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**Board of Directors****Executive director:**

Ms. Rongning Xu

**Non-executive directors:**

Mr. Thomas Richard Seymour

*(Mr. Kai Zhang as his alternate)*

Mr. Amen Kwai Ping Lee

Mr. Yi Dai

Mr. Edward Chiang

Ms. Xing Shi Huang *(Deputy Chairperson)*

**Independent non-executive directors:**

Professor Brian James Stoddart *(Chairperson)*

Professor Steven Schwartz

Mr. Tianye Wang

**Audit Committee**

Mr. Tianye Wang *(Chairman)*

Professor Brian James Stoddart

Professor Steven Schwartz

**Remuneration Committee**

Professor Steven Schwartz *(Chairman)*

Mr. Tianye Wang

Mr. Amen Kwai Ping Lee

**Nomination Committee**

Professor Brian James Stoddart *(Chairman)*

Professor Steven Schwartz

Ms. Xing Shi Huang

**Chief Executive Officer**

Ms. Rongning Xu

**Company Secretary**

Ms. Min Ying

**Authorised Representatives**

Professor Brian James Stoddart

Ms. Min Ying

**Auditor**

Ernst & Young

Recognised Public Interest Entity Auditor

200 George Street

Sydney, NSW 2000

Australia

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

Suite 1, Biomedical Building

1 Central Avenue

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](http://www.top.edu.au)

**Stock Code**

1752

## 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 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 Bachelor of Laws that enables its graduates to apply for admission as professional lawyers.

### *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 **C**ommunication, **M**onitoring, **R**esource, and **F**eedback 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
<b>Total</b>	<b>531.0</b>	<b>727.2</b>

## 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 AUD\$	2021 AUD\$	2022 AUD\$	2021 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 (Unaudited) AUD\$'000	2020 (Unaudited) AUD\$'000	
Course fee income	8,717	12,699	-31.4%
Other service fee income	690	707	-2.4%
	<b>9,407</b>	13,406	-29.8%

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 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 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 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 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.

### 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 HK\$ (million)	Utilised Amount as at 31 December 2021 HK\$ (million)	Unutilised amount as at 31 December 2021 HK\$ (million)	Expected timeline for utilising the unutilised amount
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	-	-
<b>Total</b>	<b>100.0%</b>	<b>171.7</b>	<b>112.0</b>	<b>59.7</b>	

## 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 2021, including the accounting principles and practices adopted by the Group.

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

As at 31 December 2021, 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 <sup>(1)</sup>	Approximate % of Shareholding in the Company <sup>(2)</sup>
Dr. Minshen Zhu (deceased) (ceased on 28 April 2021)	Beneficial owner/Interest held jointly with other persons	977,478,000 <sup>(3), (4)</sup>	40.17%
Ms. Xing Shi Huang (appointed on 1 October 2021)	Interest of a spouse	977,478,000 <sup>(5)</sup>	40.17%
Mr. Amen Kwai Ping Lee	Beneficial owner/Interest held jointly with other persons	857,158,000 <sup>(6)</sup>	35.22%
Mr. Thomas Richard Seymour	Interested in a controlled corporation	21,008,000 <sup>(7)</sup>	0.86%
Mr. Kai Zhang (as alternate director to Mr. Thomas Richard Seymour)	Beneficial owner	20,976,000	0.86%
Professor Brian James Stoddart	Beneficial owner	4,592,000	0.18%
Professor Steven Schwartz	Beneficial owner	3,892,000 <sup>(8)</sup>	0.15%
Ms. Rongning Xu (appointed on 21 March 2022)	Beneficial owner	7,294,274 <sup>(9)</sup>	0.29%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 2,433,332,000 Shares in issue as at 31 December 2021.
- (3) Members of the Controlling Shareholders Group are parties acting in concert and on 13 October 2017, they entered into a confirmation deed to, among others, confirm that they have been acting together with an aim to achieving decisions at general meetings of the Company on a unanimous basis. Members of the Controlling Shareholders Group are the founding Shareholders or have invested in the Company at an early stage. Dr. Zhu and Mr. Lee was/is the members of the Controlling Shareholders Group. As at 31 December 2021, all the members of the Controlling Shareholders Group together controlled 857,158,000 Shares. Under the SFO, each of Dr. Zhu and Mr. Lee was/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 628,652,000 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. As disclosed in the Company's announcement dated 30 April 2021, Dr. Zhu passed away on 28 April 2021. Dr. Zhu's interest forms part of his estate.
- (5) Ms. Xing Shi Huang is the widow of the late Dr. Minshen Zhu. Letters of Administration were granted to her by the Supreme Court of NSW on 24 January 2022 to act as administrator of Dr Zhu's estate, which is deemed to be interested in 977,478,000 Shares within the meaning of Part XV of the SFO.
- (6) 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.
- (7) 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).
- (8) 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.
- (9) 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 2021, 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.

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

As at 31 December 2021, 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 <sup>(1)</sup>
Mr. Qingquan Yang	Beneficial owner <sup>(3)</sup> ; interest in controlled corporation <sup>(3)</sup> ; interest held jointly with other persons <sup>(2)</sup>	Long	857,158,000	35.22%
Ms. Shuling Chen	Interest of a spouse <sup>(4)</sup>	Long	857,158,000	35.22%
Billion Glory	Beneficial owner <sup>(3)</sup> ; interest held jointly with other persons <sup>(2)</sup>	Long	857,158,000	35.22%
Tristar United	Beneficial owner <sup>(5)</sup> ; interest held jointly with other persons <sup>(2)</sup>	Long	857,158,000	35.22%
Ms. Josephine Kam Shan Lam	Interest of a spouse <sup>(6)</sup>	Long	857,158,000	35.22%
Mr. Xin Wang	Beneficial owner <sup>(7)</sup> ; interest held jointly with other persons <sup>(2)</sup>	Long	857,158,000	35.22%
Ms. Zhuo Liu	Interest of a spouse <sup>(8)</sup>	Long	857,158,000	35.22%
Xinjiang Guoli	Beneficial owner	Long	351,180,000	14.43%
PwC Australia	Beneficial owner <sup>(9)</sup>	Long	264,708,000	10.87%
Loyal Creation	Beneficial owner	Long	224,086,000	9.20%
Minsheng Education Group	Interest in a controlled corporation <sup>(10)</sup>	Long	209,000,000	8.58%

Notes:

- (1) The calculation is based on the total number of 2,433,332,000 Shares in issue as at 31 December 2021.
- (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 2021, all the members of the Controlling Shareholders Group together controlled 857,158,000 Shares. Under the SFO, each 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) Mr. Qingquan Yang directly holds 152,742,000 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.
- (4) 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.

- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) Minsheng Education Group is the sole shareholder of Minsheng Development which directly holds 209,000,000 Shares, and accordingly, Minsheng Education Group is deemed to be interested in 209,000,000 Shares held by Minsheng Development by virtue of the disclosure requirements of the SFO.

## Pre-Ipo Performance Rights Plan, Share Option Scheme and Share Award Scheme

The Company has adopted Pre-IPO Performance Rights Plan, Share Option Scheme and Share Award Scheme for the purpose of motivating eligible participants to optimise their future contributions to the Company and/or to reward them for their past contributions.

### Pre-IPO Performance Rights Plan

The 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 2021 (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 2021 (number of underlying Shares)
<b>Directors</b>					
Dr. Minshen Zhu (deceased) (ceased on 28 April 2021)	120,320,000	–	–	–	120,320,000
Prof. Brian James Stoddart	3,062,000	–	3,062,000	–	–
Prof. Steven Schwartz	3,062,000	–	–	–	3,062,000
<b>Council Members</b>					
Prof. Stephen Nicholas	2,066,000	–	–	–	2,066,000
Prof. John Hearn	2,066,000	–	–	–	2,066,000
Dr. Le Ma	462,000	–	–	–	462,000

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

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

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

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

A summary of the principal terms of the Pre-IPO Performance Rights was disclosed in the section headed "Report of the Directors" of the 2021 Annual Report of the Company.

## Share Option Scheme

### *Employee Share Options*

On 18 July 2018 ("Date of Grant"), the Company granted share options to subscribe for a total of 25,781,938 Shares under the Share Option Scheme to the eligible employees (the "Employee Share Options"), among which, the options to subscribe for 1,294,274 Shares were granted to Ms. Sumeng Cao, the former executive Director, and to Ms. Rongning Xu, the executive Director.

The consideration for the acceptance of the Employee Share Options was AUD\$1.00. The exercise price of the Employee 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 Employee 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 Employee Share Options shall lapse at the expiry of the validity period.

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

Details of the movement of Employee Share Options granted under the Share Option Scheme for six months ended 31 December 2021 are as follows:

Grantee	Balance as at 1 July 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Balance as at 31 December 2021
Ms. Sumeng Cao (resigned on 10 December 2021)	1,294,274	–	–	1,294,274	–
Ms. Rongning Xu	1,294,274	–	–	–	1,294,274
<b>Employees in aggregate</b>	18,379,170	–	–	2,407,830	15,971,340
<b>Total</b>	20,967,718	–	–	1,294,274	17,265,614

#### Agent Share Options

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

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

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

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

Details of the movement of Agent Share Options granted under the Share Option Scheme for six months ended 31 December 2021 are as follows:

Grantee	Balance as at 1 July 2021	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Balance as at 31 December 2021
Student recruitment agents	–	48,600,000	–	19,700,000	28,900,000

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

A summary of the principal terms of the Share Option Scheme were disclosed in the section headed "Report of the Directors" of the 2021 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.

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 2021, 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 2021	Granted during the Period	Exercised during the Period	Lapsed or cancelled during the Period	Balance as at 31 December 2021
Ms. Sumeng Cao (resigned on 10 December 2021)	6,000,000	–	–	6,000,000	–
Ms. Rongning Xu	6,000,000	–	–	–	6,000,000
<b>Employees (in aggregate)</b>	19,000,000	–	–	–	19,000,000
<b>Total</b>	31,000,000	–	–	–	25,000,000

A summary of the principal terms of the Share Option Scheme were disclosed in the section headed "Report of the Directors" of the 2021 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 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.

## Events after the Reporting Period

There were no significant events after the Reporting Period.

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

For the six months ended 31 December 2021

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	31 December 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
<b>NON-CURRENT ASSETS</b>			
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	12	1,214	1,214
Goodwill		1,533	1,533
Deferred tax assets		28	28
Total non-current assets		37,764	39,506
<b>CURRENT ASSETS</b>			
Inventories		85	85
Trade receivables	11	405	408
Prepayments, other receivables and other assets	12	3,795	2,752
Tax receivable		894	292
Cash and cash equivalents		30,155	29,575
Total current assets		35,334	33,112
<b>CURRENT LIABILITIES</b>			
Trade payables	13	2,260	2,172
Other payables and accruals	14	3,337	2,946
Lease liabilities		1,179	1,179
Contract liabilities	15	2,394	1,495
Total current liabilities		9,170	7,792
<b>NET CURRENT ASSETS</b>		26,164	25,320
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		63,928	64,826
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		15,155	15,396
Other payables and accruals	14	316	312
Total non-current liabilities		15,471	15,708
Net assets		48,457	49,118
<b>EQUITY</b>			
Share capital	16	36,414	36,281
Treasury shares	16	(2,236)	(2,236)
Reserves		13,831	14,609
Non-controlling interests		448	464
Total equity		48,457	49,118

Amen Kwai Ping Lee  
Director

Xing Shi Huang  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

For the six months ended 31 December 2021

	Notes	Issued capital AUD\$'000	Treasury shares AUD\$'000	Share-based payment reserve AUD\$'000	Retained profits AUD\$'000	Non-controlling interest AUD\$'000	Total equity AUD\$'000
As at 1 July 2021 (audited)		36,281	(2,236)	4,694	9,916	463	49,118
Loss and total comprehensive income for the period		-	-	-	(702)	(15)	(717)
Issue of shares		133	-	(133)	-	-	-
Equity-settled performance rights arrangements	17	-	-	56	-	-	56
At 31 December 2021 (unaudited)		36,414	(2,236)	4,617	9,214	448	48,457

For the six months ended 31 December 2020

	Notes	Issued capital AUD\$'000	Treasury shares AUD\$'000	Share-based payment reserve AUD\$'000	Retained profits AUD\$'000	Non-controlling interest AUD\$'000	Total equity AUD\$'000
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		(2,013)	-	-	152	-	(1,861)
Equity-settled performance rights arrangements	17	-	-	482	-	-	482
At 31 December 2020 (unaudited)		36,491	(2,236)	4,218	10,805	479	49,757

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Notes	Six months ended 31 December	
		2021 (unaudited) AUD\$'000	2020 (unaudited) AUD\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(947)	1,204
Adjustments for:			
Interest income	4	(23)	(39)
Finance costs	5	420	424
Foreign exchange gain		(7)	(20)
Loss on disposal of items of property, plant and equipment		-	156
Share-based payments	17	56	482
Depreciation of property, plant and equipment		550	506
Amortisation of right-of-use assets		959	1,012
Amortisation of intangible assets		1,012	858
		<b>2,020</b>	<b>4,583</b>
Decrease in inventory		-	2
Decrease in trade receivables		3	92
Increase in prepayments, other receivables and other assets		(1,044)	(373)
Increase in lease assets		-	(8,723)
Increase in trade payables		89	481
Increase/(decrease) in other payables and accruals		395	(23)
Increase in lease liabilities		-	7,954
Increase in contract liabilities		900	500
Cash generated from operations		<b>2,363</b>	<b>4,493</b>
Interest received		23	39
Income tax paid		(372)	(549)
Net cash flows from operating activities		<b>2,014</b>	<b>3,983</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Notes	Six months ended 31 December	
		2021 (unaudited) AUD\$'000	2020 (unaudited) AUD\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Foreign exchange gain		7	20
Purchases of items of property, plant and equipment		(37)	(3,948)
Additions to intangible assets		(743)	(1,218)
Net cash flows used in investing activities		(773)	(5,146)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cancellation of shares		-	(1,728)
Principal and interest portion of lease payments		(661)	(395)
Dividend paid		-	(1,300)
Net cash flows used in financing activities		(661)	(3,423)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		29,575	34,416
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>30,155</b>	<b>29,830</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		30,155	29,830

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

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## 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*

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

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.

## 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 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 (unaudited) AUD\$'000	2020 (unaudited) AUD\$'000
<i>Revenue from contracts with customers</i>		
Course fee income	8,717	12,699
Others service fee income	690	707
	<b>9,407</b>	13,406
<i>Revenue from contracts with customers</i>		
(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
	<b>9,407</b>	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 (unaudited) AUD\$'000	2020 (unaudited) AUD\$'000
<b>Other income and gains</b>		
Interest income	23	39
Realised foreign exchange gains, net	7	20
Remeasurement of contingent liabilities	-	543
Government grants	850	846
Others	199	18
	<b>1,079</b>	1,466

## 5. FINANCE COST

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

## 6. (LOSS)/PROFIT BEFORE TAX

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

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

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group acquired assets with a cost of AUD\$37,000 (six months ended 31 December 2020: AUD\$3,948,000) 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:

	<b>31 December 2021 (unaudited) AUD\$'000</b>	30 June 2021 (audited) AUD\$'000
Trade receivables (neither past due nor impaired)	405	408

  

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

**12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

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

**13. 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:

	<b>31 December 2021 (unaudited) AUD\$'000</b>	30 June 2021 (audited) AUD\$'000
Over two months	2,260	2,172

**14. OTHER PAYABLES AND ACCRUALS**

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

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 2021 (unaudited) AUD\$'000	30 June 2021 (audited) AUD\$'000
Short-term advances received from students		
Course fees	2,394	1,495

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.

31 December 2021

**16. SHARE CAPITAL****Shares**

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

**Treasury shares**

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

	<b>Number of shares</b>	<b>Total AUD\$'000</b>
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:

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

## 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 Dr Minshen Zhu, the then CEO of the Company, under this plan (the "CEO's performance rights 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 then 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 "Council and Board members' performance rights plan"). 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.

## 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

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

#### *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)***Council and Board members' performance rights plan" (Continued)*

The following shares were outstanding under the Scheme during the Period:

	For the six month ended			
	2021		2020	
	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	-	131,038,000	-	134,100,000
Granted during the period	-	-	-	-
Lapsed	-	-	-	-
Exercised	-	(3,062,000)	-	(3,062,000)
At 31 December	-	127,976,000	-	131,038,000
Weighted average exercise period		11 years		12 years
Exercisable as at end of the period		127,976,000		10,718,000

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**Employee Share Options*

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 President and acting CEO and a total of 40 employees of the Group under this plan, including Ms. Sumeng Cao, being the then Executive Director of the Company. The grant of the share options to Ms. Sumeng Cao would not result in the shares issued and to be issued upon exercise of all the share options already granted and to be granted to her, collectively in the 12-month period in aggregate over 0.1% of the shares in issue or having an aggregate value, based on the closing price of the shares at the date of grant, in excess of HK\$5 million. The share options granted to Ms. Sumeng Cao lapsed on 10 December 2021.

31 December 2021

**17. SHARE-BASED PAYMENTS (Continued)****Post-IPO Schemes (Continued)***Share Option Scheme (Continued)**Employee Share Options (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			
	2021		2020	
	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*	18,559,888	0.56*	20,501,300
Granted during the period	-	-	-	-
Lapsed	-	1,294,274	-	-
Exercised	-	-	-	-
At 31 December	0.56*	17,265,614	0.56*	20,501,300
Weighted average exercise period		7 years		8 years
Exercisable as at end of the period		17,265,614		13,530,858

\* equivalent to AUD\$0.11 per share.

No share options were exercised during the reporting period (2020: nil).

**17. SHARE-BASED PAYMENTS (Continued)****Post-IPO Schemes (Continued)***Agent Share Options*

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

The details of the options granted are shown below:

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

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

	For the six month ended	
	2021	
	Weighted average exercise price HK\$ per share	Number of rights
At 1 July	-	-
Granted during the period	0.2*	48,600,000
Lapsed	-	19,700,000
Exercised	-	-
At 31 December	0.2*	28,900,000
Weighted average exercise period		10 years
Exercisable as at end of the period		-

\* equivalent to AUD\$0.04 per share.

## 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 then Executive Director of the Company, and (ii) Ms. Rongning Xu, being the executive Director appointed on 21 March 2022. 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

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

	2021		2020	
	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	–	31,000,000
Granted during the year	–	–	–	–
Lapsed	–	6,000,000	–	–
Exercised	–	–	–	–
At 30 June	–	25,000,000	–	31,000,000
Weighted average exercise period		8 years		9 years
Exercisable as at end of the year		–		–

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

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

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

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

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

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

The fair value of the share-based payments in relation to the Agent Share Option Scheme was estimated as at the date of grant using Black-Scholes model. The fair value of the Agent Share Option Scheme as at the measurement date is AUD\$418,000. The following table lists the inputs to the model used for the Agent Share Option Scheme:

	2021
Dividend yield (%)	1.41%
Expected volatility (%)	50 – 60
Risk-free interest rate (%)	2.08
Expected life of options (year)	4
Weighted average share price (HK\$ per share)	0.16

## 17. SHARE-BASED PAYMENTS (Continued)

### Post-IPO Schemes (Continued)

#### *Share Award Scheme (Continued)*

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\$56,000 (for the six months ended 31 December 2020: AUD\$482,000) during the six months ended 31 December 2021.

As at 31 December 2021, the Group had 200,435,888 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 175,435,888 additional ordinary shares of the Group.

## 18. COMMITMENTS

Except of the contingent considerations relates to the acquisition of Scots English College (refer to note 20), at the end of the reporting period, the Group did not have any other significant commitments.

## 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:

The service allowance available to the Company expired in May 2021. The Company and PwC Australia are currently documenting a variation agreement to the Alliance Agreement under which the Company may use some or all of the remaining service allowance credit of AUD\$247,000 to be used by 30 June 2022.

During the six months ended 31 December 2021, the Group used AUD\$5,508 (six months ended 31 December 2020: AUD\$108,994) of the remaining service allowance from PwC Australia, which will be subject of the variation agreement.

**19. RELATED PARTY TRANSACTIONS (Continued)**

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

	Six months ended 31 December	
	2021 (unaudited) AUD\$'000	2020 (unaudited) AUD\$'000
Fees	317	436
Other emoluments:		
Salaries	529	232
Share-based payment	(175)	269
Pension scheme contributions	61	69
	415	570
	732	1,006

(c) Amounts to related parties of the directors totaling AUD\$144,000 were paid during the period for administrative support services (2020: AUD\$125,000). All transactions were undertaken on an arm's length basis.

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

**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**

There were no significant events after the Reporting Period.

**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 28 February 2022.

“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
“ATP”	the Australian Technology Park
“AUD\$”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Australia”	the Commonwealth of Australia
“award”	a qualification under levels 1 to 10 of the AQF
“Awarded Share(s)”	such number of rights awarded by the Board to acquire Shares subject to the Share Award Scheme rules, where each Awarded Share represents the right to acquire one Share
“Billion Glory”	Billion Glory Group Holdings Limited 兆隆集團控股有限公司, a company incorporated under the laws of Hong Kong with limited liability on 8 June 2016, which is wholly-owned by Mr. Yang
“Board”	the board of Directors
“Business School”	Australian National Institute of Management and Commerce, (formerly Sydney City School of Business), as the name adopted for the Company’s academic division covering 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 report and for geographical reference only, except where the context requires, does not include Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “Institute”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001, with trading 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
“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 (deceased), 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”	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
“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 (deceased), formerly an executive Director, the chairman of the Board, the chief executive officer and the appointed representative of the Controlling Shareholders Group

“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
“ELICOS”	English Language Intensive Courses for Overseas Students
“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
“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
“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. Wang”	Xin Wang 王新, one of the members of the Controlling Shareholders Group
“Mr. Yang”	Qingquan Yang 楊清泉, one of the members of the Controlling Shareholders Group
“Nomination Committee”	the nomination committee of the Board
“NSW LPAB”	the Legal Profession Admission Board, New South Wales

“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 2021 to 31 December 2021
“SAA”	Self-Accrediting Authority
“SCDP”	the Student Career Development Program
“SCOTS”	Scots English College Pty Ltd, a private education institution established in Australia providing English language courses
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) in the capital of the Company

“Share Award Scheme”	the 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