "Service Fees") which were 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.

Transaction amounts and annual cap

The table below sets out the transaction amounts in relation to the PwC Australia Services, and the agreed annual cap of the transaction contemplated under the Alliance Agreement for the nine months ended 31 March 2023 (being the date of expiry of the Alliance Agreement):

		Transaction amount for	
	Annual cap for nine months ended 31 March 2023 AUD$'000	**Nine months ended 31 March 2023 AUD$'000**	the year ended 30 June 2022 AUD$'000
Total Service Fees	**1,000**	**21**	247

Confirmation from INEDs

Our INEDs reviewed the aforesaid continuing connected transactions that took place during the year ended 30 June 2023 and confirmed that the such transactions had been entered into (i) in the ordinary and usual course of business of the Group, (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, Recognised Public Interest Entity Auditor, 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, Recognised Public Interest Entity Auditor, 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

Details of related party transactions during the year ended 30 June 2023 are set out in note 28 to the consolidated financial statements.

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

Donations

The Group did not make any charitable donations during the year ended 30 June 2023 (2022: AUD$217,000).

Employees and Remuneration Policies

During the year ended 30 June 2023, the Company employed 100 staff (2022: 121).

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 to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. 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 8 and note 9 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.

Deed of Non-competition

Each member of the Controlling Shareholders Group had entered into a deed of non-competition in favour of the Company on 18 April 2018 (the "Deed of Non-competition"), details of which are set out in section headed "Relationship with the Controlling Shareholders – Deed of Non-competition" in the prospectus issued by the Company dated 27 April 2018.

The undertakings given by each of the members of the Controlling Shareholders Group under the Deed of Non-competition shall lapse and the respective member of the Controlling Shareholders Group shall be released from the restrictions imposed on him upon the occurrence of the earliest of any of the following events or circumstance:

(a) the day on which the Shares cease to be listed on the Stock Exchange;

(b) the day on which the relevant member of the Controlling Shareholders Group and/or his/its associates cease to hold, taken together, 30% or more of the issued share capital of our Company or otherwise the Controlling Shareholders Group ceases to be a controlling shareholder of our Company; or

(c) with respect to respective member of the Controlling Shareholders Group, the day on which the relevant member of the Controlling Shareholders Group ceases to beneficially own or is no longer interested in any issued share capital of the Company.

On 16 September 2022, the Controlling Shareholders Group entered into a termination deed to formally end the acting-in-concert arrangement. As a result, members of the Controlling Shareholders Group are no longer bound by the confirmation deed nor are they considered to be acting in concert with one another. The Deed of Non-competition shall lapse accordingly.

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$171.7 million or AUD$30 million. As at 30 June 2023, a total amount of approximately HK$122.3 million out of net proceeds had been used by the Group according to the allocation set out in the announcement dated 27 February 2020.

Purpose	Percentage to total amount	Net proceeds HK$ (million)	Utilised Amount HK$ (million)	Unutilised amount HK$ (million)	Expected timeline for utilising the unutilised amount[1]
Acquiring or investing in educational groups/institutions in the PRC and in Australia	41.0%	70.4	21.0	49.4	by the end of 2023
Developing "Intelligent Education", which includes utilising digital education solutions for course contents, infrastructure of campuses and offices, and teaching and learning methods	27.8%	47.8	47.8	–	–
Upgrading TOP's campus	9.4%	16.1	16.1	–	–
Expanding TOP's campus locations	5.5%	9.5	9.5	–	–
Establishing virtual student experience centre	0.6%	1.0	1.0	–	–
Expanding TOP's research and scholarship activities and professional development towards our strategic goal	3.1%	5.3	5.3	–	–
Expanding TOP's marketing activities	4.4%	7.6	7.6	–	–
Working capital and general corporate purposes	8.2%	14.0	14.0	–	–
Total	100.0%	171.7	122.3	49.4	

Note:

(1) The expected timeline for utilising the remaining amount of proceeds is based on the best estimation made by the Group. It will be subject to change based on the current and future development of market and environment conditions.

(2) The unutilised proceeds are currently expected to be used by the end of 2023 and the delay in the use of such proceeds is primarily due to additional time required for (i) conducting detailed research and feasibility studies on potential investment targets under current complex, uncertain and volatile international environment, and (ii) discussions and negotiations regarding potential cooperative opportunities due to travel and other restrictions imposed by and commercial uncertainties arising out of the pandemic.

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 2023, 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

In July 2023, to assist higher education students, it has been approved that coursework students can complete a 12-week part-time internship for credit in their degree programs as an elective unit from November 2023, as the Group notices that the students find it challenging to secure satisfying employment after graduation, and preparation beyond academic study is generally required.

Initially, this will be a work experience program where the student (intern) gains relevant experience working remotely with an Australian or international organisation. The Group's higher education management team will work with an external internship provider to arrange relevant virtual internships for selected students, monitor progress, and determine an outcome grade for course credit. At a later date, other forms of work-integrated learning experiences (such as student-selected work placements) might be included.

Auditors

Ernst & Young, Recognised Public Interest Entity Auditor, 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
Amen Kwai Ping Lee
Chairperson

Australia, 25 September 2023

Corporate Governance Culture

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards and the importance of stakeholders is recognised at the Board level and throughout the Group. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. The Company strive to provide high quality and reliable products and services, and to create values to the stakeholders through sustainable growth and continuous development.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- that we care about the interests of the stakeholders;

- that overall business risk is understood and managed appropriately;

- the delivery of high-quality products and services to the satisfaction of customers; and

- that high standards of integrity are maintained.

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 contained in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that during the Reporting Period, the Company had complied with applicable code provisions of the CG Code.

Compliance with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules

As disclosed in the announcement of the Company dated 17 November 2022, following the resignation of Professor Brian James Stoddart as an INED, the chairperson and a member of the Nomination Committee, and a member of the Audit Committee, the Company did not meet the requirement under Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules.

On 15 February 2023, with the appointment of Mr. Jonathan Richard O'Dea as an INED, the chairperson and member of the Nomination Committee, and a member of the Audit Committee, the Company has complied with the requirements of the abovementioned Listing Rules. Details of his biography have been disclosed in the Company's announcement dated 10 February 2023.

Directors' Securities Transactions

The Company has adopted Model Code as the code regarding Directors' securities transactions.

Specific enquiry has been made by the Company with all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 30 June 2023.

The Company has also adopted the Model Code as the Employees 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 employees was noted by the Company.

Board of Directors

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Director and non-executive Directors (including INEDs) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises of the following Directors:

Executive Directors

Ms. Rongning Xu (CEO)

Non-executive Director

Mr. Amen Kwai Ping Lee (Chairperson, appointed on 18 November 2022)
Mr. Yi Dai
Mr. Edward Chiang
Ms. Xing Shi Huang (Deputy Chairperson)
Mr. Qingquan Yang (appointed on 16 March 2023)

Independent Non-executive Directors

Professor Steven Schwartz
Mr. Tianye Wang
Mr. Jonathan Richard O'Dea (appointed on 15 February 2023)

The biographical information of the Directors is set out in the section headed "Directors and Senior Management" on pages 12 to 15 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".

Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the CEO.

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 2023 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Ms. Rongning Xu	5/5	N/A	N/A	N/A	1/1
Mr. Amen Kwai Ping Lee	5/5	N/A	1/1	N/A	1/1
Mr. Thomas Richard Seymour (ceased on 18 November 2022)	2/2	N/A	N/A	N/A	N/A
Mr. Yi Dai	5/5	N/A	N/A	N/A	1/1
Mr. Edward Chiang	5/5	N/A	N/A	N/A	1/1
Ms Xing Shi Huang	5/5	N/A	N/A	1/1	1/1
Mr. Qingquan Yang (appointed on 16 March 2023)	2/2	N/A	N/A	N/A	N/A
Professor Brian James Stoddart (ceased on 18 November 2022)	1/2	1/1	N/A	1/1	N/A
Professor Steven Schwartz	5/5	2/2	1/1	1/1	1/1
Mr. Tianye Wang	5/5	2/2	1/1	N/A	1/1
Mr. Jonathan O'Dea (appointed on 15 February 2023)	3/3	1/1	N/A	N/A	N/A

The attendance record of Directors 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**
Mr. Kai Zhang (Alternate to Mr. Thomas Richard Seymour, ceased on 18 November 2022)	0/2	N/A	N/A	N/A	–

Apart from regular Board meetings, the Chairperson also held a meeting with the INEDs without the presence of other Directors during the year.

The INED and Non-executive Directors have attended general meetings of the Company to gain and develop a balanced understanding of the view of the Shareholders.

Board Meetings

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.

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 INEDs, 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.

Chairperson and Chief Executive Officer

The positions of Chairperson and CEO are held by Mr. Amen Kwai Ping Lee and Ms. Rongning Xu respectively. The Chairperson/Deputy Chairperson provides leadership and is responsible for the effective functioning and leadership of the Board. The CEO focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

Rules 3.10(1) and 3.10(2) of the Listing Rules requires every board of directors of a listed issuer must include at least three independent non-executive directors and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. Rule 3.10A of the Listing Rules requires an issuer must appoint independent non-executive directors representing at least one-third of the board.

Reference is made to the announcement of the Company dated 17 November 2022, Professor Brian James Stoddart resigned as an INED, the chairperson and a member of the Nomination Committee; and a member the Audit Committee. Following the aforesaid resignation, the Company has two INEDs and it has not complied with Rules 3.10(1) and 3.10A of the Listing Rules.

Pursuant to the announcement of the Company dated 10 February 2023, the Company appointed Mr. Jonathan Richard O'Dea as an INED, the chairperson and a member of the Nomination Committee; and a member of the Audit Committee with effect from 15 February 2023. Subsequently, the Company has complied with Rules 3.10(1) and 3.10A of the Listing Rules.

The Company has received written annual confirmation from each of the INEDs 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 INEDs are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests:-

- Encouraging the INEDs to provide their advice based on their professional experience and skills;
- Communicating between the Chairperson/Deputy Chairperson and other INEDs during and outside meetings for their views; and
- Having meetings between the Chairperson/Deputy Chairperson and other INEDs for their comments.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 30 June 2023, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 30 June 2023, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

The non-executive Directors (including INEDs) are appointed for a specific 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. In accordance with code provision B.2.2, Part 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.

Mr. Jonathan Richard O'Dea, Mr. Qingquan Yang, Mr. Edward Chiang and Mr. Steven Schwartz will retire and being eligible, offer themselves for re-election as directors at the forthcoming AGM.

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 a formal and comprehensive 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 material on relevant topics would be provided to Directors where appropriate.

All Directors are encouraged to attend relevant training courses at the Company's expenses.

In addition, relevant reading materials including compliance manual, legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying.

The training records of the Directors for the year ended 30 June 2023 are summarized as follows:

Directors	Type of Training Note
Executive Director	
Ms. Rongning Xu	A and B
Non-Executive Directors	
Mr. Amen Kwai Ping Lee	A and B
Mr. Thomas Richard Seymour (ceased on 18 November 2022)	A and B
(Mr. Kai Zhang as his alternate, ceased on 18 November 2022)	A and B
Mr. Yi Dai	A and B
Mr. Edward Chiang	A and B
Ms. Xing Shi Huang	A and B
Mr. Qingquan Yang (appointed on 16 March 2023)	A and B
Independent Non-Executive Directors	
Professor Brian James Stoddart (ceased on 18 November 2022)	A and B
Professor Steven Schwartz	A and B
Mr. Tianye Wang	A and B
Mr. Jonathan O'Dea (appointed on 15 February 2023)	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 chairperson and members of each Board committee is set out under "Corporate Information" on page 2.

Audit Committee

The Audit Committee consists of three INEDs, namely Professor Steven Schwartz, Mr. Tianye Wang and Mr. Jonathan Richard O'Dea. 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 2023, 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, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors once without the presence of the Executive Directors.

Rule 3.21 of the Listing Rules requires the Audit Committee to comprise non-executive directors only, with a minimum of three members with independent non-executive directors in majority and at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

Reference is made to the announcement of the Company dated 17 November 2022, Professor Brian James Stoddart, a member of the Audit Committee, resigned as an INED. Following the aforesaid resignation, the Audit Committee comprises only two members.

Pursuant to the announcement of the Company dated 10 February 2023, the Company appointed Mr. Jonathan Richard O'Dea as an INED, the chairperson and a member of the Nomination Committee; and a member of the Audit Committee with effect from 15 February 2023. Subsequently, the Company has complied with Rule 3.21 of the Listing Rules.

Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Amen Kwai Ping Lee, non-executive Director, Professor Steven Schwartz, INED, and Mr. Tianye Wang, INED. 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 once 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 8 in the Notes to the audited consolidated financial statements for the year ended 30 June 2023.

The Company's remuneration policy is formulated under the guidance of the Australian Law, industry award as well as various market factors to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. 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.

The 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 remuneration packages of executive Directors are also determined with reference to the Company's performance, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions, bonus (if any) and other standard entitlements under Australian employment law. Executive Directors shall receive options and awards to be granted under the Company's Share Option Scheme and Share Award Scheme. The remuneration policy for non-executive Directors and INEDs is to ensure that non-executive Directors and INEDs are compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and INEDs mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

The Remuneration Committee also made recommendations to the Board on the terms of service contracts or letters of appointment of the new Directors appointed during the year.

Nomination Committee

The Nomination Committee consists of three members, namely Ms. Xing Shi Huang, non-executive Director, Professor Steven Schwartz, INED and Mr. Jonathan Richard O'Dea, INED. Mr. Jonathan Richard O'Dea 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, reviewing the Board Diversity Policy and the Nomination Procedures for Directors and assessing the independence of INEDs.

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 INEDs, and to consider the qualifications of the retiring directors standing for election at the AGM, to review the Board Diversity Policy and Nomination Procedures for Directors and to consider and recommend to the Board on the appointment of Non-executive Director. 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.

Rule 3.27A of the Listing Rules requires an issuer to establish a Nomination Committee chaired by the Chairman of the Board or an INED and comprising a majority of INEDs.

Reference is made to the announcement of the Company dated 17 November 2022, Professor Brian James Stoddart, resigned as an INED, the chairperson and a member of the Nomination Committee. Following the aforesaid resignation, the Nomination Committee comprised only two members, one of who was a Non-executive Director.

Pursuant to the announcement of the Company dated 10 February 2023, the Company appointed Mr. Jonathan Richard O'Dea as an INED, the chairperson and a member of the Nomination Committee with effect from 15 February 2023. Subsequently, the Company has complied with Rule 3.27A of the Listing Rules.

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.

For the year ended 30 June 2023 and up to present, the Nomination Committee considered that the Board is sufficiently diverse in terms of gender and the Board has not set any measurable objectives.

The male to female ratio in the workforce (including senior management) is 6.9: 3.1. Extract(s) from ESG report sets out mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) less relevant. Details of the workforce number are set out under "Employees and Remuneration Policies" on page 42.

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

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	22.2% (2)	77.8% (7)
Senior Management	100.0% (2)	0.0% (0)
Other employees	30.6% (30)	69.4% (68)
Overall workforce	31.2% (34)	68.8% (75)

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 79 to 82 of this annual report.

Director Nomination Policy

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 process set out in the Nomination Procedures for Directors is as follows:

Nomination by the Nomination Committee

(i) The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and makes recommendations on any proposed change to the Board to complement the corporate strategy of the Company.

(ii) When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee shall initiate a search seeking input from the Board members and may recommend the hiring of an executive search firm, if necessary, to identify suitable and qualified candidate for serving on the Board.

(iii) The Nomination Committee shall evaluate any potential candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iv) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the respective expertise, skills, experience, professional qualifications and reference check of each candidate, and the needs of the Company.

(v) The Nomination Committee shall then recommend the appointment of the appropriate person among the candidates nominated for directorship based on the result of ranking as set out in paragraph (iv).

Re-election of Director at Annual General Meeting

(i) In accordance with the Company's constitution, any new director appointed to fill a causal vacancy or as an addition to the Board shall submit himself for re-election at the annual general meeting immediately after his appointment.

(ii) The Nomination Committee shall review the overall contribution and service to the Company of the retiring director including his attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance on the Board.

(iii) The Nomination Committee shall also review the expertise and professional qualifications of the retiring director, who offered himself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria as set out in paragraph (ii).

(iv) Based on the review made by Nomination Committee, the Board shall make recommendations to the Shareholder on candidates standing for re-election at the annual general meeting, and provide the available biographical information of the retiring director in accordance with the Listing Rules to enable the Shareholders to make an informed decision on the re-election of such candidates at annual general meeting.

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 Nomination Procedures for Directors 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 2023, Mr. Amen Kwai Ping Lee was appointed as the Chairperson on 18 November 2022. On 15 February 2023, Mr. Jonathan Richard O'Dea was appointed as an INED and will be subsequently re-elected as an INED at the AGM to be held on 29 November 2023. On 16 March 2023, Mr. Qingquan Yang was appointed as a non-executive Director, and will be subsequently nominated for re-election as a non-executive Director at the AGM to be held on 29 November 2023.

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 A.2.1, Part 2 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.

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 utilises 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 Corporations Act;
  - the Listing Rules;
  - the SFO; and
  - the Companies Ordinance.
- 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 CEO, 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, CEO 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 modelling

- Records, databases, insurance claims

- Past organisational experiences

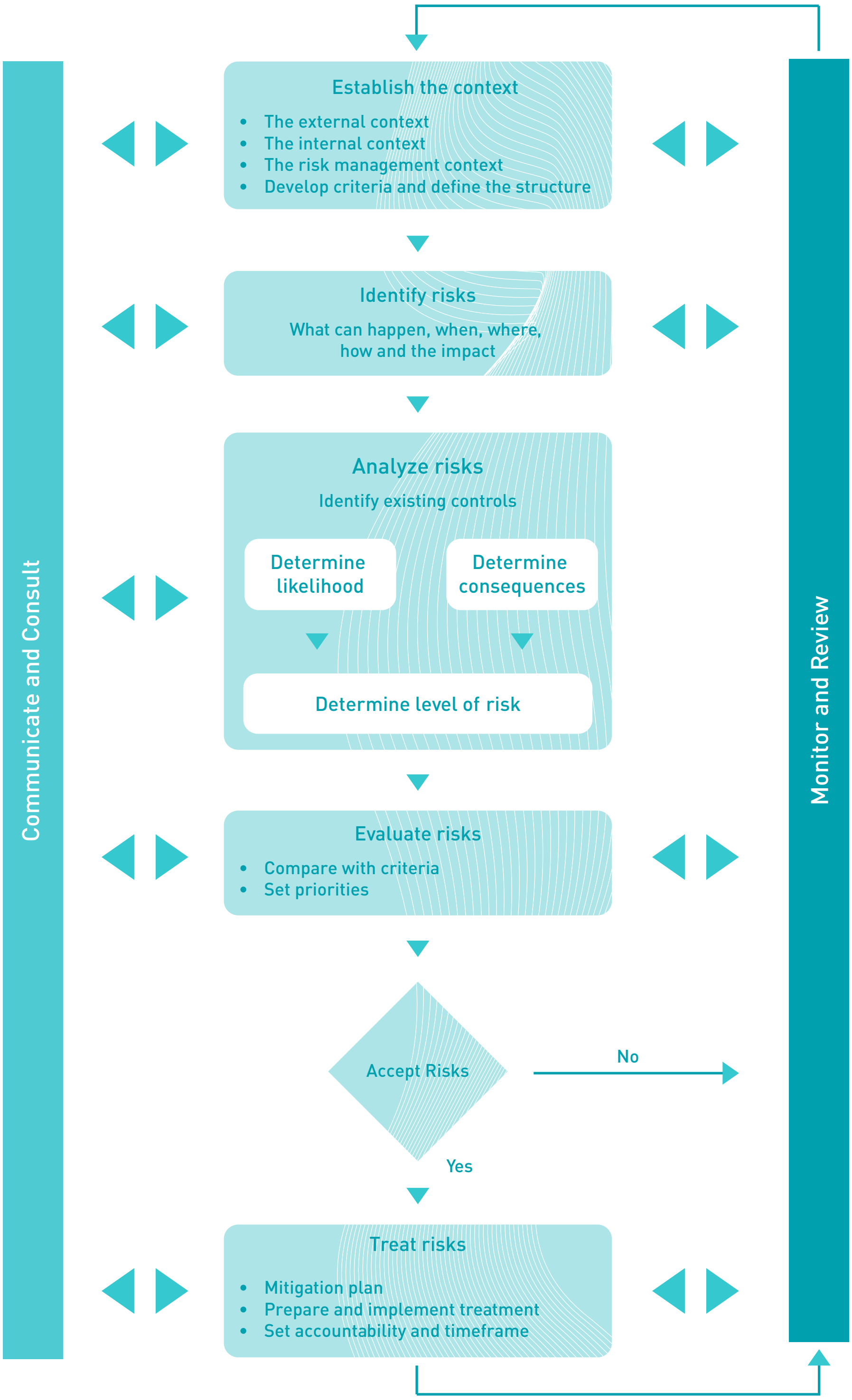
The most readily used approach to defining consequences tends to be qualitative whereby managers use experience, judgement and intuition to make decisions in identifying and managing risk.

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 2023. 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 2023, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and staff qualifications, experiences and relevant resources.

The Company would appoint independent consultancy firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary.

The Company has the Whistleblowing Policy and system in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about possible improprieties in financial reporting, internal control or other matters of the Company, with the Audit Committee, the Company Secretary, Human Resources Manager or an independent legal adviser, about possible improprieties in any matters related to the Company. Policy and system that promote and support anti-corruption laws and regulations are also in place to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

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.

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 2023.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 93 to 96.

Auditors' Remuneration

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services of tax advisory for the year ended 30 June 2023 amounted to approximately AUD$257,000 and AUD$5,000 respectively.

Service Category	Fees Paid/Payable AUD$'000
Audit Services	257
Non-audit Services	
– Tax advisory services	5
Total	262

Company Secretary

Ms. Min Ying has been the sole company secretary of the Company since 1 July 2021.

Ms. Ying has undertaken not less than 15 hours of relevant professional training during the year ended 30 June 2023 in compliance with Rule 3.29 of the Listing Rules.

All Directors have access to the advice and services of the company secretary 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
Eveleigh, New South Wales 2015
Sydney
Australia
(For the attention of the Company Secretary)

Or

Principal Place of Business in Hong Kong:

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong
(For the attention of the 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 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

Shareholders' Communication Policy

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 Board ensures the Shareholders are well communicated via various channels for important issues according to the Shareholders' Communication Policy and encourage the Shareholders to raise any question or feedback on the communication methods. Due to the emerging environment, the Board believes the hybrid means of communication would be more effective and benefit more for the Shareholders.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(i) Shareholders' enquiries

(a) Shareholders should direct their questions about their shareholdings to the Company's share registrar.

(b) Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

(c) Shareholders and the investment community shall be provided with designated contacts in order to enable them to make any query in respect of the Company.

(ii) Corporate Communication

(d) Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

(e) Shareholders are encouraged to provide, amongst other things, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

(iii) Corporate Website

(f) Information on the Company's website is updated on a regular basis.

(g) Information released by the Company to the Stock Exchange is also posted on the Company's website for corporate communications immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

(iv) Shareholders' Meetings

(h) Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

(i) Appropriate arrangements for the annual general meetings shall be in place to encourage Shareholders' participation.

(j) The process of the Company's general meeting will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served.

(k) Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions.

(l) Shareholders are encouraged to attend shareholders' activities organised by the Company, where information about the Company, including its latest strategic plan, will be communicated.

(v) Investment Market Communications

(m) Investor/analysts briefings and one-on-one meetings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be available on a regular basis in order to facilitate communication between the Company, Shareholders and the investment community.

Dividend Policy

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 2023 have been disclosed in the annual report of the Company.

REPORTING SCOPE, STANDARD AND PRINCIPLES

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

The ESG Report describes the Environmental, Social and Governance ("ESG") progress made within during the Reporting Period of selected entities with the Group, as defined and revised from time to time based on the ESG material assessment conducted annually, in order to focus TOP's ESG efforts on the geographical locations and businesses processes (the "Reporting Scope") where the most significant ESG risk and impact may be.

The Reporting Scope consisting of 3 (2022: 3) locations of TOP's main campus, namely the Biomedical Building, Bay 3 of the Locomotive Workshop and Level 3 of Yerrabingin House, all located in Eveleigh, Sydney ("South Eveleigh Campus"). Having considered the result of the ESG materiality assessment, the Board considered that the Hobart campus in Tasmania and the Perth campus in Western Australia should remain outside of the Reporting Scope. The reporting scope remained the same as the last reporting period.

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.

TOP adheres to the four fundamental reporting principles set out in the ESG Reporting Guide in the preparation of the ESG report. These reporting principles and the way TOP applies these in the ESG report is set out below:

Reporting Principles	How it is applied to this report
Materiality	The ESG Report covers the key environmental and social issues concerned by different stakeholders. These material environmental and social issues were identified through consideration by the Board, audit committee and academic board, discussion between the Board and management and engagement with different stakeholders. Identification process of substantive issues and the matrix of substantive issues along internal and external dimensions are disclosed in this report, further details of which are set out in the "Stakeholder Engagement and Materiality Assessment" of this report.
Quantitative	Information on the standards, methodologies, assumptions and/or calculation used, and source of key emission and conversion factors used for both quantitative environmental and social KPIs are disclosed in the ESG Report. Details of these information are all explained in the notes section following relevant KPIs.
Balance	The ESG report provides an unbiased picture of TOP's performance during the Reporting Period. Information was disclosed in an objective manner, avoid selections, omissions, or presentation formats that may inappropriately influence the judgment made by report readers.
Consistency	For the purpose of enhancing and maintaining the comparability of ESG performances over time, consistent reporting and calculation methodology are applied by TOP as far as practicable to allow for meaningful comparison. Any changes that could affect a meaningful comparison of the KPIs have been disclosed accordingly.

BOARD CONFIRMATION

The Board and the management have reviewed and endorsed the ESG material assessment and the ESG Report, and approval was obtained from the Board of Directors on 25 September 2023.

MISSION, ESG GOVERNANCE AND APPROACH

MISSION

"Innovation towards Intelligent Education".

This is the TOP's motto, which highlights the mission and the spirit of our approach and character, the commitment to provide its students with the very best possible quality higher education in the field of business and law that lead to immediate and fulfilling careers in the public and private, domestic, and international sectors.

ESG GOVERNANCE STRUCTURE AND APPROACH

TOP acknowledge the importance of effective ESG initiatives to our operation. We aspire 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. As a socially responsible company, the Board recognises the importance of ESG in enhancing the value of TOP and its overall responsibility for our ESG strategy and reporting. TOP delivers its ESG strategy through effective management of ESG risks and cultivation of an ESG-aware culture. The Company aligns its ESG approach with its existing risk management framework, thus ensuring that the delivery of ESG efforts is effective and is coherent with current business strategies and reactive to changing business environment.

The approach of the Company's ESG work is governed by the board of directors of the Company ("the Board") to ensure that the ESG strategies reflect the core values of the Company. While working together to improve the Company's value and performance, the Board and the management also assume the responsibility for assessing and identifying risks in relation to ESG matters.

We set up a working group dedicated to ESG matters, which is responsible for communicating closely with various departments, maintaining a full understanding of their work as well as collecting and analysing ESG issues that TOP's employees and students and various other stakeholders may be concerned in their daily contact. The ESG working group will collect feedbacks from stakeholders directly in the form of questionnaires when necessary.

After sorting and integrating these ESG issues, the working group will assist the Board in developing an assessment of the materiality of the ESG issues. These issues will be screened and ranked in order of the materiality, categorised into four major aspects of environment, employee, services or community. The ESG Working Group will analyse the risks and opportunities of the ESG issues from the materiality assessment and then report its analysis to the Board.

The Board will provide advice on the Company's ESG strategy based on the results of the assessments and analysis from time to time, while the ESG working group will also help to explain the Company's ESG strategies and policies to all functional departments, which could ensure the effective implementation of the Company's employees in their daily work. The Board assumes full responsibility for the ESG strategies and reporting of the Company and implements a top-down governance model with full support from the ESG working group. Meanwhile, two-way communication between different levels of the organisation is carried out to foster a good culture and atmosphere for sustainable development among the teams of the Company.

The Board, working together with the management, delivers ESG strategy and reporting with the help of the continuous assessment and identification of ESG risks during engagement with TOP's employees and students and various other stakeholders, and during the course of our efforts in promoting a sustainability culture within the Company.

This sustainability culture is the engine that drives the long-term sustainable growth of TOP; it drives the formulation of appropriate ESG policies and procedures to mitigate ESG related risks; it drives the measuring and monitoring of the ESG performances progress, and it also drives the reporting of these progresses to investors and key stakeholders.

TOP's efforts focus on areas that are considered to be both material to the stakeholders and also to the business based on the results of the ESG material assessment. Further details of the assessment and these focused areas can be found in the later section titled "Stakeholder Engagement and Materiality Assessment". Material ESG-related issues are issues that are critical to both short-term and long-term success of TOP's business. It is those parts of TOP's business where these issues lie, the ESG impact of these issues is highly relevant. The KPIs of material ESG-related issues are regularly reviewed against goals and targets set-up by the Management and the Board throughout the process of the preparing of ESG reporting to determine progress made and adjustment are made to the original goals and targets where appropriate.

Looking forward to 2024 and beyond, the Group invests its efforts in the exploration of sustainability improvement through the assimilation of ESG concepts into daily operations at its workplace, and through the establishment of policies and procedures and written guidelines, and also through providing ESG awareness training and reminder notices from time to time. By raising ESG awareness among TOP's students and employees, they together also become ambassadors of TOP's sustainability efforts.

Through this cultivation of sustainability awareness and TOP's devotion to delivering the best quality higher education courses and experience, TOP equips its students with comprehensive knowledge and skills, while at the same time they will have a sense of social responsibility and be servient to the global community that builds on the best of TOP's heritage.

This organic sustainability culture also ensures that the potential reach of TOP's ESG efforts are sufficiently broad to cover key parts of TOP's business and also beyond.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

With reference to the Megatrend from World Economic Forum, MSCI and the Sustainable Accounting Standards Board ("SASB")'s materiality assessment and understanding the expectations and demands of TOP's stakeholders (including shareholders, corporate customers, students and their parents, employees, suppliers, creditors, regulatory authorities and the public) are key to TOP's ESG approach. Stakeholder engagement is done through typical communication channels in TOP's ordinary contact with stakeholders, during which their views and feedback are collected through constructive dialogs and maintaining a close working relationship with them. 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 opportunities • Salary and welfare • Working environment • Health and safety protection	• 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

Stakeholder Groups	Expectations	Typical communication channels
Shareholders and investors	• Return on investment • Information disclosure and transparency • Protect the rights and interests of shareholders • Disclose relevant and accurate information in a timely manner • 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
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 • Reduction in pollutant emissions • Reduction in waste	• 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

Key stakeholders including shareholders, directors, management team, staff and students have been involved in discussions to review areas of attention and provide feedback on ESG issues. Based on the list of ESG aspects set out in the ESG Reporting Guide, TOP has collected information and has made assessment of the impact of each of these aspects and has concluded with the following materiality assessment results.

Environmental	Social
1. Air emission	7. Customer welfare
2. Effluents and waste	8. Employee diversification
3. Energy efficiency	9. Occupational health and safety
4. Water efficiency	10. Development and training
5. The environment and natural resources	11. Supply chain management
6. Climate change	12. Customer data security and privacy protection
	13. Selling practices & product labelling
	14. Customer satisfaction
	15. Intellectual property right
	16. Quality management
	17. Anti-corruption
	18. Community investment

Key material issues raised by the stakeholders focused on social aspects. Environmental aspects, on the other hand, were considered less important. During the Reporting Period, the Group has organized several training sessions and group discussions regarding the key material aspects topics identified in the last reporting period. The discussion for material topics raised for this Reporting Period will be held in the next reporting period. Concerning data protection and employee diversification, the Group will keep all stakeholders updated regarding any amendments in policies and regulation on protecting the handling of personal information about individuals.

With these results in mind, TOP will continue to improve its ESG processes and performance by actively communicating with its stakeholders and constantly reviewing and improving its internal policies. Details of these ESG efforts during the Reporting Period are presented below in four sections, namely “Environment”, “Employee”, “Business” and “Community”.

ENVIRONMENT

TOP's principle business activity is the provision of higher education services and by nature of our business we engage in activities that have only minimal direct impact on the environment. Nonetheless, TOP recognizes the importance of environmental protection and has adopted a few 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

From the data collected, TOP noted the environmental impact resulting from the use of Company vehicles was insignificant compared to the impact from other ESG aspects. As a result, which is also reflected from the above materiality assessment, TOP has chosen not to disclose the KPIs relating to air emissions and scope 1 GHG emission. TOP will continue to monitor vehicle usage closely and make disclosure as appropriate in the future should the impact resulting from the usage become material.

The use of purchased electricity was the main contributor of TOP's 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 Australia government, which includes a duty to monitor pollution levels, prepare and implement pollution incident response management plans, and mandatory environmental audits. The approximate volume of scope 2 energy indirect GHG emissions in CO2 equivalent emissions ("CO2e") during the Reporting Period were as follows:

(Units: Tonnes of CO_2e)		**For the year ended 30 June**			
		2023		2022	
GHG emissions	**Emission sources**	**Total volume emitted**	**Intensities (Note 1)**	Total volume emitted	Intensities (Note 1)
Scope 2: Energy indirect emissions (Note 2)	Purchased electricity	**76**	**38**	86	43
Scope 3: Business travel emission	Flight	**3**	**1.5**	/	/
Total		**79**	**39.5**	/	/

Note 1: Intensity is measured by the total volume emitted for that scope during the Reporting Period divided by a denominator. The denominators of GHG emission are determined as follows:

Scope 2:2 (2022: 2), being the number of campus where purchased electricity was used/estimated by the energy company during the Reporting Period. Level 3 of Yerrabingin House's electricity charge is included in the building management fees; thus, TOP does not have the usage data. However, it is an eco-friendly campus with daylighting design which TOP believes the emission from electricity used was minimal.

Scope 3:2 (2022:2), being the campuses where the staff needed business travels during the Reporting Period.

Note 2: Energy indirect emissions' calculations are reference to the "National Greenhouse Accounts Factors" issued by Australian Government.

The scope 2 energy indirect GHG emissions have been decreased by approximately 11% compared to last year. As TOP has tried its best to minimize the amount of GHG emission, TOP set an emission target next year that the scope 2 energy indirect energy emissions are expected to be a little higher than the Reporting Period due to the gradual recovery.

By comparison to scope 2 GHG emissions, the environmental impact of scope 3 GHG emissions was low. Under the effect of the COVID-19 pandemic in the reporting period, emissions produced from business travel was minimal. TOP will continue to monitor Scope 3 emission and set goals as appropriate in the future.

Wastes

Wastes generated by the Company were entirely non-hazardous in nature and minimal in quantity, consisting of domestic waste such as food wraps, drinking cans and bottles, wastepaper 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. Therefore, the Company does not set reduction target on waste. And, TOP is an education provider, hence does not use packaging materials in the course of business.

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 our business operation such as general lighting in 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 104,582 (2022: 110,000) kilowatt hour ("kWh"), averaging a consumption amount of approximately 8,700 (2022: 9,000) kWh per month, showing a 5% decrease in consumption compared to last year. With TOP's continuous environmental protection efforts as described in the later section titled "environmental protection measures", TOP targets to keep the electricity usage at the same level as the Reporting Period.

TOP uses a modest amount of water in toilets and kitchens, which accounts for the majority of the resources used during the Reporting Period. TOP does not have any issue in sourcing water that is fit for purpose as it's only secondary to TOP's operation. TOP has not collected and analysed the KPI for water consumption, since significant efforts would have been required but the conclusion of these analysis would have been of insignificant value compared to TOP's other ESG efforts during the Reporting Period. Therefore, TOP does not set water efficiency target.

Nonetheless, both energy and resource conservation are essential parts of TOP's 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 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 few 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 TOP's student as well as its staff.

Specifically, TOP has the following measures which are regularly conducted to achieve its ESG strategy during its operations:

- We have eco-friendly campus, using construction materials which are strictly environmental-friendly;
- The campus uses automatic lighting system, in which the lights in an area turn on only when it detects people's presence and then automatically turn themselves off a period of time after they have left;
- In addition, the campus uses a daylighting design which reduces the use of electricity by introducing natural daylight to indoor areas as far as possible;
- LED technology had been employed in a visual artwork on the exterior of Yerrabingin House; this work also invited staff and students to reflect on relationship between weather, environment and mood;
- We will continue to develop our "Intelligent Education" strategy, which includes digital education solutions that complement traditional classroom teaching to facilitate the effectiveness of studies and efficiency of utilising resources;
- 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 TOP 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 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;

  vi. Requesting the property manager to set the central air conditioning to be automatically turned off immediately after office hour, to decrease the usage of electricity and to encourage staff to work from home if need over-time.

- These policies and procedures also enable us to minimize waste and conserve the use of resources (for example, paper) by:

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

  ii. Centralizing 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 utilizing the cardboard disposal service provided by the landlord to recycle this 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;

x. Use e-material such as flyers, student guide and videos when conducting agent training;

xi. Send all monthly newsletter and campaign materials to agents via email; and

xii. Pay more attention to better utilize website to provide information to agents and students so that all products information can be found from TOP's website.

- With regards to TOP's 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. The usage of Group's owned vehicles is controlled through strict approval process;

  iv. Conduct inspection and maintenance of vehicles regularly to keep them in good condition, as well as ensuring safety and operating efficiency;

  v. Encourage to dispose of old vehicles by selling it in second-hand market rather than scraping it wherever possible;

  vi. Monitor the usage of vehicles, to decide whether the current number of vehicles is more than our needs. If so, we would consider disposing to further reduce the consumption. For example, we disposed one of the vehicles after evaluating our actual demand.

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 Operations (General) Regulation 2022 under the Protection of the Environment Operations Act 1997 in Australia, and all other relevant laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste and heritage protection.

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 because of any breach of relevant environmental laws and regulations in Australia (2022: Nil).

Aspect A4: Climate Change

TOP has considered the physical risk which include acute risk like increasing heavy rainstorm, wildfire, hot weather; chronic risk including rise in sea level. Which the acute risk will post immediate safety issues to our staff and students, the Company has established emergencies and evacuations guidelines to ensure staff and students' safety. We utilise a risk register in our existing risk management system to record the risks and opportunities identified during the management meetings and the associated mitigation and adaption measures. If there're any material risk identified, it will be reported to the management team and to the board-level for control and oversight.

For transitional risk, TOP has considered the policy and legal risk, which the government will post more laws and regulation on the GHG emissions and energy usage, as we have minimal usage on energy and minimal GHG emissions due to its business nature, TOP considers the risk is relatively low, however, TOP will monitor the issuance of new laws and regulations and access the risk posted to TOP timely to mitigate the effects to TOP.

EMPLOYEES

Aspect B1: Employment

TOP's workforce is not only the most valuable asset in our operations, but 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 has 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 employment, as detailed in our anti-discrimination policy and anti-harassment 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 does not tolerate unethical conduct, discrimination, bullying or harassment in any shape or form. To that end, TOP requires employees to observe the staff's "Code of Conduct" and has established grievance procedures to receive suggestions and complaints from employees as outlined in the later section "Aspect B7: Anti-corruption".

TOP maintains good working relationship with employees and has not experienced any significant labour disputes since its inception. TOP invests significant time and resources to fulfil its obligations under The Fair Work Act 2009 (the "FWA"), National Employment Standards, Fair Work Regulations 2009, Higher Education Industry-Academic Staff-Award 2020, Higher Education Industry-General Staff-Award 2020 and Independent Contractors Act 2006 etc.

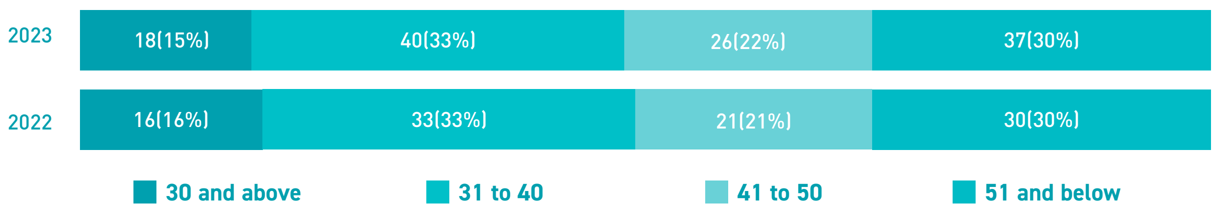
During the Reporting Period, TOP has not received any complaint from an individual or the authority, nor has paid or was liable to pay any penalty because of any breach of the FWA and its related regulation, or other relevant employment laws and regulations in Australia (2022: Nil).

Workforce

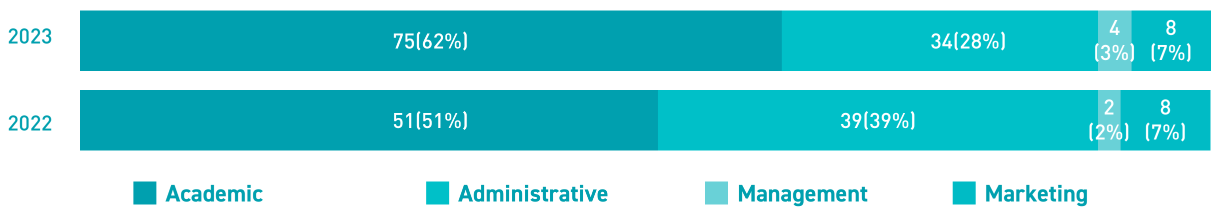
TOP had 100 (2022: 121) employees working in Australia during the Reporting Period. TOP has developed human resources workplace strategic plan which will enable it to meet the demands from and continuously assess the required capabilities of existing and future student enrolments based on its current operating context. In the plan TOP is 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, TOP has allocated financial and other resources to support scholarship activities for any employed teaching/academic staff.

The workforce number and rate categorized by age group and role are depicted below:

By Age Group

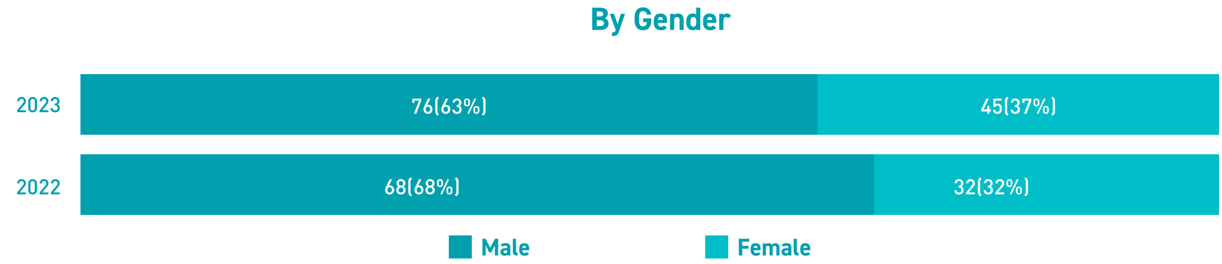


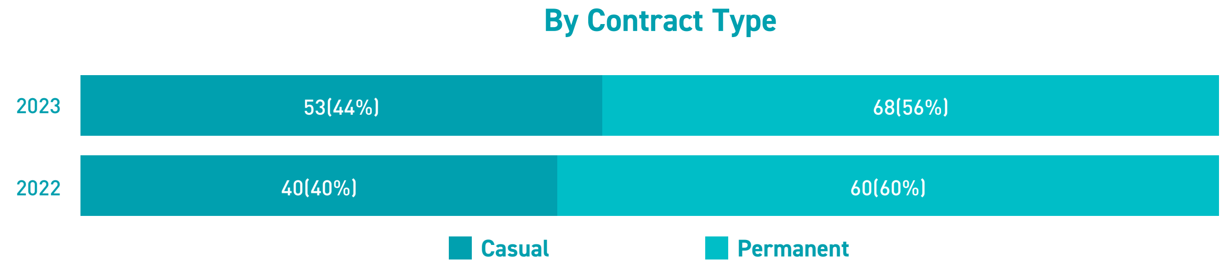
By Role



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 workforce number and rate categorised by gender and the contract type are depicted below:





In order to ensure consistency of teaching quality, TOP has maintained its casual academic ratio over the years. 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 TOP with the flexibility to offer courses on a broader variety of topics, allows TOP to adapt for market demands more easily, and make better accommodation for student requirements.

In terms of gender, the male-to-female ratio has increased to 2.1:1 for the Reporting Period (2022: 1.7:1). We will pay more attention and consider gender structure in recruitment to maintain a balance in the next reporting period.

Recruitment and retention of talents

TOP's success depends on its ability to attract, retain and motivate quality personnel. TOP pride itself in the 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 employees.

TOP provides a fair working environment through its 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.

TOP strives to ensure that its employees are reasonably remunerated and properly incentivised. TOP implements 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 to identify ambitious individuals. TOP collects up-to-date remuneration data within industry and establishes a fair, reasonable and competitive remuneration scheme to ensure that remuneration packages it offers is in line with the industry standards for the higher education sector in Australia.

The quality of staff underpins TOP's ability to provide quality higher education. TOP refers to TEQSA's Higher Education Standards Framework 2015, maintains rigorous policies and procedures with respect to staff recruitment to ensure the quality of the academic staff. Quality assurance policies and procedures will be further discussed in the later section titled "Aspect B6: Product Responsibility".

The quality of TOP's service also relies on the ability of its 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 TOP's employees will be discussed in the later section titled "Aspect B3: Development and Training".

Employee turnover

During the Reporting Period, a total of 13 (2022: 19) employees left TOP, representing an employee turnover rate of approximately 12% (note 1) (2022: 19%). The employee turnover number and rate (note 2) by age group, gender and roles were as follows:

	2023	2022
By Gender		
Male	**7(10%)**	10(15%)
Female	**6(19%)**	9(25%)
By Age Group		
30 and below	**4(25%)**	6(50%)
31 – 40	**4(12%)**	9(29%)
41 – 50	**2(10%)**	2(8%)
51 and above	**3(10%)**	2(6%)
By Role		
Academic	**4(8%)**	3(4%)
Administrative	**8(21%)**	9(32%)
Management	**Not applicable**	1(33%)
Marketing	**1(13%)**	6(300%)

Note 1: Overall turnover rate is calculated by dividing the turnover number of employees by the average number of employees at beginning and the end of the year.

Note 2: The rate is computed by dividing number of employees in specific category leaving employment by the number of employees in the corresponding category as at year end.

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. This workplace health and safety policy is clearly delivered to all our employees and is updated from time to time to ensure that our employees are not exposed to risks to their health or safety.

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.

Health and safety precautions due to COVID-19

In response to managing the risk and impact that COVID-19 brings to TOP, TOP continued to follow the Risk Management Plan on Campus for Outbreak of the COVID-19 to promptly respond to the pandemic. This Risk Management Plan puts the safety protection of its students and staff members as the highest priority.

In addition, the management team has established a COVID-19 response taskforce, headed by the CEO and the president working together with other senior administration staff and academic members including deputy principals, and vice presidents and student service manager, reporting to senior management and the Council. It is responsible for keeping up to date with the current situation, coordinating and communicating with different business units and make timely response decisions in according to the risk management plan.

The risk management plan contains risk mitigating measures including:

- Provide students and staff members with face masks;
- Provide anti-bacterial hand sanitiser on campuses and remind students and staff members to wash hands frequently;
- Order disinfection service in additional to existing daily cleaning on campuses;
- Advise students and staff members to consult a doctor as soon as they feel ill, or experience symptoms include fever, diaphoresis, chills, cough, sore throat and shortness of breath;
- Follow-up with students and staff members of suspected or confirmed COVID-19 case and keep governmental health authorities informed;
- Setup hotline to respond to students' queries;

- Publish relevant guidelines and advice from the governmental health authorities on TOP's website and circulated to students and staff members;

- Ensure normal wages and other entitlements of the staff members during the period in which they are under medical treatment or in voluntary isolation;

- Implement information transparency for all students and staff members in relation to the matter for protecting their best interest; and

- Advise staff members to avoid business trips to affected areas until the travel risk are revoked.

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.

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.

Having a sound emergency and evacuation procedure is part of TOP's responsibility, as a result floor plan and evacuation procedures are put on noticeable places in all classrooms and offices to indicate the escape routes and exit signs in case of emergency. Students, staff and visitors should follow these procedures where there is an emergency.

In addition, TOP encouraged our employees to express their views and provide information to the Human Resources department and show them their opinions are highly valued to build a culture that everyone takes responsibility for maintaining a safe and healthy work environment. 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 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 programs are detailed in the next section.

Compensation

In addition to the government-mandated employment entitlements, TOP also maintains 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 fatality and injury cases had been reported in the past three years including during the Reporting Period.

Aspect B3: Development and Training

TOP places significant 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 the Training and Professional Development Policy, through systematic training and professional development, to ensure that employees have the training required to fulfil the continuous professional training requirements of their respective profession. All staff members are required to develop an annual Individual Development Plan that identifies areas of development that will lead to professional growth and improved instruction.

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

	For the year ended 30 June	
Training topics	**2023 Total Training hours**	2022 Total Training hours
Professional & Skills	**390.50**	192.00
Induction and Ongoing Updates	**86.50**	238.00
Ethics & Compliance (including code of conduct, Bullying, harassment & discrimination, Grievance handling, anti-corruption, etc.)	**153.00**	78.00
Others (including staff welfare, leadership, etc.)	**77.50**	0.00
Total training hours	**707.50**	508.00

The percentage of total employees who took part in the training (note 1) is 100% (2022: 65%). The rate of employees trained by gender and employee category (note 2) are as follows:

	For the year ended 30 June	
	2023 % (Number of Employee trained)	2022 % (Number of Employee trained)
By Gender		
Male	**68% (68)**	65% (51)
Female	**32% (32)**	35% (28)
Total	**100%(100)**	100%(79)
By Employee Category		
Management	**2% (2)**	4% (3)
Academic	**51% (51)**	58% (46)
Others	**47% (47)**	38% (30)
Total	**100% (100)**	100%(79)

The average training hours per employee (note 3) by gender and by employee category are as follows:

	For the year ended 30 June	
	2023 (Average training hours)	2022 (Average training hours)
By Gender		
Male	**6.9**	5.22
Female	**7.44**	3.60
By Employee Category		
Management	**17.25**	26.13
Academic	**6.37**	3.01
Others	**7.40**	4.23

Note 1: The percentage is computed by dividing the total number of trained employees by the number of employees during the year.

Note 2: The percentage is computed by dividing the number of individuals trained in this employee category by the total number of trained employees.

Note 3: The average hour is calculated by dividing the training hours of employees in specific category by the number of employees in the corresponding category.

Compared to last year, TOP launched trainings to its employees with an overall of 707.5 (2022: 508) training hours. The total training hours increased was because TOP has arranged more online and offline training after the ease of COVID-19 pandemic.

Aspect B4: Labour Standards

The Company prohibits unethical business practices, such as child and forced labour, which is clearly stated in the employee's code of conduct. TOP actively detects and prevents child labour through its comprehensive screening in the recruiting process, checking the identity document, and their working visa if applicable prior to any employment. TOP also provides 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". TOP focuses on taking preventive measures at the source and hence is confident that unethical business practices, such as child and forced labour will not occur in the future.

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.

Moreover, 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

TOP is 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 TOP's quality assurance mechanisms will be described in the section titled "Aspect B6: Product Responsibility".

Third-party agents are the main suppliers in TOP's 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. TOP coordinates 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 TOP's business to be able to work closely with these third-party agents and ensure their regulatory compliance.

Aspect B5: Supply Chain Management

TOP has established policies and procedures to ensure that agents meet its standards, by undergoing a vetting process before listing them in TOP's authorised agents list.

Prior to authorising an agent, TOP has 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, TOP provides training to all agents with up-to-date and accurate course and programs information, clarifies agents' obligations or responsibilities under National Code, The Education Services for Overseas Students Act 2000 ("ESOS Act") and the contract. Conduct meeting and campus tour for onshore agent.

Signing long-term written agreements with agents, 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 its 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 TOP's prior approval for using its 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 TOP's behalf without its consent.

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

- Provide the agent with up-to-date and accurate information about TOP and its 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 performance and activities of agents on an ongoing basis and take corrective actions if TOP becomes aware that an agent may be in breach of their contract terms with it or engaging in unethical activity. To that effect, TOP has established and adopted the International Agent Monitoring Policy to ensure the monitoring of agent's compliance.

TOP conducts regular monitoring of all agents and their referred students to ensure that agreements maintain to be in the best interest of TOP and its students. Regular checks include but not limited to the following:

- Ensure all staff who are allocated to market for TOP have completed TOP's training;
- Check data entered into the record management system accurately reflects Agents' records;
- Keep records of all training and checks on the Agent's profile in TOP's management system; and
- Investigate records after receiving any complaints in relation to Agents' activities.

TOP has maintained a long-term relationship with these authorised agents and with this above-mentioned monitoring policy, TOP may take necessary actions, including cancellation of the client services agreements with perspective agents that breach contract conditions. Agents with unsatisfactory performance shall be removed from the authorised agents list.

During the Reporting Period, TOP has approximately 400 (2022: 350) active authorised agents in the list as at the end of Reporting Period, 380 (2022: 333) in Australia, 16 (2022: 9) in China mainland, 3 (2022: 6) in Southeast Asia, 1 (2022: 1) in Vietnam and 0 (2022: 1) in Hong Kong. All agents have been selected and assessed according to the above-mentioned procedures.

Aspect B6: Product Responsibility

Quality assurance

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

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

TOP has an established policy and procedure to regularly review and assess its academic courses. These reviews are integral part of TOP's quality assurance process which is also a vital element for obtaining approval from TEQSA for its partial SAA status. The review includes formal processes that analyses and evaluates the level of educational objective achieved and the related learning outcomes. In addition, TOP also regularly conducts 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.

The quality of employees is another crucial element of ensuring TOP's service quality. Through comprehensive and rigorous recruitment process, TOP ensures the employees are sufficiently qualified and experienced. TOP's hiring policy requires that all academic staff have obtained the appropriate qualifications. Many of TOP's professors and lecturers have previously taught at Australian universities.

When TOP hires new academic staff, interview and check references are conducted for each candidate. Once hired, as detailed in the section titled "Aspect B3: Development and Training", TOP provides 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 TOP's teaching and learning outcomes.

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

Digitalized delivery methodology

Due to the resumption of classes and social distancing restrictions were enforced in Australia, TOP has adopted both digitalized methods to deliver online course and face-to-face teaching. TOP will keep closely monitoring regulatory authorities of education on their requirements to resume face-to-face teaching. TOP's digitalised delivery has ensured minimal interruption to students who wish to continue with their study as planned.

Besides online teaching, TOP has implemented an online enrolment system to facilitate existing students to select and enrol courses since March 2020. Prospective students can submit their course applications through the online enrolment system.

Moreover, TOP has continued to enhance its facilities in order to build a "smart campus" during the Reporting Period, such as the utilisation of Cloud Classroom to connect students on pathway programs outside of Australia, as well as online teaching for non-award programs.

TOP also had negotiations with different outstanding research institutions/universities for potential research and development in education technology such as Artificial Intelligence for interactions between teachers and students.

Academic recognition

TOP is one of the authorized providers for Accounting Professional Year Program ("Accounting PYP"), a program co-launched by CPA Australia, the Institute of Chartered Accountants Australia and New Zealand, and the Institute of Public Accountants and is approved by the Department of Home Affairs ("DHA"). This program provides a combination of highly focused classroom-based workplace readiness skills and training opportunities with qualified trainers with real-world business exposure.

Regulatory excellence

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

TOP's courses are subject to relevant regulatory authorities' regulations and requirements. As a higher education provider with a substantial number of international students, TOP is also required to maintain registration on the Commonwealth Register of Institutions and Courses for Overseas Students ("CRICOS") and is 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.

With regards to marketing publications, TOP has 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. The above-mentioned standard guides providers in marketing their education and training services and offers a safeguard against unethical practices and assists both providers and students.

Complaint handling/student satisfaction and feedback

TOP highly values feedback and considers feedback and evaluation as a key component of its 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.

TOP aims to provide a timely, effective and transparent system for managing complains and has 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. Students are also invited to take a Student Satisfaction Survey each semester to express their opinions regarding academic staff and units they have enrolled, and specific issues happened during the semester. Student feedback obtained from student surveys are a key component of the Institute's monitoring, review and improvement activities, and an important source of feedback to staff on their teaching.

TOP wants its 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 TOP and its management staff. TOP will attend to the complaint and ensures that the concerns are addressed appropriately and as quickly as possible. Thus, TOP has established Student Complaints and Appeals Policy and related 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, TOP has not received any significant complaint related to its services (2022: Nil). TOP as an education provider, at the same time, has no products subject to recalls for safety and health reasons.

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"). TOP has established Academic Intellectual Property Policy, Authorship Policy, Student Academic Integrity Policy, Record and Data Management Policy and Copyright Guidelines to take active steps to protect TOP's 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, multimedia resources, manuals and handouts etc. TOP protects these IP rights by agreement of non-disclosures and additionally binding employees to Staff Code of Conduct and Ethics Policy to respect and protect the confidentiality of information obtained at TOP. These policies, implementation, and monitoring methods for the protection of company's intellectual property right are set out in "Academic Intellectual Property Policy", "TOP Authorship Policy", and "TOP Code of Conduct for Research".

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 decreases the possibility of TOP wrongly claiming IP rights.

During the Reporting Period, TOP has 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 (2022: Nil). TOP strictly complies with the Copyright Act 1968, Fair Trading Act 1987, Designs Act 2023 (Cwlth), Trade Marks Act 1995, Trade Marks Regulations 1995, Patents Regulations 1991, Designs Regulations 2004 and Patents Act 1990, and believe that it has taken all reasonable measures to prevent infringement of its own IP rights.

Personal data protection

TOP considers that privacy and security of information are critical operating principles. TOP recognises the importance of keeping personal information of its stakeholders, e.g., students and staff, in strict confidence. TOP has implemented various information privacy and information security programs to protect the security of corporate data as well as personal data privacy.

In addition to TOP's privacy and information security policy, its employees are bound by the terms of their employment contracts and the Staff Code of Conduct and Ethics Policy 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 TOP will not be disclosed to any person without the prior approval of the designated officer(s) of TOP. Any unauthorized copying, dissemination or disclosure of confidential information, including identities and transaction records of customers, is strictly prohibited.

TOP is committed to complying with relevant laws and regulations on customer data protection and privacy. TOP is subject to Australian Privacy Act 1988, Privacy Regulation 2013, and the Australian Privacy Principles which restricts the use of personal information collected by TOP for specific purposes. TOP obtains consent from students and customers before collecting personal information, using them only for their intended purpose, and destroying 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, TOP has established policies and procedures, including but not limited to, Conflict of Interest policy, Fraud and Anti-Corruption policy, Grievance policy, Gift & Benefits policy and Staff Code of Conduct and Ethics Policy. Through the establishment of these policies, TOP encourages 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, Fraud and Corruption Control (Australian Standard AS8001-2008), Ombudsman Act 1974 (NSW); and Independent Commission Against Corruption Act 1988 (NSW) and act in an ethical and responsible manner and show respects to all other staff, students and all parties within campus, at all times. For corruption training, it was conducted during the Reporting Period. TOP will continuously monitor the update of laws and regulations and conduct anti-corruption training to its directors and staff in the future. Furthermore, students, employees or any stakeholders can also utilise complaint channels – as describe in the grievance policy – to file complaint to notify TOP of their complaint or suggestion.

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

TOP takes matters related to bribery and any form of corrupt practices very seriously, and such conduct will not be tolerated. 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 TOP (2022: Nil).

COMMUNITY

Aspect B8: Community Investment

TOP did not initiate lots of work on environment protection and community care during the year due to the pandemic. We will continue to fulfil our corporate responsibilities on environment protection and society.

Building a better working world

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Top Education Group Ltd

OPINION

We have audited the consolidated financial statements of Top Education Group Ltd (the Company) and its subsidiaries (collectively the Group), which comprise the consolidated statement of financial position as at 30 June 2023, 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 2023, 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 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 International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical standards Board's APES 110 *Code of Ethics for Professional Accountants* and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (collectively the "Codes"). We have fulfilled our other ethical responsibilities in accordance with the Codes. 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 judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

Why significant	How our audit addressed the key audit matter
Revenue Recognition The Group generated AUD$26.8 million in revenue from the provision of education services for the year ended 30 June 2023. As disclosed in notes 2.5 and 5 to the financial statements, revenue is recognised over time as the performance obligations of rendering education services are satisfied. Course fees received but not yet earned are recorded as contract liabilities. Given the significant volume of revenue transactions and the importance of revenue to the users of the financial statements, specifically as a key performance indicator for the Group, this was considered to be a key audit matter.	Our audit procedures included the following: • Evaluated the Group's revenue accounting processes and assessed whether the Group's revenue accounting policies complied with the requirements of IFRS 15 *Revenue from Contracts with Customers*. • Developed an expectation of the current year local tuition fee revenue based on trend analysis information, taking into account student enrolment numbers, course fees and course terms. We compared this expectation to actual local tuition fee revenue recognised. • Tested a sample of local tuition fee revenue transactions by agreeing revenue recognised to relevant supporting documentation, including externally published course fees and official student records registered with relevant education authorities. • Used data analytical procedures to corroborate expected correlations between local tuition fee revenue and cash. • For a sample of revenue transactions, we assessed whether revenue was recorded in the correct period. This included testing whether revenue transactions were recognised as contract liabilities at balance date where applicable. • For overseas service revenue, we performed a recalculation of the amount of service fee income recognised during the year in accordance with the terms of the joint education program agreements. • Assessed the adequacy of the financial report disclosures contained in Notes 2.5 and 5.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the company are responsible for the other information. The Other information comprises the information included in the Annual Report, other than the 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 of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the International Accounting Standards Board 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 of the Company 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 of the Company are assisted by the Audit and Risk Management 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 the ISAs 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 the ISAs, we exercise professional judgment 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 and Risk Management 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 and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year 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 Lynn Morrison.

Ernst & Young

Ernst & Young
Sydney
25 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2023

	Notes	2023 AUD$'000	2022 AUD$'000
REVENUE	5	**26,848**	18,697
Cost of sales		**(15,056)**	(11,121)
Gross profit		**11,792**	7,576
Interest income		**513**	58
Other income and gains	5	**314**	1,127
Administrative expenses		**(7,291)**	(7,273)
Advertising and marketing expenses		**(2,752)**	(1,988)
Other operating expenses		**–**	(301)
Finance costs	7	**(786)**	(835)
PROFIT/(LOSS) BEFORE TAX	6	**1,790**	(1,636)
Income tax (expense)/credit	10	**(702)**	308
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,088**	(1,328)
Profit/(Loss) Attributable to:			
Owners of the Company		**1,113**	(1,299)
Non-controlling interests		**(25)**	(29)
		1,088	(1,328)
EARNINGS PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings/(loss) per share (AUD cents)	12	**0.046**	(0.054)
Diluted earnings/(loss) per share (AUD cents)	12	**0.044**	(0.054)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	2023 AUD$'000	2022 AUD$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**8,891**	9,824
Intangible assets	16	**9,492**	11,165
Right-of-use assets	14	**10,539**	12,456
Prepayments and deposits	18	**1,188**	1,188
Goodwill	15	**1,533**	1,533
Total non-current assets		**31,643**	36,166
CURRENT ASSETS			
Trade receivables	17	**344**	550
Prepayments, other receivables and other assets	18	**2,520**	3,249
Tax receivable		**–**	793
Cash and cash equivalents	19	**41,732**	33,225
Total current assets		**44,596**	37,817
CURRENT LIABILITIES			
Trade payables	20	**2,615**	2,022
Other payables and accruals	21	**3,290**	3,432
Lease liabilities	14	**2,128**	1,179
Contract liabilities	22	**5,982**	3,862
Tax payable		**355**	–
Total current liabilities		**14,370**	10,495
NET CURRENT ASSETS		**30,226**	27,322
TOTAL ASSETS LESS CURRENT LIABILITIES		**61,869**	63,488
NON-CURRENT LIABILITIES			
Lease liabilities	14	**12,412**	15,056
Deferred tax liability	23	**193**	561
Other payables and accruals	21	**339**	348
Total non-current liabilities		**12,944**	15,965
Net assets		**48,925**	47,523
EQUITY			
Share capital	24	**36,414**	36,414
Treasury shares		**(2,236)**	(2,236)
Reserves		**14,338**	12,911
Non-controlling interests		**409**	434
Total equity		**48,925**	47,523

Rongning Xu
Director

Amen Kwai Ping Lee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2023

	Notes	Issued capital AUD$'000	Treasury shares AUD$'000	Share-based payment reserve AUD$'000	Retained profits AUD$'000	Non-controlling interest AUD$'000	Total equity AUD$'000
At 1 July 2021		36,281	(2,236)	4,694	9,916	463	49,118
Profit and total comprehensive income for the year		–	–	–	(1,299)	(29)	(1,328)
Dividends declared	11	–	–	–	–	–	–
Issue of shares		133	–	(133)	–	–	–
Cancellation of shares	24	–	–	–	–	–	–
Equity-settled performance rights arrangements	25	–	–	(267)	–	–	(267)
At 30 June 2022 and 1 July 2022		**36,414**	**(2,236)**	**4,294***	**8,617***	**434**	**47,523**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**1,113**	**(25)**	**1,088**
Dividends declared	11	**–**	**–**	**–**	**–**	**–**	**–**
Issue of shares		**–**	**–**	**–**	**–**	**–**	**–**
Cancellation of shares	24	**–**	**–**	**–**	**–**	**–**	**–**
Equity-settled performance rights arrangements	25	**–**	**–**	**314**	**–**	**–**	**314**
At 30 June 2023		**36,414**	**(2,236)**	**4,608***	**9,730***	**409**	**48,925**

* These reserve accounts comprise the reserves of AUD$14,338,000 (2022: AUD$12,911,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2023

	Notes	2023 AUD$'000	2022 AUD$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before tax		**1,790**	(1,636)
Adjustments for:			
Finance costs	7	**786**	835
Interest income		**(513)**	(58)
Foreign exchange loss/(gain), net		**1**	(26)
Write-off of intangible assets		**153**	–
Share-based payments	25	**251**	81
Depreciation of property, plant and equipment	13	**1,022**	1,062
Amortisation of right-of-use assets	14	**1,917**	1,917
Amortisation of intangible assets	16	**2,247**	2,032
		7,654	4,207
Decrease in inventory		**–**	85
Decrease/(increase) in trade receivables		**206**	(142)
Decrease/(increase) in prepayments, other receivables and other assets		**729**	(472)
Increase/(Decrease) in trade payables		**593**	(150)
(Decrease)/increase in other payables and accruals		**(151)**	521
Increase in lease liabilities		**–**	160
Increase in contract liabilities		**2,120**	2,368
Cash generated from operations		**11,151**	6,577
Interest received		**513**	58
Interest element on lease liabilities	7	**(786)**	(835)
Income tax refunded		**141**	49
Net cash flows from operating activities		**11,019**	5,849
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	**(89)**	(110)
Additions to intangible assets		**(727)**	(1,615)
Net cash flows used in investing activities		**(816)**	(1,725)

	Notes	2023 AUD$'000	2022 AUD$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		**(1,695)**	(500)
Net cash flows used in financing activities		**(1,695)**	(500)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,508**	3,624
Cash and cash equivalents at beginning of year		**33,225**	29,575
Effect of foreign exchange rate changes, net		**(1)**	26
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	**41,732**	33,225
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**41,732**	33,225

1. CORPORATE AND GROUP INFORMATION

The consolidated financial statements of Top Education Group Ltd and its subsidiaries (collectively, the "Group") for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 25 September 2023.

Top Education Group Ltd (the "Company") 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 of Hong Kong Limited (the "Stock Exchange") since 11 May 2018.

The Group is principally engaged in providing private higher education services and English language courses in Australia. Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on other related party relationships of the Group is provided in note 28.

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
Scots English College Pty Ltd	Australia	AUD$550,000	85	–	Provision of English Language courses

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

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") issued 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 2023. 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 initially recognised at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of Consolidation (Continued)

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, it consolidates the Trust within the Group.

2.3 Changes in Accounting Policies and Disclosures

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "Conceptual Framework") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, amendments clarify that contingent assets do not qualify for recognition at the acquisition date. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 July 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Changes in Accounting Policies and Disclosures (Continued)

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e. g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e. g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 July 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 July 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024
5 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Further information about certain IFRSs that are expected to be applicable to the Group is described below:

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Group did not apply the initial recognition exception and has recognized a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

Business combinations and goodwill

Acquisitions of business are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

For each business combination, the Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the fair value of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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 considers 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

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 and English courses. 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. The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(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.

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.

Contract liabilities

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 student pays the consideration before the Group transfers goods or services to the student, 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(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.

Foreign currencies

The consolidated financial statements are presented in Australian dollars. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Income tax (Continued)

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.

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%

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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 Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases for low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Building	1 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in measurement of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Intangible assets (other than goodwill)

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.

Development costs

Expenditure incurred on projects to develop new and existing 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.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Financial assets

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 marketplace (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)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the 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.

Impairment of financial assets

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Impairment of financial assets (Continued)

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)

Financial liabilities

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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

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 three months).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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.

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

The Group is required to contribute 10.5% (2022: 10%) of its employee's ordinary time earnings into superannuation funds in accordance with superannuation legislation. Such contributions are fully and immediately vested in employees once made. 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. There is no forfeited contribution under the pension scheme available to reduce the contributions payable in future years. As such, there is no issue of whether forfeited contributions may be used by the Group to reduce the existing level of contributions to such schemes.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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 25.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Share-based payments (Continued)

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

As disclosed in note 24 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income in the period in which they become receivable.

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.

Judgments

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 with indefinite useful lives

The management consider that the brand names, as set out in note 16, for all practical purposes have indefinite useful lives and are therefore not amortised until their useful lives are determined to be finite. The brand names are tested for impairment annually.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

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.

Impairment of goodwill and intangible assets with indefinite useful life

Determine whether goodwill and brand names with indefinite useful life are impaired requires an estimation of the recoverable amount of the cash-generating units ("CGUs") to which goodwill and brand names have been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the present value of the future cash flows expected to arise from the CGUs containing goodwill and brand names using suitable discount rates. Key assumptions and estimates include the discount rates and growth rates used in the value in use calculations. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. As at 30 June 2023, the carrying amounts of goodwill and brand names were AUD1,533,000 and AUD1,300,000 (2022: AUD1,533,000 and AUD1,300,000), respectively. Details of the calculation of recoverable amounts are disclosed in note 15.

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 assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 25.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation Uncertainty (Continued)

Useful lives of deferred development costs and agent relationships

The Group's management determines the estimated useful lives of its deferred development costs and agent relationships for the calculation of the amortisation of deferred development costs and agent relationships. This estimate is determined after considering the expected period in which economic benefits can be generated from the development courses or agent relationships to which the deferred development costs and agent relationships 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".

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group has identified the CEO and the Board of Directors as the chief operating decision makers. The Group has only one reporting segment being mainly engaged in provision of private higher education services and English course 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 CEO and the Board of Directors 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:

	2023 AUD$'000	2022 AUD$'000
Revenue from contracts with customers		
Course fee income	**25,044**	17,048
Other service fee income	**1,804**	1,649
	26,848	18,697

Revenue from contracts with customers		
(i) Disaggregated revenue information		
Geographical markets		
Australia	**26,848**	18,697
Timing of revenue recognition		
Course fee income recognised over time	**25,044**	17,048
Others service fee income recognised over time	**1,804**	1,649
	26,848	18,697

(ii) Performance obligations

Provision of private higher education services and English course 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. The Group's contracts with students for English courses are normally between 8 weeks and 20 weeks depending on the education programs. Tuition fees are determined and paid by the students before the start of each school term.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2023 and 2022 are as follows:

	2023 AUD$'000	2022 AUD$'000
Contract liabilities (Note 22)	**5,982**	3,862

5. REVENUE AND OTHER INCOME AND GAINS (Continued)

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.

	2023 AUD$'000	2022 AUD$'000
Other income and gains		
Foreign exchange gains	**2**	26
Government grants (Note)	**166**	844
Others	**146**	257
	314	1,127

Note: government grants represent temporary subsidies from government to support businesses during the economic downturn associated with COVID-19, and the grants help Australian businesses grow their exports in international markets.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Notes	2023 AUD$'000	2022 AUD$'000
Amortisation of intangible assets	16	**2,247**	2,032
Depreciation	13	**1,022**	1,062
Amortisation of right-of-use assets	14	**1,917**	1,917
Auditors' remuneration		**262**	247
Employee benefit expense (excluding directors' and chief executive's remuneration (note 8)):			
Wages, salaries and other employee benefits		**6,665**	6,078
Share-based payments	25	**251**	81
Pension scheme contributions (defined contribution schemes)		**608**	556
Less: Amount capitalised		**(150)**	(469)
		7,374	6,246
Impairment allowance for trade receivables	17	**16**	44

7. FINANCE COST

	2023 AUD$'000	2022 AUD$'000
Interest on lease liabilities	**786**	835
	786	835

8. 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:

	2023 AUD$'000	2022 AUD$'000
Fees	**778**	553
Other emoluments:		
Salaries	**422**	870
Share-based payments	**75**	(100)
Performance related bonus	**–**	9
Pension scheme contributions	**99**	125
	596	904
	1,374	1,457

(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**
2023				
Professor Brian James Stoddart (a)	**77**	**–**	**8**	**85**
Professor Steven Schwartz	**82**	**–**	**9**	**91**
Mr. Tianye Wang	**55**	**–**	**–**	**55**
Mr. Jonathan Richard O'Dea (b)	**31**	**–**	**3**	**34**
	245	**–**	**20**	**265**

	Fees AUD$'000	Share-based payment AUD$'000	Pension scheme contributions AUD$'000	Total remuneration AUD$'000
2022				
Professor Brian James Stoddart	82	–	8	90
Professor Steven Schwartz	82	–	8	90
Mr. Tianye Wang	54	–	–	54
Professor Weiping Wang (c)	26	–	–	26
	244	–	16	260

(a) Resigned on 18 November 2022
(b) Appointed on 15 February 2023
(c) Resigned on 15 December 2021

There were no other emoluments payable to the independent non-executive directors during the year (2022: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive Directors and Non-executive Directors

	Fees AUD$'000	Salaries AUD$'000	Share-based payment AUD$'000	Performance related bonuses AUD$'000	Pension scheme contributions AUD$'000	Total remuneration AUD$'000
2023						
Executive directors:						
Rongning Xu, CEO	**133**	**300**	**75**	**–**	**46**	**554**
	133	**300**	**75**	**–**	**46**	**554**
Non-executive directors:						
Thomas Richard Seymour (a)	**31**	**–**	**–**	**–**	**3**	**34**
Xingshi Huang	**81**	**122**	**–**	**–**	**21**	**224**
Amen Kwai Ping Lee	**81**	**–**	**–**	**–**	**9**	**90**
Yi Dai	**90**	**–**	**–**	**–**	**–**	**90**
Edward Chiang	**90**	**–**	**–**	**–**	**–**	**90**
Qingquan Yang (b)	**27**	**–**	**–**	**–**	**–**	**27**
	400	**122**	**–**	**–**	**33**	**555**
	533	**422**	**75**	**–**	**79**	**1,109**

	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
2022						
Executive directors:						
Rongning Xu, CEO (c)	19	274	75	9	30	407
Sumeng Cao, CEO (d)	88	483	(175)	–	43	439
	107	757	(100)	9	73	846
Non-executive directors:						
Thomas Richard Seymour	41	–	–	–	4	45
Xingshi Huang (e)	30	113	–	–	28	171
Amen Kwai Ping Lee	41	–	–	–	4	45
Yi Dai	45	–	–	–	–	45
Edward Chiang	45	–	–	–	–	45
	202	113	–	–	36	351
	309	870	(100)	9	109	1,197

(a) Resigned on 18 November 2022
(b) Appointed on 16 March 2023
(c) Appointed as acting CEO on 13 December 2021, appointed as executive director and CEO on 21 March 2022
(d) Resigned on 10 December 2021
(e) Appointed on 1 October 2021

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included the CEO and a non-executive director (2022: the CEO and an executive director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither directors nor the CEO of the Group are as follows:

	2023 AUD$'000	2022 AUD$'000
Salaries	628	630
Performance related bonus	21	–
Pension scheme contributions	68	82
	717	712

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	
	2023	2022
Nil to AUD$161,000 (HK$1,000,000)	–	–
AUD$161,001 (HK$1,000,001) to AUD$242,000 (HK$1,500,000)	1	1
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)	–	–
AUD$404,001 (HK$2,500,001) to AUD$484,000 (HK$3,000,000)	–	–
	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 (2022: nil).

10. 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 25% for the year ended 30 June 2023 and the year ended 30 June 2022 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.

	2023 **AUD$'000**	2022 AUD$'000
Current – Elsewhere		
Charge/(credit) for the year	**1,038**	(479)
(Overprovision)/Underprovision for current tax of prior periods	**32**	(134)
Deferred (note 23)	**(368)**	305
Total tax charge/(credit) for the year	**702**	(308)

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:

	2023		2022	
	AUD$'000	**%**	AUD$'000	%
Profit/(loss) before tax	**1,790**		(1,636)	
Tax at the Group's statutory tax rate of 25% for 2023 and 2022	**448**	**25**	(409)	25
Income not subject to tax	**–**	**–**	(176)	10.8
Expenses not deductible for tax	**67**	**3.7**	75	(4.6)
Reduction in opening deferred taxes resulting from reduction in tax rate	**(1)**	**(0.1)**	26	(1.7)
Others	**188**	**10.5**	87	(5.3)
Non-refundable non-carry forward tax offsets	**–**	**–**	89	(5.4)
Tax charge/(credit) at the Group's effective rate	**702**	**39.2**	(308)	18.8

11. DIVIDENDS

	2023 **AUD$'000**	2022 AUD$'000
Final – Nil per ordinary share	**–**	–

Subsequent to the end of the reporting period, a final dividend of HK0.1 cents in respect of the year ended 30 June 2023 (2022: nil) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS OR LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings or loss per share amount is based on the earnings for the year attributable to owners of the Company of AUD$1,248,000 (2022: loss AUD$1,299,000) and the weighted average number of ordinary shares of 2,394,512,000 (2022: 2,393,447,000) on issue during the year.

The calculation of the diluted earnings or loss per share amount is based on the profit or loss for the year attributable to owners of the Company. The weighted average number of shares used in the calculation is the number of shares on 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 loss or earnings per share are based on:

	2023 **AUD$'000**	2022 AUD$'000
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company	**1,113**	(1,299)

	Number of shares	
	2023 **Ordinary shares** **'000**	2022 Ordinary shares '000
Shares		
Weighted average number of shares in issue used in the basic earnings per share calculation	**2,394,512**	2,393,447
Effect of dilution – weighted average number of shares:		
Performance rights and share options	**140,890**	–
	2,535,402	2,393,447

13. 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 2023				
At 30 June 2022 and 1 July 2022:				
Cost	**345**	**3,136**	**10,157**	**13,638**
Accumulated depreciation	**(297)**	**(1,390)**	**(2,127)**	**(3,814)**
Net carrying amount	**48**	**1,746**	**8,030**	**9,824**
At 1 July 2022, net of accumulated depreciation	**48**	**1,746**	**8,030**	**9,824**
Additions	**8**	**65**	**16**	**89**
Depreciation provided during the year	**(28)**	**(254)**	**(740)**	**(1,022)**
At 30 June 2023, net of accumulated depreciation	**28**	**1,557**	**7,306**	**8,891**
At 30 June 2023:				
Cost	**352**	**3,201**	**10,172**	**13,725**
Accumulated depreciation	**(324)**	**(1,644)**	**(2,866)**	**(4,834)**
Net carrying amount	**28**	**1,557**	**7,306**	**8,891**

	Teacher reference books AUD$'000	Plant and equipment AUD$'000	Classroom and office equipment AUD$'000	Total AUD$'000
30 June 2022				
At 30 June 2021 and 1 July 2021:				
Cost	340	3,041	10,146	13,527
Accumulated depreciation	(262)	(1,109)	(1,380)	(2,751)
Net carrying amount	78	1,932	8,766	10,776
At 1 July 2021, net of accumulated depreciation	78	1,932	8,766	10,776
Additions	5	95	10	110
Depreciation provided during the year	(35)	(281)	(746)	(1,062)
At 30 June 2022, net of accumulated depreciation	48	1,746	8,030	9,824
At 30 June 2022:				
Cost	345	3,136	10,157	13,638
Accumulated depreciation	(297)	(1,390)	(2,127)	(3,814)
Net carrying amount	48	1,746	8,030	9,824

14. LEASES

The Group as a lessee

The Group has lease contracts for items of office and buildings used in its operation. Leases of buildings generally have lease terms between 1 and 10 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

Right-of-use assets	**Office premises** AUD$'000	**Total** AUD$'000
As at 1 July 2021	14,373	14,373
Amortisation charge	(1,917)	(1,917)
As at 30 June 2022 and 1 July 2022	12,456	12,456
Additions	–	–
Amortisation charge	(1,917)	(1,917)
As at 30 June 2023	10,539	10,539

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Lease liabilities	
	2023 **AUD$'000**	2022 AUD$'000
Carrying amount at 1 July	**16,235**	16,575
Accretion of interest recognised during the year	**786**	835
Cash payment received due to COVID-19	**–**	160
Payments	**(2,481)**	(1,335)
Carrying amount at 30 June	**14,540**	16,235
Analysed into:		
Current portion	**2,128**	1,179
Non-current portion	**12,412**	15,056

The maturity analysis of lease liabilities is disclosed in note 31 to the financial statements.

14. LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 AUD$'000	2022 AUD$'000
Interest on lease liabilities	**786**	835
Amortisation charge of right-of-use assets	**1,917**	1,917
Expense relating to leases of low-value assets	**78**	55
	2,781	2,807

(d) The total cash outflow for leases are disclosed in note 26 to the financial statements.

15. GOODWILL

	2023 AUD$'000	2022 AUD$'000
Cost:		
At 1 July	**1,533**	1,533
As at 30 June	**1,533**	1,533
Accumulated impairment:		
At beginning and end of year	**–**	–
Net carrying amount:		
At 1 July	**1,533**	1,533
At 30 June	**1,533**	1,533

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to the following cash-generating units for impairment testing:

	2023 AUD$'000	2022 AUD$'000
SCOTS	**1,533**	1,533
	1,533	1,533

Cash-generating unit of SCOTS

The recoverable amount of SCOTS cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a three-year period approved by senior management. The discount rate applied to the cash flow projections is 11% (2022: 11%). The growth rate used to extrapolate the cash flows of SCOTS beyond the three-year period (2022: three-year period) is 1% (2022:1%).

15. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Cash-generating unit of SCOTS (Continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales amounts – The budgeted sales amounts are based on the historical data and management's expectation on the future market.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Long term growth rate – The long term growth rate is based on the historical data and management's expectation on the future market.

Discount rate – The discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies conducting business in the industry.

The values assigned to the key assumptions on market development of the cash-generating unit and the discount rate are consistent with external information sources.

16. INTANGIBLE ASSETS

	Registration and other development expenditure AUD$'000	Course development expenditure AUD$'000	Trade marks AUD$'000	Agent Relationship AUD$'000	Brand AUD$'000	Total AUD$'000
30 June 2023						
At 1 July 2022:						
Cost	2,448	15,648	52	1,600	1,300	21,048
Accumulated amortisation	(1,895)	(7,538)	(23)	(427)	–	(9,883)
Net carrying amount	553	8,110	29	1,173	1,300	11,165
Cost as at 1 July 2022, net of accumulated amortisation	553	8,110	29	1,173	1,300	11,165
Additions	72	655	–	–	–	727
Write-off	–	(153)	–	–	–	(153)
Amortisation	(130)	(1,949)	(8)	(160)	–	(2,247)
At 30 June 2023, net of accumulated amortisation	495	6,663	21	1,013	1,300	9,492
At 30 June 2023:						
Cost	2,521	15,960	52	1,600	1,300	21,433
Accumulated amortisation and impairment	(2,026)	(9,297)	(31)	(587)	–	(11,941)
Net carrying amount	495	6,663	21	1,013	1,300	9,492

16. INTANGIBLE ASSETS (Continued)

	Registration and other development expenditure AUD$'000	Course development expenditure AUD$'000	Trade marks AUD$'000	Agent Relationship AUD$'000	Brand AUD$'000	Total AUD$'000
30 June 2022						
At 1 July 2021:						
Cost	2,267	14,214	52	1,600	1,300	19,433
Accumulated amortisation	(1,729)	(5,839)	(16)	(267)	–	(7,851)
Net carrying amount	538	8,375	36	1,333	1,300	11,582
Cost as at 1 July 2021, net of accumulated amortisation	538	8,375	36	1,333	1,300	11,582
Additions	181	1,434	–	–	–	1,615
Amortisation	(166)	(1,699)	(7)	(160)	–	(2,032)
At 30 June 2022, net of accumulated amortisation	553	8,110	29	1,173	1,300	11,165
At 30 June 2022:						
Cost	2,448	15,648	52	1,600	1,300	21,048
Accumulated amortisation	(1,895)	(7,538)	(23)	(427)	–	(9,883)
Net carrying amount	553	8,110	29	1,173	1,300	11,165

The Group amortises intangible assets, other than those with an indefinite 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 2023 and 30 June 2022. The Group amortises its registered trademark with finite useful life using the straight-line method of 10 years from 1 July 2018, agency relationships with finite useful life using the straight-line method of 10 years from 1 November 2019. Brand name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The brand name will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. In addition to goodwill, brand names with indefinite useful life above that generate cash flows is included in the CGU for SCOTS for the purpose of impairment assessment.

17. TRADE RECEIVABLES

The Group's students are required to pay tuition fees in advance for upcoming semesters. The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fee. There is no fixed term for delayed payments. 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. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the transaction date is as follows:

	As at 30 June	
	2023	2022
	AUD$'000	AUD$'000
Trade receivables	**360**	594
Allowance for expected credit losses	**(16)**	(44)
	344	550

	As at 30 June	
	2023	2022
	AUD$'000	AUD$'000
within 1 month	**–**	–
1 to 3 months	**344**	550

The Group applies the simplified approach to provide for the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Trade receivables from students are considered to be credit-impaired when the students withdraw from the tuition programs and are assessed individually for lifetime ECL provision.

The Group assessed the expected losses on trade receivables from students grouped based on the ageing of the trade receivables, considering the historical default experience and forward-looking information, as appropriate. The Group uses debtors' ageing to assess the impairment for students because these customers consist of a large number of students with common risk characteristics that are representative of the students' abilities to pay all amounts due in accordance with the contractual terms. AUD$16,000 was recorded as allowance for impairment loss during the reporting period (2022: AUD$44,000). Generally, trade receivables are written off when the student withdraw from the tuition programs and are not subject to enforcement activity.

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June	
	2023	2022
	AUD$'000	AUD$'000
Non-current assets		
Prepayments	**1,188**	1,188
Current assets		
Prepayments	**235**	461
Term deposits	**1,742**	1,740
Other assets	**97**	110
Other receivables	**446**	938
	2,520	3,249

As at 30 June 2023, other assets included the Group's total restricted cash and cash equivalents of AUD$53,000 and AUD$45,000 which were reserved at the Trust and a security account, respectively, to fund the employee performance share scheme.

Term deposits and other receivables mainly represent deposit (between 3 -12 months), 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 2023, 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 2023 was 0% (2022: 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.

19. CASH AND CASH EQUIVALENTS

	2023 AUD$'000	2022 AUD$'000
Cash and bank balances	**20,732**	27,210
Term deposits	**21,000**	6,015
Cash and cash equivalents	**41,732**	33,225

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.

20. 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:

	2023 AUD$'000	2022 AUD$'000
Over two months	**2,615**	2,022

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

21. OTHER PAYABLES AND ACCRUALS

	As at 30 June	
	2023 AUD$'000	2022 AUD$'000
Current liabilities		
Other payables	**1,747**	2,104
Unpaid leave obligations	**1,543**	1,328
	3,290	3,432
Non-current liabilities		
Unpaid leave obligations	**192**	150
Accruals for reinstatement cost	**147**	198
	339	348

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

22. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2023 AUD$'000	2022 AUD$'000
Short-term advances received from students		
Course fees	**5,982**	3,862

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.

23. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

				2023			
	Share based payments AUD$'000	**Employee benefits AUD$'000**	**Accruals AUD$'000**	**Blackhole Expenditure AUD$'000**	**Lease Liability AUD$'000**	**Others AUD$'000**	**Total AUD$'000**
At 1 July 2022	**773**	**432**	**147**	**(16)**	**3,853**	**(15)**	**5,174**
Credited/(charged) to profit or loss	**(418)**	**71**	**35**	**-**	**(215)**	**(12)**	**(539)**
Equity	**-**						**-**
At 30 June 2023	**355**	**503**	**182**	**(16)**	**3,638**	**(27)**	**4,635**

				2022			
	Share based payments AUD$'000	Employee benefits AUD$'000	Accruals AUD$'000	Blackhole Expenditure AUD$'000	Lease Liability AUD$'000	Others AUD$'000	Total AUD$'000
At 1 July 2021	1,087	420	161	435	4,197	(15)	6,285
Credited/(charged) to profit or loss	(30)	12	(14)	(451)	(344)	–	(827)
Equity	(284)						(284)
At 30 June 2022	773	432	147	(16)	3,853	(15)	5,174

23. DEFERRED TAX (Continued)

Deferred tax liabilities

	2023			
	Intangible assets AUD$'000	**Prepayments AUD$'000**	**Lease assets AUD$'000**	**Total AUD$'000**
At 1 July 2022	**2,474**	**6**	**3,255**	**5,735**
Credited to profit or loss	**(283)**	**(5)**	**(619)**	**(907)**
At 30 June 2023	**2,191**	**1**	**2,636**	**4,828**

	2022			
	Intangible assets AUD$'000	Prepayments AUD$'000	Lease assets AUD$'000	Total AUD$'000
At 1 July 2021	2,601	4	3,652	6,257
Charged/(credited) to profit or loss	(127)	2	(397)	(522)
At 30 June 2022	2,474	6	3,255	5,735

* Total deferred tax credited to profit or loss during the year amounted to AUD$368,000 (2022: charged AUD$305,000) (note 10).

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:

	2023 AUD$'000	2022 AUD$'000
Gross deferred tax assets	**4,635**	5,174
Gross deferred tax liabilities	**(4,828)**	(5,735)
Net deferred tax assets/(liabilities) recognised in the statement of financial position	**(193)**	(561)

24. SHARE CAPITAL

Shares

	2023 AUD$'000	2022 AUD$'000
Issued and fully paid:		
2,433,332,000 (2022: 2,433,332,000) ordinary shares	**36,414**	36,414

Treasury shares

	Number of shares	Total AUD$'000
At 1 July 2021	38,820,000	2,236
Shares held for share-based payments	–	–
At 30 June 2022	38,820,000	2,236

	Number of shares	Total AUD$'000
At 1 July 2022	38,820,000	2,236
Shares held for share-based payments	–	–
At 30 June 2023	38,820,000	2,236

During the year ended 30 June 2023, the Trust did not acquire any shares.

A summary of movements in the Group's share capital is as follows:

	Number of ordinary shares in issue Note (i)	Share capital AUD$'000
At 1 July 2021	2,430,270,000	36,281
Issue of new shares upon exercise of the pre-IPO rights	3,062,000	133
At 30 June 2022 and 1 July 2022	2,433,332,000	36,414
Issue of new shares upon exercise of the pre-IPO rights	–	–
At 30 June 2023	2,433,332,000	36,414

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.

25. 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 Dr Minshen Zhu, 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.

25. SHARE-BASED PAYMENTS (Continued)

Pre-IPO Performance Rights Plan (Continued)

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

On 27 May 2021, the Board of directors has determined that as a good leaver, all of Dr Minshen Zhu, the CEO's unvested performance rights, being 60,160 Performance Rights (equivalent to 120,320,000 Shares upon the full exercise of such rights), have not lapsed and all Vesting Conditions in respect of such rights are deemed to have been satisfied, pursuant to the Plan Rules.

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.

25. 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)

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:

	2023		2022	
	Weighted average exercise price HK$ per share	**Number of rights**	Weighted average exercise price HK$ per share	Number of rights
At 1 July	**–**	**127,976,000**	–	131,038,000
Granted during the year	**–**	**–**	–	–
Exercised	**–**	**–**	–	(3,062,000)
At 30 June	**–**	**127,976,000**	–	127,976,000
Weighted average exercise period		**9 years**		10 years
Vested and exercisable as at end of the year		**127,976,000**		127,976,000

No share options were exercised during the reporting period. (2022: 3,062,000).

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

25. SHARE-BASED PAYMENTS (Continued)

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.

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:

	2023		2022	
	Weighted average exercise price HK$ per share	Number of rights	Weighted average exercise price HK$ per share	Number of rights
At 1 July	**0.56***	**15,660,714**	0.56*	18,559,888
Granted during the year	**–**	**–**	–	–
Forfeited	**–**	**(569,481)**	–	(2,899,174)
Exercised	**–**	**–**	–	–
At 30 June	**0.56***	**15,091,233**	0.56*	15,660,714
Weighted average exercise period		**5 years**		6 years
Exercisable as at end of the year		**15,091,233**		15,660,714

* equivalent to AUD$0.11 per share.

No share options were exercised during the reporting period (2022: nil).

25. 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, among which 6,000,000 awarded shares were granted to Ms. Sumeng Cao, the former Executive Director of the Company, and to Ms. Rongning Xu, the Executive Director, respectively. The 12,000,000 Awarded Shares represent 0.46% of the total number of issued Shares as at the Adoption Date. The 6,000,000 awarded shares granted to Ms. Sumeng Cao lapsed on 10 December 2021.

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	23 May 2029

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

	2023		2022	
	Weighted average exercise price HK$ per share	**Number of rights**	Weighted average exercise price HK$ per share	Number of rights
At 1 July	**–**	**25,000,000**	–	31,000,000
Granted during the year	**–**	**–**	–	–
Forfeited	**–**	**–**	–	(6,000,000)
Exercised	**–**	**–**	–	–
At 30 June	**–**	**25,000,000**	–	25,000,000
Weighted average exercise period		**6 years**		7 years
Exercisable as at end of the year		**–**		–

The maturity analysis of lease liabilities is disclosed in note 31 to the financial statements.

25. SHARE-BASED PAYMENTS (Continued)

Post-IPO Schemes (Continued)

Agent Share Option Scheme

On 11 November 2021, 48,600,000 options, each representing the right to subscribe for one share, had been granted to a total of 11 third-party agents who supply student recruitment and education consultancy services to the Group under this plan.

The details of the options granted are shown below:

Exercise price	HK$0.200
Vesting condition	Performance targets being satisfied and remained supplier during the vesting period
Dates of vesting	16 January 2023, 30% of award 16 January 2024, 30% of award 16 January 2025, 40% of award
Expiry date	10 November 2031

The following shares were outstanding under the Agent Share Option Scheme during the reporting period:

	2023		2022	
	Weighted average exercise price HK$ per share	**Number of rights**	Weighted average exercise price HK$ per share	Number of rights
At 1 July	**0.2***	**28,900,000**	–	–
Granted during the year	**–**	**–**	0.2*	48,600,000
Forfeited	**–**	**(4,830,000)**	–	(19,700,000)
Exercised	**–**	**–**	–	–
At 30 June	**0.2***	**24,070,000**	0.2*	28,900,000
Weighted average exercise period		**9 years**		10 years
Exercisable as at end of the year		**3,840,000**		–

* equivalent to AUD$0.04 per share.

No share options were exercised during the reporting period (2022: nil).

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

25. SHARE-BASED PAYMENTS (Continued)

Post-IPO Schemes (Continued)

Agent Share Option Scheme (Continued)

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 fair value of the share-based payments in relation to the Agent Share Option Scheme was estimated as at the date of grant using Black-Scholes model. The fair value of the Agent Share Option Scheme as at the measurement date is AUD$248,000. The following table lists the inputs to the model used for the Agent Share Option Scheme:

	2022
Dividend yield (%)	**1.41%**
Expected volatility (%)	**50 – 60**
Risk-free interest rate (%)	**2.08**
Expected life of options (year)	**4**
Weighted average share price (HK$ per share)	**0.16**

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$251,000 (2022: AUD$82,000) during the year ended 30 June 2023.

As at 30 June 2023, the Group had 192,137,233 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 192,137,233 additional ordinary shares of the Group.

	2023 AUD$'000	2022 AUD$'000
Expense arising from equity-settled share-based payment transactions	**251**	81
Deferred tax assets arising from equity-settled share-based payment	**63**	(348)
	314	(267)

26. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Change in liability arising from a financing activity:

2023

	Lease liabilities AUD$'000
At 1 July 2022	**16,235**
Changes from financing cash flows	**(1,695)**
Finance charges on lease liabilities	**786**
Interest element of lease liabilities	**(786)**
At 30 June 2023	**14,540**

2022

	Lease liabilities AUD$'000
At 1 July 2021	16,575
Changes from financing cash flows	(500)
Finance charges on lease liabilities	835
Interest element of lease liabilities	(835)
Cash payment received due to COVID-19	160
At 30 June 2022	16,235

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cashflows in as follows:

	2023 AUD$'000	2022 AUD$'000
Within operating activities	**864**	890
Within investing activities	**–**	–
Within financing activities	**1,695**	500
	2,559	1,390

27. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities (2022: Nil).

28. RELATED PARTY TRANSACTIONS

(a) 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 8 to the consolidated financial statements.

(b) Amounts to related parties of the directors totalling AUD$250,000 were paid during the period for administrative support services (2022: AUD$288,040). All transactions were undertaken on an arm's length basis.

(c) 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 (2022: nil).

29. 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:

	2023 AUD$'000	2022 AUD$'000
Financial assets at amortised cost		
Trade receivables	**344**	550
Financial assets included in deposits and other receivables	**2,187**	2,344
Cash and cash equivalents	**41,732**	33,225
	44,263	36,119
Financial liabilities at amortised cost		
Trade payables	**2,615**	2,022
Financial liabilities included in other payables and accruals	**1,129**	930
	3,744	2,952
Financial liabilities at fair value		
Contingent considerations on acquisition	**–**	543
	3,744	3,495

30. 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 due to their short term nature.

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.

31. 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 17 to the consolidated financial statements.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from certain public company 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.

31. 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 profile of the Group's financial liabilities and lease 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$'000	Over 5 years AUD$'000	Total AUD$'000
At 30 June 2023					
Trade payables	**2,615**	**–**	**–**	**–**	**2,615**
Lease liabilities	**–**	**2,819**	**10,603**	**4,142**	**17,564**
Financial liabilities included in other payables and accruals	**982**	**–**	**147**	**–**	**1,129**
	3,597	**2,819**	**10,750**	**4,142**	**21,308**
At 30 June 2022					
Trade payables	2,022	–	–	–	2,022
Lease liabilities	–	2,477	10,658	6,906	20,041
Financial liabilities included in other payables and accruals	1,275	–	198	–	1,473
	3,297	2,477	10,856	6,906	23,536

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.

32. 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:

	2023 AUD$'000	2022 AUD$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**8,887**	9,817
Intangible assets	**6,810**	8,390
Right-of-use assets	**10,539**	12,456
Prepayments and deposits	**1,188**	1,188
Investments in subsidiaries	**3,669**	3,669
Deferred tax assets	**416**	73
Total non-current assets	**31,509**	35,593
CURRENT ASSETS		
Prepayments, other receivables and other assets	**2,575**	3,198
Tax receivable	**–**	747
Cash and cash equivalents	**40,532**	32,503
Total current assets	**43,107**	36,448
CURRENT LIABILITIES		
Trade payables	**2,508**	1,904
Other payables and accruals	**3,063**	3,424
Lease liabilities	**2,128**	1,179
Contract liabilities	**5,344**	3,597
Tax payable	**417**	–
Total current liabilities	**13,460**	10,104
NET CURRENT ASSETS	**29,647**	26,344
TOTAL ASSETS LESS CURRENT LIABILITIES	**61,156**	61,937
NON-CURRENT LIABILITIES		
Lease liabilities	**12,412**	15,056
Other payables and accruals	**336**	344
Total non-current liabilities	**12,748**	15,400
Net assets	**48,408**	46,537
EQUITY		
Share capital	**36,414**	36,414
Treasury shares	**(2,236)**	(2,236)
Reserves	**14,230**	12,359
Total equity	**48,408**	46,537

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Share-based payment reserve	Retained profits	Total
Balance at 1 July 2021	4,694	9,237	13,931
Total comprehensive income for the year	–	(1,172)	(1,172)
Equity-settled share-based payments	(267)	–	(267)
Issue of shares	(133)	–	(133)
At 30 June 2022 and 1 July 2022	4,294	8,065	12,359
Total comprehensive income for the year	–	1,213	1,213
Equity-settled share-based payments	314	–	314
Retained profit adjustment	–	344	344
At 30 June 2023	4,608	9,622	14,230

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.

33. EVENTS AFTER THE REPORTING PERIOD

In July 2023, to assist higher education students, it has been approved that coursework students can complete a 12-week part-time internship for credit in their degree programs as an elective unit from November 2023, as the Group notices that the students find it challenging to secure satisfying employment after graduation, and preparation beyond academic study is generally required.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 September 2023.

The following table summarises the results, assets and liabilities of the Company for the years ended 30 June 2019, 2020, 2021, 2022 and 2023:

RESULTS

	Year ended 30 June				
	2023 AUD$'000	2022 AUD$'000	2021 AUD$'000	2020 AUD$'000	2019 AUD$'000
REVENUE	**26,848**	18,697	24,845	30,440	26,020
Cost of sales	**(15,056)**	(11,121)	(13,819)	(14,996)	(12,841)
Gross profit	**11,792**	7,576	11,026	15,444	13,179
PROFIT/(LOSS) BEFORE TAX	**1,790**	326	6,345	5,905	2,305
Income tax expense	**(702)**	(143)	(1,881)	(1,766)	(752)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,088**	(1,328)	183	4,464	4,139
Attributable to:					
Owners of the Company	**1,113**	(1,299)	185	4,355	4,139

ASSETS AND LIABILITIES

	As at 30 June				
	2023 AUD$'000	2022 AUD$'000	2021 AUD$'000	2020 AUD$'000	2019 AUD$'000
TOTAL ASSETS	**76,239**	73,983	72,618	66,956	59,220
TOTAL LIABILITIES	**27,314**	26,460	23,500	15,467	6,031
TOTAL EQUITIES	**48,925**	47,523	49,118	51,489	53,189

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
"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", "Institutes", "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
"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
"Controlling Shareholders Group"	collectively, Dr. Zhu (deceased), Mr. Yang, Tristar United, Mr. Lee, Mr. Wang and Billion Glory, being a group of six individuals and entities, which were no longer considered to be acting in concert with one another on 16 September 2022
"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
"Director(s)"	the director(s) of the Company
"Dr. Zhu"	Dr. Minshen Zhu 祝敏申 (deceased), formerly 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
"ELICOS"	English Language Intensive Courses for Overseas Students
"ESOS Act"	the Education Services for Overseas Students Act 2000
"GST"	goods and services tax under the GST Law
"GST Act"	A New Tax System (Goods and Services Tax) Act 1999 (Cth), as in force from time to time
"GST Law"	has the same meaning as in the GST Act

"Group"	the Company, its subsidiaries and its consolidated affiliated entities from time to time
"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
"Hong Kong dollars" or "HK$" or "HKD"	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
"IT"	Information Technology
"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
"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
"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"	New South Wales, a state of Australia
"NSW LPAB"	the Legal Profession Admission Board, New South Wales
"PwC Australia"	The Australian partnership of PricewaterhouseCoopers (ABN 52 780 433 757), Australia, a member of the global network of PricewaterhouseCoopers firms, which consists of firms which are separate legal entities
"PwC Nominees"	PricewaterhouseCoopers Nominees (A.C.T.) Pty Ltd (ACN 008 474 397), a company with limited liability registered on 29 August 1969 in Australian Capital Territory, Australia, which is owned 50% by PricewaterhouseCoopers Nominees (N.S.W.) Pty Ltd and 50% by PricewaterhouseCoopers Nominees (Victoria) Pty Ltd
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the period from 1 July 2022 to 30 June 2023
"SAA"	Self-Accrediting Authority
"SCOTS"	Scots English College Pty Ltd, a private education institution established in Australia providing English language courses
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) in the capital of the Company
"Share 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 Tertiary Education Quality and Standards Agency 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$" or "USD"	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