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TOP EDUCATION GROUP LTD

澳洲成峰高教集團有限公司

(Registered in New South Wales, Australia with limited liability)

(ACN 098 139 176)

(Stock code: 1752)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

- Revenue for the year increased by 17.0% to AUD\$30.4 million.
- Gross profit was AUD\$15.4 million, rose by 17.2%.
- Gross profit margin for the year was 50.7%.
- The adjusted net profit for the year was AUD\$5.9 million, rose by 42.7%^{Note}.
- Basic earnings per share was AUD0.176 cents, increased by 9.3%.
- Proposed final dividend is HK0.3 cents per ordinary share, subject to approval by the shareholders in the forthcoming AGM.

Note:

The adjusted net profit is calculated as the net profit for the period, excluding the impact from certain non-cash or non-recurring expenses including non-cash leases interest and amortisation expenses due to the adoption of IFRS 16, the acquisition cost of acquiring Scots English College Pty Ltd and additional one-off expenses due to COVID-19.

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 30 June 2020 together with the comparative figures for the corresponding period in 2019 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2020

	<i>Notes</i>	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
REVENUE	5	30,440	26,020
Cost of sales		<u>(14,996)</u>	<u>(12,841)</u>
Gross profit		15,444	13,179
Interest income		249	671
Other income and gains	5	1,666	1,684
Administrative expenses		(8,870)	(7,849)
Advertising and marketing expenses		(1,578)	(1,780)
Other operating expenses		(91)	–
Finance costs	7	<u>(475)</u>	<u>–</u>
PROFIT BEFORE TAX	6	6,345	5,905
Income tax expense	8	<u>(1,881)</u>	<u>(1,766)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>4,464</u>	<u>4,139</u>
Attributable to:			
Owners of the Company		4,355	4,139
Non-controlling interests		109	–
		<u>4,464</u>	<u>4,139</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings per share (AUD cents)	10	<u>0.176</u>	<u>0.161</u>
Diluted earnings per share (AUD cents)	10	<u>0.168</u>	<u>0.155</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*30 June 2020*

	<i>Notes</i>	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>11</i>	7,684	5,023
Intangible assets		10,635	5,728
Right-of-use assets	<i>12</i>	7,157	–
Prepayments and deposits		1,593	1,020
Goodwill	<i>13</i>	1,533	–
Deferred tax assets		450	1,714
		<hr/>	<hr/>
Total non-current assets		29,052	13,485
CURRENT ASSETS			
Inventories		164	–
Trade receivables	<i>14</i>	229	–
Prepayments, other receivables and other assets		3,095	2,173
Tax receivable		–	1,210
Cash and cash equivalents		34,416	42,352
		<hr/>	<hr/>
Total current assets		37,904	45,735
CURRENT LIABILITIES			
Trade payables	<i>15</i>	1,951	1,450
Other payables and accruals		3,145	2,091
Lease liabilities	<i>12</i>	778	–
Contract liabilities	<i>16</i>	1,896	2,202
Tax payable		73	–
		<hr/>	<hr/>
Total current liabilities		7,843	5,743
NET CURRENT ASSETS		30,061	39,992
TOTAL ASSETS LESS CURRENT LIABILITIES		59,113	53,477
NON-CURRENT LIABILITIES			
Lease liabilities	<i>12</i>	6,786	–
Other payables and accruals		838	288
		<hr/>	<hr/>
Total current liabilities		7,624	288
Net assets		51,489	53,189
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital		38,371	43,221
Treasury shares		(2,236)	(1,140)
Reserves		14,889	11,108
Non-controlling interests		465	–
		<hr/>	<hr/>
Total equity		51,489	53,189
		<hr/> <hr/>	<hr/> <hr/>

1. CORPORATE AND GROUP INFORMATION

The consolidated financial statements of Top Education Group Ltd (the “**Company**”), and its subsidiaries (collectively, the “**Group**”) for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 22 September 2020.

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 since 11 May 2018.

The Group is principally engaged in providing private higher education services and English language courses in Australia. Further information on the nature of the operations and principal activities of the Group will be provided in the section headed “Report of the Directors” of the Group’s annual report for the year ended 30 June 2020.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Top Education Consulting (Beijing) Limited*	PRC/Mainland China	Hong Kong dollars (“ HK\$ ”) 3,000,000	100	–	Provision of education consulting services
Top Education Development Pty Ltd	Australia	AUD\$100	100	–	Provision of and investments in education services
Scots English College Pty Ltd	Australia	AUD\$550,000	85	–	Provision of English language courses

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

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Australian dollars (“**AUD\$**”) and all values are rounded to the nearest thousand (“**AUD\$’000**”).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9	Prepayment Features with Negative Compensation
IFRS 16	<i>Leases</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 cycle</i>	Amendments to a number of IFRSs

Other than as explained below regarding the impact of IFRS 16 *Leases* and IFRIC 23 *Uncertainty over Income Tax Treatments*, the adoption of the above new and revised standards has had no significant financial effect on the Group's consolidated financial statements. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of right-of-use assets and lease liabilities as 1 July 2019, and the comparative information for the year ended 30 June 2020 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., printers); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 July 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 July 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 were between 5.66% and 6.03%.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 July 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 July 2019:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- The use of hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

Accordingly, the Group recognised right-of-use assets and lease liabilities of AUD\$8,798,000.

The lease liabilities as at 1 July 2019 reconciled to the operating lease commitments as at 30 June 2020 is as follows:

	<i>AUD\$'000</i> (audited)
Operating lease commitments as at 30 June 2019	10,469
Weighted average incremental borrowing rate as at 1 July 2019	<u>5.94%</u>
Discounted operating lease commitments as at 1 July 2019	7,885
Less:	
Commitments relating to short-term leases or those leases with a remaining lease term ending on or before 30 June 2020	<u>(63)</u>
Add: Effects of lease liabilities related to extension options now classified under ROU assets under IFRS 16 not previously included in commitments disclosure at 30 June 2019	<u>976</u>
Lease liabilities as at 1 July 2019	<u><u>8,798</u></u>

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 30 June 2019 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 July 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group included the renewal period as part of the lease term for leases of properties due to the significance of these assets to its operations. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Group and affects its ability to exercise the option to renew.

Amounts recognised in the consolidated statement of financial position and profit or loss

The carrying amounts of the Group's right-of-use assets and lease liabilities and the movement during the year are as follow:

	Right-of- use assets	
	Office premises	Lease liabilities
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
	(Audited)	(Audited)
As at 1 July 2019	8,798	8,798
Additions	93	93
Additions as a result of acquisition of a subsidiary	410	410
Amortisation Charge	(2,144)	–
Interest expense	–	475
Rent wavier due to COVID-19	–	(802)
Principal and interest payments	–	(1,410)
	<hr/>	<hr/>
As at 30 June 2020	<u>7,157</u>	<u>7,564</u>

The Group recognised rent expense from short-term leases of AUD\$88,000 and leases of low-value assets of AUD\$77,000 for the year ended 30 June 2020.

(b) IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “**uncertain tax positions**”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered the interpretation did not have any significant impact on the Group's consolidated financial information.

4. OPERATING SEGMENT INFORMATION

The Group has identified the Chief Executive Officer (“CEO”) and the Board of Directors as the chief operating decision makers. The Group has only one reporting segment being the provision of private higher education services in Australia.

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

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

No services provided to a single customer contributed 10% or more of the total revenue of the Group during the financial year.

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 <i>AUD\$’000</i>	2019 <i>AUD\$’000</i>
<i>Revenue from contracts with customers</i>		
Course fee income	28,324	24,696
Other service fee income	<u>2,116</u>	<u>1,324</u>
	<u>30,440</u>	<u>26,020</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

Geographical markets		
Australia	<u>30,440</u>	<u>26,020</u>

Timing of revenue recognition

Course fee income recognised over time	28,324	24,696
Others service fee income recognised over time	<u>2,116</u>	<u>1,324</u>
	<u>30,440</u>	<u>26,020</u>

(ii) *Performance obligations*

Provision of private higher education services and English course services in Australia

The performance obligation is satisfied over time as services are rendered. The Group’s contracts with students for higher education programs are normally with duration of 0.5 year renewed up to total duration of 1 to 4 years depending on the education programs. The Group’s contracts with students for English courses are normally between 8 weeks and 20 weeks depending on the education programs. Tuition fees are determined and paid by the students before the start of each school term.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2020 and 2019 are as follows:

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Contract liabilities (<i>Note 16</i>)	<u>1,896</u>	<u>2,202</u>

Contract liabilities include short-term advances received to render education services. All the other remaining performance obligations are expected to be recognised within one year.

No revenue recognised during the year related to performance obligations that were satisfied in prior years.

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Other income and gains		
Foreign exchange gains	459	1,543
Remeasurement of contingent consideration	181	–
Rent waiver	801	–
Government grants (<i>Note</i>)	184	–
Others	41	141
	<u>1,666</u>	<u>1,684</u>

Note: Government grants represent temporary subsidies from government to support businesses during the economic downturn associated with COVID-19.

6. PROFIT BEFORE TAX

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

	Notes	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Amortisation of intangible assets		1,372	1,039
Depreciation	11	608	338
Minimum lease payments under operating leases		–	1,441
Amortisation of right-of-use assets	12	2,144	–
Auditors' remuneration		270	325
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages, salaries and other employee benefits		9,538	8,733
Share-based payments		1,074	1,274
Pension scheme contributions (defined contribution schemes)		808	726
Less: Amount capitalised		<u>(1,182)</u>	<u>(843)</u>
		<u>10,238</u>	<u>9,890</u>

7. FINANCE COST

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Interest on lease liabilities	<u>475</u>	–
	<u>475</u>	–

8. INCOME TAX

The Group is subject to income tax on profits arising in or derived from the jurisdiction in which the Group is domiciled and operates. Profits tax has been provided at the Group's statutory tax rate of 27.5% for the years ended 30 June 2020 and 2019 on the estimated assessable profits.

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

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Current – Elsewhere		
Charge for the year	1,154	544
Underprovision for current tax of prior periods	6	6
Deferred	<u>721</u>	<u>1,216</u>
Total tax charge for the year	<u><u>1,881</u></u>	<u><u>1,766</u></u>

A reconciliation of the tax expense applicable to profit before tax at the Group's statutory tax rate (statutory tax rate for the jurisdiction in which the Group is domiciled) to the tax charge at the Group's effective tax rate is as follows:

	2020 <i>AUD\$'000</i>	%	2019 <i>AUD\$'000</i>	%
Profit before tax	<u><u>6,346</u></u>		<u><u>5,905</u></u>	
Tax at the Group's statutory tax rate of 27.5% for 2019 and 2018	1,745	27.5	1,624	27.5
Expenses not deductible for tax	128	2.0	136	2.3
Reduction in opening deferred taxes resulting from reduction in tax rate	2	–	–	–
Others	<u>6</u>	<u>0.1</u>	<u>6</u>	<u>0.1</u>
Tax charge at the Group's effective rate	<u><u>1,881</u></u>	<u><u>29.6</u></u>	<u><u>1,766</u></u>	<u><u>29.9</u></u>

9. DIVIDENDS

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Final – Nil (2019: HK0.4 cents) per ordinary share	<u><u>1,902</u></u>	<u><u>–</u></u>

During the year ended 30 June 2020, final dividends of HK0.4 cents per ordinary share in respect of the year ended 30 June 2019 was declared and paid to the owners of the Company.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company of AUD\$6,233,000 (2019: AUD\$4,139,000) and the weighted average number of ordinary shares of 2,479,549,000 (2019: 2,565,884,000) on issue during the year.

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

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

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Earnings		
Profit attributable to owners of the Company	4,355	4,139
	Number of shares	
	2020	2019
	Ordinary	Ordinary
	shares	shares
	'000	'000
Shares		
Weighted average number of shares in issue used in the basic earnings per share calculation	2,479,549	2,565,884
Effect of dilution – weighted average number of shares: Performance rights	112,466	97,983
	2,592,015	2,663,867

11. PROPERTY, PLANT AND EQUIPMENT

	Teacher reference books <i>AUD\$'000</i>	Plant and equipment <i>AUD\$'000</i>	Classroom and office equipment <i>AUD\$'000</i>	Total <i>AUD\$'000</i>
30 June 2020				
At 30 June 2019 and 1 July 2019:				
Cost	286	1,697	4,004	5,987
Accumulated depreciation	(185)	(484)	(295)	(964)
Net carrying amount	<u>101</u>	<u>1,213</u>	<u>3,709</u>	<u>5,023</u>
At 1 July 2019, net of accumulated depreciation	101	1,213	3,709	5,023
Additions	31	637	2,375	3,043
Acquisition of subsidiaries (<i>note 17</i>)	–	66	160	226
Depreciation provided during the year	(39)	(223)	(346)	(608)
At 30 June 2020, net of accumulated depreciation	<u>93</u>	<u>1,693</u>	<u>5,898</u>	<u>7,684</u>
At 30 June 2020:				
Cost	317	2,509	6,549	9,375
Accumulated depreciation	(224)	(816)	(651)	(1,691)
Net carrying amount	<u>93</u>	<u>1,693</u>	<u>5,898</u>	<u>7,684</u>
	Teacher reference books <i>AUD\$'000</i>	Plant and equipment <i>AUD\$'000</i>	Classroom and office equipment <i>AUD\$'000</i>	Total <i>AUD\$'000</i>
30 June 2019				
At 30 June 2018 and 1 July 2018:				
Cost	245	1,046	641	1,932
Accumulated depreciation	(153)	(598)	(201)	(952)
Net carrying amount	<u>92</u>	<u>448</u>	<u>440</u>	<u>980</u>
At 1 July 2018, net of accumulated depreciation	92	448	440	980
Additions	42	944	3,412	4,398
Disposal	–	(17)	–	(17)
Depreciation provided during the year	(33)	(162)	(143)	(338)
At 30 June 2019, net of accumulated depreciation	<u>101</u>	<u>1,213</u>	<u>3,709</u>	<u>5,023</u>
At 30 June 2019:				
Cost	286	1,697	4,004	5,987
Accumulated depreciation	(185)	(484)	(295)	(964)
Net carrying amount	<u>101</u>	<u>1,213</u>	<u>3,709</u>	<u>5,023</u>

12. LEASES

The Group as a lessee

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

(a) *Right-of-use assets*

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

Right-of-use assets	Office premises <i>AUD\$'000</i>	Total <i>AUD\$'000</i>
As at 1 July 2019	8,798	8,798
Additions	93	93
Additions as a result of acquisition of subsidiaries	410	410
Amortisation charge	(2,144)	(2,144)
	<u>7,157</u>	<u>7,157</u>

(b) *Lease liabilities*

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

	Lease liabilities 2020 <i>AUD\$'000</i>
Carrying amount at 1 July	8,798
New leases	93
Additions as a result of acquisition of subsidiaries	410
Accretion of interest recognised during the year	475
Rent waiver due to COVID-19	(802)
Principal and interest payments	(1,410)
Carrying amount at 30 June	<u>7,564</u>
Analysed into:	
Current portion	778
Non-current portion	<u>6,786</u>

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

	2020 <i>AUD\$'000</i>
Interest on lease liabilities	475
Amortisation charge of right-of-use assets	2,144
Expense relating to short-term leases with remaining lease terms ended on or before 30 June 2020	88
Expense relating to leases of low-value assets	77
	<u>2,784</u>

13. GOODWILL

	2020 AUD\$'000
Cost:	
At 1 July 2019	–
Acquisition of subsidiaries (<i>note 17</i>)	<u>1,533</u>
	<u><u>1,533</u></u>

Impairment testing of goodwill

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

	2020 AUD\$'000
Scots English College	<u>1,533</u>
	<u><u>1,533</u></u>

14. TRADE RECEIVABLES

The Group's students are required to pay tuition fees in advance for upcoming semesters. The outstanding receivables represent amounts related to students who have applied for the delayed payment of tuition fee. There is no fixed term for delayed payments. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's trade receivables relate to a large number of students, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 30 June	
	2020	2019
	AUD\$'000	AUD\$'000
Trade receivables	<u>229</u>	<u>–</u>
	<u><u>229</u></u>	<u><u>–</u></u>
	As at 30 June	
	2020	2019
	AUD\$'000	AUD\$'000
within 1 month	–	–
1 to 3 months	<u>229</u>	<u>–</u>
	<u><u>229</u></u>	<u><u>–</u></u>
	As at 30 June	
	2020	2019
	AUD\$'000	AUD\$'000
Neither past due nor impaired	<u>229</u>	<u>–</u>
	<u><u>229</u></u>	<u><u>–</u></u>

There have been no impairment losses recognised during the year.

15. TRADE PAYABLES

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

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Over two months	<u>1,951</u>	<u>1,450</u>

16. CONTRACT LIABILITIES

Details of contract liabilities balance as at 30 June 2020 and 1 July 2019 are as follows:

	2020 <i>AUD\$'000</i>	2019 <i>AUD\$'000</i>
Short-term advances received from students		
Course fees	<u>1,896</u>	<u>2,202</u>

Contract liabilities include short-term advances received from students in relation to the proportionate service not yet provided. The Group receives tuition fees from students in advance prior to the beginning of each academic term. Tuition fees are recognised proportionately over the relevant period of the applicable program.

17. ACQUISITIONS OF BUSINESSES

On 1 November 2019, the Group acquired an 85% interest in Scots English College Pty Ltd (“SCOTS”). SCOTS is a private education institution established in Australia providing English language courses. The acquisition was made as part of the Group’s strategy to expand its international education network and increase market penetration. The purchase consideration for the acquisition was in the form of cash, with AUD\$1,811,210 paid at the acquisition date, AUD\$472,554 paid at the adjustment date, and the remaining AUD\$1,267,796 estimated to be paid by 31 December 2021 subject to the below two earn out conditions being met:

- (a) First earn out: if the financial year 2020 net profit after tax (“NPAT”) of SCOTS is AUD\$1,000,000 or more, then the Group will pay 100% of the first earn out amount, being AUD\$724,472; if the financial year 2020 NPAT of SCOTS is more than AUD\$700,000 but less than AUD\$1,000,000 and the aggregate of financial year 2020 NPAT plus the first half financial year 2021 NPAT is more than AUD\$1,000,000, then the Group will pay 75% of the first earn out amount, being AUD\$543,354.
- (b) Second earn out: the Group will pay the second earn out amount, being AUD\$543,354, within one month after SCOTS provides written evidence of its re-registration with the Australian Skill Quality Authority on or prior to 31 December 2022.

The fair values of the identifiable assets and liabilities of SCOTS as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>AUD\$'000</i>
Property, plant and equipment	226
Cash and bank balances	41
Prepayments and other receivables	747
Other payables and accruals	(820)
Deferred tax asset	11
Deferred tax liability	730
Intangible assets	<u>2,900</u>
Total identifiable net assets at fair value	2,375
Non-controlling interests	<u>(356)</u>
	2,019
Goodwill on acquisition	<u>1,533</u>
Satisfied by cash (for 85% shares)	<u><u>3,552</u></u>

The Group incurred transaction costs of AUD\$143,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

The goodwill recognised is primarily attributed to the assembled workforce of SCOTS, future market development and the expected business synergies arising from the acquisition, which is not separately recognised. The goodwill recognised is not expected to be deductible for income tax purposes.

The Group has elected to measure the non-controlling interests in SCOTS at the non-controlling interests' proportionate share of SCOTS' identifiable net assets.

An analysis of the cash flows in respect of the acquisition of SCOTS is as follows:

	<i>AUD\$'000</i>
Cash consideration paid	(2,284)
Cash and bank balances acquired	<u>41</u>
Net outflow of cash and cash equivalents included in cash flows used in investing activities	<u><u>(2,243)</u></u>

Since the acquisition, SCOTS contributed AUD\$3,432,000 to the Group's revenue; and contributed AUD\$1,132,000 to the Group's consolidated profit for the reporting period. Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been AUD\$31,951,000 and AUD\$6,310,000, respectively.

18. EVENTS AFTER THE REPORTING PERIOD

On 3 September 2020, ACCA provided its accreditation of Master of Accounting Practice program to provide tuition for the ACCA's Strategic Professional syllabus and hence provide preparation for ACCA's qualifying exams for membership.

On 4 September 2020, the enrolment for Term 2, 2020 was completed and achieved more student number than anticipated, considering historical data and current circumstances.

On 7 September, IMC Master of Property Development and Management ("MPD&M") was accredited by the Australian Property Institute ("API") for eligibility for membership of the API with the Certified Funds Manager ("CFM") and Certified Development Practitioner ("CDP") certifications. The accreditation process was undertaken by the API's National Education Committee with reference to the API's core body of knowledge. Graduates of MPD&M will be eligible for membership of API with CFM and CDP certifications.

Subsequent to the end of the Reporting Period, a final dividend in respect of the year ended 30 June 2020 of HK0.3 cents (2019: HK0.4 cents) per ordinary share has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction of the Group

As one of Australia's primary and best-in-class private tertiary education providers, TOP has been nationally registered with Tertiary Education Quality and Standards Agency ("TEQSA") and also approved by TEQSA in May 2018 for Self-Accrediting Authority in the Broad Field of Education in Business and Commerce from AQF levels 5 to 9 including bachelor and master degree courses. In this Broad Field, TOP's Business School provides quality programs at both undergraduate and postgraduate levels. The relevant courses are also accredited by major professional bodies, such as ACCA, CPA Australia and CA ANZ. The Company made history as it founded the very first Law School within a private higher education institute when both TEQSA and NSW LPAB officially accredited its degree program in Law. As of 30 June 2020, the Company had 1,292 EFTSL students with 36 programs across a range of award and non-award studies.

In line with the core field of TOP's higher education provision and the strategic development goal, TOP has completed the process with the relevant regulatory authorities in Australia and China in respect of registering the new trading name as Australian National Institute of Management and Commerce ("IMC") during the Reporting Period. IMC inherits the JSJ List recognition upon the name registered. Up to date, TOP is the only private higher education provider on JSJ List of the Ministry of Education of China as one of the 42 recommended Australian universities and higher education institutes.

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

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

Strategic Development

Innovation towards Intelligent Education – From TOP 2.0 towards TOP 3.0

During the Reporting Period, one of the highlights of TOP was the strategic plan having been updated to TOP 3.0, which focuses on Innovation, Intelligence and Internationalisation from the following aspects:

- Course Innovation – upgrading the courses in traditional Management & Commerce field to innovative programs integrating with digitalised technologies, including data analytics, artificial intelligence ("AI"), FinTech and blockchain, to meet the requirements of Industry 4.0 and Society 5.0 with respect of the graduate attributes and life career capability, and developing interdisciplinary courses based on the students' demands.

- Digitalised Methodology – the traditional teaching and learning model towards the intelligent education, including upgrading the Smart-campus facilities, digitising student/management information system, as well as creating intelligent interaction between lecturers and students.
- Further diversification and localisation of the international deliveries to overseas students by digitalised deliveries online or on campuses in China, the subcontinent, Southeast Asia and other regions, rather than just to attract those coming to Australia in person. TOP has had several cooperative educational programs in China and now we are seeking more. Meanwhile, we are looking at similar educational programs to be more diversified to Vietnam, Malaysia and Thailand, which could be established through the cooperation with local partners there or by merger and acquisition (“M&A”) opportunities.

Operational Updates

Operations under COVID-19

The Group’s focus on course innovations, campus upgrade, mature digitised online delivery method and diversifying student sources have been the foundation for our prompt response during this unprecedented period.

TOP’s executive and management team commenced the urgent tasks on the same day when the first diagnosed coronavirus case in Australia was announced. The *Risk Management Plan on Campus for Outbreak of the 2019-nCoV* has been developed and implemented in a prompt manner to respond immediately to the COVID-19 pandemic.

As soon as TEQSA allowed the higher education provider to teach overseas student fully online or remotely, instead of the previous limitation of only one third of the units of one course, in responding the COVID-19, TOP, as the very first in Australian higher education sector, was able to commence full online delivery of all courses since 16 March 2020 under the approval of TEQSA and NSW LPAB. Such online delivery covered not only students from campus in Sydney, but also students from interstate branch campus in Hobart, Tasmania, as well as those in overseas countries who were restricted by the international travel ban. It was then followed by online delivery of courses to the students of SCOTS, and the Accounting Professional Year Program (the “APYP”) approved by Australian major accounting bodies.

The overall implementation of online delivery is to assist in ensuring the safety and wellbeing of students and staff in Australia, while to maintain the normal teaching in new semester. During full online delivery period, the Institutes have kept providing high-quality education as usual and ensured that the students can still enjoy their entitlements.

During this period with tremendous changes, the Group has been putting the safety protection of students and staff members as the highest priority, and comprehensively enhancing public health protection on campus. The Group has also been providing complimentary face masks and other hygiene materials to students, employees and the society, which were purchased by TOP in Australia and from overseas as well as generously donated by one of the Controlling Shareholders and one prestigious university in China. Such provision has greatly contributed to the health and safety of our students and staff, and also allowed TOP to assist the Sydney local community and those in China during the COVID-19 pandemic. Our international students from China, same as those in other universities in Australia, have received supply of virus prevention materials from China. TOP in this very unprecedented period enhanced its reputation domestically and internationally in internal health and safety protection as well as humanitarian obligations.

Benefitting from the above measures, the impact from COVID-19 breakout in respect of student enrolment number was relatively minimised in relation to the major intake of Term 1, 2020 during the Reporting Period, which met our anticipated number of student enrolment and was even higher compared to such number of Term 1, 2019. Especially, the first interstate branch campus in Hobart, Tasmania has reached its full capacity of student number at Term 1, 2020.

Extension of Registration and Accreditation Period with TEQSA

TOP received TEQSA's re-registration in 2015, which grants the longest circulation period for seven-years up to March 2022. During the Reporting Period, TEQSA offered TOP, and then made decision on 28 June 2020, to extend TOP for additional three-year registration period of our Company to 5 March 2025 without TOP's application and TEQSA's assessment. In the meantime, TOP's accreditation of Master of Laws is also extended from 23 October 2022 to 23 October 2025.

Such streamlined process as 7-year plus 3-year extension of re-registration and re-accreditation period is only applicable to high quality and low risk higher education providers in TEQSA's regulatory framework.

Course Innovation

- TOP's academic management team initiated the Course Innovation Plan ("CIP") along with the Group's strategic direction. The CIP has been approved and endorsed by the Group's Academic Board, Council and Board, and consulted with and assessed by experts in the relevant disciplines of world-class universities internationally.
- TOP organised the Diaoyutai International Conference on 8 September 2019 in Beijing and the Australia-China Symposium on Accounting Curricula Innovation on 11 November 2019 in Sydney, both attended by experts of world-class universities in Australia like those from the University of Sydney, the University of Western Australia and the University of Queensland and in China like those from Tsinghua University, Fudan University, University of Chinese Academy of Sciences, Renmin University of China and Beijing National Accounting Institute, as well as attended by professionals from PwC Australia and all major accounting professional bodies and the industrial experts from leading technology enterprises. At the above-mentioned high-level conferences, TOP's Provost presented our Course Innovation Plan in direction and implementation practice and received very supportive responses and helpful suggestions from those world-class experts.
- The following innovative and cutting-edge courses had been developed and accredited during the Reporting Period:
 - Master of Accounting Intelligence
 - Master of Applied Financial Technology and Blockchain
 - Master of Big Data Auditing
 - Master of Taxation (with Data Analytics and Artificial Intelligence)
 - Extended TOP's Master of Business Administration ("MBA") covering streams as MBA (FinTech Management), MBA (Data Analytics) and MBA (Artificial Intelligence Applications)

Meanwhile during the Reporting Period, TOP had also been developing Master of Business Analytics along with its strategic plan.

- To align with the Course Innovation Plan, TOP has been conducting staff development and training programs in digitalised knowledge for our staff with academic background in Management and Commerce. We also commenced to recruit the new discipline leaders in cutting-edge studies or in computing science.
- TOP will explore with PwC Australia to strengthen digitised workplace skill components of TOP's existing Career Fit and Career Edge programs, which are part of the Student Career Development Program.
- TOP is also creating a bespoke suite of online Micro Credential Courses in FinTech and Big Data the Digital Economy, which will be the pathway to our cutting-edge degree courses including Master of Applied Financial Technology and Blockchain and Master of Business Administration (FinTech Management). In addition, these innovative short courses provide an avenue for working professionals to upskill in particular areas of interest in their own time. These learners can stand out from the crowd with our Micro Credential Courses and access our live exclusive industry webinars with speakers from a number of leading organisations including Alibaba Cloud, FinTech Australia and PwC Australia.

Smart-Campus and Intelligent-Digitalised Educational

- During the Reporting Period, TOP was dedicated in the enhancement from the basis of building Smart-campus facilities. The new premises at Bay 3, Locomotive Workshop has been completed by 22 May 2020 to replace our classrooms and offices at Bay 16, Locomotive Workshop, and received TEQSA's approval on 1 July 2020. Hence, our campus infrastructure upgrade plan at South Eveleigh (formerly ATP) has been completed. The new campus will facilitate TOP with most cutting-edge digital delivery methodologies.
- TOP had developed the digitised delivery methodologies such as Cloud Classroom connecting the pathway programs in China and online teaching/learning model adopted for non-award programs, and we had also dealt with several leading research institutions/universities for potential research and development in education technology like AI for interaction between teaching staff and students. Such methodology can also be utilised for our micro-credential program.
- TOP is also of the view that the future educational methodology will be featured by digitalisation, which is not limited by the current distance online model. Instead, the digitalised methodology for education will be underpinned by updated technologies such as artificial intelligence, big data analytics, machine learning and interaction, speech recognition, bio- recognition, digitalised ID, cyber security, visualization via augmented reality ("AR"), virtual reality ("VR") and others. Such innovation even revolution would be utilised by distance education, and also can be applied to physical campus. TOP has committed the digitalised education in way of its own research or jointly with world-class universities and technology experts, as to be pioneering in its teaching-learning practice.

New Course Development and Accreditation

Other than the courses as discussed above that are being developed under Course Innovation Plan, the new courses as the following had also been developed and accredited during the Reporting Period:

- Master of Property Development and Management
- MBA (Professional Accounting)

TOP during the Reporting Period had also been developing the following new courses:

- Bachelor of International Resort and Hotel Management
- Master of Public and Community Health Management
- Master of Intelligent Agricultural Management
- Master of Intelligent Supply-chain and Logistics Management
- Doctor of Philosophy (Ph.D.) in the field of Management and Commerce

Alliance with PwC Australia

Under the Alliance Agreement, PwC Australia has provided services which have assisted the Company to deliver initiatives in Australia including tertiary student career development and executive education programs, as well as designing Smart-campus and digital education solutions.

Student Career Development

TOP has a strong belief that education is more than what students learn in the classroom. Through TOP's career development programs, the students will be able to turn the theories they learn in class into real life experiences. These experiences will help shape TOP's students to be outstanding candidates in today's highly competitive employment market. For example, some of TOP's graduates successfully obtained offers of employment in Australia during this pandemic period. Also, TOP's Career Edge programs have positioned itself at a unique position in the graduate recruitment market as TOP has built up the reputation of focusing on student career development and pathway, which differentiates TOP from other education providers. During the Reporting Period, TOP delivered the first student career development program to students who came from TOP's China pathway programs in their summer break. TOP has received very positive feedback about this program with respect to students being attracted to future study with TOP.

During the reporting period, pursuant to the Alliance Agreement, PwC Australia's Data Assurance business provided services to TOP which have assisted TOP to deliver digitalised research and course innovation.

Interstate campus and Accounting professional year program

During the Reporting Period, TOP's new campus in Hobart, Tasmania had completed the enrolment of two intakes, and currently it has achieved its full capacity.

On 27 November 2019, the APYP Committee, comprised of CPA Australia, CAANZ and Institute of Public Accountant approved TOP as an APYP provider effective from 1 January 2020 for a period of three years.

It is to be noted that the APYP and Hobart campus are both supported by relevant favourable policies developed by the Government of Australia under current circumstance. The Group may adjust its operations according to material alteration of these policies in the future to meet the best interests of the Group and the Shareholders as a whole.

Acquisition Completed During the Reporting Period

On 1 November 2019, the Group completed the acquisition of SCOTS by the transfer of 85% equity interest and appointed representatives into the board of directors of SCOTS.

SCOTS has been bringing significant business synergy to the Group, being the provision of language education services in Australia, especially during the COVID-19 period. From an operational perspective, the acquisition of SCOTS will further strengthen TOP's ability to deliver English language related education training services in other countries.

Student Enrolments

For the year ended 30 June 2020, the total EFTSL of higher education sector increased by 2.7% comparing with the last financial year.

	2020	2019
Bachelor of International Business ⁽¹⁾	271.0	341.5
Bachelor of Applied Finance and Accounting ⁽²⁾	128.1	136.7
Bachelor of Laws	39.9	63.5
Master of Professional Accounting and Business ⁽³⁾	326.6	363.6
Master of International Business ⁽⁴⁾	72.4	91.8
Master of Business Administration ⁽⁵⁾	169.6	70.5
Others ⁽⁶⁾	23.9	7.3
Non-Award Unit Study	260.3	183.2
Total	<u>1,291.8</u>	<u>1,258.1</u>

Notes:

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

During the Reporting Period, SCOTS has a total number of 2,692 students enrolled for English language study. It achieved the Company's expectation under COVID-19 pandemic.

Tuition Fee

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

Course Name	International		Domestic	
	2020 AUD\$	2019 AUD\$	2020 AUD\$	2019 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

Course Name	International		Domestic	
	2020 AUD\$	2019 AUD\$	2020 AUD\$	2019 AUD\$
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 Marketing and Public Relations	23,920	23,920	17,000	17,000
Graduate Diploma of Business Administration	23,000	23,000	17,000	17,000
Graduate Diploma of Financial Planning	23,920	23,920	17,000	17,000
Graduate Diploma of Financial Technologies Management	23,920	23,920	17,000	17,000
Master of International Business	35,880	35,880	25,500	25,500
Master of Marketing and Public Relations	35,880	35,880	25,500	25,500
Master of Professional Accounting	35,880	35,880	25,500	25,500
Master of Accounting Practice	35,880	35,880	25,500	25,500
Master of Professional Accounting Services (formerly known as Master of Professional Accounting and Business)	47,840	47,840	34,000	34,000
Master of Business Research	72,000	72,000	40,000	40,000
Master of Business Administration	46,000	46,000	34,000	34,000
Master of Business Administration (Professional Accounting)	46,000	–	34,000	–
Master of Business Administration (FinTech Management)	46,000	–	34,000	–
Master of Financial Planning	47,840	–	34,000	–
Master of Accounting Intelligence	47,840	–	34,000	–
Master of Applied Financial Technology and Blockchain	47,840	–	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

TOP's business practices in the Reporting Period demonstrated that the updated strategy could guide us continuously growing along with innovative approach towards TOP's goal in the future.

- At the very moment, as the pandemic period is continuing, we are still facing the significant challenges now and should thoroughly consider what our future will be and respond to so. In this regard, TOP's principal strategy, as *Innovation towards Intelligent Education*, shall not change now nor for the foreseeable future years. In the meantime, we have also realistically modified the implementation plans and directions underpinned by today's global situation and for a better tomorrow. Particularly, TOP has committed to develop the digitalised education to deliver through on-campus or in distance, while to further diversify by delivering to overseas students in their locations through our international presence.

- TOP believes that our innovative approach towards intelligent education represents the trend of higher education development in digital economy, which would significantly enhance TOP's leading position and competitive power in higher education sector in future years. For instance, to utilising digitised teaching methods to develop online delivery services, and to improving the networked, intelligent and ubiquitous study environment, which can assist the Group in developing a new generation of intelligent campus by using digitised technologies to lead an innovative pattern of education delivery method in Australia. Meanwhile, the aforesaid new courses under the Course Innovation Plan can provide our students with unique graduate attributes, such as cutting-edge knowledge and skills of the applications of digitised technologies in Management and Commerce field, to consequently meet the requirements of career capabilities under Industry 4.0 and Society 5.0.
- The key component of TOP's innovation to achieve intelligent education is the integration between TOP's traditional strength in Management and Commerce studies and the digitised technologies, and also develop the educational programs in new disciplines in the same approach by introducing the updated digitalisation technologies. Although TOP has conducted internal staff development and worked with external experts in cutting-edge disciplines, our engagements with high-tech enterprises in establishing industrial cooperation in the relevant areas can further streamline TOP's access to the digitalised technology. TOP will continuously establish and develop the collaboration and synergy with industrial technology partners.

The above innovative approach does not conflict with TOP's continuance of high standing in quality education and research culture. Instead, the aforesaid innovation practice greatly enhanced TOP's position in leading research in such cutting-edge 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 innovative disciplines to target a first-class standing in higher education.

- Based in Australia, the Group will continuously emphasize its direction of internationalisation with respect of transnationally diversifying our student sources, as well as localising the education assets in China, in the subcontinent, in Southeast Asia and other regions, rather than relying on the traditional model in which the international education can only be provided based on students' international travel to the provider's country. TOP has commenced work towards such target. For instance, TOP has already established several cooperative educational programs in China, and now are seeking more cooperation. Meanwhile, we are considering the feasibility of applying similar model to Vietnam, Malaysia and Thailand, which could be established through the cooperation with local partners or by M&A opportunities. Such approach would meet the demand for international education around the world in respect of people's behaviour post-COVID-19. According to the strategies and plan mentioned above, TOP is confident of being an international education group.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group's revenue increased by approximately 17.0% from approximately AUD\$26.0 million for the year ended 30 June 2019 to approximately AUD\$30.4 million for the year ended 30 June 2020. A breakdown of revenue is shown below:

	2020	2019	Change
	AUD\$'000	AUD\$'000	%
Course fee income	28,324	24,696	+14.7%
Overseas service fee	2,116	1,324	+59.8%
	<u>30,440</u>	<u>26,020</u>	<u>+17.0%</u>

The increase in revenue was primarily due to (i) the acquisition of SCOTS, the financial results of which have been consolidated into the Group's upon completion of the acquisition, and (ii) the increase of the Group's student enrolment in postgraduate programs and non award programs as compared to the corresponding period in 2019.

Tuition fee contributed over 93.1% of the Group's revenue while overseas service fee represented approximately 6.9% of the revenue.

Cost of Sales

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

Cost of sales increased by approximately AUD\$2.2 million, or 16.8%, from approximately AUD\$12.8 million for the year ended 30 June 2019 to approximately AUD\$15.0 million for the year ended 30 June 2020. This increase in cost of sales was mainly due to (i) the increase in consultation and other service fees, (ii) the increase in interest and amortisation expenses of Right-Of-Use assets in relation to the Group's classrooms as a result of adopted IFRS 16 *Leases*, (iii) the increase in depreciation of property, plant and equipment, and (iv) the acquisition of SCOTS, the financial results of which have been consolidated into the Group's upon completion of the acquisition.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 17.2% from AUD\$13.2 million for the year ended 30 June 2019 to AUD\$15.4 million for the year ended 30 June 2020, and gross profit margin slightly increased from approximately 50.6% to approximately 50.7%, which was mainly due to the increase in tuition revenue and the acquisition of SCOTS.

Other Income

Other income decreased by approximately 1.1% from approximately AUD\$1.68 million for the year ended 30 June 2019 to approximately AUD\$1.67 million for the year ended 30 June 2020. The decrease primarily resulted from the net effect of the decrease in foreign exchange gain and the increase in other income.

Administrative Expenses

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

Administrative expenses increased by approximately 13.0% from approximately AUD\$7.8 million for the year ended 30 June 2019 to approximately AUD\$8.9 million for the year ended 30 June 2020. This increase was mainly due to (i) the increase in the number of administration staff and their salaries, (ii) the increase in interest and amortisation expenses of Right-Of-Use assets other than the Group's classrooms as a result of adopted IFRS 16 *Leases*, (iii) the increase in depreciation of property, plant and equipment, and (iv) the acquisition of SCOTS, the financial results of which have been consolidated into the Group's upon completion of the acquisition.

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 11.3% from approximately AUD\$1.8 million for the year ended 30 June 2019 to approximately AUD\$1.6 million for the year ended 30 June 2020. The decreased was primarily due to the decrease in travel and promotional expenses.

Finance Costs

Finance costs represent the interest expense on the lease liabilities.

Finance costs increased significantly by approximately AUD\$0.5 million from nil for the year ended 30 June 2019 to approximately AUD\$0.5 million for the year ended 30 June 2020. This increase was arising from lease liabilities due to the adoption of the new accounting standard IFRS 16 *Leases*.

Profit for the Year

As a result of the above factors, the net profit for the year of the Group increased by approximately 7.9% from approximately AUD\$4.1 million for the year ended 30 June 2019 to approximately AUD\$4.5 million for the year ended 30 June 2020.

Adjusted net profit

The Group defines its adjusted net profit as its profit for the period after adjusting for those items which are not indicative of the Group's operating performances. This is not an IFRSs measure, the Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table shows profit and adjusted net profit of the Group for the periods presented below:

	Year ended 30 June	
	2020	2019
	AUD\$'000	AUD\$'000
Profit for the year from continuing operations	4,464	4,139
Add:		
non-cash leases expenses due to adoption of IFRS 16	1,210	–
acquisition cost	143	–
additional one-off expenses due to COVID-19	91	–
Adjusted net profit	<u>5,908</u>	<u>4,139</u>

Adjusted net profit for the year ended 30 June 2020 increased by approximately AUD\$1.8 million or approximately 42.7% as compared with the corresponding period in 2019.

Capital Expenditures

Our capital expenditures for the year ended 30 June 2020 were approximately AUD\$3.0 million, consisted primarily of expenditures on (i) plant and equipment, (ii) classroom and office equipment and (iii) teachers reference books.

Liquidity, Financial Resources and Gearing Ratio

As at 30 June 2020, the Group had cash on hand of approximately AUD\$34.4 million (30 June 2019: AUD\$42.4 million) with no bank borrowings (30 June 2019: AUD\$0). During the year ended 30 June 2020, the Group financed our working capital requirements and capital expenditures principally through net cash inflows from operating activities and the net proceeds raised from the initial public offering.

As at 30 June 2020, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2019: 0%).

Significant Investments, Acquisitions and Disposals

Other than disclosed in this announcement, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor any plan authorised by the Board for other material investments or additions of capital assets during the year ended 30 June 2020.

Foreign Exchange Risk Management

The functional currency of the Group is AUD. The majority of the Group's revenue and expenditures are denominated in AUD, except that certain expenditures are denominated in HKD. As at 30 June 2020, certain bank balances and payables were denominated in USD and HKD. The Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Group's Assets

There were no charges on the Group's assets as at 30 June 2020 and 2019.

Contingent Liabilities

Details of the contingent purchase considerations relates to the acquisition of SCOTS are set out in Note 16 of the consolidated financial statements. As at 30 June 2020, the Group did not have any other significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

On 3 September 2020, ACCA provided its accreditation of Master of Accounting Practice program to provide tuition for the ACCA's Strategic Professional syllabus and hence provide preparation for ACCA's qualifying exams for membership.

On 4 September 2020, the enrolment for Term 2, 2020 was completed and achieved more student number than anticipated, considering historical data and current circumstances.

On 7 September 2020, IMC Master of Property Development and Management ("MPD&M") was accredited by the Australian Property Institute ("API") for eligibility for membership of the API with the Certified Funds Manager ("CFM") and Certified Development Practitioner ("CDP") certifications. The accreditation process was undertaken by the API's National Education Committee with reference to the API's core body of knowledge. Graduates of MPD&M will be eligible for membership of API with CFM and CDP certifications.

DIVIDEND

The Board recommends the payment of a final dividend of HK0.3 cents per ordinary share for the year ended 30 June 2020 (2019: HK0.4 cents per ordinary share).

Subject to the Shareholders approving the recommended distribution at the forthcoming AGM, the final dividend will be paid on or about Friday, 18 December 2020 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 9 December 2020.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Friday, 27 November 2020. A notice convening the AGM and all other relevant documents will be published and dispatched to the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming AGM to be held on Friday, 27 November 2020, the register of members of the Company will be closed from Tuesday, 24 November 2020 to Friday, 27 November 2020, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 23 November 2020.

For determining the entitlement to receive the final dividend, the register of members of the Company will be closed by the Company from Monday, 7 December 2020 to Wednesday, 9 December 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. All share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Friday, 4 December 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company purchased a total of 87,580,000 Shares on the Stock Exchange at an aggregate consideration (before brokerage and expenses) of approximately HK\$25,291,540. As at 30 June 2020, 85,240,000 repurchased Shares have been cancelled. As at the date of this announcement, all the aforesaid repurchased Shares have been cancelled.

Month of repurchases	Total number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration HK\$
July 2019	8,140,000	0.360	0.325	2,773,750
August 2019	7,640,000	0.350	0.310	2,492,600
September 2019	550,000	0.280	0.265	149,500
October 2019	5,220,000	0.295	0.265	1,486,100
November 2019	12,110,000	0.310	0.285	3,562,300
December 2019	9,040,000	0.300	0.290	2,651,850
January 2020	6,660,000	0.300	0.275	1,887,450
February 2020	–	–	–	–
March 2020	16,580,000	0.325	0.250	4,478,130
April 2020	7,450,000	0.265	0.248	1,874,960
May 2020	7,630,000	0.300	0.260	2,129,450
June 2020	6,560,000	0.295	0.265	1,805,450

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Constitution, or under the Corporations Act, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued Shares are held by the public as at the date of this announcement.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

Net proceeds from the Listing (including the over-allotment option and after deducting underwriting fee and relevant expenses) amounted to approximately HK\$172 million or AUD\$30 million. As at 30 June 2020, a total amount of approximately HK\$91.0 million out of net proceeds had been used by the Group according to the allocation set out in the Prospectus.

Purpose	Percentage to total amount	Net proceeds HK\$ (million)	Utilised Amount HK\$ (million)	Unutilised amount HK\$ (million)	Expected timeline for utilising the unutilised amount ⁽¹⁾
Acquiring or investing in educational groups/institutions in the PRC and in Australia	41.0%	70.4	20.3	50.1	by the end of 2022 ⁽²⁾
Developing "Intelligent Education", which includes utilising digital education solutions for course contents, infrastructure of campuses and offices, and teaching and learning methods ^(Note)	27.8%	47.8	19.4	28.4	by the end of 2022
Upgrading TOP's campus	9.4%	16.1	16.1	-	-
Expanding TOP's campus locations	5.5%	9.5	9.5	-	-
Establishing virtual student experience centre ⁽³⁾	0.6%	1.0	1.0	-	-
Expanding TOP's research and scholarship activities and professional development towards our strategic goal	3.1%	5.3	3.1	2.2	by the end of 2022
Expanding TOP's marketing activities	4.4%	7.6	7.6	-	-
Working capital and general corporate purposes	8.2%	14.0	14.0	-	-
Total	100.0%	171.7	91.0	80.7	

Note:

- (1) The expected timeline for utilising the remaining amount of proceeds is based on the best estimation made by the Group. It will be subject to change based on the current and future development of market and environment conditions.
- (2) As disclosed in the Prospectus, it was intended that such acquisitions or investments would be completed by the end of the calendar year 2019. During the Reporting Period, we completed one acquisition in Australia of SCOTS and actively approached and negotiated with a number of possible acquisition and investment targets regarding potential cooperative opportunities both in China and Australia. The unutilised proceeds are currently expected to be used by the end of 2022 and the delay in the use of such proceeds is primarily due to (i) the current COVID-19 pandemic, (a) as the Group requires additional time for conducting detailed feasibility studies on potential investment targets in Australia, especially with respect to their ability to respond effectively and in a timely manner to a complex, uncertain and volatile international environment, and (b) discussions and any progress in negotiations regarding potential cooperative opportunities have been impaired and/or halted due to travel and other restrictions imposed by and commercial uncertainties arising out of the pandemic; and (ii) additional time is required for the Company to conduct research for suitable investment targets under newly relaxed foreign investment restrictions in China. Since China's central authorities published the updated formal foreign investment catalogue on 30 June 2019 which encourages foreign investment in education sectors in several designated provinces under China's educational regulations, it has created a new avenue for the Group to diversify its education assets internationally, in line with its long term strategy. In this regard, the Group has been exploring direct investment opportunities in China with the aim of establishing an innovative institute in China or strategic relationships with local partners through mergers and acquisitions. However, given the recent change in such rules, the Company requires some time to conduct research into and assess the new regulations, devise its investment strategies, identify, select and enter into negotiations with suitable investment targets.
- (3) As disclosed in the announcement of the Company regarding change in use of proceeds dated 27 February 2020 (the "**Announcement**"), after due and careful consideration of the current business environment and development needs of the Group (in particular, the current business appetite and the combined economic and health circumstances in the PRC), the Board has resolved to change the use of the unutilised net proceeds of HK\$120.3 million by reallocating a certain portion of these to the new business initiatives of establishing a virtual student experience centre and developing "Intelligent Education", and the remainder towards general working capital. For more details, please refer to the Announcement.

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 Company is of the view that during the year ended 30 June 2020, the Company has complied with applicable code provisions of the CG Code as set out in Appendix 14 to the Listing Rules except code provisions A.2.1 as noted in the paragraph headed "Chairman and Chief Executive Officer".

Chairman and Chief Executive Officer

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the year ended 30 June 2020, the roles of the chairman and CEO of the Company were both performed by Dr. Minshen Zhu. The Board believes that the roles of both Chairman and CEO vested in the same individual would enable our Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they have complied with the Model Code throughout the Reporting Period.

The Company has also adopted the Model Code as the Employees Written Guidelines, to regulate the securities transactions of the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. To the best knowledge of the Company, no incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee consists of four independent non-executive Directors. The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2020, including the accounting principles and practices adopted by the Group.

As disclosed in the announcement dated 29 June 2020, Ernst & Young, a partnership registered in Hong Kong ("EYHK"), resigned as the Company's auditor for the annual report filing as a listed company in Hong Kong with effect from 30 June 2020. Ernst & Young, a partnership registered in Australia ("EYA") and a recognised overseas auditor to carry out a public interest engagement for an overseas entity under the Financial Reporting Council Ordinance, was appointed as the Company's auditor with effect from 30 June 2020.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2020 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.top.edu.au. The annual report of the Company for the year ended 30 June 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and published on the above websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Company's management and staff members for their dedication and hard work and our Shareholders for their trust and support.

DEFINITIONS

“Academic Board”	the academic board of our Institutes
“ACCA”	Association of Chartered and Certified Accountants
“AGM”	annual general meeting of the Company
“Alliance Agreement”	the alliance agreement dated 27 May 2016 entered into between the Company and PwC Australia
“AQF”	the Australian Qualifications Framework, which specifies the standards for educational qualifications in Australia
“ATP”	the Australian Technology Park
“AUD\$”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Australia”	the Commonwealth of Australia
“award”	a qualification under levels 1 to 10 of the AQF
“Billion Glory”	Billion Glory Group Holdings Limited 兆隆集團控股有限公司, a company incorporated under the laws of Hong Kong with limited liability on 8 June 2016, which is wholly-owned by Mr. Yang
“Board”	the board of Directors
“Business School”	Sydney City School of Business, as the name adopted for the Company's academic division covering higher education courses in the field of Management and Commerce
“CAANZ”	Chartered Accountants Australia and New Zealand
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People's Republic of China, which, for the purpose of this announcement and for geographical reference only, except where the context requires, does not include Hong Kong, Macau and Taiwan

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “Institutes”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001 and trading as Top Education Institute as well as Australian National Institute of Management and Commerce
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning given to it in the Listing Rules and, unless the context otherwise requires, refers to the controlling shareholder(s) of our Company, being the Controlling Shareholders Group
“Controlling Shareholders Group”	collectively, Dr. Zhu, Mr. Yang, Tristar United, Mr. Lee, Mr. Wang and Billion Glory, being a group of six individuals and entities
“Corporations Act”	the Corporations Act 2001 (Cth) of Australia, as amended, supplemented or otherwise modified from time to time, which is the principal legislation regulating companies in Australia
“Council”	the Council of our Institutes
“course”	a program of study that will confer an award upon completion
“CPA Australia”	CPA Australia Ltd
“CRICOS”	the Commonwealth Register of Institutions and Courses for Overseas Students
“Director(s)”	the director(s) of the Company
“Dr. Zhu”	Dr. Minshen Zhu 祝敏申, an executive Director, the chairman of the Board, the chief executive officer and the appointed representative of the Controlling Shareholders Group
“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
“Employee”	(a) any employee (including without limitation any executive Director) of the Company; (b) any non-executive Director (including independent non-executive Directors);

(c) any member of the Council; and

(d) any consultant of the Company,

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

“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“higher education”	studies in pursuit of a qualification under levels 5 to 10 of the AQF, including a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, master degree and doctoral degree
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“JSJ List”	the list of recognised Australian universities and higher education providers issued by the Ministry of Education of China on the Jiaoyu Shewai Jianguan Xinxi Wang (教育涉外監管信息網)
“Law School”	Sydney City School of Law, as the name adopted for the Company to provide degree courses in law
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Minsheng Development”	Minsheng Education Development Company Limited, a direct wholly-owned subsidiary of Minsheng Education Group

“Minsheng Education Group”	Minsheng Education Group Company Limited (民生教育集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 13 December 2005, listed on the Main Board of the Stock Exchange on 22 March 2017 with Stock Code 1569
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Mr. Lee”	Amen Kwai Ping Lee 李桂平, a non-executive Director and one of the members of the Controlling Shareholders Group
“Mr. Wang”	Xin Wang 王新, one of the members of the Controlling Shareholders Group
“Mr. Yang”	Qingquan Yang 楊清泉, one of the members of the Controlling Shareholders Group
“NSW LPAB”	the Legal Profession Admission Board, New South Wales
“OCSC List”	the list of recognised Australian universities and higher education institutes published by the Office of the Civil Service Commission, Thailand
“pathway program”	a program by which students who complete certain required studies at one institution may become eligible to transfer to another institution to continue their studies and receive credit for work completed
“Prospectus”	the prospectus of the Company dated 27 April 2018
“PwC Australia”	PricewaterhouseCoopers (ABN 52 780 433 757), Australia, chartered public accountants in Australia
“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 2019 to 30 June 2020
“SAA”	Self-Accrediting Authority
“SCDP”	the Student Career Development Program
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEQSA”	the Tertiary Education Quality and Standards Agency in Australia established under the Tertiary Education Quality and Standards Agency Act 2011
“Tristar United”	Tristar United Investment Limited, a company incorporated under the laws of New Zealand with limited liability on 12 November 2001, which is owned as to 30% by Ding Jian Yong, 30% by Stanly Cheung S.W., 23% by Mo Lindi and 17% by Zhang Dongbo, who are Independent Third Parties, and is a Shareholder
“Trust 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

By order of the Board of
Top Education Group Ltd
Minshen Zhu
Chairman of the Board

Sydney, Australia, 22 September 2020

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