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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)

(ACN 098 139 176)

(Stock code: 1752)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Group's revenue was approximately AUD\$9.4 million.
- Gross profit was approximately AUD\$3.5 million.
- Loss after tax for the Reporting Period was approximately AUD\$0.7 million.

The Board of Directors of Top Education Group Ltd (“**the Company**”), together with its subsidiaries (“**the Group**”), hereby announces the consolidated unaudited interim results of the Company for the six months ended 31 December 2021 together with the comparative figures for the corresponding period in 2020 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2021

		Six months ended 31 December	
		2021	2020
	<i>Notes</i>	(unaudited)	(unaudited)
		AUD\$'000	AUD\$'000
REVENUE	4	9,407	13,406
Cost of sales		<u>(5,937)</u>	<u>(7,063)</u>
Gross profit		3,470	6,343
Other income and gains	4	1,079	1,466
Administrative expenses		(3,972)	(4,969)
Advertising and marketing expenses		(1,104)	(1,212)
Finance costs	5	<u>(420)</u>	<u>(424)</u>
(LOSS)/PROFIT BEFORE TAX	6	(947)	1,204
Income tax credit/(expense)	7	<u>230</u>	<u>(257)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(717)</u>	<u>947</u>
(Loss)/Profit Attributable to:			
Owners of the Company		(701)	933
Non-controlling interests		<u>(16)</u>	<u>14</u>
		<u>(717)</u>	<u>947</u>
EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic (loss)/earnings per share (<i>AUD cents</i>)	9	<u>(0.029)</u>	<u>0.038</u>
Diluted (loss)/earnings per share (<i>AUD cents</i>)	9	<u>(0.029)</u>	<u>0.036</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		10,263	10,776
Intangible assets		11,312	11,582
Right-of-use assets		13,414	14,373
Prepayments and deposits	11	1,214	1,214
Goodwill		1,533	1,533
Deferred tax assets		28	28
		<hr/>	<hr/>
Total non-current assets		37,764	39,506
CURRENT ASSETS			
Inventories		85	85
Trade receivables	10	405	408
Prepayments, other receivables and other assets	11	3,795	2,752
Tax receivable		894	292
Cash and cash equivalents		30,155	29,575
		<hr/>	<hr/>
Total current assets		35,334	33,112
CURRENT LIABILITIES			
Trade payables	12	2,260	2,172
Other payables and accruals	13	3,337	2,946
Lease liabilities		1,179	1,179
Contract liabilities	14	2,394	1,495
		<hr/>	<hr/>
Total current liabilities		9,170	7,792
NET CURRENT ASSETS		<hr/> 26,164	<hr/> 25,320
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 63,928	<hr/> 64,826
NON-CURRENT LIABILITIES			
Lease liabilities		15,155	15,396
Other payables and accruals	13	316	312
		<hr/>	<hr/>
Total non-current liabilities		15,471	15,708
Net assets		<hr/> 48,457	<hr/> 49,118
EQUITY			
Share capital	15	36,414	36,281
Treasury shares	15	(2,236)	(2,236)
Reserves		13,831	14,609
Non-controlling interests		448	464
		<hr/>	<hr/>
Total equity		<hr/> 48,457	<hr/> 49,118

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE AND GROUP INFORMATION

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

During the six months ended 31 December 2021, the Company and its subsidiaries 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 2021 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 2021, 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 2021, except for the adoption of the new and revised IFRSs effective as of 1 July 2021.

Amendments to IFRS 9, IAS39, IFRS 7, IFRS 4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (RFR). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had no bank borrowings as at 31 December 2021, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group has identified the chief executive officer (“CEO”) (or until such appointment, the acting 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 (or until such appointment, the acting CEO) and directors, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the CEO (or until such appointment, the acting 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 (or until such appointment, the acting 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 2021 (six months ended 31 December 2020: nil).

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 31 December	
	2021	2020
	(unaudited)	(unaudited)
	AUD\$’000	AUD\$’000
<i>Revenue from contracts with customers</i>		
Course fee income	8,717	12,699
Others service fee income	690	707
	9,407	13,406
Revenue from contracts with customers		
<i>(i) Disaggregated revenue information</i>		
Geographical markets		
Australia	9,407	13,406
Timing of revenue recognition		
Course fee income recognised over time	8,717	12,699
Others service fee income recognised over time	690	707
	9,407	13,406

(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.

	Six months ended 31 December	
	2021	2020
	(unaudited)	(unaudited)
	AUD\$'000	AUD\$'000
Other income and gains		
Interest income	23	39
Realised foreign exchange gains, net	7	20
Remeasurement of contingent liabilities	–	543
Government grants	850	846
Others	199	18
	<u>1,079</u>	<u>1,466</u>
	1,079	1,466

5. **FINANCE COST**

	Six months ended 31 December	
	2021	2020
	(unaudited)	(unaudited)
	AUD\$'000	AUD\$'000
Interests on lease liabilities	<u>420</u>	<u>424</u>
	420	424

6. (LOSS)/PROFIT BEFORE TAX

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

	<i>Notes</i>	Six months ended 31 December	
		2021	2020
		(unaudited)	(unaudited)
		<i>AUD\$'000</i>	<i>AUD\$'000</i>
Amortisation of intangible assets		1,012	858
Depreciation of property, plant and equipment		550	506
Amortisation of right-of-use assets		959	1,012
Auditors' remuneration		42	51
Employee benefit expense (excluding directors' and chief executive's remuneration (note 19)):			
Wages, salaries and other employee benefits		3,331	4,178
Share-based payments	<i>17</i>	56	482
Pension scheme contributions (defined contribution schemes)		291	361
Less: Amount capitalised		(283)	(372)
		5,958	7,076

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. Income tax has been provided at the Group's statutory tax rate of 26% for the six months ended 31 December 2021 and 2020 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	
	2021	2020
	(unaudited)	(unaudited)
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Current		
(Credit)/charge for the period	(443)	144
Overprovision for current tax of prior periods	–	(100)
Deferred tax expense	213	213
Total tax (credit)/charge for the period	(230)	257

8. INTERIM DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2021 (six months ended 31 December 2020: nil).

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

The calculation of the basic loss or earnings per share amount is based on the loss for the Reporting Period of the Company of AUD\$701,000 (six months ended 31 December 2020: profit AUD\$933,000) and the weighted average number of ordinary shares of 2,392,399,000 (six months ended 31 December 2020: 2,446,003,000) in issue during the Reporting Period.

The calculation of the diluted loss or earnings per share amount is based on the profit or loss for the Period attributable to owners of the Company. The weighted average number of shares used in the calculation is the number of shares in issue during the period, as used in the basic loss or earnings per share calculation, and the weighted average number of shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential shares into shares during the period.

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

	Six months ended 31 December	
	2021	2020
	(unaudited)	(unaudited)
	AUD\$'000	AUD\$'000
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company	<u>(701)</u>	<u>933</u>
	Number of shares	
	2021	2020
	(unaudited)	(unaudited)
	Ordinary shares	Ordinary shares
	'000	'000
Shares		
Weighted average number of shares in issue used in the basic earnings per share calculation taking into account the share subdivision	2,392,399	2,446,003
Effect of dilution - weighted average number of shares:		
Performance rights	<u>146,050</u>	<u>134,844</u>
	<u>2,538,449</u>	<u>2,580,847</u>

10. 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 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Trade receivables (neither past due nor impaired)	405	408

	31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Within 1 year	405	408

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Non-current assets		
Prepayments	1,188	1,188
Lease deposits	26	26
	1,214	1,214
Current assets		
Prepayments	648	266
Long term deposit*	1,751	1,629
Other assets	102	102
Other receivables	1,294	755
	3,795	2,752

* Long term deposit expires less than 12 months from the reporting date.

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.

12. TRADE PAYABLES

Trade payables are accrued agent commission 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 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Over two months	<u>2,260</u>	<u>2,172</u>

13. OTHER PAYABLES AND ACCRUALS

	31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Current liabilities		
Other payables	2,102	1,610
Unpaid leave obligations	<u>1,235</u>	<u>1,336</u>
Other payables and accruals	<u>3,337</u>	<u>2,946</u>
Non-current liabilities		
Unpaid leave obligations	169	165
Accruals for reinstatement cost	<u>147</u>	<u>147</u>
Other payables and accruals	<u>316</u>	<u>312</u>

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

14. CONTRACT LIABILITIES

Details of contract liabilities balance are as follows:

	31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Short-term advances received from students		
Course fees	<u>2,394</u>	<u>1,495</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 programs.

15. SHARE CAPITAL

Shares

	31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Issued and fully paid: 2,433,332,000 (30 June 2021: 2,430,270,000) ordinary shares	36,414	36,281

Treasury shares

	Number of shares	Total AUD\$'000
At 30 June 2021 (audited)	38,820,000	2,236
Shares held for share-based payments	—	—
At 31 December 2021 (unaudited)	38,820,000	2,236
	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)	38,820,000	2,236

During the six months ended 31 December 2021, the Trust acquired nil shares (six months ended 31 December 2020: nil).

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

	Number of shares in issue (in thousands)	Share capital AUD\$'000
At 1 July 2021 (audited)	2,430,270	36,281
Issue of new shares upon exercise of the pre-IPO rights	3,062	133
At 31 December 2021	2,433,332	36,414

16. 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 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Financial assets at amortised cost		
Trade receivables	405	408
Financial assets included in deposits and other receivables	2,617	2,075
Cash and cash equivalents	<u>30,155</u>	<u>29,575</u>
	<u>33,177</u>	<u>32,058</u>
Financial liabilities at amortised cost		
Trade payables	2,260	2,172
Financial liabilities included in other payables and accruals	<u>1,606</u>	<u>903</u>
	3,866	3,075
Financial liabilities at fair value		
Contingent considerations on acquisition	<u>543</u>	<u>543</u>
	<u>4,409</u>	<u>3,618</u>

17. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Top Education Group Ltd, 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 the Tertiary Education Quality and Standards Agency (“**TEQSA**”) and also approved by TEQSA in May 2018 for Self-Accrediting Authority in the Broad Field of Education in Management and Commerce from AQF levels 5 to 9, which includes bachelor and master’s degree courses. In this Broad Field, TOP’s Business School provides quality programs at both undergraduate and postgraduate levels 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 first Law School within a private higher education institute when both TEQSA and NSW LPAB officially accredited its degree program in Law.

PwC

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

PwC Australia and the Company entered into an Alliance Agreement ceasing on 31 March 2023. Under the Alliance Agreement, PwC Australia provides services to the Company, which have assisted the Company 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 expiry 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

The impact of COVID-19 on the Group’s business operations is still ongoing. In particular, there has been a decline in enrolments into SCOTS, and a decrease in the number of students commencing in 2020 in TOP’s award courses with knock-on effects into 2021. In combination, this has led to a reduction in total revenue in the current year. In Australia, the ELICOS sector has experienced the greatest decline in enrolments at 71% for the current period. However, the enrolment number of the Group’s higher education courses are on the rebound with a high retention rate from 2020. This is partly due to the smooth implementation of online learning and teaching to onshore and offshore students. However, a major factor has been the targeted measures from the Australian Government to support the education sector to come back strongly, as well as favourable changes introduced to visa settings to protect the post-study work rights of international students and to extend the temporary graduate visa from two to three years for masters by coursework graduates, as international borders reopen. Since November 2021, the number of international students onshore has improved slightly in Australia.

The management team of the Group has examined international and domestic markets and reviewed relevant business opportunities. For the foreseeable future, international tuition fees will continue to make up most of the Group's income. The Group has also expanded its efforts to collaborate with other international educational institutions as well as introduced targeted new fields of study relevant to the future economy. We have also screened out the best-selling courses and abandoned unpopular courses to reduce operation and compliance costs, and have gradually swapped-in more digital-economy units for the "traditional units" in existing courses.

Agility in Adapting to COVID-19 Challenges

Growth in Social Responsibilities

The Group remains responsive to the fluctuating and recurring pandemic situation, adapting to recommended changes in prevention methods. Being a socially responsible organisation, the Group understands how important it is to students and staff as well as to their families to feel safe and have a rewarding experience while living and studying in Australia. The Group has been putting the safety and wellbeing of its students and staff first, dealing with it as its highest priority and thus comprehensively enhancing public health protection on campus. In addition, the Group also offers COVID-19 relief support to financially assist international students in Sydney. The Group has diverted all learning and teaching to an online format since March 2020, while the Law School returned to the campus for several months when the pandemic was in remission. Students were advised to follow the New South Wales Ministry of Health ("NSW Health") directions to ensure the safety of the campus. Students were supported to observe appropriate social distancing during all classes. Additional cleaning occurred and hand sanitisers were provided for students and staff. TOP also provided each student with a complimentary mask for each class.

Operations under the Pandemic

The Group has been continuously focusing on diversifying our students' nationality rather than being heavily dependent on recruiting international students from a single country or region.

The percentage of non-Chinese international students enrolled in the Reporting Period is approximately 69% of all international students. This has increased by approximately 7% compared to the Reporting Period ended 31 December 2020.

The Group also understands that our students, especially international students, face many challenges and uncertainties caused by the pandemic. In practice, we consistently implement and adhere to the principle of "caring, support and connection". The Group has engaged high-end educational design firms to gain the development capacity to transform traditional learning content to digital, interactive and engaging content, which can better meet student needs in a pure online teaching and learning environment. Also, it is expected to increase the employment rate of our graduates and boost our competitive position in the higher education sector.

In addition, the Australian Government has actively introduced a range of targeted measures to support the education sector to minimise the impact of COVID-19 on both providers and students. In particular, the Australian Government has provided significant funding to support private sector international education providers who are most affected by COVID-19. TOP has taken this opportunity to develop innovative industry-focused short courses funded by Commonwealth supported places (“CSPs”) for higher education.

On 27 July 2021, SCOTS, as an ELICOS provider, was approved to receive a grant of AUD\$149,500 from the Innovation Fund to diversify education offerings into online and offshore delivery. To fulfil that aim, SCOTS invested the funds in the development of a self-study English program and redesigned its learning management system platform to improve the students’ asynchronous learning online, encourage student-to-student interaction as well as promote community-building during learning. The Innovation Fund has supported SCOTS to expand its student base offshore, enhance the students’ online experience and thus build long-term relationships with them.

On 10 September 2021, following IMC’s application, 684 Commonwealth Government Funded short course places have been allocated allowing domestic students to undertake our newly developed courses in digital financial technology, data analytics, FinTech management and other business-related courses. An additional 216 Commonwealth Government Funded short course places have been allocated to undergraduate certificate courses allowing domestic students to get started in a new degree, and also gain four subjects credits towards an IMC diploma and guaranteed entry into the second year of the degree at IMC. This funding will support IMC in offsetting the decline in international student enrolments caused by the border closure, and to pivot its delivery toward domestic students. The funding also offers opportunities for IMC to build a more diversified market.

On 7 December 2021, the Australian Government announced that it will continue supporting universities and non-university higher education providers (“NUHEPs”) to deliver innovative industry-focused short courses in 2022. The Group has signed and executed a 2021-2022 Commonwealth Grant Scheme funding agreement to roll over its full 2021 short course allocation into 2022.

Re-registration and Accreditation

On 17 September 2021, TEQSA confirmed its renewal of TOP’s registration on the Commonwealth Register of Institutions and Courses for Overseas Students (“CRICOS”) for the maximum period of seven years.

During the Reporting Period, TOP had accredited the following courses under TOP’s Self-Accrediting Authority:

- Bachelor of International Business (revised and renewed)
- Master of Accounting Intelligence (revised)
- Graduate Certificate in Business Analytics
- Graduate Certificate in Digital Business Technologies

Intelligent-Digitalised Education

Online Education

A Digital Learning Plan (“**DLP**”) was drafted in March 2021 and updated to version 3.0 in November 2021. The DLP represents management’s vision that the digital delivery of education will become a feature of TOP’s course offerings. Initially prompted by the pandemic and the need to move all teaching to online mode, the transition away from face-to-face classes evolved into a successful teaching platform with long term benefits to students, academic staff and TOP generally. The DLP anticipates that a blended learning format, comprising digitally delivered learning content combined with on-campus and streamed active learning sessions, will become the core course delivery model at TOP. TOP is working with high-end educational design firms to transit selected award programs to online delivery format. There will be a flow-on effect to other course offerings from the buy-in of educational design knowledge and experience. The intention is to position us as a cutting-edge provider of courses suited to the Digital and Data Age to deliver in a format compatible with our contemporary contents.

Along with a digital delivery of education strategy, the Group has devoted itself to enhancing academic staff development in online teaching. The integration of online learning into TOP’s course delivery model is matched with appropriate supports provided to academic staff in the form of internal professional development workshops facilitated by Advance HE (UK) and peer-led symposiums. New skills required of academic staff nowadays include superior presentation style through video, design of online assessments and the management of online learning platforms. To meet the challenge of developing and managing synchronous online exams in local and remote locations while maintaining a high degree of academic integrity, TOP has implemented the Proctorio online invigilation platform for units with professional accreditation, together with other non-examination based online assessment modes. The reputation of TOP’s awards requires diligent vigilance supported by high-quality systems, to ensure that our academic integrity remains uncompromised.

Course Innovation

TOP had also been developing cutting-edge and interdisciplinary programs along with its strategic plan. During the Reporting Period, TOP had commenced introducing the following courses to the market with high number of enquiries received:

- Graduate Certificate in Business Analytics
- Graduate Certificate in Digital Business Technologies
- Graduate Certificate in Financial Technology Management
- Graduate Diploma of Financial Technology Management
- Master of Business Administration (Business Analytics)

- Master of Business Administration (Digital Business Applications)
- Master of Business Administration (FinTech Management)

Streamlined System

During the Reporting Period, the digitised student management system (“SMS”) had been integrated with Tertiary Collection of Student Information (“TCSI”) system, which is the core data system of the Australian Government Department of Education, Skills and Employment and TEQSA. Such integration has further streamlined the processes of the Group in managing its students, staff, agents and the campus.

The SMS can provide real-time reporting of required data to TCSI, compliant with the regulation. Since initial deployment and integration with TCSI, the SMS team continuously communicates with the relevant department to improve efficiency and stability of daily SMS operations.

The Group has continued to explore and improve the efficiency and to reduce manual processes in our practice by optimising administration procedures via various applications supplements to SMS.

Focus on High-quality Standard

TOP had been teaching-focused by offering small class sizes and low student-to-academic staff ratios, as well as provided employment-focused education during the Reporting Period. Following from this educational philosophy, TOP has fostered a learning culture that encourages students to think critically and to apply their knowledge in work-related situations. The courses have been designed to help students become “self-directed” learners who can continue to grow and develop through their careers.

The experiential learning, interactive online teaching aids, and real-world industry projects are utilised in the courses to achieve the above goals. TOP’s staffs, including academics and professionals who are active in their professions, have ensured that the education students received is at the cutting edge of their respective fields.

The innovation practices and strategies have also greatly enhanced TOP’s position of high standing in quality education and research in such innovative disciplines together with the experts from world-class universities and research institutions. TOP will continuously retain and develop its research culture and activities, focusing on the research in cutting-edge and disciplines.

Students as the Centre of Our decision making

During the Reporting Period, TOP maintained a high rate of student retention which benefits from the continuous provision of positive day-to-day experiences and motivation to our students, especially the Communication, Monitoring, Resource, and Feedback approaches (“**CMRF Model**”) applied to help our students adapt to the new environment and continue their study during and post COVID-19.

Positive feedback has been received from many students to compliment TOP's efforts. TOP has created a comprehensive support system to offer multiple options to facilitate students' learning and enhance the student experience. These include financial supports, tailored instalment plans, customised study plans, early help-seeking intervention, mental health support and campaigns, as well as face-to-face activities to be extra supports for onshore students during the post-lockdown period in Australia.

Although the pandemic affected students' plans to study in Australia, the pathway programs experienced an improvement in direct student enrolment owing to TOP's increased investment to facilitate their teaching and learning, and the provision of sufficient support and services to enhance faculty connections. TOP also has arranged some unique online activities for the pathway programs students to enrich their experience by regularly inviting our staff from different departments in Australia to host online seminars in various topics, for example the orientation programs, study tips, virtual tours of Sydney, the natural scenery in Australia and so on. These seminars are developed with a view that once these students are able to come to Australia for their studies, they will not feel disconnected from this foreign country.

Student Enrolments

For the six months ended 31 December 2021, the total EFTSL of higher education services of the Group decreased by approximately 27.0% comparing with the corresponding period in the last financial year.

	Six months ended	
	31 December	
	2021	2020
Undergraduate Courses	147.6	208.2
Postgraduate Courses	323.6	435.8
Non-Award Unit Study	59.8	83.2
	<hr/>	<hr/>
Total	531.0	727.2
	<hr/> <hr/>	<hr/> <hr/>

Tuition fee

Annual tuition fee increases will be capped at 15% and increases over any three-year period will not exceed 30%. The tuition fee increase is determined by the management teams subject to market conditions. During the Reporting Period, the tuition fee had been remained flat comparing with the corresponding period in the last financial year.

Course Name	International		Domestic	
	2022	2021	2022	2021
	AUD\$	AUD\$	AUD\$	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
Graduate Diploma of Marketing	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 Management	23,920	23,920	17,000	17,000
Master of International Business	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	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
Bachelor of Laws	80,000	80,000	48,000	48,000
Master of Laws	20,000	20,000	20,000	20,000

Outlook

The market environment is expected to remain challenging and competitive in the following year with uncertainty in relation to waves of COVID-19, but also full of hope and new opportunities. The Group is prepared to respond to any ongoing challenges caused by the pandemic. TOP will continue to focus on expanding markets internationally and domestically to achieve an increase in commencing students, and at the same time, strengthen the development of industry-involved innovative curricula that will provide students with career insights to enhance future employability, all with the aim of increasing competitiveness and reducing exposure to risk.

TOP's strategies for 2022 and onward should build on five pillars:

International Market

It is foreseeable that at least for the next few years, the Group will continue to derive most of its tuition fee revenue from international higher education students. Diversifying to other countries and regions to rebuild this market will remain to be our priority.

Domestic Market

The Group is strengthening its market presence in the domestic student market to increase local enrolments.

Industry Relations

The Group will continue building relationships with relevant industries and creating valuable workplace-learning opportunities and employment opportunities for its students.

Existing Operations

While the Australia's border is yet to fully open, the Group will keep monitoring its operating costs. Meanwhile, it will keep developing its online learning platform and maintain close relationships with student recruitment agents and prospective students until offshore students fully return.

Mergers and Acquisitions (“M&A”)

The cash reserve provides the Group the capability to pursue M&A activities and new developments when opportunity occurs. The Group keeps actively searching for potential targets.

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 29.8% from approximately AUD\$13.4 million for the six months ended 31 December 2020 to approximately AUD\$9.4 million for the six months ended 31 December 2021, 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		Change
	2021	2020	
	(Unaudited)	(Unaudited)	
	AUD\$'000	AUD\$'000	%
Course fee income	8,717	12,699	-31.4%
Other service fee income	690	707	-2.4%
	<u>9,407</u>	<u>13,406</u>	<u>-29.8%</u>

Tuition fee contributed over 92.7% of the Group's revenue while other service fee represented approximately 7.3% of the revenue.

Cost of Revenue

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

Cost of revenue decreased by approximately AUD\$1.1 million, or 15.9%, from approximately AUD\$7.1 million for the six months ended 31 December 2020 to approximately AUD\$5.9 million for the six months ended 31 December 2021. The decrease primarily resulted from the net effect of the increase in amortisation, the increase in depreciation of new campus fit outs, and the decrease in agent commissions and employee related expenses.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately 45.3% from AUD\$6.3 million for the six months ended 31 December 2020 to AUD\$3.5 million for the six months ended 31 December 2021, and the gross profit margin decreased from approximately 47.3% for the six months ended 31 December 2020 to approximately 36.9% for the six months ended 31 December 2021. Primarily due to the impact of the COVID-19 pandemic on course fee income.

Other Income and Gains

Other income decreased by 26.4% from approximately AUD\$1.5 million for the six months ended 31 December 2020 to approximately AUD\$1.1 million for the six months ended 31 December 2021. The decrease primarily resulted from the decrease in remeasurement of contingent liabilities.

Administrative Expenses

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

Administrative expenses decreased by 20.1% from approximately AUD\$5.0 million for the six months ended 31 December 2020 to approximately AUD\$4.0 million for the six months ended 31 December 2021. This decrease was primarily due to the decrease in office operation and employee related 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 decreased by approximately 8.9% from approximately AUD\$1.2 million for the six months ended 31 December 2020 to approximated AUD\$1.1 million for the six months ended 31 December 2021, mainly due to the decrease in recruitment promotion expenses.

Finance Costs

Finance costs represent the interest expense on the lease liabilities.

Finance costs remains stable at AUD\$0.4 million for the six months ended 31 December 2021 and for the six months ended 31 December 2020.

(Loss)/Profit for the Reporting Period

As a result of the above factors, the Group recorded approximately AUD\$0.7 million loss for the six months ended 31 December 2021 (six months ended 31 December 2020: profit approximately AUD\$0.9 million).

Capital Expenditure

Our capital expenditures for the six months ended 31 December 2021 were approximately AUD\$0.4 million, consisted primarily of expenditures on (i) plant and equipment, (ii) classroom equipment and office and (iii) teachers reference books.

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2021, the Group had cash on hand of AUD\$30.2 million (30 June 2021: AUD\$29.6 million) with no bank borrowings (30 June 2021: Nil). During the six months ended 31 December 2021, 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 in 2018.

As at 31 December 2021, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2021: 0%).

Significant Investments, Acquisitions and Disposals

Save as disclosed in this announcement, 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 2021.

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 2021, certain bank balances and payables were denominated in USD and HKD. The Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Group's Assets

There were no charges on the Group's assets as at 31 December 2021 (30 June 2021: Nil).

Contingent Liabilities

Except of the contingent considerations relates to the acquisition of SCOTS (refer to note 16 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 2021, including academic staff, the Company employed 101 staff (six months ended 31 December 2020: 119). 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.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend an interim dividend in respect of the six months ended 31 December 2021 (six months ended 31 December 2020: Nil).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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 2021, a total amount of approximately HK\$112.0 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 <i>HK\$ (million)</i>	Utilised	Unutilised	Expected timeline for utilising the unutilised amount
			Amount as at 31 December 2021 <i>HK\$ (million)</i>	amount as at 31 December 2021 <i>HK\$ (million)</i>	
Acquiring or investing in educational groups/institutions in the PRC and in Australia	41.0%	70.4	21.0	49.4	by the end of 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	37.5	10.3	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	5.3	–	–
Expanding TOP's marketing activities	4.4%	7.6	7.6	–	–
Working capital and general corporate purposes	8.2%	14.0	14.0	–	–
Total	100.0%	171.7	112.0	59.7	

AUDIT AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee reviewed the unaudited interim results of the Group for the six months ended 31 December 2021, including the accounting principles and practices adopted by the Group.

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 2021, 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 C.2.1 (for the period to 10 December 2021) as noted in the paragraph headed “Chairman and Chief Executive Officer”.

Chairman and Chief Executive Officer

Pursuant to the code provision C.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. The Chairperson and Chief Executive Officer (“CEO”) of the Company were held by Ms. Sumeng Cao for the period to 10 December 2021. Following the resignation of Ms. Sumeng Cao, the Board adopted to separate the roles of the chairperson and CEO in view that such separation would better suit the Company’s strategic development plan and enable the Company to take a more macro perspective and to bolster broader transparency in decision making.

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 2021.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.top.edu.au. The interim report of the Company for the six months ended 31 December 2021 containing all the information required by the Listing Rules will be despatched to the Shareholders of the Company and published on the above websites in due course.

DEFINITIONS

“Academic Board”	the academic board of Australian National Institute of Management and Commerce / Top Education 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
“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
“Board”	the board of Directors
“Business School”	Australian National Institute of Management and Commerce, (formerly Sydney City School of Business), as the name adopted for the Company’s academic division covering higher education courses in the field of Management and Commerce
“CAANZ”	Chartered Accountants Australia and New Zealand
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this announcement and for geographical reference only, except where the context requires, does not include Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “Institute”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001, with trading name as Australian National Institute of Management and Commerce and 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
“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”	the Council of Australian National Institute of Management and Commerce / Top Education Institute
“course”	a program of study that will confer an award upon completion
“CPA Australia”	CPA Australia Ltd
“Director(s)”	the director(s) of the Company
“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
“Employee”	<p>(a) any employee (including without limitation any executive Director) of the Company;</p> <p>(b) any non-executive Director (including independent non-executive Directors);</p> <p>(c) any member of the Council; and</p> <p>(d) any consultant of the Company,</p> <p>excluding any employee who is resident in a place where the award of Awarded Shares and/or the vesting of Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee</p>
“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
“Law School”	Sydney City School of Law, as the name adopted for the Company to provide degree courses in law
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“NSW LPAB”	the Legal Profession Admission Board, New South Wales
“pathway program”	a program by which students who complete certain required studies at one institution may become eligible to transfer to another institution to continue their studies and receive credit for work completed
“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 008 780 433 757), 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

“Reporting Period”	The period from 1 July 2021 to 31 December 2021
“SCOTS”	Scots English College Pty Ltd, a private education institution established in Australia providing English language courses
“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEQSA”	the Tertiary Education Quality and Standards Agency in Australia established under the Tertiary Education Quality and Standards Agency Act 2011
“US\$” or “USD”	United States dollars, the lawful currency of the United States

By order of the Board
Top Education Group Ltd
Min Ying
Company Secretary

Sydney, Australia, 28 February 2022

As at the date of this announcement, the non-executive Directors are Mr. Amen Kwai Ping Lee, Mr. Thomas Richard Seymour (Mr. Kai Zhang as his alternate), Mr. Yi Dai, Mr. Edward Chiang and Ms. Xing Shi Huang, and the independent non-executive Directors are Professor Brian James Stoddart, Mr. Tianye Wang and Professor Steven Schwartz.