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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 2022**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the year was approximately AUD\$18.7 million.
- Gross profit was approximately AUD\$7.6 million.
- Gross profit margin for the year was approximately 40.5%.
- The adjusted net profit for the year was approximately AUD\$4.6 million<sup>Note</sup>, increased by approximately 10.7%.
- The Board has resolved not to recommend any final dividend in respect of the year ended 30 June 2022.

*Note:*

The adjusted net profit is calculated as the net profit for the period, excluding the impact from certain expenses which are not indicative of the Group's operating performance.

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 30 June 2022 together with the comparative figures for the corresponding period in 2021 as set out below:

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

For the year ended 30 June 2022

	Notes	2022 AUD\$'000	2021 AUD\$'000
REVENUE	4	18,697	24,845
Cost of sales		<u>(11,121)</u>	<u>(13,819)</u>
Gross profit		7,576	11,026
Interest income		58	60
Other income and gains	4	1,127	1,755
Administrative expenses		(7,273)	(9,379)
Advertising and marketing expenses		(1,988)	(2,134)
Other operating expenses		(301)	(152)
Finance costs	6	<u>(835)</u>	<u>(850)</u>
(LOSS)/PROFIT BEFORE TAX	5	(1,636)	326
Income tax credit/(expense)	7	<u>308</u>	<u>(143)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(1,328)</u></u>	<u><u>183</u></u>
(Loss)/Profit Attributable to:			
Owners of the Company		(1,299)	185
Non-controlling interests		<u>(29)</u>	<u>(2)</u>
		<u><u>(1,328)</u></u>	<u><u>183</u></u>
EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic (loss)/earnings per share (AUD cents)	9	<u><u>(0.054)</u></u>	<u><u>0.008</u></u>
Diluted (loss)/earnings per share (AUD cents)	9	<u><u>(0.054)</u></u>	<u><u>0.007</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>10</i>	<b>9,824</b>	10,776
Intangible assets		<b>11,165</b>	11,582
Right-of-use assets	<i>11</i>	<b>12,456</b>	14,373
Prepayments and deposits		<b>1,188</b>	1,214
Goodwill	<i>12</i>	<b>1,533</b>	1,533
Deferred tax assets		<b>–</b>	28
Total non-current assets		<b>36,166</b>	39,506
<b>CURRENT ASSETS</b>			
Inventories		<b>–</b>	85
Trade receivables	<i>13</i>	<b>550</b>	408
Prepayments, other receivables and other assets		<b>3,249</b>	2,752
Tax receivable		<b>793</b>	292
Cash and cash equivalents		<b>33,225</b>	29,575
Total current assets		<b>37,817</b>	33,112
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>2,022</b>	2,172
Other payables and accruals		<b>3,432</b>	2,946
Lease liabilities	<i>11</i>	<b>1,179</b>	1,179
Contract liabilities	<i>15</i>	<b>3,862</b>	1,495
Deferred tax liability		<b>561</b>	–
Total current liabilities		<b>11,056</b>	7,792
<b>NET CURRENT ASSETS</b>		<b>26,761</b>	25,320
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>62,927</b>	64,826
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	<i>11</i>	<b>15,056</b>	15,396
Other payables and accruals		<b>348</b>	312
Total non-current liabilities		<b>15,404</b>	15,708
Net assets		<b>47,523</b>	49,118
<b>EQUITY</b>			
Share capital		<b>36,414</b>	36,281
Treasury shares		<b>(2,236)</b>	(2,236)
Reserves		<b>12,911</b>	14,609
Non-controlling interests		<b>434</b>	464
Total equity		<b>47,523</b>	49,118

## 1. CORPORATE AND GROUP INFORMATION

The consolidated financial statements of the Group for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 28 September 2022.

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 2022. Information on other related party relationships of the Group will be provided in note 29 of the Group's annual report for the year ended 30 June 2022.

### 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.

## 2.1. 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”), except when otherwise indicated.

## 2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year’s consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

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

- (a) Amendments to IFRS 9, IAS 39, 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 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities 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 amendments did not have any impact on the financial position of the Group as the Group does not have any interest rate hedging relationships.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

During the year ended 30 June 2021, AUD\$160,000 incentive was provided by the lessor as a result of the COVID-19 pandemic, the Group received the AUD\$160,000 cash incentive during the year ended 30 June 2022. Except for that, the Group has not received any other COVID-19 related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

### 3. OPERATING SEGMENT INFORMATION

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

### 4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 <i>AUD\$’000</i>	2021 <i>AUD\$’000</i>
<i>Revenue from contracts with customers</i>		
Course fee income	17,048	23,439
Other service fee income	1,649	1,406
	<u>18,697</u>	<u>24,845</u>
<b>Revenue from contracts with customers</b>		
<i>(i) Disaggregated revenue information</i>		
Geographical markets		
Australia	<u>18,697</u>	<u>24,845</u>
<b>Timing of revenue recognition</b>		
Course fee income recognised over time	17,048	23,439
Others service fee income recognised over time	1,649	1,406
	<u>18,697</u>	<u>24,845</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 2022 and 2021 are as follows:

	2022 <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Contract liabilities ( <i>Note 15</i> )	<u>3,862</u>	<u>1,495</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.

	2022 <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
<b>Other income and gains</b>		
Foreign exchange gains	26	28
Remeasurement of contingent consideration	–	543
Rent waiver	–	160
Government grants ( <i>Note</i> )	844	890
Others	<u>257</u>	<u>134</u>
	<u>1,127</u>	<u>1,755</u>

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

## 5. (LOSS)/PROFIT BEFORE TAX

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

	<i>Notes</i>	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Amortisation of intangible assets		<b>2,032</b>	1,774
Depreciation	<i>10</i>	<b>1,062</b>	1,075
Amortisation of right-of-use assets	<i>11</i>	<b>1,917</b>	1,994
Auditors' remuneration		<b>247</b>	250
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages, salaries and other employee benefits		<b>6,078</b>	7,675
Share-based payments		<b>81</b>	1,267
Pension scheme contributions (defined contribution schemes)		<b>556</b>	631
Less: Amount capitalised		<b>(469)</b>	(672)
		<b>6,246</b>	8,901
Impairment allowance for trade receivables	<i>13</i>	<b>44</b>	–

## 6. FINANCE COST

	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Interest on lease liabilities	<b>835</b>	850
	<b>835</b>	850

## 7. INCOME TAX

The Group is subject to income tax on profits arising in or derived from the jurisdiction in which the Group is domiciled and operates. Profits tax has been provided at the Group's statutory tax rate of 25% for the year ended 30 June 2022, and 26% for the year ended 30 June 2021 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.

	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Current – Elsewhere		
(Credit)/charge for the year	<b>(479)</b>	126
(Overprovision)/Underprovision for current tax of prior periods	<b>(134)</b>	(99)
Deferred	<b>305</b>	116
Total tax (credit)/charge for the year	<b>(308)</b>	143



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:

	2022		2021	
	AUD\$'000	%	AUD\$'000	%
(Loss)/profit before tax	<u>(1,636)</u>		<u>326</u>	
Tax at the Group's statutory tax rate of 25% for 2022 and 26% for 2021	(409)	25	85	26
Income not subject to tax	(176)	10.8	(26)	(7.9)
Expenses not deductible for tax	75	(4.6)	119	36.5
Reduction in opening deferred taxes resulting from reduction in tax rate	26	(1.7)	64	19.6
Others	87	(5.3)	(99)	(30.4)
Non-refundable non-carry forward tax offsets	<u>89</u>	<u>(5.4)</u>	<u>-</u>	<u>-</u>
Tax (credit)/charge at the Group's effective rate	<u>(308)</u>	<u>18.8</u>	<u>143</u>	<u>43.8</u>

## 8. DIVIDENDS

	2022	2021
	AUD\$'000	AUD\$'000
Final – Nil per ordinary share	<u>-</u>	<u>1,300</u>

The Board has resolved not to recommend any final dividend for the year ended 30 June 2022. During the year ended 30 June 2021, final dividends of HK0.3 cents per ordinary share in respect of the year ended 30 June 2020 was declared and paid to the owners of the Company.

## 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 year attributable to owners of the Company of AUD\$1,299,000 (2021: profit AUD\$185,000) and the weighted average number of ordinary shares of 2,393,447 (2021: 2,399,726,000) on issue during the year.

The calculation of the diluted loss or earnings per share amount is based on the loss or 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 loss or earnings per share are based on:

	2022	2021
	AUD\$'000	AUD\$'000
<b>(Loss)/earnings</b>		
(Loss)/profit attributable to owners of the Company	<u>(1,299)</u>	<u>185</u>

	Number of shares	
	2022	2021
Ordinary shares	Ordinary shares	Ordinary shares
'000	'000	'000

## Shares

Weighted average number of shares in issue used in the basic earnings per share calculation

2,393,447 2,399,726

Effect of dilution – weighted average number of shares:

Performance rights and share options

– 144,076

**2,393,447** **2,543,802**

Due to the Group's negative financial resulting for the period ended 30 June 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the period ended 30 June 2022 is equivalent to the basic loss per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Teacher reference books AUD\$'000	Plant and equipment AUD\$'000	Classroom and office equipment AUD\$'000	Total AUD\$'000
<b>30 June 2022</b>				
At 30 June 2021 and 1 July 2021:				
Cost	340	3,041	10,146	13,527
Accumulated depreciation	(262)	(1,109)	(1,380)	(2,751)
Net carrying amount	<u>78</u>	<u>1,932</u>	<u>8,766</u>	<u>10,776</u>
At 1 July 2021, net of accumulated depreciation	78	1,932	8,766	10,776
Additions	5	95	10	110
Depreciation provided during the year	(35)	(281)	(746)	(1,062)
At 30 June 2022, net of accumulated depreciation	<u>48</u>	<u>1,746</u>	<u>8,030</u>	<u>9,824</u>
At 30 June 2022:				
Cost	345	3,136	10,157	13,638
Accumulated depreciation	(297)	(1,390)	(2,127)	(3,814)
Net carrying amount	<u>48</u>	<u>1,746</u>	<u>8,030</u>	<u>9,824</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>
<b>30 June 2021</b>				
At 30 June 2020 and 1 July 2020:				
Cost	317	2,509	6,549	9,375
Accumulated depreciation	<u>(224)</u>	<u>(816)</u>	<u>(651)</u>	<u>(1,691)</u>
Net carrying amount	<u>93</u>	<u>1,693</u>	<u>5,898</u>	<u>7,684</u>
At 1 July 2020, net of accumulated depreciation	93	1,693	5,898	7,684
Additions	23	531	3,768	4,322
Disposal	–	–	(155)	(155)
Depreciation provided during the year	<u>(38)</u>	<u>(292)</u>	<u>(745)</u>	<u>(1,075)</u>
At 30 June 2021, net of accumulated depreciation	<u>78</u>	<u>1,932</u>	<u>8,766</u>	<u>10,776</u>
At 30 June 2021:				
Cost	340	3,041	10,146	13,527
Accumulated depreciation	<u>(262)</u>	<u>(1,109)</u>	<u>(1,380)</u>	<u>(2,751)</u>
Net carrying amount	<u>78</u>	<u>1,932</u>	<u>8,766</u>	<u>10,776</u>

## 11. 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:

<b>Right-of-use assets</b>	<b>Office premises</b> <i>AUD\$'000</i>	<b>Total</b> <i>AUD\$'000</i>
As at 30 June 2020	7,157	7,157
Additions	9,210	9,210
Amortisation charge	(1,994)	(1,994)
	<hr/>	<hr/>
As at 30 June 2021 and 1 July 2021	<b>14,373</b>	<b>14,373</b>
	<hr/>	<hr/>
Additions	–	–
Amortisation charge	(1,917)	(1,917)
	<hr/>	<hr/>
As at 30 June 2022	<b>12,456</b>	<b>12,456</b>
	<hr/>	<hr/>

#### (b) *Lease liabilities*

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

	<b>Lease liabilities</b>	
	<b>2022</b>	<b>2021</b>
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Carrying amount at 1 July	<b>16,575</b>	7,564
New leases	–	9,210
Accretion of interest recognised during the year	<b>835</b>	850
Rent wavier due to COVID-19	–	(159)
Cash payment received due to COVID-19	<b>160</b>	200
Payments	(1,335)	(1,090)
	<hr/>	<hr/>
Carrying amount at 30 June	<b>16,235</b>	<b>16,575</b>
	<hr/>	<hr/>
Analysed into:		
Current portion	<b>1,179</b>	1,179
Non-current portion	<b>15,056</b>	15,396
	<hr/>	<hr/>

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

	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Interest on lease liabilities	835	850
Amortisation charge of right-of-use assets	1,917	1,994
Expense relating to short-term leases with remaining lease terms ended on or before 30 June	–	50
Expense relating to leases of low-value assets	55	69
	<u>2,807</u>	<u>2,963</u>

## 12. GOODWILL

	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Cost:		
At 1 July	1,533	1,533
As at 30 June	<u>1,533</u>	<u>1,533</u>
Accumulated impairment:		
At beginning and end of year	<u>–</u>	<u>–</u>
Net carrying amount:		
At 1 July	1,533	1,533
At 30 June	<u>1,533</u>	<u>1,533</u>

### Impairment testing of goodwill

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

	<b>2022</b> <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>
Scots English College	<u>1,533</u>	<u>1,533</u>
	<u>1,533</u>	<u>1,533</u>

### Cash-generating unit of SCOTS

The recoverable amount of the SCOTS cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11% (2021: 11%). The growth rate used to extrapolate the cash flows of SCOTS beyond the three-year period (2021: four-year period) is 1% (2021:1%).

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted sales amounts – The budgeted sales amounts are based on the historical data and management’s expectation on the future market.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Long term growth rate – The long term growth rate is based on the historical data and management’s expectation on the future market.

Discount rate – The discount rate reflects specific risks relating to the relevant unit, which is determined using the capital asset pricing model with reference to the beta coefficient and debt ratio of certain publicly listed companies conducting business in the industry.

The values assigned to the key assumptions on market development of the cash-generating unit and the discount rate are consistent with external information sources.

### 13. 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>As at 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>AUD\$’000</b>	<b>AUD\$’000</b>
Trade receivables	<b>594</b>	408
Allowance for expected credit losses	<b>(44)</b>	–
	<b>550</b>	<b>408</b>

	<b>As at 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>AUD\$’000</b>	<b>AUD\$’000</b>
Within 1 month	–	–
1 to 3 months	<b>550</b>	408

The Group applies the simplified approach to provide for the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Trade receivables from students are considered to be credit-impaired when the students withdraw from the tuition programs and are assessed individually for lifetime expected credit loss (“ECL”) provision.

The Group assessed the expected losses on trade receivables from students grouped based on the ageing of the trade receivables, considering the historical default experience and forward-looking information, as appropriate. The Group uses debtors’ ageing to assess the impairment for students because these customers consist of a large number of students with common risk characteristics that are representative of the students’ abilities to pay all amounts due in accordance with the contractual terms. AUD\$44,000 was recorded as allowance for impairment loss during the reporting period (2021: nil). Generally, trade receivables are written off when the student withdraw from the tuition programs and are not subject to enforcement activity.

#### 14. TRADE PAYABLES

	<b>2022</b>	2021
	<i>AUD\$’000</i>	<i>AUD\$’000</i>
Trade payables	<b>2,022</b>	2,172

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

#### 15. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	<b>2022</b>	2021
	<i>AUD\$’000</i>	<i>AUD\$’000</i>
Short-term advances received from students		
Course fees	<b>3,862</b>	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 program.

#### 16. EVENTS AFTER THE REPORTING PERIOD

On 12 September 2022, TEQSA approved TOP’s second interstate branch campus in Perth, Western Australia, to recruit both domestic and international student.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

Top Education Group Ltd, trading as Australian National Institute of Management and Commerce (“**IMC**”) as well as Top Education Institute, is one of Australia’s primary and best-in-class private tertiary education providers. TOP has been nationally registered with the TEQSA and was 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. 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 ongoing COVID-19 pandemic continues to impact international travel, especially in the education sphere. As such, the Group’s total revenue in the Reporting Period was affected by the reduced number of commencing students in 2021 due to border restrictions. However, a major positive factor has seen targeted measures from the Australian Government support the education sector to come back strongly. Those measures also saw favourable changes introduced to visa settings that protect the post-study work rights of international students and extend the temporary graduate visa from two to three years for masters by coursework graduates, as international border reopened.

With the reopening of Australia’s borders at the end of February 2022, the headcount number of commencing students for Term 1, 2022 increased by approximately 51%, with EFTSL number rising by approximately 37% in comparison to the same term of 2021 (Term 1, 2021). The renewal in student numbers indicates a gradual but definite recovery in response to border restrictions being relaxed.



The Group management team has examined international and domestic markets and reviewed relevant business opportunities. Based on market research and internal analysis, we have optimised our course structure by focusing on the best-selling courses and abandoning unpopular courses to optimise operation and compliance costs. We have gradually swapped-in more digital-economy units for “traditional units” in existing courses.

For the foreseeable future, international tuition fees will continue to make up most of the Group’s income. The Group has expanded its efforts to collaborate with other international educational institutions, and introduced targeted new fields of study relevant to the future economy.

The Group will continue to diversify its market to attract both international and domestic students in the future.

### ***Operations under the Pandemic***

The Group has continuously focused on diversifying our students’ nationality of origin to avoid being heavily dependent on recruiting international students from a single country or region.

As a result over the Reporting Period, international students enrolled from more than 35 different countries. The percentage of non-Chinese international students enrolled was approximately 67% of all international students, an increase of approximately 4% compared to the year ended 30 June 2021.

The Group understands that our students, especially international students, face many challenges and uncertainties caused by the pandemic. So we consistently implement and adhere to the principle of “caring, support and connection”. The Group has engaged high-end educational design firms to help develop the capacity to transform traditional learning content to digital, interactive and engaging content which better meets student needs in a pure online teaching and learning environment. Also, these new skills will improve the employability factor of our graduates and boost our competitive position in the higher education sector.

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 put the safety and well-being of students and staff first, making that the highest priority to comprehensively enhance public health protection on campus. In addition, the Group also offers COVID-19 relief support to financially assist effected international students in Sydney.

In addition, the Australian Government has provided significant funding to support private sector international education providers in minimising the impact of COVID-19 on both providers and students. 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 and 12 April 2022, having successfully met the eligibility requirements of the Program Administrator (English Australia), SCOTS, as an English Language Intensive Courses for Overseas Students (“**ELICOS**”) provider, was approved to receive a grant of AUD\$149,500 and a grant of AUD\$145,500, respectively, from the Innovation Fund to diversify education offerings into online and offshore delivery.

To fulfil that aim, SCOTS invested the funds to further improve the student learning management system, expecting to develop 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 within the regulatory framework, enhance the students’ online experience and thus build long-term relationships with them.

### ***Enhancement of Agility in Staff Management***

The Group continues to develop an agile workplace culture to enhance communication when dealing with unexpected or unstable risk factors. The Group understands that in a constantly changing social and economic environment, organisational leaders must adapt appropriately and respond effectively to market changes and unexpected challenges. Creating and nurturing an agile work culture will enable the Group to improve its performance, differentiate itself and consistently improve itself in terms of profit, market share, revenue growth and customer satisfaction.

### ***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**

TOP has implemented the Digital Learning Plan (“**DLP**”) by working with high-end educational design firms to transit selected award programs to online delivery format. The DLP represents management’s vision 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 with long term benefits to students, academic staff and TOP generally. 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 digital delivery of education, the Group has enhanced academic staff skills development in online teaching. The integration of online learning into TOP's course delivery model is matched with appropriate forms of support provided to academic staff via internal professional development workshops facilitated by Advance HE (UK) and peer-led symposiums. New skills now required of academic staff include superior presentation style through video, design of online assessments and 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.

### *Streamlined System*

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

The SMS provides 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 is teaching-focused, offering small classes and low student-to-academic staff ratios, as well as employment-focused education. From there, TOP has fostered a learning culture that encourages students to think critically and apply their knowledge in work-related situations. The courses are designed to help students become "self-directed" learners who continue to grow and develop through their careers.

Experiential learning, interactive online teaching aids, and real-world industry projects are utilised to achieve the above goals. TOP's staff, academics and professionals active in their professions, ensure that the education students receive is at the cutting edge of their respective fields.

These innovative practices and strategies have greatly enhanced TOP's high standing in quality education and research. TOP will continuously retain and develop its research culture and activities, focusing on the research in cutting-edge and disciplines.

## ***Focus on Students***

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.

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

Although the pandemic affected students’ plans to study in Australia, our 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 pathway program students to enrich their experience by regularly inviting our staff from different departments in Australia to host online seminars in various topics, for example orientation programs, study tips, virtual tours of Sydney and the natural scenery in Australia. These seminars are developed to better and directly connect these students with Australia so that their studies are undertaken in a comfortable environment.

## **Student Enrolments**

For the year ended 30 June 2022, the total EFTSL of higher education services of the Group decreased by approximately 20.5% comparing with the last financial year.

	<b>2022</b>	2021
Undergraduate Courses	<b>232.2</b>	321.7
Postgraduate Courses	<b>574.9</b>	720.1
Non-Award Unit Study	<b>141.9</b>	152.6
<b>Total</b>	<b><u>949.0</u></b>	<b><u>1,194.4</u></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 team subject to market conditions. During the Reporting Period, the tuition fee for international students remained flat, while that for domestic students had a slight increase comparing with the corresponding period in the last financial year.

Course Name	International		Domestic	
	2022	2021	2022	2021
	AUD\$	AUD\$	AUD\$	AUD\$
Diploma in Applied Finance and Accounting	<b>21,000</b>	21,000	<b>17,200</b>	17,000
Associate Degree of Applied Finance and Accounting	<b>42,000</b>	42,000	<b>34,400</b>	34,000
Bachelor of Applied Finance and Accounting	<b>63,000</b>	63,000	<b>51,600</b>	51,000
Diploma of Business	<b>21,000</b>	21,000	<b>15,000</b>	15,000
Associate Degree of Business	<b>42,000</b>	42,000	<b>30,000</b>	30,000
Bachelor of International Business	<b>63,000</b>	63,000	<b>45,000</b>	45,000
Graduate Certificate in Accounting	<b>11,960</b>	11,960	<b>8,600</b>	8,500
Graduate Certificate in Business	<b>11,960</b>	11,960	<b>8,600</b>	8,500
Graduate Certificate in Business Management	<b>11,960</b>	11,960	<b>8,600</b>	8,500
Graduate Certificate in Financial Technology Management	<b>11,960</b>	11,960	<b>8,600</b>	8,500
Graduate Diploma of Accounting	<b>23,920</b>	23,920	<b>17,200</b>	17,000
Graduate Diploma of International Business	<b>23,920</b>	23,920	<b>17,200</b>	17,000
Graduate Diploma of Marketing	<b>23,920</b>	23,920	<b>17,200</b>	17,000
Graduate Diploma of Business Administration	<b>23,000</b>	23,000	<b>17,200</b>	17,000
Graduate Diploma of Financial Technology Management	<b>23,920</b>	23,920	<b>17,200</b>	17,000
Master of Accounting Practice	<b>35,880</b>	35,880	<b>25,800</b>	25,500
Master of Professional Accounting	<b>35,880</b>	35,880	<b>25,800</b>	25,500
Master of Professional Accounting Services	<b>47,840</b>	47,840	<b>34,400</b>	34,000
Master of Big Data Auditing	<b>47,840</b>	–	<b>34,400</b>	–
Master of Business Administration	<b>46,000</b>	46,000	<b>34,400</b>	34,000
Master of Business Administration (Business Analytics)	<b>46,000</b>	–	<b>34,400</b>	–
Master of Business Administration (Digital Business Applications)	<b>46,000</b>	–	<b>34,400</b>	–
Master of Business Administration (FinTech Management)	<b>46,000</b>	46,000	<b>34,400</b>	34,000
Master of Business Administration (Professional Accounting)	<b>46,000</b>	46,000	<b>34,400</b>	34,000
Master of Accounting Intelligence	<b>47,840</b>	47,840	<b>34,400</b>	34,000
Master of Applied Financial Technology and Blockchain	<b>47,840</b>	47,840	<b>34,400</b>	34,000
Master of International Business	<b>35,880</b>	35,880	<b>25,800</b>	25,500
Master of Marketing	<b>35,880</b>	35,880	<b>25,800</b>	25,500
Non Award Course (Postgraduate Preparation)	<b>10,000</b>	10,000	<b>9,000</b>	9,000
Bachelor of Laws	<b>80,000</b>	80,000	<b>48,000</b>	48,000

## Outlook

The market environment remains challenging and competitive with uncertainty surrounding the global economy. However there are also new opportunities as the Group responds to ongoing challenges caused by the pandemic and other uncontrolled external factors. With Australia's border restrictions lifted on 21 February 2022 and the on-going global popularity of the Australian education industry, the Group believes that its extant strategies of enhancing national presence and promoting qualified courses within both international and local markets will remain highly effective. We will continue strengthening quality control and developing industry-involved innovative curricula to provide students with career skills that enhance future employability and competency within the market. There are plans to expand into more targeted locations that will increase our competitiveness and reduce risk exposure.

TOP's strategies for 2022 and beyond remain continue to be strengthening the market presence in international and domestic markets. The Group will continue to derive most of its tuition fee revenue from international higher education students at least for the next few years. Diversifying to other countries and regions to rebuild international market will remain to be our priority as well as strengthening its market presence in the domestic student market to increase local enrolments.

Meanwhile, maintaining and building relationships with relevant industries can continue to prepare students well for the workforce by creating valuable workplace-learning opportunities and employment opportunities.

While focusing on internal organic growth through monitoring existing operations and developments after fully open of the Australia's border, the Group will continue actively searching for potential targets that will strengthen our business.

## 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 24.7% from approximately AUD\$24.8 million for the year ended 30 June 2021 to approximately AUD\$18.7 million for the year ended 30 June 2022, mainly due to the decrease in the course fee income affected by the COVID-19 pandemic. A breakdown of revenue is shown below:

	2022 <i>AUD\$'000</i>	2021 <i>AUD\$'000</i>	Change %
Course fee income	17,048	23,439	-27.3%
Other service fee	1,649	1,406	-17.3%
	<u>18,697</u>	<u>24,845</u>	<u>-24.7%</u>

Tuition fee contributed over 91.2% of the Group's revenue while other service fee represented approximately 8.8% 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 2.7 million, or 19.5%, from AUD\$13.8 million for the year ended 30 June 2021 to AUD\$11.1 million for the year ended 30 June 2022. 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 student and employee related expenses.

### **Gross Profit and Gross Profit Margin**

Gross profit decreased by 31.3% from AUD\$11.0 million for the year ended 30 June 2021 to AUD\$7.6 million for the year ended 30 June 2022, and gross profit margin decreased from approximately 44.4% to approximately 40.5%, primarily due to the impact of the COVID-19 pandemic on course fee income.

### **Other Income and Gains**

Other income decreased by 35.8% from approximately AUD\$1.8 million for the year ended 30 June 2021 to approximately AUD\$1.1 million for the year ended 30 June 2022. The decrease primarily resulted from the decrease in remeasurement of contingent purchase considerations relating to the Group's acquisition of SCOTS in 2019.

### **Advertising and marketing expenses**

Advertising and marketing expenses primarily consisted of salaries and other benefits for recruitment and marketing staff, advertising expenses and student recruitment expenses.

Advertising and marketing expenses decreased by approximately 6.8% from approximately AUD\$2.1 million for the year ended 30 June 2021 to approximated AUD\$2.0 million for the year ended 30 June 2022, mainly due to the decrease in employee related expenses.

### **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 22.5% from approximately AUD\$9.4 million for the year ended 30 June 2021 to approximately AUD\$7.3 million for the year ended 30 June 2022. The decrease primarily resulted from the net effect of the increase in consulting services, and the decrease in office operation, public company and employee related expenses.

## Finance Costs

Finance costs represent the interest expense on the lease liabilities.

Finance costs remains stable at approximately AUD\$0.9 million for the year ended 30 June 2022 and for the year ended 30 June 2021.

## Profit or Loss for the period

As a result of the above factors, the Group recorded approximately AUD\$1.3 million loss after tax for the year ended 30 June 2022. (30 June 2021: profit after tax approximately AUD\$0.2 million). This was largely due to a number of new transformations that the Group underwent in the first half of the year. It is also reflective of the impact of reduced student numbers in the year ended 30 June 2021, as a result of border restrictions and the pandemic. However, these impacts are expected to gradually decline as international travel resumes.

## 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 a 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	
	2022	2021
	AUD\$'000	AUD\$'000
(Loss)/Profit for the year from continuing operations	(1,327)	183
Add:		
Non-cash leases interest and amortisation expenses due to adoption of IFRS 16	1,417	1,776
Additional one-off expenses due to COVID-19	85	79
Covid-19 tuition fee support to students	4,127	1,865
Additional online teaching and exam expenses under COVID-19	80	177
Donations	217	73
Adjusted net profit	<u>4,599</u>	<u>4,154</u>

Adjusted net profit for the year ended 30 June 2022 increased by approximately 10.7% as compared with the corresponding period in 2021.



## **Capital Expenditure**

Our capital expenditures for the year ended 30 June 2022 were approximately AUD\$0.1 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 30 June 2022, the Group had cash on hand of approximately AUD\$33.2 million (30 June 2021: AUD\$29.6 million) with no bank borrowings (30 June 2021: nil). During the year ended 30 June 2022, 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 Listing.

As at 30 June 2022, the gearing ratio, which is calculated on the basis of total bank borrowing and total equity of the Group was 0% (30 June 2021: 0%).

## **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 2022, 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 2022 and 2021.

## **Contingent Liabilities**

Details of the contingent liabilities relate to the acquisition of SCOTS will be set out in Note 28 of the consolidated financial statements in the Group's annual report for the year ended 30 June 2022. As at 30 June 2022, the Group did not have any other significant contingent liabilities.

## **EVENTS AFTER THE REPORTING PERIOD**

On 12 September 2022, TEQSA approved TOP's second interstate branch campus in Perth, Western Australia, to recruit both domestic and international student.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend to the Shareholders for the year ended 30 June 2022 (2021: nil).

## **ANNUAL GENERAL MEETING**

The forthcoming AGM will be held on Friday, 25 November 2022. 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, 25 November 2022, the register of members of the Company will be closed from Tuesday, 22 November 2022 to Friday, 25 November 2022, 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, 21 November 2022.

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

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

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Constitution of the Company, 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\$171.7 million or AUD\$30 million. As at 30 June 2022, a total amount of approximately HK\$116.3 million out of net proceeds had been used by the Group according to the allocation set out in the announcement dated 27 February 2020.

Purpose	Percentage to total amount	Net proceeds HK\$ (million)	Utilised Amount HK\$ (million)	Unutilised amount HK\$ (million)	Expected timeline for utilising the unutilised
					amount <sup>(1)</sup>
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 methods	27.8%	47.8	41.8	6.0	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	0.6%	1.0	1.0	-	-
Expanding TOP's research and scholarship activities and professional development 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>116.3</b>	<b>55.4</b>	

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.

## **CORPORATE GOVERNANCE PRACTICES**

The Board is committed to maintaining good corporate governance standards.

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

The Company has adopted the principles and code provisions of the CG Code contained in Appendix 14 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that throughout the year ended 30 June 2022, the Company has complied with all the applicable code provisions as set out in the CG Code, except code provisions C.2.1, Part 2 for the period to 10 December 2021 as noted in the paragraph headed "Chairperson and Chief Executive Officer".

### **Chairperson and Chief Executive Officer**

Pursuant to the code provision C.2.1, Part 2 of the CG Code, the roles of the Chairperson and the Chief Executive should be separate and should not be performed by the same individual. The positions of Chairperson and CEO of the Company were held by the then CEO Ms. Sumeng Cao, an executive Director for the period to 10 December 2021. Following the resignation of Ms. Sumeng Cao, the Board followed code provision C.2.1, Part 2 of the CG Code to separate the roles of the Chairperson and CEO as follows 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:–

- Professor Brian James Stoddart, an independent non-executive Director, has been appointed as the Chairperson of the Company since 10 December 2021
- Ms. Rongning Xu, the President of the Company, was appointed as the acting CEO for the period from 10 December 2021 and has been appointed as an executive Director and CEO since 21 March 2022
- Ms. Xing Shi Huang, a non-executive Director, has been appointed as deputy Chairperson since 28 January 2022

The Chairperson/Deputy Chairperson provides leadership and is responsible for the effective functioning and leadership of the Board. The CEO focuses on the Company's business development and daily management and operations generally.

## **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 three independent non-executive Directors. The Audit Committee has reviewed the annual results of the Group for the year ended 30 June 2022, including the accounting principles and practices adopted by the Group.

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 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, Recognised Public Interest Entity Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young, Recognised Public Interest Entity Auditor, 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](http://www.hkexnews.hk) and on the website of the Company at [www.top.edu.au](http://www.top.edu.au). The annual report of the Company for the year ended 30 June 2022 containing all the information required by the Listing Rules will be dispatched to the Shareholders 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
“AUD\$”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Australia”	the Commonwealth of Australia
“award”	a qualification under levels 1 to 10 of the AQF
“Board”	the board of Directors
“Business School”	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

“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
“Director(s)”	the director(s) of the Company
“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
“Employee”	<p>(a) any employee (including without limitation any executive Director) of the Company;</p> <p>(b) any non-executive Director (including independent non-executive Directors);</p> <p>(c) any member of the Council; and</p> <p>(d) any consultant of the Company,</p> <p>excluding any employee who is resident in a place where the award of Awarded Shares and/or the vesting of Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee</p>
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“higher education”	studies in pursuit of a qualification under levels 5 to 10 of the AQF, including a diploma, advanced diploma, associate degree, bachelor’s 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
“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
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“NSW LPAB”	the Legal Profession Admission Board, New South Wales
“pathway program”	a program by which students who complete certain required studies at one institution may become eligible to transfer to another institution to continue their studies and receive credit for work completed
“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
“Reporting Period”	the period from 1 July 2021 to 30 June 2022



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

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

Sydney, Australia, 28 September 2022

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