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CORPORATE INFORMATION

Board of Directors

Executive directors:

Dr. Minshen Zhu (*Chairman and Chief Executive Officer*)
(Ms. Rongning Xu as his alternate)
(appointed on 17 December 2018)
Ms. Sumeng Cao

Non-executive directors:

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

Independent non-executive directors:

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Joint Company Secretaries

Ms. Min Ying
Ms. Ivy Yuk Yin Chow

Authorised Representatives

Dr. Minshen Zhu
Ms. Ivy Yuk Yin Chow

Auditor

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

Compliance Adviser

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

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

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

CORPORATE INFORMATION (CONTINUED)

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

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

Australia Principal Share Registrar

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

Hong Kong Share Registrar

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

Company Website

www.top.edu.au

Stock Code

1752

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Introduction of the Company

Top Education Group Ltd trading as Top Education Institute (the “Company” or “TOP”) is one of Australia’s primary, best-in-class private tertiary education providers. TOP has been nationally registered with Tertiary Education Quality and Standards Agency (“TEQSA”) and also approved by TEQSA in May 2018 for Self-Accrediting Authority (“SAA”) in the Broad Field of Education in Business and Commerce from AQF levels 5 to 9 including undergraduate and postgraduate degree courses. In this Broad Field, TOP’s Sydney City School of Business provides quality programs at both undergraduate and postgraduate. The relevant courses are also accredited by major professional bodies, such as CPA Australia and CAANZ as well as received accreditation of the Association of Chartered and Certified Accountants (ACCA) in the Reporting Period. TOP also founded the very first Law School within a private higher education institute when both TEQSA and NSW LPAB officially accredited its degree program in Law. Additionally, as an internationally recognised institute, TOP has been included in China’s JSJ List as one of the 42 recommended Australian universities and higher education institutes since 2010 and with Thailand’s OCSC List since 2015.



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

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

Operational Updates

International Cooperative Education Programs in China

During the Reporting Period, TOP’s existing pathway programs in China continued their operations.

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

In the Reporting Period, TOP’s executives and managerial team also visited about more than 20 universities and other educational institutions in China to develop further joint pathway cooperative education programs in China as an extensive international platform for direct overseas student sources and other educational cooperation. The above universities and institutions are owned by public or private enterprises, and are located in Beijing, Shanghai, Guangdong, Chongqing, Henan, Shandong, Hunan, Zhejiang, Hubei and other regions.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

One new cooperation framework agreement was signed with Jiaxing University (“Jiaxing”) in Zhejiang Province on 22 August 2018, which initiated a direct pathway program from the Bachelor completion to TOP’s Master Programs. Two parties also launched the China-Australia International Accounting Institute at Jiaxing University on 24 December 2018, which will promote closer academic exchanges between two parties and provide international study experience for Jiaxing students.

On 20 December 2018, TOP signed a new cooperation agreement with Hubei University of Economics (“HBUE”) in Hubei Province. The agreement is for a period of five years and will be renewed with mutual consent. The agreement provides the cooperative opportunities between the two institutes including undergraduate programs, postgraduate programs and HBUE students’ short program in Australia for study and internal career skill development.

Diversity of International Student Sources

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

The international students of TOP came from over 60 countries/regions. For the two intakes in the Reporting Period, the number of non-Chinese international students enrolled in July-August 2018 intake increased over 30% comparing to the same period of 2017, and the number of such enrolment in November 2018 intake increased over 15% comparing to the same period of 2017.

New Course Development

In the Reporting Period, TOP has been developing the new courses in Broad Field of Management and Commerce under the SAA including Master of Financial Planning, Graduate Diploma of FinTech Management and the management programs in the discipline of hotel and hospitality for the purpose of providing more attractive quality programs to meet students’ demands.

TOP also developed new courses outside of SAA scopes such as non-award Postgraduate Preparation Program, which was approved by TEQSA, a master program in the field of Information Technology as well as PhD program in Management and Commerce at AQF level 10, which will be submitted to TEQSA for assessment and approval.

Enhancement of the Interactive Technology

TOP has utilised interactive technology to meet the needs of today’s students for certain non-award units. TOP’s students now have more flexibility in the learning methodologies and participation in the classroom. Under such technology, TOP is able to expand the examination venues for these non-award units to other cities, such as Melbourne, Canberra, Hobart, etc.

Expansion of Campus in Australia

The construction of a new building at ATP is progressing smoothly on schedule, and is expected to be completed by the end of April 2019, in which TOP has leased a whole floor with designate fit out in Smart Campus concept as our new premises which provides more space for students. It will increase the student capacity by over 30% of current capacity.

TOP was, in the Reporting Period, also seeking for the expansion of campus and capacity outside of ATP, including opportunities in Sydney central business district (“CBD”) and other major cities in Australia.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Mergers and Acquisitions (“M&A”)

TOP has developed its business mainly by organic power such as building up international cooperative platform, developing new programs under SAA and expanding by “light investment”. In parallel, TOP also sought M&A opportunities in or outside of Australia during the Reporting Period.

TOP has established an M&A potential target list by criteria serving the strategic goal, and attempted to approach the potential targets by its own investigation and also the professional services. TOP cautiously selects the targets with respect to their education quality, regulatory compliance record and commercial valuation.

Student Enrolments

For the six months ended 31 December 2018, the total EFTSL increased by 3.2% comparing with the corresponding period in last financial year.

	Six months ended	
	31 December	
	2018	2017
Bachelor of International Business ⁽¹⁾	205.8	211.5
Bachelor of Applied Finance and Accounting ⁽²⁾	79.3	54.3
Bachelor of Laws	40.6	39
Master of Professional Accounting and Business ⁽³⁾	212.9	258.3
Master of International Business ⁽⁴⁾	55.1	60.4
Others ⁽⁵⁾	36.1	0.4
Non-Award Unit Study	83.4	67
Total	713.1	690.8

Notes:

- (1) This includes nested courses namely Associate Degree of Business and Diploma of Business.
- (2) This includes nested courses namely Associate Degree of Applied Finance and Accounting and Diploma of Applied Finance and Accounting.
- (3) This includes nested courses namely Master of Professional Accounting, Graduate Diploma of Accounting and Graduate Certificate in Accounting. This also includes a small number from students who enrolled in certain accounting units to fulfil academic requirements for membership with CPA Australia.
- (4) This includes courses namely Master of Marketing and Public Relations, Graduate Diploma of Public Relations and Marketing, Graduate Diploma of International Business, and Graduate Certificate in Business Management.
- (5) This includes all other postgraduate courses.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Tuition fee

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Outlook

The Company is continuously growing along with its strategic goal to be an international leading private for profit provider in tertiary education based in Australia with respect to retaining its high quality and standing under Australian legislative and regulatory framework as well as achieving expected expansion regarding its revenue, student capacities and profitability.

The Company's growth approaches and methodologies are mainly driven by strong organic powers, and assisted by proper M&A activities.

Our strong and outstanding organic powers include following elements:

- The SAA allows TOP to create and accredit more attractive and demanding programs including undergraduate and postgraduate degrees under its own academic governance system, which enlarge our marketing competitive strength in international education sector. By the end of financial year ending 30 June 2019 (the "Next Reporting Period"), TOP expects to offer new courses under SAA, such as Master of Financial Planning and Graduate Diploma of FinTech Management.
- As a highlighted character of the institute, TOP dedicates to providing its students with opportunities of developing employment and career skills as necessary capability by their experience, during study at TOP, in practice training at real environment of business and professional workplace. As a result, a good number of TOP's graduates received job offers from various employers at the level as top accounting firms, major bankers, insurance groups or other large-sized enterprises. Such learning outcome makes TOP's strength as to educate students in industries' needs and "job-ready" direction. TOP will continuously develop along with this education demand.
- TOP is highly recognised in China and has connection and network there nationwide, which greatly facilitated us for building up an international platform linking with Chinese universities, colleges and schools for transferring international students to Australia as well as generating its service income in China by providing academic support, for example the teaching staff trainings and the research and scholarship trainings. TOP expects to achieve total 8 to 10 cooperative educational programs by the end of the Next Reporting Period. China now proposes more opened policy for introduction of foreign educational resource, by which opportunity TOP will promote its cooperative programs or investments there. In the meantime, TOP's efforts on diversity of international student sources have been well received in 2018 and will be going on in 2019.
- Additionally, the National Development and Reform Committee and the Ministry of Commerce of China jointly published *Encouraging Foreign Investment Industries (Consultation Paper)* on 1 February 2019, in which the foreign investment is encouraged in educational sectors of Preschool, High School and Higher Education in Central and Western China specifying in seven Provinces/Autonomous Region/Municipality, and the Higher Education sector in one Province. TOP has initiated its development and relationship in the above regions in China. The updated foreign investment policy and its implementation particularly in opening the education sectors should be potentially helpful to TOP's future business in China for constructing a broader international cooperative platform in multiple approaches.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- Under the Alliance Agreement, PwC Australia provides services within Australia to the Company, which assists to further enhance the Company's higher education programs. In particular, enhancement of TOP's students in career development program, Career Edge, and provides TOP with a unique advantage in the higher education sector.
- The State Council of PRC published *the National Vocational Education Reform Implementation Plan* 國家職業教育改革實施方案 on 13 February 2019 that supports the undergraduate courses in industries' need and postgraduate courses in applied professions. As such, TOP's strength in the identical direction should be more attractive to the Chinese students and the cooperative pathway programs in China.
- Under the regulatory framework in Australian higher education sector, TOP is not requested to spend "heavy investment", such as purchase of land or building, and in expansion of campus premises. Instead, TOP is able to legally use the leased premises as the campus subject to authorities' approval to enlarge the student capacity. TOP received approval in February 2018 for increasing student capacity number from 920 to 1,500 by "light investment", and also will commence a lease at a new building at ATP in April 2019, and another lease at ATP scheduled in June 2020. TOP is also seeking further expansion of campus in Sydney CBD, Melbourne and other major cities in Australia without heavy investment but to double or triple the student capacity.

In addition to developing by organic powers, the Company also searches for proper M&A opportunity to "fill up" the supply chain of its international education business. The Company will keep the public updated when it has significant M&A progress.

Financial Review

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Company derives revenue primarily from tuition fees.

The revenue of the Company increased by approximately 4% from approximately AUD\$11.8 million for the six months ended 31 December 2017 to approximately AUD\$12.3 million for the six months ended 31 December 2018. This increase was primarily due to the increase of the Company's average tuition rates.

Cost of Sales

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

The cost of sales for the six months ended 31 December 2018 increased by approximately AUD\$0.4 million, or approximately 7.8% to approximately AUD\$5.9 million from approximately AUD\$5.5 million for the six months ended 31 December 2017, primarily due to (i) an increase of AUD\$0.2 million in staff costs, (ii) an increase of AUD\$0.1 million in agent commissions due to the increase in tuition rates, and (iii) an increase of AUD\$0.1 million in amortisation of intangible assets due to increase in intangible assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Gross Profit and Gross Profit Margin

Gross profit remained steady at approximately AUD\$6.31 million for the six months ended 31 December 2018 as compared to approximately AUD\$6.30 million for the six months ended 31 December 2017. The gross profit margin decreased from approximately 53.3% for the six months ended 31 December 2017 to approximately 51.5% for the six months ended 31 December 2018, mainly due to the increase in staff costs, commission and amortisation expenses as mentioned in section headed “Cost of Sales” above.

Other Income and Gains

Other income primarily consists of interest income, foreign exchange gains and other miscellaneous income.

Other income increased by approximately 476% from approximately AUD\$0.16 million for the six months ended 31 December 2017 to approximately AUD\$0.94 million for the six months ended 31 December 2018. The increase primarily resulted from (i) an increase of approximately AUD\$0.5 million in foreign exchange gain, and (ii) an increase of approximately AUD\$0.2 million in interest income.

Administrative Expenses

Administrative expenses decreased by approximately 18% from approximately AUD\$4.7 million for the six months ended 31 December 2017 to approximately AUD\$3.9 million for the six months ended 31 December 2018, primarily due to the absence of listing expenses in the six months ended 31 December 2018.

Advertising and Marketing Expenses

Advertising and marketing expenses increased by approximately 50% from approximately AUD\$0.5 million for the six months ended 31 December 2017 to approximately AUD\$0.8 million for the six months ended 31 December 2018 as the Company took more efforts on advertising and student recruitment during the six months ended 31 December 2018.

Profit for the Period

As a result of the above factors, profit for the period of the Company increased by approximately 117% from approximately AUD\$0.8 million for the six months ended 31 December 2017 to approximately AUD\$1.8 million for the six months ended 31 December 2018.

Capital Expenditure

The Company’s capital expenditures for the six months ended 31 December 2018 were approximately AUD\$1.0 million, primarily consisted of expenditures on (i) plant and equipment, (ii) classroom equipment and office, (iii) teachers’ reference books, (iv) new enterprise resource planning (“ERP”) system, and (v) new campus fit outs.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2018, the Company had cash on hand of approximately AUD\$47.3 million (30 June 2018: AUD\$47.4 million) with no bank borrowings (30 June 2018: Nil). During the six months ended 31 December 2018, the Company financed its working capital requirements and capital expenditures principally through net cash inflows from operating activities and the net proceeds raised from the Listing.

As at 31 December 2018, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Company was 0% (30 June 2018: 0%).

Significant Investments, Acquisitions and Disposals

Save as disclosed in this interim report, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period, nor any plan authorized by the Board for other material investments or additions of capital assets during the six months ended 31 December 2018.

Foreign Exchange Risk Management

The functional currency of the Company is AUD\$. The majority of the Company's revenue and expenditures are denominated in AUD\$, except that certain expenditures are denominated in HK\$. As at 31 December 2018, certain bank balances and payables were denominated in US\$ and HK\$. The Company did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on Assets

There were no charges on the Company's assets as at 31 December 2018 (30 June 2018: Nil).

Contingent Liabilities

As at 31 December 2018, the Company did not have any material contingent liabilities.

Employment and Remuneration Policies

During the six months ended 31 December 2018, including academic staff, the Company employed 129 staff (six months ended 31 December 2017: 108). The remuneration packages of the employees of the Company are determined with reference to their qualification, working experience, performance, contribution to the Company and prevailing market rate.

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 shares and/or options to be granted under the Share Option Scheme and/or Share Award Scheme. For further details of the Share Option Scheme and Share Award Scheme, please refer to section headed "Pre-IPO Performance Rights Plan, Share Option Scheme and Share Award Scheme" in this interim report.

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

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.

OTHER INFORMATION

Interim Dividend

The Board does not recommend an interim dividend in respect of the six months ended 31 December 2018 (six months ended 31 December 2017: Nil).

Purchase, Sales or Redemption of Listed Securities of the Company

During the Reporting Period, the Company purchased a total of 25,450,000 Shares on the Hong Kong Stock Exchange at an aggregate consideration (before brokerage and expenses) of approximately HK\$7,756,000. As at 31 December 2018, 16,730,000 repurchased Shares have been cancelled. As at the date of this report, all the aforesaid repurchased Shares have been cancelled.

Month of repurchases	Total number of Shares repurchased	Highest price	Lowest price	Aggregate consideration
		paid per Share HK\$	paid per Share HK\$	
October 2018	260,000	0.310	0.290	77,200
November 2018	3,930,000	0.345	0.300	1,234,450
December 2018	21,260,000	0.325	0.285	6,444,000

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

OTHER INFORMATION (CONTINUED)

Use of Net Proceeds from the Company's Listing

Net proceeds from the Listing (including the over-allotment option and after deducting underwriting fee and relevant expenses) amounted to approximately HK\$172 million or AUD\$30 million. As at 31 December 2018, a total amount of approximately HK\$17 million of the net proceeds had been used by the Company according to the allocation set out in the Prospectus.

Purpose	Percentage to total amount	Net proceeds	Utilised Amount	Unutilised amount
		HK\$ (million)	HK\$ (million)	HK\$ (million)
Acquiring or investing in educational groups/ institutions in the PRC and in Australia	41.0%	70.4	—	70.4
Establishing six students experience centres in the PRC	26.7%	45.8	1.4	44.4
Upgrade TOP's existing campus	9.4%	16.1	4.2	11.9
Expanding TOP's campus locations, which include acquiring new potential location in ATP, Sydney central business district, and in other Australian states	5.5%	9.5	1.7	7.8
Further development of SCDP as on online program	4.9%	8.4	0.3	8.1
Expanding TOP's research program and developing PhD towards our strategic goal	3.1%	5.3	0.2	5.1
Expanding TOP's marketing activities	4.4%	7.6	2.7	4.9
Working capital and general corporate purposes	5.0%	8.6	6.5	2.1
Total	100.0%	171.7	17.0	154.7

Audit Committee and Review of Financial Information

The Audit Committee reviewed the unaudited financial statements and the interim report of the Company for the six months ended 31 December 2018, including the accounting principles and practices adopted by the Company.

OTHER INFORMATION (CONTINUED)

Changes to Directors' Information

Ms. Rongning Xu has been appointed as an alternate Director to Dr. Minshen Zhu with effect on 17 December 2018.

Ms. Xu, aged 32, has been the Vice President (Regulatory & Compliance) of the Company and is responsible for the implementation of academic policies and procedures of TOP, and the administrative rules and regulations of TEQSA as well as the management of the academic affairs, operations and risk management of TOP.

Professor Steven Schwartz ceased to act as the chairman of the Australian Curriculum Assessment and Reporting Authority in May 2018.

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

As at 31 December 2018, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/Chief Executive	Capacity/Nature of interest	Number of Shares and Underlying Shares ⁽¹⁾	Approximate % of Shareholding in the Company ⁽²⁾ %
Dr. Minshen Zhu	Beneficial owner/Interest held jointly with other persons	974,658,000 ^{(3), (4)}	37.85%
Mr. Amen Kwai Ping Lee	Beneficial owner/Interest held jointly with other persons	854,338,000 ⁽⁵⁾	33.17%
Mr. Thomas Richard Seymour	Interested in a controlled corporation	21,008,000 ⁽⁶⁾	0.81%
Mr. Kai Zhang (as alternate director to Mr. Thomas Richard Seymour)	Beneficial owner	20,976,000	0.81%
Mr. Jing Li	Beneficial owner	4,592,000 ⁽⁷⁾	0.17%
Professor Brian James Stoddart	Beneficial owner	4,592,000 ⁽⁸⁾	0.17%
Professor Steven Schwartz	Beneficial owner	4,592,000 ⁽⁹⁾	0.17%
Ms. Sumeng Cao	Beneficial owner	1,294,274 ⁽¹⁰⁾	0.05%
Ms. Rongning Xu (as alternate director to Dr. Minshen Zhu)	Beneficial owner	1,294,274 ⁽¹¹⁾	0.05%

OTHER INFORMATION (CONTINUED)

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 2,574,878,000 Shares in issue as at 31 December 2018.
- (3) The members of the Controlling Shareholders Group are parties acting in concert and on 13 October 2017, they entered into a confirmation deed to, among others, confirm that they have been acting together with an aim to achieving decisions at general meetings of the Company on a unanimous basis. Members of the Controlling Shareholders Group are the founding Shareholders or have invested in the Company at an early stage. Dr. Zhu and Mr. Lee are the members of the Controlling Shareholders Group. As at 31 December 2018, all the members of the Controlling Shareholders Group together controlled 854,338,000 Shares. Under the SFO, each of Dr. Zhu and Mr. Lee is deemed to be interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.
- (4) Apart from 228,426,000 Shares beneficially owned by Dr. Zhu and 625,912,000 Shares held by other members of the Controlling Shareholders Group, such interest includes Dr. Zhu's entitlement to receive up to 120,320,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.
- (5) Mr. Lee beneficially owned 150,002,000 Shares and is also deemed to be interested in the Shares held by other members of the Controlling Shareholders Group.
- (6) Mr. Thomas Richard Seymour controls more than one-third of the voting rights of TD Seymour Pty Ltd (ACN 609 660 139). As such, Mr. Thomas Richard Seymour is deemed to be interested in 21,008,000 Shares held by TD Seymour Pty Ltd (ACN 609 660 139).
- (7) This represents Mr. Jing Li's entitlement to receive up to 4,592,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.
- (8) This represents Professor Brian James Stoddart's entitlement to receive up to 4,592,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights. During the Reporting Period, certain performance rights had been vested and exercised and 1,530,000 Shares had been issued to Professor Stoddart.
- (9) This represents Professor Steven Schwartz's entitlement to receive up to 4,592,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights. Such interest includes 1,530,000 shares which has been issued to him pursuant to the exercise of vested performance rights on 12 November 2018.
- (10) This represents Ms. Sumeng Cao's entitlement to receive up to 1,294,274 Shares pursuant to the exercise of options granted to her under the Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (11) This represents Ms. Rongning Xu's entitlement to receive up to 1,294,274 Shares pursuant to the exercise of options granted to her under the Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

Save as disclosed above, as at 31 December 2018, none of the Directors and chief executives of the Company had registered an interest or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) 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.

OTHER INFORMATION (CONTINUED)

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

As at 31 December 2018, so far as the Directors are aware, the following persons (other than Directors or chief executives of the Company) or corporations have interests or short positions in the Shares and the underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Position	Number of Shares	Approximate percentage ⁽¹⁾
Ms. Xing Shi Huang	Interest of a spouse ^{(2), (3)}	Long	974,658,000	37.85%
Mr. Qingquan Yang	Beneficial owner ⁽⁴⁾ ; interest in controlled corporation ⁽⁴⁾ ; interest held jointly with other persons ⁽²⁾	Long	854,338,000	33.17%
Ms. Shuling Chen	Interest of a spouse ⁽⁵⁾	Long	854,338,000	33.17%
Billion Glory	Beneficial owner ⁽⁴⁾ ; interest held jointly with other persons ⁽²⁾	Long	854,338,000	33.17%
Tristar United	Beneficial owner ⁽⁶⁾ ; interest held jointly with other persons ⁽²⁾	Long	854,338,000	33.17%
Ms. Josephine Kam Shan Lam	Interest of a spouse ⁽⁷⁾	Long	854,338,000	33.17%
Mr. Xin Wang	Beneficial owner ⁽⁸⁾ ; interest held jointly with other persons ⁽²⁾	Long	854,338,000	33.17%
Ms. Zhuo Liu	Interest of a spouse ⁽⁹⁾	Long	854,338,000	33.17%
Xinjiang Guoli	Beneficial owner	Long	351,180,000	13.63%
PwC Australia	Beneficial owner ⁽¹⁰⁾	Long	264,708,000	10.28%
Loyal Creation	Beneficial owner	Long	224,096,000	8.70%
Mr. Weiping Wang	Interest in a controlled corporation ⁽¹¹⁾	Long	224,096,000	8.70%
Minsheng Education Group	Interest in a controlled corporation ⁽¹²⁾	Long	209,000,000	8.31%

Notes:

- (1) The calculation is based on the total number of 2,574,878,000 Shares in issue as at 31 December 2018.
- (2) Members of the Controlling Shareholders Group are parties acting in concert and on 13 October 2017, they entered into a confirmation deed to, among others, confirm their acting-in-concert agreement. At 31 December 2018, all the members of the Controlling Shareholders Group together controlled approximately 33.18% of the total share capital of the Company. Under the SFO, each member of the Controlling Shareholders Group is deemed to be interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.
- (3) Ms. Xing Shi Huang is the spouse of Dr. Minshen Zhu and is deemed to be interested in the shareholding interests of Dr. Zhu by virtue of the disclosure requirements of the SFO.
- (4) Mr. Qingquan Yang directly holds 150,002,000 Shares and Billion Glory, which is wholly-owned by Mr. Yang, directly holds 59,524,000 Shares. Accordingly, Mr. Yang is deemed to be interested in 59,524,000 Shares held by Billion Glory by virtue of the disclosure requirements of the SFO. Mr. Yang and Billion Glory are members of the Controlling Shareholders Group and are also deemed to have interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.

OTHER INFORMATION (CONTINUED)

- (5) 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.
- (6) Tristar United beneficially owned 150,002,000 Shares and is also deemed to have interests in Shares held by the other members of the Controlling Shareholders Group.
- (7) Ms. Josephine Kam Shan Lam is the spouse of Mr. Amen Kwai Ping Lee and is deemed to be interested in the shareholding interests of Mr. Lee by virtue of the disclosure requirements of the SFO.
- (8) Mr. Xin Wang beneficially owned 116,382,000 Shares and is also deemed to have interests in Shares held by the other members of the Controlling Shareholders Group.
- (9) Ms. Zhuo Liu is the spouse of Mr. Xin Wang and is deemed to be interested in the shareholding interests of Mr. Wang by virtue of the disclosure requirements of the SFO.
- (10) PwC Nominees is the registered owner of the Shares and holds the Shares as a bare trustee for PwC Australia as the sole beneficiary of a trust under a trust arrangement between PwC Nominees and PwC Australia. Accordingly, PwC Australia is deemed to be interested in 264,708,000 Shares held by PwC Nominees as nominee and bare trustee by virtue of the disclosure requirements of the SFO.
- (11) Mr. Weiping Wang holds 40% of the issued share capital of Loyal Creation, which holds 224,096,000 Shares, and accordingly, Mr. Weiping Wang is deemed to be interested in 224,096,000 Shares held by Loyal Creation by virtue of the disclosure requirements of the SFO.
- (12) 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.

Share Award Scheme

On 23 October 2018, the Company adopted the Share Award Scheme in which the Employees will be entitled to participate. The Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

The specific objectives of the Share Award 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.

Subject to any early termination as may be determined by the Board pursuant to the Share Award Scheme rules, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date (i.e., 23 October 2018).

The Share Award Scheme shall be subject to the administration of the Board, the share award committee and the Trustee in accordance with the Share Award Scheme rules and the Trust Deed.

OTHER INFORMATION (CONTINUED)

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

For the six months ended 31 December 2018, the Trustee of the Share Award Scheme pursuant to the Trust Deed and Share Award Scheme purchased an aggregate of 15,080,000 Shares from the market at a total consideration (excluding all related expenses, brokerage, duties and levies, etc.) of approximately HK\$4,769,000.

Further details of the Share Award Scheme are set out in the announcement of the Company dated 23 October 2018. No award has been granted under the Share Award Scheme since adoption of the Share Award Scheme up to 31 December 2018.

Pre-IPO Performance Rights Plan

The following sets out details of the Pre-IPO Performance Rights for the subscription of 143,282,000 Shares in aggregate:

Grantee	Balance as at 1 July 2018 (number of underlying Shares)	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Balance as at 31 December 2018 (number of underlying Shares)
Directors					
Dr. Minshen Zhu	120,320,000	—	—	—	120,320,000
Mr. Jing Li	4,592,000	—	—	—	4,592,000
Prof. Brian James Stoddart	4,592,000	—	1,530,000	—	3,062,000
Prof. Steven Schwartz	4,592,000	—	1,530,000	—	3,062,000
Council Members					
Mr. Sean Gregory	4,592,000	—	—	4,592,000 ⁽¹⁾	—
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

Note:

- (1) Pursuant to the Pre-IPO Performance Rights Plan rules, the Performance Rights of Mr. Sean Gregory were lapsed as he has resigned from the Council during the Reporting Period.

The Pre-IPO Performance Rights will vest subject to the satisfaction of the vesting conditions as (i) the Listing of the Company; and (ii) that on the applicable vesting dates (being on 12 November 2018, 12 November 2019 and 12 November 2020), the grantee remains a council member or non-executive Director of the Company and the Company has not taken steps to remove the grantee from that role.

OTHER INFORMATION (CONTINUED)

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

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

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

A summary of the principal terms of the Pre-IPO Performance Rights were disclosed in the section headed "Report of the Directors" of the 2018 Annual Report of the Company.

Share Option Scheme

On 18 July 2018 ("Date of Grant"), the following share options (the "Share Options") to subscribe for a total of 25,781,938 Shares under the Share Option Scheme were granted:

Grantee	Balance as at 1 July 2018	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Balance as at 31 December 2018
Directors					
Ms. Sumeng Cao	—	1,294,274	—	—	1,294,274
Ms. Rongning Xu	—	1,294,274	—	—	1,294,274
Employees in aggregate	—	23,193,390	—	—	23,193,390
Total	—	25,781,938	—	—	25,781,938

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.

OTHER INFORMATION (CONTINUED)

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; and (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.

The estimated fair value of the share options granted during the six months ended 31 December 2018 was AUD\$843,410.

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.

A summary of the principal terms of the Share Option Scheme were disclosed in the section headed "Report of the Directors" of the 2018 Annual Report of the Company.

Corporate Governance Practices

The Board is committed to achieving good corporate governance standards.

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

The Board is of the view that during the six months ended 31 December 2018, the Company has complied with applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules except code provision A.2.1 as noted in the paragraph headed "Chairman and Chief Executive Officer".

Chairman and Chief Executive Officer ("CEO")

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the Reporting Period, the roles of the chairman and CEO of the Company were both performed by Dr. Minshen Zhu. The Board believes that the roles of both Chairman and CEO vested in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans.

Furthermore, in view of Dr. Zhu's extensive industrial experience and significant role in the historical development of the Company, the Board believes that it is beneficial to the business prospects of the Company that Dr. Zhu continues to act as both our Chairman and CEO, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors, non-executive Directors, and independent non-executive Directors.

OTHER INFORMATION (CONTINUED)

Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 31 December 2018.

Events After the Reporting Period

Bachelor of Laws Re-accreditation and Reform the Course Structure

The re-accreditation process of our Bachelor of Laws is now underway. The re-accreditation process involves considering any course features that we proposed. At the meantime, the current accreditation of the Bachelor of Laws remains on foot.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2018

	Notes	Six months ended 31 December 2018 (Unaudited) AUD\$'000	2017 (Unaudited) AUD\$'000
REVENUE	4	12,268	11,825
Cost of sales		(5,954)	(5,523)
Gross profit		6,314	6,302
Other income and gains	4	939	163
Administrative expenses		(3,864)	(4,714)
Advertising and marketing expenses		(776)	(517)
PROFIT BEFORE TAX	5	2,613	1,234
Income tax expense	6	(797)	(398)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,816	836
Attributable to:			
Owners of the Company		1,816	836
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings per share (AUD cents)	8	0.070	0.047
Diluted earnings per share (AUD cents)	8	0.067	0.045

CONDENSED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	31 December 2018 (Unaudited) AUD\$'000	30 June 2018 (Audited) AUD\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,874	980
Intangible assets		5,026	4,181
Prepayments and deposits		1,605	1,627
Deferred tax assets		2,380	2,905
Tax recoverable		379	—
Total non-current assets		11,264	9,693
CURRENT ASSETS			
Trade receivables	10	—	—
Prepayments and other receivables		1,902	1,266
Cash and cash equivalents		47,326	47,367
Total current assets		49,228	48,633
CURRENT LIABILITIES			
Trade payables	11	1,814	1,345
Other payables and accruals	12	2,144	2,804
Deferred income	13	3,701	2,626
Tax payable		—	398
Total current liabilities		7,659	7,173
NET CURRENT ASSETS		41,569	41,460
TOTAL ASSETS LESS CURRENT LIABILITIES		52,833	51,153
NON-CURRENT LIABILITIES			
Other payables and accruals	12	260	217
Net assets		52,573	50,936
EQUITY			
Share capital	14	44,315	45,133
Reserves		8,258	5,803
Total equity		52,573	50,936

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

For the six months ended 31 December 2018

	Notes	Issued capital AUD\$'000	Share-based payment reserve AUD\$'000	Retained profits AUD\$'000	Total equity AUD\$'000
As at 1 July 2018 (audited)		45,133	1,518	4,285	50,936
Profit and total comprehensive income for the period		—	—	1,816	1,816
Issue of shares	14	133	(133)	—	—
Repurchase of shares	14	(951)	—	—	(951)
Equity-settled performance rights arrangements	15	—	772	—	772
At 31 December 2018 (unaudited)		44,315	2,157	6,101	52,573

For the six months ended 31 December 2017

	Notes	Issued capital AUD\$'000	Share-based payment reserve AUD\$'000	Retained profits AUD\$'000	Total equity AUD\$'000
As at 1 July 2017 (audited)		8,480	37	9,015	17,532
Profit and total comprehensive income for the period		—	—	836	836
Share issue expenses		(28)	—	—	(28)
Equity-settled performance rights arrangements	15	—	405	—	405
At 31 December 2017 (unaudited)		8,452	442	9,851	18,745

CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2018

	Notes	Six months ended 31 December	
		2018 (Unaudited) AUD\$'000	2017 (Unaudited) AUD\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,613	1,234
Adjustments for:			
Interest income	4	(319)	(122)
Equity-settled performance rights expense	15	772	323
Depreciation of property, plant and equipment	5	116	120
Amortisation of intangible assets	5	470	377
		3,652	1,932
Decrease in trade receivables		—	58
Increase in prepayments, deposits and other receivables		(615)	(935)
Increase in trade payables		469	265
Decrease in other payables and accruals		(616)	(529)
Increase in deferred income		1,075	1,009
Cash generated from operations		3,965	1,800
Interest received		319	122
Income tax paid		(1,049)	(1,023)
Net cash flows from operating activities		3,235	899
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	9	(1,010)	(104)
Additions to intangible assets		(1,315)	(649)
Net cash flows used in investing activities		(2,325)	(753)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares	14	(951)	—
Issue of shares expenses		—	(28)
Net cash flows used in financing activities		(951)	(28)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(41)	118
Cash and cash equivalents at beginning of period		47,367	16,100
CASH AND CASH EQUIVALENTS AT END OF PERIOD		47,326	16,218

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

31 December 2018

1. Corporate Information

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

The Company is principally engaged in providing private higher education services in Australia. The Company has no subsidiaries since its incorporation.

2.1 Basis of Preparation

The interim condensed financial statements for the six months ended 31 December 2018 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim condensed financial statements are presented in Australian dollars ("AUD\$") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those used in the annual financial statements for the year ended 30 June 2018, except for the adoption of new standards and amendments, which are effective as of 1 July 2018 for the Company:

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

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

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

(a) Classification and measurement

Under IFRS 9, the classification and measurement of financial assets depend on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial assets.

The new classification and measurement of the Company's debt instruments are as follows:

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

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

2.2 Changes in Accounting Policies and Disclosures (Continued)

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The impact of the change in impairment methodology on the Company's retained earnings as at 1 July 2018 was immaterial and hence does not result in an adjustment of opening retained earnings as at 1 July 2018.

IFRS 15 and its amendments replace IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Company has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company has elected to apply the standard to contracts that were not completed as at 1 July 2018. The adoption of IFRS 15 has no significant impacts on the recognition of service income from the provision of education services, has no material impact on opening balances as at 1 July 2018 and hence does not result in an adjustment of opening retained earnings as at 1 July 2018. The comparative information was not restated and continues to be reported based on the requirements of IAS 18 and related interpretations.

2.3 Issued But Not Yet Effective International Financial Reporting Standards

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

3. Operating Segment Information

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

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

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

No services provided to a single customer contributed 10% or more of the total revenue of the Company during the six months ended 31 December 2018 (six months ended 31 December 2017: nil).

4. Revenue and Other Income and Gains

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

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

	Six months ended 31 December	
	2018 (unaudited) AUD\$'000	2017 (unaudited) AUD\$'000
Revenue		
Course fee income	11,685	11,317
Others service fee income	583	508
	12,268	11,825
Other income and gains		
Interest income	319	122
Realised foreign exchange gain, net	69	—
Unrealised foreign exchange gain, net	393	—
Others	158	41
	939	163

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

5. Profit Before Tax

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

	Six months ended 31 December	
	2018 (unaudited) AUD\$'000	2017 (unaudited) AUD\$'000
Amortisation of intangible assets	470	377
Depreciation	116	120
Minimum lease payments under operating leases	718	573
Auditors' remuneration	27	—
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages, salaries and other employee benefits	3,673	2,850
Share-based payments	269	—
Pension scheme contributions (defined contribution schemes)	304	243
Less: Amount capitalised	(516)	(199)
	5,061	3,964

6. Income Tax

The Company is subject to income tax on profits arising in or derived from the jurisdiction in which the Company is domiciled and operates. Profits tax has been provided at the Company's statutory tax rate of 27.5% for the six months ended 31 December 2018 (six months ended 31 December 2017: 27.5%) on the estimated assessable profits.

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

6. Income Tax (Continued)

	Six months ended 31 December	
	2018 (unaudited) AUD\$'000	2017 (unaudited) AUD\$'000
Current — Elsewhere		
Charge for the period	272	908
Deferred tax	525	(510)
Total tax charge for the period	797	398

7. Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2018 (six months ended 31 December 2017: Nil).

8. Earnings Per Share Attributable to Owners of the Company

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company of AUD\$1,816,000 (six months ended 31 December 2017: AUD\$836,000) and the weighted average number of ordinary shares of 2,587,975,000 (six months ended 31 December 2017: weighted average number of ordinary shares of 1,764,720,000 and Class A shares of 22,024,000) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to owners of the Company. The weighted average number of shares used in the calculation is the number of shares in issue during the period, 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 period.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

8. Earnings Per Share Attributable to Owners of the Company (Continued)

The calculations of basic and diluted earnings per share are based on:

	Six months ended 31 December	
	2018 (unaudited) AUD\$'000	2017 (unaudited) AUD\$'000
Earnings		
Profit attributable to owners of the Company	1,816	836

	Number of shares		
	Six months ended 31 December 2018 Ordinary shares '000	Six months ended 31 December 2017 Ordinary shares '000	Six months ended 31 December 2017 Class A shares '000
Shares			
Weighted average number of shares in issue used in the basic earnings per share calculation taking into account the share subdivision	2,587,975	1,764,720	22,024
Effect of dilution — weighted average number of shares: Performance rights	112,410	72,071	—
	2,700,385	1,836,791	22,024

9. Property, Plant and Equipment

During the six months ended 31 December 2018, the Company acquired assets with a cost of AUD\$1,010,000 (six months ended 31 December 2017: AUD\$104,000) as additions to property, plant and equipment.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

10. Trade Receivables

The Company's students are required to pay tuition fees in advance for upcoming semesters. The Company had no outstanding receivables during the period (30 June 2018: nil). The Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Company's trade receivables relate to a large number of students, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances.

11. Trade Payables

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

	31 December 2018 (unaudited) AUD\$'000	30 June 2018 (audited) AUD\$'000
Over two months	1,814	1,345

12. Other Payables and Accruals

	31 December 2018 (unaudited) AUD\$'000	30 June 2018 (audited) AUD\$'000
Sundry payables and accruals	980	1,714
Unpaid leave obligations	1,329	1,212
Accruals for reinstatement cost	95	95
	2,404	3,021
Less: Non-current portion	(260)	(217)
	2,144	2,804

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

13. Deferred Income

	31 December 2018 (unaudited) AUD\$'000	30 June 2018 (audited) AUD\$'000
Deferred income	3,701	2,626

Deferred income represents the amount paid by students at the end of the reporting period that relates to the future service provision.

14. Share Capital

Shares

	31 December 2018 (unaudited) AUD\$'000	30 June 2018 (audited) AUD\$'000
Issued and fully paid: 2,574,878,000 (30 June 2018: 2,588,548,000) ordinary shares	44,315	45,133

	Number of shares in issue (unaudited) (in thousands)	Share capital (audited) AUD\$'000
A summary of movements in the Company's share capital is as follows:		
At 1 July 2018	2,588,548	45,133
Issue of shares	3,060	133
Repurchase and cancellation of shares	(16,730)	(951)
	2,574,878	45,133

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

15. Share-Based Payments

The Company has adopted two share schemes, namely the Pre-IPO Performance Rights Plan and the Post-IPO Share Option Scheme.

Pre-IPO Performance Rights Plan

The Company operates a Pre-IPO Performance Rights Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Eligible participants of the Pre-IPO Performance Rights Plan include the Company's employees, directors or members of the Council of one or more members of the Company and its subsidiaries selected by the Board in its absolute discretion to participate in the Scheme.

The Pre-IPO Performance Rights Plan was adopted under written resolutions of the Board passed on 8 June 2017. On 20 April 2018, the Company has granted an additional 11,481 performance rights under the Pre-IPO Performance Rights Plan to certain members of the Council and certain directors, including (i) Mr. Jing Li, being a non-executive director; and (ii) Professor Brian James Stoddart and Professor Steven Schwartz, being independent non-executive directors and members of the Council. The shareholding of each of Professor Brian James Stoddart and Professor Steven Schwartz in the Company will not be more than 1% of the enlarged share capital of the Company upon completion of the Global Offering assuming that their performance rights above are fully vested. As at 31 December 2018, 60,160 performance rights had been granted to the CEO of the Company under the Pre-IPO Performance Rights Plan.

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 Scheme are fully vested after the completion of the share split, which would incur a dilution of approximately 5.5% of the shareholding of the shareholders immediately following the listing. No further performance rights will be granted under the Pre-IPO Performance Rights Plan on or after the listing date.

CEO's performance rights plan

The CEO's performance rights plan became effective in June 2017 and, unless otherwise cancelled or amended, will remain in force for 15 years from that date.

Performance rights granted to the CEO of the Company are subject to approval in advance by the directors. Provided the CEO remains employed until the later of the fifth anniversary of the grant of the performance rights and a liquidity event (defined as a listing, a business sale or a share sale in the plan rules), the performance rights will vest.

There is no exercise price payable by the CEO. Performance rights do not confer rights on the holders to dividends or to vote at shareholders' meetings.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

15. Share-Based Payments (Continued)

Pre-IPO Performance Rights Plan (Continued)

CEO's performance rights plan (Continued)

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

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

The Council and Board members performance rights plan became effective in April 2018 and, unless otherwise cancelled or amended, will remain in force for 15 years from that date.

Provided the participants remain a council member or non-executive director of the Company and the Company has not taken steps to remove them from that role on the applicable vesting dates (the first being within 6 months, on 12 November 2018) and the listing of the Company, the performance rights will vest.

There is no exercise price payable by the participants. Performance rights do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The details of the performance rights granted are shown below:

Exercise price	—
Vesting condition	service and listing
Date of vesting	12 November 2018, 33% of award 12 November 2019, 33% of award 12 November 2020, 33% of award
Expiry date	19 April 2033

During the six months ended 31 December 2018, 3,060,000 shares was exercised, and 4,592,000 shares was lapsed due to one of the participants ceased to be council member of the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

15. Share-Based Payments (Continued)

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted under written resolutions of the Board passed on 18 April 2018 for the primary purpose of providing incentives to eligible participants, in its sole discretion, to have contributed or will contribute to the Company is entitled to be offered and granted options. On 18 July 2018, the Company has granted 25,781,938 share options under the Post-IPO Share Option Scheme to certain director and employees, including Ms. Sumeng Cao, an executive director of the Company. Given that the grant of the Share Options to Ms. Sumeng Cao would not result in the Shares issued and to be issued upon exercise of all the Share Options already granted and to be granted (including Share Options exercised, cancelled and outstanding) to her, collectively in the 12-month period up to and including the Date of Grant representing in aggregate over (a) 1% of the Shares in issue pursuant to Rule 17.03(4) of the Listing Rules; and (b) 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the Date of Grant, in excess of HK\$5 million pursuant to Rule 17.04(1) of the Listing Rules, the grant of Share Options to Ms. Sumeng Cao is not required to be approved by the shareholders of the Company at general meeting.

The Post-IPO Share Option Scheme became effective in July 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Provided the participants remain an employee 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 12 months, on 17 July 2019), the performance rights will vest.

The exercise price of the Share Options granted is HK\$0.560.

The details of the performance rights granted are shown below:

Exercise price	HK\$0.560
Vesting condition	service
Date 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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

15. Share-Based Payments (Continued)

Post-IPO Share Option Scheme (Continued)

The following performance rights were outstanding under the Scheme during the period:

	Six months ended 31 December	
	2018 (unaudited) Number of rights	2017 (unaudited) Number of rights
At 1 July	143,282,000	—
Granted during the period	25,781,938	60,160
Exercised	(3,060,000)	—
Lapsed	(4,592,000)	—
At 31 December	161,411,938	60,160
Weighted average exercise period	14 years	15 years
Exercisable as at end of the period	3,063,333	—

The Company recognised share-based payments of AUD\$773,000 during the six months ended 31 December 2018 (six months ended 31 December 2017: AUD\$323,000).

As at 31 December 2018, the Company had 161,411,938 performance rights and options outstanding under the Scheme. The exercise in full of the outstanding performance rights and options would, under the present capital structure of the Company, result in the issue of 161,411,938 additional ordinary shares of the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

16. Operating Lease Commitments

The Company leases office and classroom space under non-cancellable operating leases arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 31 December 2018, the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2018 (unaudited) AUD\$'000	30 June 2018 (audited) AUD\$'000
Within one year	1,321	1,463
In the second to fifth years, inclusive	955	1,578
	2,276	3,041

17. Related Party Transactions

- (a) In addition to the transactions, arrangements and balances detailed elsewhere in the financial statements, the Company had the following transactions with a related party during the period:

During the six months ended 31 December 2018, the Company used AUD\$180,164 (six months ended 31 December 2017: AUD\$641,128) of the service allowance from PwC Australia.

- (b) Outstanding balances arising from transactions with key management personnel or entities related to them:

Information on transactions with key management personnel or entities related to them, other than compensation, are set out below:

	Six months ended 31 December 2018 (unaudited) AUD\$'000	2017 (unaudited) AUD\$'000
Payables to directors	—	66

These balances relate to directors' fees and are interest-free and expected to be settled within one year.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

17. Related Party Transactions (Continued)

(c) Compensation of key management personnel of the Company:

	Six months ended 31 December	
	2018 (unaudited) AUD\$'000	2017 (unaudited) AUD\$'000
Fees	376	39
Other emoluments:		
Salaries	230	110
Share-based payment	503	323
Pension scheme contributions	48	11
	781	444
	1,157	483

18. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the period are as follows:

	31 December 2018 (unaudited) AUD\$'000	30 June 2018 (audited) AUD\$'000
Financial assets classified as loans and receivables		
Trade receivables	—	—
Financial assets included in deposits and other receivables	1,189	694
Cash and cash equivalents	47,326	47,367
	48,515	48,061
Financial liabilities at amortised cost		
Trade payables	1,814	1,345
Financial liabilities included in other payables and accruals	796	1,239
	2,610	2,584

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)

31 December 2018

19. Fair Value and Fair Value Hierarchy of Financial Instruments

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities reasonably approximated to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely because the maturities are short term/there are no fixed terms of repayment of these instruments or the effect of discounting is not material.

20. Events After the Reporting Period

On 24 January 2019, 1,530,000 shares were issued to Mr. Jing Li, a non-executive Director of the Company, since Mr. Jing Li exercised his Pre-IPO Performance Rights which has vested on the first applicable vesting date, being on 12 November 2018.

21. Approval of the Interim Financial Statements

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 27 February 2019.

GLOSSARY

“ACCA”	Association of Chartered and Certified Accountants
“Alliance Agreement”	the alliance agreement dated 27 May 2016 entered into between the Company and PwC Australia
“AQF”	the Australian Qualifications Framework, which specifies the standards for educational qualifications in Australia
“ATP”	the Australian Technology Park
“AUD\$”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Australia”	the Commonwealth of Australia
“award”	a qualification under levels 1 to 10 of the AQF
“Billion Glory”	Billion Glory Group Holdings Limited 兆隆集團控股有限公司, a company incorporated under the laws of Hong Kong with limited liability on 8 June 2016, which is wholly-owned by Mr. Yang
“Board”	the board of Directors
“Business School”	Sydney City School of Business, as the name adopted for the Company’s academic division covering higher education courses in the field of Management and Commerce
“CAANZ”	Chartered Accountants Australia and New Zealand
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this announcement and for geographical reference only, except where the context requires, does not include Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) , as amended, supplemented or otherwise modified from time to time
“Company”, “Institute”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001 and trading as Top Education Institute
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules

GLOSSARY (CONTINUED)

“Connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it in the Listing Rules and, unless the context otherwise requires, refers to the controlling shareholder(s) of our Company, being the Controlling Shareholders Group
“Controlling Shareholders Group”	collectively, Dr. Zhu, Mr. Yang, Tristar United, Mr. Lee, Mr. Wang and Billion Glory, being a group of six individuals and entities
“Corporations Act”	the Corporations Act 2001(Cth) of Australia, as amended, supplemented or otherwise modified from time to time, which is the principal legislation regulating companies in Australia
“Council”	Top Education Institute Council
“course”	a program of study that will confer an award upon completion
“CPA Australia”	CPA Australia Ltd
“CRICOS”	the Commonwealth Register of Institutions and Courses for Overseas Students
“Director(s)”	the director(s) of the Company
“Dr. Zhu”	Dr. Minshen Zhu 祝敏申, an executive Director, the chairman of the Board, the chief executive officer and the appointed representative of the Controlling Shareholders Group
“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
“Employee”	<p>(a) any employee (including without limitation any executive Director) of the Company;</p> <p>(b) any non-executive Director (including independent non-executive Directors);</p> <p>(c) any member of the Council; and</p> <p>(d) any consultant of the Company,</p> <p>excluding any employee who is resident in a place where the award of Awarded Shares and/or the vesting of Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee</p>

GLOSSARY (CONTINUED)

“GUFE”	Guangxi University of Finance and Economics
“HBUE”	Hubei University of Economics
“higher education”	studies in pursuit of a qualification under levels 5 to 10 of the AQF, including a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, master degree and doctoral degree
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Independent Third Party(ies)”	person(s) or company(ies) which, to the best of our Directors’ knowledge having made all due and careful enquiries, is/are not connected (within the meaning of the Listing Rules) with the Company
“INED”	the independent non-executive Directors
“JSJ List”	the list of recognised Australian universities and higher education providers issued by the Ministry of Education of China on the Jiaoyu Shewai Jianguan Xinxi Wang (教育涉外監管信息網)
“Law School”	Sydney City School of Law, as the name adopted for the Company to provide degree courses in law
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Date”	11 May 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loyal Creation”	Loyal Creation Investment Ltd, a company incorporated under the laws of Hong Kong with limited liability on 30 October 2015, which is owned as to 40% by Wang Weiping, 30% by Sun Lian Zhang and 30% by Yam Hau Lam and is a Shareholder
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

GLOSSARY (CONTINUED)

“Minsheng Development”	Minsheng Education Development Company Limited (“Minsheng Development”), a direct wholly-owned subsidiary of Minsheng Education Group Company Limited
“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. Liu”	Chaohui Liu 劉朝暉, a Shareholder
“Mr. Wang”	Xin Wang 王新, one of the members of the Controlling Shareholders Group
“Mr. Yang”	Qingquan Yang 楊清泉, one of the members of the Controlling Shareholders Group
“Nomination Committee”	the nomination committee of the Board
“NSW LPAB”	the Legal Profession Admission Board, New South Wales
“OCSC List”	the list of recognised Australian universities and higher education institutes published by the Office of the Civil Service Commission, Thailand
“pathway program”	a program by which students who complete certain required studies at one institution may become eligible to transfer to another institution to continue their studies and receive credit for work completed
“Pre-IPO Performance Right(s)”	a performance right under the Pre-IPO Performance Rights Plan
“Pre-IPO Performance Rights Plan”	the pre-IPO performance rights plan conditionally adopted by the Board on 8 June 2017, a summary of the principal terms of which is set out in the section headed “Appendix IV — E. Pre-IPO Performance Rights Plan” in the prospectus issued on 27 April 2018
“Prospectus”	the prospectus of the Company dated 27 April 2018
“PwC Australia”	PricewaterhouseCoopers (ABN 52 780 433 757), Australia, chartered public accountants in Australia

GLOSSARY (CONTINUED)

“PwC Nominees”	PricewaterhouseCoopers Nominees (A.C.T.) Pty Ltd, a company registered in Australian Capital Territory, Australia with limited liability on 29 August 1969, which is owned as to 50% by PricewaterhouseCoopers Nominees (N.S.W.) Pty Ltd and 50% by PricewaterhouseCoopers Nominees (Victoria) Pty Ltd, a Shareholder
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	The period from 1 July 2018 to 31 December 2018
“SAA”	Self-Accrediting Authority
“SCDP”	the Student Career Development Program
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the capital of the Company
“Share Award Scheme”	the post-IPO share award scheme conditionally adopted by the Company on 23 October 2018, the principal terms of which are set out in the announcement dated 23 October 2018
“Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on 18 April 2018, the principal terms of which are set out in the section headed “Appendix IV – F. Share Option Scheme” in the Prospectus
“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 2011
“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

GLOSSARY (CONTINUED)

“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
“US\$”	United States dollars, the lawful currency of the United States
“Xinjiang Guoli”	Xinjiang Guoli Minsheng Equity Investment Co., Ltd. (新疆國力民生股權投資有限公司), a company established under the laws of the PRC with limited liability on 6 November 2000, which is owned as to 32.93% by Zhang Gaolu, 25.95% by Dai Yuhan, 25.15% by Lu Qiuwen and 15.97% by Sun Gang, which are Independent Third Parties, and is a substantial Shareholder