



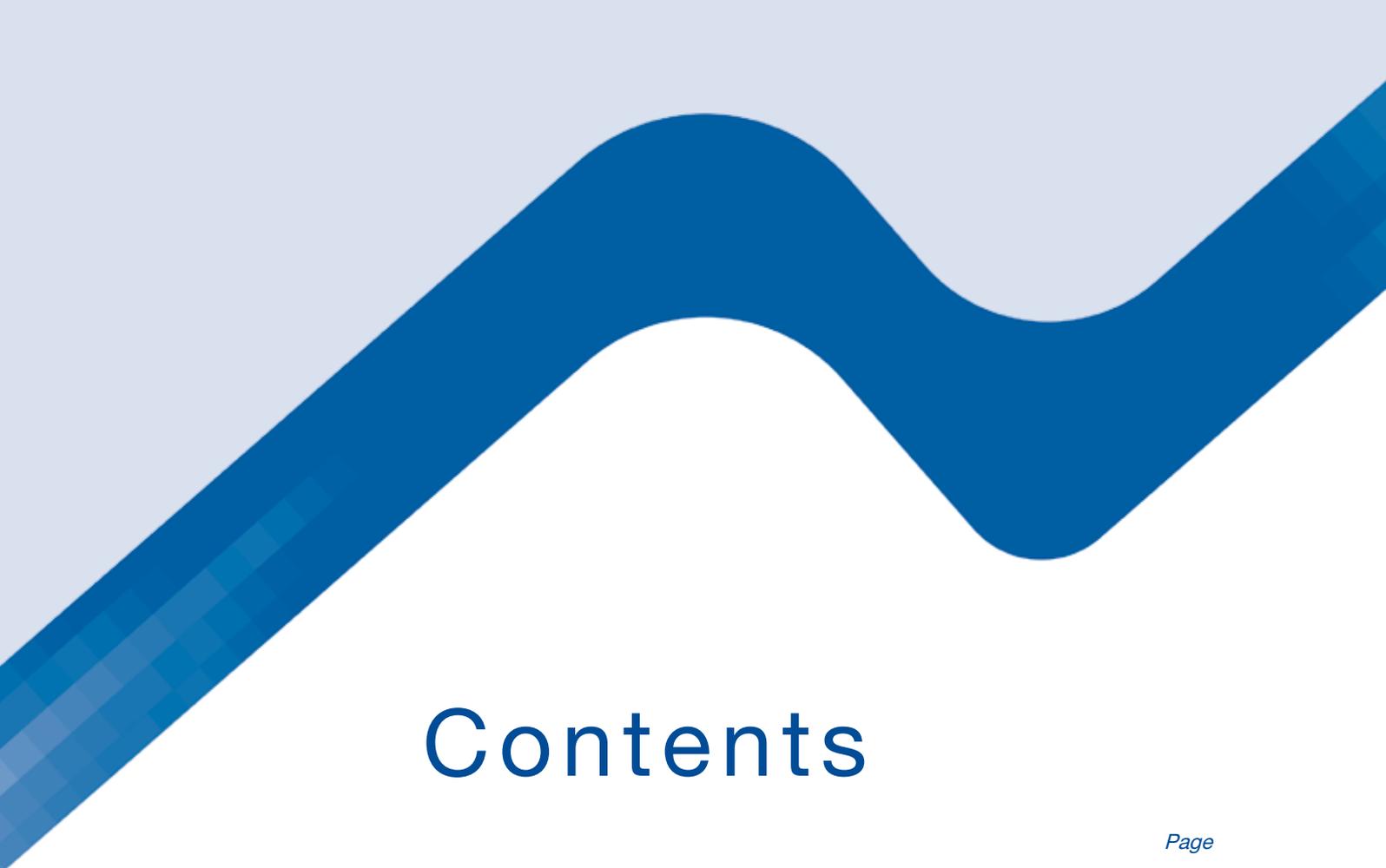
Top Education Group Ltd

澳洲成峰高教集團有限公司

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

2021 INTERIM REPORT





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1. CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

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

Ms. Sumeng Cao

Non-executive Directors:

Mr. Thomas Richard Seymour
(Mr. Kai Zhang as his alternate)

Mr. Amen Kwai Ping Lee

Mr. Yi Dai

Mr. Edward Chiang

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

200 George Street

Sydney, NSW 2000

Australia



1. CORPORATE INFORMATION

REGISTERED OFFICE, PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN AUSTRALIA

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

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

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

AUSTRALIA PRINCIPAL SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

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

COMPANY WEBSITE

www.top.edu.au

STOCK CODE

1752

2. MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Top Education Group Ltd (“TOP”) trading as Australian National Institute of Management and Commerce (“IMC”) as well as Top Education Institute 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 and also approved by TEQSA in May 2018 for Self-Accrediting Authority in the Broad Field of Education in Business and Commerce from AQF levels 5 to 9 including bachelor and master degree courses. In this Broad Field, TOP’s Business School provides quality programs at both undergraduate and postgraduate levels including a Master by research. The relevant courses are also accredited by major professional bodies, such as ACCA, CPA Australia and CAANZ. 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.

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

PwC Australia and TOP entered into an Alliance Agreement in 2016 ceasing on 31 March 2023. Under the Alliance Agreement, PwC Australia provides services to TOP, which have assisted TOP to deliver initiatives including tertiary student career development and executive education programs including academic and non-academic courses in Australia, as well as designing ‘smart campus’ and digital education solutions. Prior to the end of the initial term of the Alliance Agreement, 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.

Operational Updates

Operations under COVID-19

During the Reporting Period, TOP had followed the updated strategies to develop and launch new courses to adapt to evolving market and capitalise on emerging revenue growth opportunities. The development of innovative short courses provides an avenue for working professionals to upskill in particular areas of interest in their own time. Learners of these courses can stand out from the crowd and be able to meet the emerging market and professional skill demands in particular areas. TOP has been improving the course delivery model to be more suitable for remote students under current environment.

Effective management of the Group delivered outperformance in cash inflows with approximately AUD\$30 million cash on hand at 31 December 2020. The balance sheet and cash position has remained strong with zero bank debt providing a high level of resiliency in the business during the COVID-19 pandemic, with positive momentum in revenue from regional campus to some extent offsetting the short-term challenges in the international student market. Such position gives us the ability to weather an extended period of uncertainty.

The Group has also initiated ongoing cost management measures including rationalising of campus and office property portfolio, for example Scots English College Pty Ltd (“SCOTS”) exited from the previous premise lease and relocated to TOP’s existing premises in October 2020. All executives of the Group reached a consensus to have their salary package frozen until the international students return. In addition, the CEO has voluntarily reduced his salary package.



2. MANAGEMENT DISCUSSION AND ANALYSIS

During this period with tremendous changes, the Group has been putting the safety protection of students and staff members as the highest priority, and comprehensively enhancing public health protection on campus.

Course Innovation

- TOP had been developing innovative and cutting-edge courses during the Reporting Period along with its strategic plan. On 13 November 2020, the following extended streams under Master of Business Administration were approved by the Commonwealth Register of Institutions and Courses for Overseas Students (“CRICOS”):
 - Master of Business Administration (Digital Business Applications)
 - Master of Business Administration (Data Analytics)
 - Master of Business Administration (FinTech Management)
 - Master of Business Administration (Professional Accounting)
- The staff development and training programs in digitalised knowledge had been continuously conducted during the Reporting Period for our staff with academic background in Management and Commerce.

Interstate campus

During the Reporting Period, the revenue from TOP’s regional campus in Hobart, Tasmania had grown faster than expected, which helps deliver revenue in near AUD\$2 million. This is an increase of approximately 1622% as compared with the corresponding period in 2019.

Smart-Campus and Intelligent-Digitalised Educational

The classrooms and offices at Bay 16, Locomotive Workshop were relocated to new premises at Bay 3, Locomotive Workshop in July 2020. The infrastructure of new premises is equipped with upgraded facilities and most cutting-edge digital technologies to lead an innovative pattern of education delivery method in Australia along with our innovative and intelligent education strategy.

In line with the Group’s strategy TOP 3.0, the Group has been building up its infrastructures and has proven its online learning delivery capabilities through the COVID-19 pandemic. We have changed our delivery mode to online promptly without sacrificing students experience, but rather enhancing student support services and learning experiences through intensive student support system. Meanwhile, the Group is exploring and expanding other possible new addressable markets through domestic and international network for our degree programs with online delivery model in the future.

2. MANAGEMENT DISCUSSION AND ANALYSIS

New Course Accreditation

During the Reporting Period, ACCA provided its accreditation of the following programs:

- Master of Professional Accounting
- Master of Professional Accounting Services
- Master of Business Administration (Professional Accounting)
- Master of Big Data Auditing
- Master of Accounting Intelligence programs
- Master of Taxation (with data analytics and artificial intelligence)

In addition, the Group signed memorandum of understanding (“MoU”) with the ACCA to include an ACCA stream alongside the CPA Australia stream in the Master of Accounting Practice. This allows students to complete the ACCA strategic professional syllabus within their postgraduate program in preparation for ACCA examinations.

Student Enrolments

For the six months ended 31 December 2020, the total EFTSL of Top Education Institute decreased slightly by 1.4% comparing with the corresponding period in the last financial year.

	Six months ended 31 December	
	2020	2019
Bachelor of International Business ⁽¹⁾	116.8	177.3
Bachelor of Applied Finance and Accounting ⁽²⁾	75.0	76.1
Bachelor of Laws	16.4	25.1
Master of Professional Accounting and Business ⁽³⁾	185.1	181.1
Master of International Business ⁽⁴⁾	41	43.9
Master of Business Administration ⁽⁵⁾	199.9	–
Others ⁽⁶⁾	9.8	65.6
Non-Award Unit Study	83.2	168.5
	<hr/>	<hr/>
Total	727.2	737.6
	<hr/> <hr/>	<hr/> <hr/>

2. MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

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

Tuition fee

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

Course Name	International		Domestic	
	2021 AUD\$	2020 AUD\$	2021 AUD\$	2020 AUD\$
Diploma in Applied Finance and Accounting	21,000	21,000	17,000	17,000
Associate Degree of Applied Finance and Accounting	42,000	42,000	34,000	34,000
Bachelor of Applied Finance and Accounting	63,000	63,000	51,000	51,000
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	8,500	8,500
Graduate Certificate in Business Management	11,960	11,960	8,500	8,500
Graduate Certificate in Business Research	18,000	18,000	10,000	10,000
Graduate Certificate in Business	11,960	11,960	8,500	8,500
Graduate Certificate in Financial Planning	11,960	11,960	8,500	8,500
Graduate Certificate in Financial Technologies Management	11,960	11,960	8,500	8,500
Graduate Diploma of Accounting	23,920	23,920	17,000	17,000
Graduate Diploma of International Business	23,920	23,920	17,000	17,000

2. MANAGEMENT DISCUSSION AND ANALYSIS

Course Name	International		Domestic	
	2021 AUD\$	2020 AUD\$	2021 AUD\$	2020 AUD\$
Graduate Diploma of Marketing	23,920	23,920	17,000	17,000
Graduate Diploma of Marketing and Public Relations	23,920	23,920	17,000	17,000
Graduate Diploma of Business Administration	23,000	23,000	17,000	17,000
Graduate Diploma of Financial Planning	23,920	23,920	17,000	17,000
Graduate Diploma of Financial Technologies	23,920	23,920	17,000	17,000
Management				
Master of International Business	35,880	35,880	25,500	25,500
Master of Marketing and Public Relations	35,880	35,880	25,500	25,500
Master of Professional Accounting	35,880	35,880	25,500	25,500
Master of Accounting Practice	35,880	35,880	25,500	25,500
Master of Professional Accounting Services (formerly known as Master of Professional Accounting and Business)	47,840	47,840	34,000	34,000
Master of Business Research	72,000	72,000	40,000	40,000
Master of Business Administration	46,000	46,000	34,000	34,000
Master of Business Administration (Professional Accounting)	46,000	46,000	34,000	34,000
Master of Business Administration (FinTech Management)	46,000	46,000	34,000	34,000
Master of Financial Planning	47,840	47,840	34,000	34,000
Master of Accounting Intelligence	47,840	47,840	34,000	34,000
Master of Applied Financial Technology and Blockchain	47,840	47,840	34,000	34,000
Master of Big Data Auditing	47,840	47,840	34,000	34,000
Master of Taxation (with Data Analysis and Artificial Intelligence)	47,840	47,840	34,000	34,000
Bachelor of Laws	80,000	80,000	48,000	48,000
Master of Laws	20,000	20,000	20,000	20,000

Outlook

Our business practices in the Reporting Period demonstrated that TOP's principal strategy as *Innovation towards Intelligent Education* could guide us continuously weathering the uncertainty under the COVID-19 pandemic and growing along with innovative approach towards TOP's goal in the future.

- As the pandemic period continues, TOP is still facing the significant challenges. We believe that the innovative approach towards intelligent education represents the trend of higher education development in digital economy, thus shall not change for the foreseeable future years. TOP has committed to develop the digitalised education to deliver through on-campus or in distance, while to further diversify by delivering to overseas students in their locations through our international presence.

2. MANAGEMENT DISCUSSION AND ANALYSIS

- As eligible FEE-HELP provider, TOP's courses were approved for FEE-HELP student tuition loans. With the impact of pandemic and our enhanced capability of online delivery with innovative courses, TOP will be able to attract domestic students through FEE-HELP authority.
- The Group will keep transferring digital resources and capabilities to accelerate growth in new revenue channel, such as online delivery of programs and domestic markets in Australia, while waiting for international borders to reopen.
- The Group is actively seeking merger and acquisition ("M&A") or direct investment opportunity on target in domestic market, including reputable institutes and domestic recruitment partners, to expand and diversify the Group's business. Meanwhile, the Group will keep assessing potential opportunities on online study technologies and cooperation with organisations in other countries and regions, which can bring business synergy to the Group and support our direction of internationalisation with respect of transnationally diversifying student sources, as well as localising the education assets in China and other regions in Southeast Asia.

FINANCIAL REVIEW

Revenue

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

Revenue decreased by approximately 7.8% from approximately AUD\$14.5 million for the six months ended 31 December 2019 to approximately AUD\$13.4 million for the six months ended 31 December 2020, mainly due to the decrease in the course fee income affected by the COVID-19 pandemic. A breakdown of revenue is shown below:

	Six months ended 31 December		
	2020	2019	Change
	(Unaudited) AUD\$' 000	(Unaudited) AUD\$' 000	%
Course fee income	12,699	13,545	-6.2%
Other service fee income	707	989	-28.5%
	<u>13,406</u>	<u>14,534</u>	<u>-7.8%</u>

Tuition fee contributed over 94.7% of the Group's revenue while other service fee represented approximately 5.3% of the revenue.

2. MANAGEMENT DISCUSSION AND ANALYSIS

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\$0.2 million, or 2.9%, from approximately AUD\$6.9 million for the six months ended 31 December 2019 to approximately AUD\$7.1 million for the six months ended 31 December 2020. The increase primarily resulted from the net effect of the increase in student related costs, the increase in amortisation, the increase in depreciation of new campus fit outs, and the decrease in employee and consulting services.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately 17.3% from AUD\$7.7 million for the six months ended 31 December 2019 to AUD\$6.3 million for the six months ended 31 December 2020, and the gross profit margin decreased from approximately 52.8% for the six months ended 31 December 2019 to approximately 47.3% for the six months ended 31 December 2020, primarily due to the impact of the COVID-19 pandemic on course fee income.

Other Income and Gains

Other income increased by 239.4% from approximately AUD\$0.4 million for the six months ended 31 December 2019 to approximately AUD\$1.5 million for the six months ended 31 December 2020. The increase primarily resulted from the increase in rent waiver, government grants and other income.

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 increased by 21.0% from approximately AUD\$4.1 million for the six months ended 31 December 2019 to approximately AUD\$5.0 million for the six months ended 31 December 2020. This increase was primarily due to the increase in depreciation in new campus fit outs, rental related expenses and employee expenses.

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 29.8% from approximately AUD\$0.9 million for the six months ended 31 December 2019 to approximated AUD\$1.2 million for the six months ended 31 December 2020, mainly due to the increase in recruitment promotion expenses.



2. MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Finance costs represent the interest expense on the lease liabilities.

Finance costs increased by 65.0% from approximately AUD\$0.3 million for the six months ended 31 December 2019 to approximately AUD\$0.4 million for the six months ended 31 December 2020. This increase was arising from lease liabilities due to the adoption of the accounting standard IFRS 16.

Profit for the Reporting Period

As a result of the above factors, the Group's net profit after tax for the period decreased by approximately 51.8% from approximately AUD\$2.0 million for the six months ended 31 December 2019 to approximately AUD\$0.9 million for the six months ended 31 December 2020.

Capital Expenditure

Our capital expenditures for the six months ended 31 December 2020 were approximately AUD\$4.0 million, consisted primarily of expenditures on (i) plant and equipment, (ii) classroom equipment and office and (iii) teachers reference books.

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2020, the Group had cash on hand of AUD\$29.8 million (30 June 2020: AUD\$34.4 million) with no bank borrowings (30 June 2020: AUD\$0). During the six months ended 31 December 2020, the Group financed our working capital requirements and capital expenditures principally through net cash inflows from operating activities and the net proceeds raised from the initial public offering.

As at 31 December 2020, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2020: 0%).

Significant Investments, Acquisitions and Disposals

Save as disclosed in this 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 2020.

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 HKD. As at 31 December 2020, 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.

2. MANAGEMENT DISCUSSION AND ANALYSIS

Charges on the Group's Assets

There were no charges on the Group's assets as at 31 December 2020 (30 June 2020: Nil).

Contingent Liabilities

Except of the contingent considerations relates to the acquisition of SCOTS (refer to note 20 to the consolidated interim financial statements), at the end of the Reporting Period, the Group did not have any other significant commitments.

EMPLOYMENT AND REMUNERATION POLICIES

During the six months ended 31 December 2020, including academic staff, the Company employed 119 staff (six months ended 31 December 2019: 152). 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.

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.

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.

3. OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend an interim dividend in respect of the six months ended 31 December 2020 (six months ended 31 December 2019: Nil).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company repurchased a total of 35,470,000 Shares on the Stock Exchange at an aggregate consideration (before brokerage and expenses) of approximately HK\$10,341,150. As at 31 December 2020, 35,390,000 repurchased Shares have been cancelled. As at the date of this report, all the aforesaid repurchased Shares have been cancelled.

Month of repurchases	Total number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration HK\$
July 2020	10,000,000	0.300	0.270	2,825,200
August 2020	13,890,000	0.325	0.270	4,073,350
September 2020	930,000	0.300	0.285	271,900
October 2020	4,800,000	0.315	0.290	1,454,300
November 2020	2,530,000	0.310	0.285	749,350
December 2020	3,320,000	0.300	0.285	967,050

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

3. OTHER INFORMATION

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 2020, a total amount of approximately HK\$96 million of the net proceeds had been used by the Company according to the allocation set out in the Prospectus as follows:

Purpose	Percentage to total amount	Net proceeds HK\$ (million)	Utilised	Unutilised	Expected timeline for utilising the unutilised amount
			amount as at 31 December 2020 HK\$ (million)	amount as at 31 December 2020 HK\$ (million)	
Acquiring or investing in educational groups/institutions in the PRC and in Australia	41.0%	70.4	20.7	49.7	by the end of 2022
Developing "Intelligent Education", which includes utilising digital education solutions for course contents, infrastructure of campuses and offices, and teaching and learning method	27.8%	47.8	23.1	24.7	by the end of 2022
Upgrading TOP's existing 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 program and developing PhD towards our strategic goal	3.1%	5.3	4.0	1.3	by the end of 2022
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	96.0	75.7	

AUDIT AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee reviewed the unaudited financial statements and the interim report of the Group for the six months ended 31 December 2020, including the accounting principles and practices adopted by the Group.

3. OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, 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	975,838,000 ^{(3), (4)}	40.05%
Mr. Amen Kwai Ping Lee	Beneficial owner/Interest held jointly with other persons	855,518,000 ⁽⁵⁾	35.11%
Mr. Thomas Richard Seymour	Interested in a controlled corporation	21,008,000 ⁽⁶⁾	0.86%
Mr. Kai Zhang (as alternate director to Mr. Thomas Richard Seymour)	Beneficial owner	20,976,000	0.86%
Mr. Jing Li (resigned on 24 June 2019)	Beneficial owner	4,592,000 ⁽⁷⁾	0.18%
Professor Brian James Stoddart	Beneficial owner	4,592,000 ⁽⁸⁾	0.18%
Professor Steven Schwartz	Beneficial owner	3,892,000 ⁽⁹⁾	0.15%
Ms. Sumeng Cao	Beneficial owner	7,294,274 ⁽¹⁰⁾	0.29%
Ms. Rongning Xu (as alternate director to Dr. Minshen Zhu)	Beneficial owner	7,294,274 ⁽¹¹⁾	0.29%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 2,436,150,000 Shares in issue as at 31 December 2020.

3. OTHER INFORMATION

- (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 2020, all the members of the Controlling Shareholders Group together controlled 855,518,000 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 228,506,000 Shares beneficially owned by Dr. Zhu and 627,012,000 Shares held by other members of the Controlling Shareholders Group, such interest includes Dr. Zhu's entitlement to receive up to 120,320,000 Shares pursuant to the exercise of performance rights granted to him under the Pre-IPO Performance Rights Plan, subject to the conditions (including vesting conditions) of those rights.
- (5) Mr. Lee beneficially owns 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 50% 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 4,592,000 Shares beneficially owned by Mr. Jing Li which have been issued to him pursuant to the exercise of vested 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 3,062,000 Shares had been issued to Mr. Jing Li.
- (8) Apart from 1,530,000 Shares beneficially owned by Professor Brian James Stoddart which have been issued to him pursuant to the exercise of vested performance rights, such interest includes Professor Brian James Stoddart'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.
- (9) 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.
- (10) This represents Ms. Sumeng Cao's entitlement to receive up to 1,294,274 Shares pursuant to the exercise of options granted to her under the Share Option Scheme, subject to the conditions (including vesting conditions) of those options, and the entitlement to receive up to 6,000,000 Shares pursuant to the exercise of Awarded Shares granted to her under the Share Award Scheme, subject to the conditions (including vesting conditions) of those Awarded Shares.
- (11) This represents Ms. Rongning Xu's entitlement to receive up to 1,294,274 Shares pursuant to the exercise of options granted to her under the Share Option Scheme, subject to the conditions (including vesting conditions) of those options, and the entitlement to receive up to 6,000,000 Shares pursuant to the exercise of Awarded Shares granted to her under the Share Award Scheme, subject to the conditions (including vesting conditions) of those Awarded Shares.

Save as disclosed above, as at 31 December 2020, 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.

3. OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, so far as the Directors are aware, the following persons (other than Directors or chief executives of the Company) or corporations have interests or short positions in the Shares and the underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of Interest	Position	Number of Shares	Approximate percentage ⁽¹⁾
Ms. Xing Shi Huang	Interest of a spouse ^{(2), (3)}	Long	975,838,000	40.05%
Mr. Qingquan Yang	Beneficial owner ⁽⁴⁾ ; interest in controlled corporation ⁽⁴⁾ ; interest held jointly with other persons ⁽²⁾	Long	855,518,000	35.11%
Ms. Shuling Chen	Interest of a spouse ⁽⁵⁾	Long	855,518,000	35.11%
Billion Glory	Beneficial owner ⁽⁴⁾ ; interest held jointly with other persons ⁽²⁾	Long	855,518,000	35.11%
Tristar United	Beneficial owner ⁽⁶⁾ ; interest held jointly with other persons ⁽²⁾	Long	855,518,000	35.11%
Ms. Josephine Kam Shan Lam	Interest of a spouse ⁽⁷⁾	Long	855,518,000	35.11%
Mr. Xin Wang	Beneficial owner ⁽⁸⁾ ; interest held jointly with other persons ⁽²⁾	Long	855,518,000	35.11%
Ms. Zhuo Liu	Interest of a spouse ⁽⁹⁾	Long	855,518,000	35.11%
Xinjiang Guoli	Beneficial owner	Long	351,180,000	14.41%
PwC Australia	Beneficial owner ⁽¹⁰⁾	Long	264,708,000	10.86%
Loyal Creation	Beneficial owner	Long	224,096,000	9.19%
Minsheng Education Group	Interest in a controlled corporation ⁽¹¹⁾	Long	209,000,000	8.57%

3. OTHER INFORMATION

Notes:

- (1) The calculation is based on the total number of 2,436,150,000 Shares in issue as at 31 December 2020.
- (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 2020, all the members of the Controlling Shareholders Group together controlled 855,518,000 Shares. Under the SFO, each Ms. Xing Shi Huang, Mr. Qingquan Yang, Ms. Shuling Chen, Tristar United, Ms. Josephine Kam Shan Lam and Mr. Xin Wang of the Controlling Shareholders Group are deemed to be interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.
- (3) Ms. Xing Shi Huang is the spouse of Dr. Minshen Zhu and is deemed to be interested in the shareholding interests of Dr. Zhu by virtue of the disclosure requirements of the SFO.
- (4) Mr. Qingquan Yang directly holds 151,102,000 Shares and Billion Glory, which is wholly-owned by Mr. Yang, directly holds 59,524,000 Shares. Accordingly, Mr. Yang is deemed to be interested in 59,524,000 Shares held by Billion Glory by virtue of the disclosure requirements of the SFO. Mr. Yang and Billion Glory are members of the Controlling Shareholders Group and are also deemed to have interested in the Shares beneficially owned by the other members of the Controlling Shareholders Group.
- (5) Ms. Shuling Chen is the spouse of Mr. Qingquan Yang and is deemed to be interested in the shareholding interests of Mr. Yang 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) 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.

3. OTHER INFORMATION

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, below are the changes in the information of the Directors:

- (1) Professor Weiping Wang was appointed as an independent non-executive director of Neusoft Education Technology Co. Limited, a company listed on the Stock Exchange (stock code: 9616), since 29 September 2020;
- (2) Professor Steven Schwartz ceased to be the consultant of Australian Government Department of Health on 31 December 2019; and
- (3) Mr. Tianye Wang ceased to be an independent non-executive director of Henan Pinggao Electric Company Limited (stock code: 600312), a company listed on the Shanghai Stock Exchange on 25 September 2020.

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 following sets out movements in the Pre-IPO Performance Rights granted under the Pre-IPO Performance Rights Plan during the Reporting Period:

Grantee	Balance as at 30 June 2020 (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 2020 (number of underlying Shares)
Directors					
Dr. Minshen Zhu	120,320,000	–	–	–	120,320,000
Mr. Jing Li (resigned on 24 June 2019)	3,062,000 ⁽¹⁾	–	3,062,000	–	–
Prof. Brian James Stoddart	3,062,000	–	–	–	3,062,000
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

Notes:

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

3. OTHER INFORMATION

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

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

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

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

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

A summary of the principal terms of the Pre-IPO Performance Rights were disclosed in the section headed “Report of the Directors” of the 2020 Annual Report of the Company.

Share Option Scheme

On 18 July 2018 (“Date of Grant”), the Company granted share options (the “Share Options”) to subscribe for a total of 25,781,938 Shares under the Share Option Scheme, among which, the options to subscribe for 1,294,274 Shares were granted to Ms. Sumeng Cao, our executive Director, and to Ms. Rongning Xu, the alternate Director to Dr. Minshen Zhu, respectively.

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

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

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

3. OTHER INFORMATION

Details of the movement of Share Options granted under the Share Option Scheme for six months ended 31 December 2020 are as follows:

Grantee	Balance as at 1 July 2020	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Balance as at 31 December 2020
Directors					
Ms. Sumeng Cao	1,294,274	-	-	-	1,294,274
Ms. Rongning Xu	1,294,274	-	-	-	1,294,274
Employees in aggregate	<u>21,433,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,433,353</u>
Total	<u>24,021,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,021,901</u>

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 2020 Annual Report of the Company.

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.

3. OTHER INFORMATION

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 2020, the Trustee of the Share Award Scheme had not purchased any Shares pursuant to the Trust Deed and Share Award Scheme.

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 2020	Granted during the Period	Exercised, lapsed or cancelled during the Period	Balance as at 31 December 2020
Directors				
Ms. Sumeng Cao	6,000,000	–	–	6,000,000
Ms. Rongning Xu	6,000,000	–	–	6,000,000
Employees (in aggregate)	<u>19,000,000</u>	<u>–</u>	<u>–</u>	<u>19,000,000</u>
Total	<u>31,000,000</u>	<u>–</u>	<u>–</u>	<u>31,000,000</u>

A summary of the principal terms of the Share Option Scheme were disclosed in the section headed “Report of the Directors” of the 2020 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 2020, the Company had 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

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.

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 had complied with the Model Code throughout the six months ended 31 December 2020.

EVENTS AFTER THE REPORTING PERIOD

In January 2021, TOP received approval of increasing 190 student capacity of regional campus in Hobart, Tasmania, which brings the total capacity in Hobart campus from 150 to 340.

4. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Notes	Six months ended 31 December	
		2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
REVENUE	4	13,406	14,534
Cost of sales		(7,063)	(6,866)
Gross profit		6,343	7,668
Other income and gains	4	1,466	432
Administrative expenses		(4,969)	(4,108)
Advertising and marketing expenses		(1,212)	(934)
Finance costs	5	(424)	(257)
PROFIT BEFORE TAX	6	1,204	2,801
Income tax expense	7	(257)	(835)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		947	1,966
Attributable to:			
Owners of the Company		933	1,944
Non-controlling interests		14	22
		947	1,966
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings per share (AUD cents)	9	0.038	0.077
Diluted earnings per share (AUD cents)	9	0.036	0.073

4. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
NON-CURRENT ASSETS			
Property, plant and equipment		11,048	7,684
Intangible assets		10,995	10,635
Right-of-use assets		14,868	7,157
Prepayments and deposits	12	1,408	1,593
Goodwill		1,533	1,533
Deferred tax assets		237	450
Total non-current assets		40,089	29,052
CURRENT ASSETS			
Inventories		162	164
Trade receivables	11	137	229
Prepayments, other receivables and other assets	12	3,654	3,095
Tax receivable		431	–
Cash and cash equivalents		29,830	34,416
Total current assets		34,214	37,904
CURRENT LIABILITIES			
Trade payables	13	2,431	1,951
Other payables and accruals	14	3,067	3,145
Lease liabilities		735	778
Contract liabilities	15	2,396	1,896
Tax payable		–	73
Total current liabilities		8,629	7,843
NET CURRENT ASSETS		25,585	30,061
TOTAL ASSETS LESS CURRENT LIABILITIES		65,674	59,113

4. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
NON-CURRENT LIABILITIES			
Lease liabilities		15,571	6,786
Other payables and accruals	14	346	838
Total non-current liabilities		15,917	7,624
Net assets		49,757	51,489
EQUITY			
Share capital	16	36,491	38,371
Treasury shares	16	(2,236)	(2,236)
Reserves		15,023	14,889
Non-controlling interests		479	465
Total equity		49,757	51,489

Minshen Zhu
Director

Sumeng Cao
Director

4. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Notes	Share-based			Retained profits	Non-controlling interest	Total equity
		Issued capital	Treasury shares	payment reserve			
		AUD\$' 000	AUD\$' 000	AUD\$' 000			
As at 1 July 2020 (audited)		38,371	(2,236)	3,869	11,020	465	51,489
Profit and total comprehensive income for the period		-	-	-	933	14	947
Issue of shares		133	-	(133)	-	-	-
Dividends declared		-	-	-	(1,300)	-	(1,300)
Cancellation of shares	16	(2,013)	-	-	152	-	(1,861)
Equity-settled performance rights arrangements	17	-	-	482	-	-	482
At 31 December 2020 (unaudited)		<u>36,491</u>	<u>(2,236)</u>	<u>4,218</u>	<u>10,805</u>	<u>479</u>	<u>49,757</u>

For the six months ended 31 December 2019

	Notes	Share-based			Retained profits	Non-controlling interest	Total equity
		Issued capital	Treasury shares	payment reserve			
		AUD\$' 000	AUD\$' 000	AUD\$' 000			
As at 1 July 2019 (audited)		43,221	(1,140)	2,617	8,491	-	53,189
Profit and total comprehensive income for the period		-	-	-	2,716	22	2,738
Acquisition of subsidiary		-	-	-	-	481	481
Dividends declared		-	-	-	(1,902)	-	(1,902)
Repurchase of shares		-	(1,074)	-	-	-	(1,074)
Cancellation of shares	16	(2,190)	-	-	(22)	-	(2,212)
Equity-settled performance rights arrangements	17	-	-	578	-	-	578
At 31 December 2019 (unaudited)		<u>41,031</u>	<u>(2,214)</u>	<u>3,195</u>	<u>9,283</u>	<u>503</u>	<u>51,798</u>

4. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Notes	Six months ended 31 December	
		2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,204	2,801
Adjustments for:			
Interest income	4	(39)	(169)
Finance costs	5	424	257
Foreign exchange gain		(20)	(225)
Loss on disposal of items of property, plant and equipment		156	–
Share-based payments	17	482	578
Depreciation of property, plant and equipment		506	275
Depreciation of right-of-use assets		1,012	886
Amortisation of intangible assets		858	606
		<u>4,583</u>	<u>5,009</u>
Decrease in inventory		2	–
Decrease in trade receivables		92	–
Increase in prepayments, other receivables and other assets		(373)	(87)
Increase in lease assets		(8,723)	(8,890)
Increase in trade payables		481	398
Increase/(decrease) in other payables and accruals		(23)	2,157
Increase in lease liabilities		7,954	8,890
Increase in contract liabilities		500	1,167
		<u>4,493</u>	<u>8,644</u>
Cash generated from operations		4,493	8,644
Interest received		39	169
Income tax paid		(549)	(1,379)
		<u>3,983</u>	<u>7,434</u>
Net cash flows from operating activities		3,983	7,434

4. FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 31 December 2020

	Notes	Six months ended 31 December	
		2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Foreign exchange gain		20	225
Acquisition of a subsidiary		–	(1,770)
Purchases of items of property, plant and equipment		(3,948)	(447)
Additions to intangible assets		(1,218)	(4,248)
Net cash flows used in investing activities		(5,146)	(6,240)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cancellation of shares		(1,728)	(2,212)
Repurchase of shares	16	–	(1,074)
Principal and interest portion of lease payments		(395)	(569)
Dividend paid		(1,300)	(1,902)
Net cash flows used in financing activities		(3,423)	(5,757)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,586)	(4,563)
Cash and cash equivalents at beginning of period		34,416	42,352
CASH AND CASH EQUIVALENTS AT END OF PERIOD		29,830	37,789
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		29,830	37,789

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

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.

During the six months ended 31 December 2020, the Company and its subsidiaries (collectively, the “Group”) were principally engaged in providing private higher education services and English language courses in Australia.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 31 December 2020 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 consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 30 June 2020, except for the adoption of the new and revised IFRSs effective as of 1 July 2020.

Amendments to IFRS 3

Definition of a Business

Amendments to IFRS 9, IAS 39 and IFRS 7

Interest Rate Benchmark Reform

Amendments to IAS 1 and IAS 8

Definition of Material

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's unaudited interim condensed consolidated financial information.

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

3. OPERATING SEGMENT INFORMATION

The Group has identified the Chief Executive Officer (“CEO”) and the Board of Directors as the chief operating decision makers. The Group is principally engaged in the provision of education services in Australia.

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the CEO and directors, for the purpose of resource allocation and assessment of performance, does not contain discrete operating segment financial information and the CEO and directors reviewed the financial results of the Group as a whole. Therefore, no further information about operating segments is presented.

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

The CEO and the Board 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 six months ended 31 December 2020 (six months ended 31 December 2019: nil).

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
<i>Revenue from contracts with customers</i>		
Course fee income	12,699	13,545
Others service fee income	707	989
	<u>13,406</u>	<u>14,534</u>
Revenue from contracts with customers		
(i) Disaggregated revenue information		
Geographical markets		
Australia	<u>13,406</u>	<u>14,534</u>
Timing of revenue recognition		
Course fee income recognised over time	12,699	13,545
Others service fee income recognised over time	707	989
	<u>13,406</u>	<u>14,534</u>

(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.

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

4. REVENUE AND OTHER INCOME AND GAINS (Continued)

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
Other income and gains		
Interest income	39	169
Realised foreign exchange gains, net	20	169
Unrealised foreign exchange gains, net	–	56
Remeasurement of contingency liabilities	543	–
Government grants	846	–
Others	18	38
	<u>1,466</u>	<u>432</u>

5. FINANCE COST

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
Interests on lease liabilities	<u>424</u>	<u>257</u>
	<u>424</u>	<u>257</u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
Amortisation of intangible assets	858	606
Depreciation of property, plant and equipment	506	275
Depreciation of right-of-use assets	1,012	886
Auditors' remuneration	51	36
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other employee benefits	4,178	3,994
Share-based payments	482	307
Pension scheme contributions (defined contribution schemes)	361	337
Less: Amount capitalised	(372)	(534)
	<u>7,076</u>	<u>5,907</u>

7. 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 26% for the six months ended 31 December 2020 and 27.5% for the six months ended 31 December 2019 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 Reporting Period.

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
Current		
Charge for the period	144	676
(overprovision) for current tax of prior periods	(100)	–
Deferred tax	213	159
Total tax charge for the period	<u>257</u>	<u>835</u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

8. INTERIM DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2020 (six months ended 31 December 2019: nil).

9. 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 Reporting Period attributable to owners of the Company of AUD\$912,000 (six months ended 31 December 2019: AUD\$1,944,000) and the weighted average number of ordinary shares of 2,446,003,000 (six months ended 31 December 2019: 2,524,956,000) in issue during the Reporting Period.

The calculation of the diluted earnings per share amount is based on the profit for the Reporting 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 Reporting 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 Reporting Period.

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

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
Earnings		
Profit attributable to owners of the Company	<u>933</u>	<u>1,944</u>
	Number of shares	
	2020 (unaudited) Ordinary shares ' 000	2019 (unaudited) Ordinary shares ' 000
Shares		
Weighted average number of shares in issue used in the basic earnings per share calculation taking into account the share subdivision	2,446,003	2,524,956
Effect of dilution – weighted average number of shares:		
Performance rights	<u>134,844</u>	<u>122,980</u>
	<u><u>2,580,847</u></u>	<u><u>2,647,936</u></u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2020, the Group acquired assets with a cost of AUD\$3,948,000 (six months ended 31 December 2019: AUD\$459,000) as additions to property, plant and equipment.

11. 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:

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Trade receivables (neither past due nor impaired)	<u>137</u>	<u>229</u>
within 1 month	-	-
Within 1 year	<u>137</u>	<u>229</u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Non-current assets		
Prepayments	1,205	1,227
Lease deposits	203	366
	<u>1,408</u>	<u>1,593</u>
Current assets		
Prepayments	1,187	1,100
Long term deposit	841	535
Other assets	371	410
Other receivables	1,255	1,050
	<u>3,654</u>	<u>3,095</u>

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.

13. TRADE PAYABLES

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

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Over two months	<u>2,431</u>	<u>1,951</u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

14. OTHER PAYABLES AND ACCRUALS

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Current liabilities		
Other payables	1,483	1,751
Unpaid leave obligations	1,584	1,394
Other payables and accruals	<u>3,067</u>	<u>3,145</u>
Non-current liabilities		
Other payables	–	543
Unpaid leave obligations	199	185
Accruals for reinstatement cost	147	110
Other payables and accruals	<u>346</u>	<u>838</u>

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

15. CONTRACT LIABILITIES

Details of contract liabilities balance are as follows:

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Short-term advances received from students		
Course fees	<u>2,396</u>	<u>1,896</u>

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.

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

16. SHARE CAPITAL

Shares

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Issued and fully paid: 2,436,150,000 (30 June 2020: 2,468,478,000) ordinary shares	<u>36,491</u>	<u>38,371</u>

Treasury shares

	Number of shares	Total AUD\$' 000
At 30 June 2020 (audited)	38,820,000	2,236
Shares held for share-based payments	—	—
At 31 December 2020 (unaudited)	<u>38,820,000</u>	<u>2,236</u>

During the six months ended 31 December 2020, the Trust acquired nil shares.

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

	Number of shares in issue (in thousands)	Share capital AUD\$' 000
A summary of movements in the Company's share capital is as follows:		
At 1 July 2020 (audited)	2,468,478	38,371
Issue of new shares upon exercise of the pre-IPO rights	3,062	133
Cancellation of shares	(35,390)	(2,013)
At 31 December 2020	<u>2,436,150</u>	<u>36,491</u>

17. 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 31 December 2019, 60,160 performance rights had been granted to the CEO of the Company under this plan. The Group has on 20 April 2018 granted an additional 11,481 performance rights under the Pre-IPO Performance Rights Plan to certain members of the Council and certain Directors, including (i) Mr. Jing Li, being our former non-executive Director; and (ii) Professor Brian James Stoddart and Professor Steven Schwartz, being our independent non-executive Directors and members of the Council. The shareholding of each of Professor Brian James Stoddart and Professor Steven Schwartz in the Group will not be more than 1% of the enlarged share capital of the Group upon completion of the Global Offering assuming that their performance rights above are fully vested.

The maximum aggregate number of shares underlying all grants of performance rights pursuant to the Pre-IPO Performance Rights Plan is 143,282,000 shares, assuming the total of 71,641 performance rights granted under the Pre-IPO Performance Rights Plan are fully vested after the completion of the share split, which would incur a dilution of approximately 5.5% of the shareholding of the Shareholders immediately following the Listing. No further performance rights will be granted under the Pre-IPO Performance Rights Plan on or after the date of the Listing.

CEO's performance rights plan

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

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

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

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

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

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

The details of the performance rights granted are shown below:

Exercise price	–
Vesting condition	Remained employment of the same role and the Listing
Dates of vesting	12 November 2018, 33% of award 12 November 2019, 33% of award 12 November 2020, 33% of award
Expiry date	19 April 2033

17. 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 following shares were outstanding under the Scheme during the Period:

	For the six month ended			
	2020		2019	
	Weighted average exercise price HK\$ per share	Number of rights	Weighted average exercise price HK\$ per share	Number of rights
At 1 July	–	134,100,000	–	134,100,000
Granted during the period	–	–	–	–
Lapsed	–	–	–	–
Exercised	–	(3,062,000)	–	–
At 31 December	–	<u>131,038,000</u>	–	<u>134,100,000</u>
Weighted average exercise period		15 years		15 years
Exercisable as at end of the period		<u>10,718,000</u>		<u>7,654,000</u>

3,062,000 share options have been exercised, and no share option has been granted, cancelled or lapsed during the current reporting period.

Post-IPO Schemes

Share Option Scheme

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

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

17. SHARE-BASED PAYMENTS *(Continued)*

Post-IPO Schemes *(Continued)*

Share Option Scheme *(Continued)*

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 reporting period:

	For the six month ended			
	2020		2019	
	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	20,501,300	0.56	25,781,938
Granted during the period	-	-	-	-
Lapsed	0.56	-	0.56	(2,381,464)
Exercised	-	-	-	-
At 31 December	0.56	<u>20,501,300</u>	0.56	<u>23,400,474</u>
Weighted average exercise period		10 years		10 years
Exercisable as at end of the period		<u>13,530,858</u>		<u>7,800,158</u>

17. SHARE-BASED PAYMENTS *(Continued)*Post-IPO Schemes *(Continued)**Share Award Scheme*

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

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

The details of the performance rights granted are shown below:

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

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

17. SHARE-BASED PAYMENTS *(Continued)*

Post-IPO Schemes *(Continued)*

Share Award Scheme *(Continued)*

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

	2020		2019	
	Weighted average exercise price AUD\$ & HK\$ per share	Number of rights	Weighted average exercise price AUD\$ & HK\$ per share	Number of rights
At 1 July	–	31,000,000	–	–
Granted during the year	–	–	–	31,000,000
Forfeited	–	–	–	–
Exercised	–	–	–	–
At 30 June	–	<u>31,000,000</u>	–	<u>31,000,000</u>
Weighted average exercise period		10 years		10 years
Exercisable as at end of the year		–		–

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

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

17. SHARE-BASED PAYMENTS *(Continued)*Post-IPO Schemes *(Continued)**Share Award Scheme (Continued)*

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

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

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

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

The expected life of the performance rights is based on the historical data over the past years and is not necessarily indicative of the exercise patterns that may occur. No other feature of the performance rights granted was incorporated into the measurement of fair value.

The Group recognised share-based payments of AUD\$482,000 (for the six months ended 31 December 2019: AUD\$578,000) during the six months ended 31 December 2020.

As at 31 December 2020, the Group had 182,539,300 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 151,539,300 additional ordinary shares of the Group.

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

18. COMMITMENTS

Except of the contingent considerations relates to the acquisition of SCOTS (refer to note 20), at the end of the Reporting Period, the Group did not have any other significant commitments.

The Group noticed that the recent decision of the Full Court of the Federal Court in *WorkPac Pty Ltd v Rossato* (2020)FCAFC 84 has changed the previous understanding of when an employee is genuinely casual and expanded on the set-off of casual loading with entitlements under the Fair Work Regulations. The Full Federal Court held that an employee engaged with an advance commitment to stable and predictable days and hours of work was entitled to annual leave, personal (sick and carer's leave), compassionate leave and public holidays as prescribed in the National Employment Standards (NES) of the Fair Work Act 2009 (Cth) (FW Act) even if they have been paid a casual loading. This decision may have impact on all employers who engage casual employees in Australia. As it is likely the decision will be appealed to the High Court, the Group will continue to monitor the situation closely. A preliminary assessment has been conducted by the Group and the result shows that the decision of the case is unlikely to have significant impacts on the Group's financial performance.

19. RELATED PARTY TRANSACTIONS

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

During the six months ended 31 December 2020, the Group used AUD\$108,994 (six months ended 31 December 2019: AUD\$239,047) of the service allowance from PwC Australia.

- (b) Compensation of key management personnel of the Group:

	Six months ended 31 December	
	2020 (unaudited) AUD\$'000	2019 (unaudited) AUD\$'000
Fees	436	432
Other emoluments:		
Salaries	232	247
Share-based payment	269	272
Pension scheme contributions	69	49
	<u>570</u>	<u>568</u>
	<u>1,006</u>	<u>1,000</u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

19. RELATED PARTY TRANSACTIONS *(Continued)*

- (a) Outstanding balances with a related party:

Amount due from a related party

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
SCOTS	45	–

Amount due to a related party

	Six months ended 31 December	
	2020 (unaudited) AUD\$' 000	2019 (unaudited) AUD\$' 000
SCOTS	31	–

20. FINANCIAL INSTRUMENTS BY CATEGORY

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

	31 December 2020 (unaudited) AUD\$' 000	30 June 2020 (audited) AUD\$' 000
Financial assets at amortised cost		
Trade receivables	137	229
Financial assets included in deposits and other receivables	2,230	1,392
Cash and cash equivalents	29,830	34,416
	<u>32,197</u>	<u>36,037</u>
Financial liabilities at amortised cost		
Trade payables	2,431	1,951
Financial liabilities included in other payables and accruals	1,460	1,004
	<u>3,891</u>	<u>2,955</u>
Financial liabilities at fair value		
Contingent considerations on acquisition	534	1,087
	<u>4,425</u>	<u>4,042</u>

5. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At the end of the Reporting Period, the carrying amounts of the Group's financial assets and financial liabilities reasonably approximated to their fair values.

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

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

22. EVENTS AFTER THE REPORTING PERIOD

In January 2021, the Group received approval of increasing 190 student capacity of regional campus in Hobart, Tasmania, which brings the total capacity in Hobart campus from 150 to 340.

23. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 25 February 2021.

“Academic Board”	the academic board of our Institute
“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
“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”	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

6. GLOSSARY

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “Institute”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001 and trading as Top Education Institute
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“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
“ELICOS”	English Language Intensive Courses for Overseas Students

“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>
“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”	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
“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

6. GLOSSARY

“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Loyal Creation”	Loyal Creation Investment Ltd, a company incorporated under the laws of Hong Kong with limited liability on 30 October 2015, and is a Shareholder
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Minsheng Development”	Minsheng Education Development Company Limited, a direct wholly-owned subsidiary of Minsheng Education Group 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
“NEAS”	the National English Language Teaching (ELT) Accreditation Scheme, which is the global leader in quality assurance for ELT community
“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”	The Australian partnership of PricewaterhouseCoopers (ABN 52 780 433 757), Australia, a member of the global network of PricewaterhouseCoopers firms, each of which is a separate and independent legal entity
“PwC Nominees”	PricewaterhouseCoopers Nominees (A.C.T.) Pty Ltd (ACN 008 474 397), 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 2020 to 31 December 2020
“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

6. GLOSSARY

“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, and is a Shareholder
“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\$” 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