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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 2019**

**FINANCIAL HIGHLIGHTS**

- Revenue for the year increased by 9.2% to AUD\$26.0 million.
- Gross profit was AUD\$13.2 million, rose by 2.7%.
- Gross profit margin for the year is 50.6%.
- The net profit for the year increased by 166.5% to AUD\$4.1 million.
- Equivalent full-time student load was 1,258, rose by 9.3%.
- Basic earnings per share was AUD0.161 cents, increased by 103.8%.
- Proposed final dividend is HK0.4 cents (2018: nil) per ordinary share, subject to approval by the shareholders in the forthcoming AGM.

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 30 June 2019 together with the comparative figures for the corresponding period in 2018 as set out below:

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

Year ended 30 June 2019

	<i>Notes</i>	<b>2019</b> <i>AUD\$'000</i>	2018 <i>AUD\$'000</i>
REVENUE	5	<b>26,020</b>	23,823
Cost of sales		<u>(12,841)</u>	<u>(10,996)</u>
Gross profit		<b>13,179</b>	12,827
Other income	5	<b>2,355</b>	1,109
Administrative expenses		<b>(7,849)</b>	(10,472)
Advertising and marketing expenses		<b>(1,780)</b>	(1,159)
Other operating expenses		<u>—</u>	<u>—</u>
PROFIT BEFORE TAX	6	<b>5,905</b>	2,305
Income tax expense	7	<u>(1,766)</u>	<u>(752)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><b>4,139</b></u>	<u>1,553</u>
Attributable to:			
Owners of the Company		<u><b>4,139</b></u>	<u>1,553</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings per share (AUD cents)	9	<u><b>0.161</b></u>	<u>0.079</u>
Diluted earnings per share (AUD cents)	9	<u><b>0.155</b></u>	<u>0.075</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	<i>Notes</i>	<b>2019</b> <i>AUD\$'000</i>	2018 <i>AUD\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>5,023</b>	980
Intangible assets		<b>5,728</b>	4,181
Prepayments and deposits		<b>1,020</b>	1,627
Deferred tax assets	14	<b>1,714</b>	2,905
Total non-current assets		<b>13,485</b>	9,693
<b>CURRENT ASSETS</b>			
Prepayments, other receivables and other assets		<b>2,173</b>	1,266
Tax receivable		<b>1,210</b>	—
Cash and cash equivalents		<b>42,352</b>	47,367
Total current assets		<b>45,735</b>	48,633
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>1,450</b>	1,345
Other payables and accruals		<b>2,091</b>	2,804
Deferred income		—	2,626
Contract liabilities	13	<b>2,202</b>	—
Tax payable		—	398
Total current liabilities		<b>5,743</b>	7,173
NET CURRENT ASSETS		<b>39,992</b>	41,460
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>53,477</b>	51,153
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals		<b>288</b>	217
Net assets		<b>53,189</b>	50,936
<b>EQUITY</b>			
Share capital		<b>43,221</b>	45,133
Treasury shares		<b>(1,140)</b>	—
Reserves		<b>11,108</b>	5,803
Total equity		<b>53,189</b>	50,936

## 1. CORPORATE AND GROUP INFORMATION

The consolidated financial statements of Top Education Group Ltd (the “Company”, together with its subsidiaries, the “Group”) for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 19 September 2019.

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 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 2019.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRSs”) promulgated 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.

## 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.

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendment to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9 and IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on the Group’s consolidated financial statements.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has not recognised any transition adjustments against the applicable opening balances in equity at 1 July 2018. Therefore, the comparative information was not restated and continues to be reported under IAS 39.

(a) *Classification and measurement*

Under IFRS 9, the classification and measurement of financial assets depend on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial assets.

The new classification and measurement of the Group's debt instruments are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the SPPI criterion). This category includes the Group's trade receivables, financial assets included in prepayments, other receivables and other assets.

The assessment of the Group's business model was made as of initial application of IFRS 9, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments were solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The adoption of IFRS 9 has no significant impacts on the recognition of financial instruments, has no material impact on opening balances as at 1 July 2018 and hence does not result in an adjustment of opening retained earnings as at 1 July 2018.

(b) *Impairment*

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income ("OCI"), lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The impact of the change in impairment methodology on the Group's retained earnings as at 1 July 2018 was immaterial and hence does not result in an adjustment of opening retained earnings as at 1 July 2018.

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included to the consolidated financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition to the consolidated financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that were not completed as at 1 July 2018.

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance as deferred income. Under IFRS 15, the amount is classified as contract liabilities. Therefore, upon adoption of IFRS 15, the Group reclassified AUD\$2,626,000 from deferred income to contract liabilities as at 1 July 2018 in relation to the consideration received from customers in advance as at 1 July 2018. As at 30 June 2019, under IFRS 15, AUD\$2,202,000 was reclassified from deferred income to contract liabilities in relation to the consideration received from customers in advance for provision of education services.

The adoption of IFRS 15 has no significant impacts on the recognition of service income from the provision of education services, has no material impact on opening balances as at 1 July 2018 and hence does not result in an adjustment of opening retained earnings as at 1 July 2018. The comparative information was not restated and continues to be reported based on the requirements of IAS 18 and related interpretations.

#### 4. OPERATING SEGMENT INFORMATION

The Group has identified the Chief Executive Officer (“CEO”) and the Board 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 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

An analysis of revenue is as follows:

	<b>2019</b>	2018
	<i>AUD\$’000</i>	<i>AUD\$’000</i>
<i>Revenue from contracts with customers</i>		
Course fee income	<b>24,696</b>	22,806
Others service fee income	<b>1,324</b>	1,017
	<b><u>26,020</u></b>	<u>23,823</u>

## Revenue from contracts with customers

### (i) Disaggregated revenue information

	2019 AUD\$'000	2018 AUD\$'000
Geographical markets		
Australia	<u>26,020</u>	<u>23,823</u>
<b>Timing of revenue recognition</b>		
Course fee income recognised over time	24,696	22,806
Others service fee income recognised over time	<u>1,324</u>	<u>1,017</u>
	<u>26,020</u>	<u>23,823</u>

### (ii) Performance obligations

#### *Provision of private higher education 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 1–4 years depending on the education programs. Tuition fees are determined and paid by the students before the start of each school year.

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

	2019 AUD\$'000
Contract liabilities ( <i>Note 13</i> )	<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.

	2019 AUD\$'000	2018 AUD\$'000
<b>Other income</b>		
Interest income	671	237
Realised foreign exchange gain, net	1,151	169
Unrealised foreign exchange gain, net	392	590
Others	<u>141</u>	<u>113</u>
	<u>2,355</u>	<u>1,109</u>

## 6. PROFIT BEFORE TAX

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

	2019	2018
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Amortisation of intangible assets	1,039	780
Depreciation	338	243
Minimum lease payments under operating leases	1,441	1,273
Auditors' remuneration	325	298
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other employee benefits	8,733	6,316
Share-based payments	1,274	827
Pension scheme contributions (defined contribution schemes)	726	541
Less: Amount capitalised	<u>(843)</u>	<u>(564)</u>
	<b><u>9,890</u></b>	<b><u>7,120</u></b>

## 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 27.5% for the years ended 30 June 2019 and 2018 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.

	2019	2018
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Current — Elsewhere		
Charge for the year	544	2,022
Underprovision for current tax of prior periods	6	—
Deferred ( <i>Note 14</i> )	<u>1,216</u>	<u>(1,270)</u>
Total tax charge for the year	<b><u>1,766</u></b>	<b><u>752</u></b>



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:

	2019		2018	
	AUD\$'000	%	AUD\$'000	%
Profit before tax	<u>5,905</u>		<u>2,305</u>	
Tax at the Group's statutory tax rate of 27.5% for 2019 and 2018	1,624	27.5	634	27.5
Expenses not deductible for tax	136	2.3	113	4.9
Reduction in opening deferred taxes resulting from reduction in tax rate	—	—	17	0.7
Others	<u>6</u>	<u>0.1</u>	<u>(12)</u>	<u>(0.5)</u>
Tax charge at the Group's effective rate	<u>1,766</u>	<u>29.9</u>	<u>752</u>	<u>32.6</u>

## 8. DIVIDENDS

	2019	2018
	AUD\$'000	AUD\$'000
Interim — Nil (2018: AUD\$6.7) per ordinary share	<u>—</u>	<u>6,283</u>

Subsequent to the end of the Reporting Period, a final dividend in respect of the year ended 30 June 2019 of HK0.4 cents (2018: nil) per ordinary share, in an aggregate amount of approximately HK\$10,952,000 (approximately AUD\$2,000,000) (2018: nil), has been proposed by the Directors and is subject to approval by the Shareholders in the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per Share amount is based on the profit for the year attributable to owners of the Company of AUD\$4,139,000 (2018: AUD\$1,553,000) and the weighted average number of ordinary Shares of 2,565,884,000 (2018: 1,977,977,000) in 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 in 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:

	2019 AUD\$'000	2018 AUD\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company	<u>4,139</u>	<u>1,553</u>
	<b>Number of Shares</b>	
	<b>2019</b>	<b>2018</b>
	<b>Ordinary</b>	<b>Ordinary</b>
	<b>shares</b>	<b>shares</b>
	<b>'000</b>	<b>'000</b>
Shares		
Weighted average number of Shares in issue used in the basic earnings per Share calculation taking into account the share subdivision	2,565,884	1,977,977
Effect of dilution — weighted average number of Shares: Performance rights	<u>97,983</u>	<u>98,280</u>
	<u>2,663,867</u>	<u>2,076,257</u>

## 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 2019</b>				
At 30 June 2018 and 1 July 2018:				
Cost	245	1,046	641	1,932
Accumulated depreciation	<u>(153)</u>	<u>(598)</u>	<u>(201)</u>	<u>(952)</u>
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	<u>(33)</u>	<u>(162)</u>	<u>(143)</u>	<u>(338)</u>
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	<u>(185)</u>	<u>(484)</u>	<u>(295)</u>	<u>(964)</u>
Net carrying amount	<u>101</u>	<u>1,213</u>	<u>3,709</u>	<u>5,023</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 2018</b>				
At 30 June 2017 and 1 July 2017:				
Cost	221	1,177	537	1,935
Accumulated depreciation	<u>(124)</u>	<u>(772)</u>	<u>(289)</u>	<u>(1,185)</u>
Net carrying amount	<u>97</u>	<u>405</u>	<u>248</u>	<u>750</u>
At 1 July 2017, net of accumulated depreciation	97	405	248	750
Additions	24	194	255	473
Depreciation provided during the year	<u>(29)</u>	<u>(151)</u>	<u>(63)</u>	<u>(243)</u>
At 30 June 2018, net of accumulated depreciation	<u>92</u>	<u>448</u>	<u>440</u>	<u>980</u>
At 30 June 2018:				
Cost	245	1,046	641	1,932
Accumulated depreciation	<u>(153)</u>	<u>(598)</u>	<u>(201)</u>	<u>(952)</u>
Net carrying amount	<u>92</u>	<u>448</u>	<u>440</u>	<u>980</u>

## 11. TRADE RECEIVABLES

The Group's students are required to pay tuition fees in advance for upcoming semesters. The Group had no outstanding receivables during the year (2018: nil). 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.

There have been no impairment losses recognised during the year.

## 12. 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:

	<b>2019</b> <i>AUD\$'000</i>	2018 <i>AUD\$'000</i>
Over two months	<u><b>1,450</b></u>	<u>1,345</u>

### 13. CONTRACT LIABILITIES

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

	<b>30 June 2019</b>	1 July 2018
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Short-term advances received from students		
Course fees	<u><b>2,202</b></u>	<u><b>2,626</b></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.

### 14. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

#### Deferred tax assets

	<b>Share- based payment</b>	<b>Employee benefits</b>	<b>Accruals</b>	<b>Property, plant and equipment</b>	<b>Others</b>	<b>Total</b>
	<i>AUD\$'000</i>	<i>AUD\$'000</i>	<i>AUD\$'000</i>	<i>AUD\$'000</i>	<i>AUD\$'000</i>	<i>AUD\$'000</i>
At 1 July 2017	—	322	134	12	298	766
Deferred tax credited/(charged) to profit or loss during the year*	238	37	155	(11)	1,210	1,629
Equity	<u>659</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>774</u>	<u>1,433</u>
Gross deferred tax assets at 30 June 2018 and 1 July 2018	897	359	289	1	2,282	3,828
Deferred tax credited/(charged) to profit or loss during the year*	(106)	61	(134)	(1)	(596)	(776)
Equity	<u>25</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>25</u>
Gross deferred tax assets at 30 June 2019	<u><b>816</b></u>	<u><b>420</b></u>	<u><b>155</b></u>	<u><b>—</b></u>	<u><b>1,686</b></u>	<u><b>3,077</b></u>

## Deferred tax liabilities

	<b>Intangible assets</b> <i>AUD\$'000</i>	<b>Prepayments</b> <i>AUD\$'000</i>	<b>Unrealised foreign exchange gains</b> <i>AUD\$'000</i>	<b>Total</b> <i>AUD\$'000</i>
At 1 July 2017	564	—	—	564
Deferred tax charged/(credited) to profit or loss during the year*	<u>196</u>	<u>—</u>	<u>163</u>	<u>359</u>
Gross deferred tax liabilities at 30 June 2018 and 1 July 2018	760	—	163	923
Deferred tax charged to profit or loss during the year*	<u>490</u>	<u>5</u>	<u>(55)</u>	<u>440</u>
Gross deferred tax liabilities at 30 June 2019	<u><u>1,250</u></u>	<u><u>5</u></u>	<u><u>108</u></u>	<u><u>1,363</u></u>

\* *Total deferred tax charged (2018: credited) to profit or loss during the year amounted to AUD\$1,216,000 (2018: AUD\$1,270,000) (Note 7).*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	<b>2019</b> <i>AUD\$'000</i>	2018 <i>AUD\$'000</i>
Gross deferred tax assets	<b>3,077</b>	3,828
Gross deferred tax liabilities	<u><b>(1,363)</b></u>	<u>(923)</u>
Net deferred tax assets recognised in the statement of financial position	<u><u><b>1,714</b></u></u>	<u><u>2,905</u></u>

## 15. EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the Reporting Period.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Introduction of the Group**

As one of Australia's primary, best-in-class private tertiary education providers, the Company is nationally registered with TEQSA. 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. 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 2019, the Company had 1,258 EFTSL students with 32 programs across a range of award and non-award studies.

Additionally, up to date, TOP is the only private higher education provider on JSJ List of the Ministry of Education of the People's Republic of China as one of the 42 recommended Australian universities and higher education institutes.

As at the date of this announcement, TOP has completed the process with the relevant regulatory authorities in Australia and China in respect of registering the new name as Australian National Institute of Management and Commerce.

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 our academic courses and non-academic programs in Australia.

#### **Operational Updates**

##### ***Course Innovation Plan***

During the Reporting Period, TOP had been building up designated courses in business data analytics for Management and Commerce students at both undergraduate and postgraduate levels, which includes reviewing and upgrading the existing course curriculum by way of amendment to the course structure and modification of certain subjects (units) to assist students in understanding the elements of advanced technology and their applications in the relevant areas.

TOP has also dedicated in integrating digitalised-tech based elements throughout the curriculum development within the existing or proposed courses.

To improve the fundamental knowledge and skills training in digitalised technology, TOP has been developing online modules to assist our students in the Management & Commerce fields meeting skill requirement to understand data analysis, algorithmic language, coding and programming in the business management perspective.

We are also developing an internationalised case study collection in relation to the practical applications of the above digitalised technologies in “new economics” and “new business models” in Australia, China, the United States and other countries with relevant succeeded or failed illustrations.

To achieve the above curriculum innovation tasks, the Group actively sets out a broad domestic and international cooperative platform to work with leading experts and leading institutions on our research founding.

To achieve high standing results of the curriculum innovation and future teaching and learning outcomes, the Group is also seeking a close relationship and integration with industrial partners in the “new economics” and “new business models”.

### ***International Cooperative Education Programs in China***

During the Reporting Period, TOP had continued to establish cooperative educational programs with Chinese universities and higher education institutes in the progression of building up an international education platform for students coming to TOP in Australia through pathway programs, and achieved the goal to build up more than eight cooperative educational programs with universities and institutes located in Chongqing, Hubei, Zhejiang, Shandong and other regions on top of the three cooperative programs as at 1 July 2018. During the Reporting Period, such three cooperative programs in China continued their operations.

As a formal program approved by China’s Ministry of Education, TOP’s 3+1 pathway program at Guangxi University of Finance and Economics was approved for renewal of a 5-year intakes from 2018 to 2023, and successfully completed its in-quota intake in September 2018 through the China’s National Higher Education Entrance Examination (in quota) (“Gaokao”). The programs with the institutes in Shandong Province and Henan Province also successfully completed in-quota requirement in September 2018.

In April 2019, TOP signed a new cooperation agreement with Pass College of Chongqing Technology and Business University and Chongqing College of Humanities, Science & Technology respectively, which are both owned by Minsheng Education Group, the cornerstone investor of the Company who held approximately 8.2% of the total issued share capital of the Company as at 30 June 2019. The agreements are for a period of five years and may be renewed with mutual consent. The agreements provide cooperative opportunities between the Group and the two institutes.

In June 2019, TOP signed a new cooperation agreement with two schools of the Ocean University of China, which since 2017 was included in China’s plan of building “Double First-Rate” universities, having previously also been on the list of “Project 985” (a list of top-ranking universities in China) and “Project 211”. It is now the recipient of significant national and provincial support and funding,

which assist it to becoming a world class university. The agreement is for a period of five years and may be renewed with mutual consent. The agreement provides cooperative opportunities between the two institutes including undergraduate programs, and students' short-term program in Australia for study and internal career skill development.

The 12 universities and institutes which have cooperative education pathway programs with TOP include:

- Guangxi University of Finance and Economics
- Shandong Polytechnic College
- Henan Institute of Economics and Trade
- Jiaxing University
- Hubei University of Economics
- Law and Business College of Hubei University of Economics
- Zhejiang Yuexiu University of Foreign Languages
- Chongqing College of Humanities, Science & Technology
- Pass College of Chongqing Technology and Business University
- Chongqing Vocational College of Art and Engineering
- Chongqing Vocational College of Media
- Management School and Economic School of the Ocean University of China

Along with the development of the international educational platform during the Reporting Period, TOP had been developing an artificial intelligence (“AI”) mobile application (“App”) to host an online platform for students' preparation of future studies in Australia. The App will facilitate the Group's international education platform to provide students a better experience and knowledge on the Group's programs and strengths. The Group also intends to use the new AI methodology to analyse student demand in order to increase the conversion rate of the cooperative education programs in China.

### ***Bachelor of Law Re-accreditation***

The scheduled re-accreditation process of our Bachelor of Laws (“LLB”) went smoothly. On 27 June 2019, TOP received formal notification from the Legal Profession Admission Board of New South Wales (“LPAB”) to accredit TOP's LLB for a further five-year period commencing from the notification date.



### *New Course Development and Accreditation*

During the Reporting Period, TOP's SAA & Strategy Committee had accredited below new courses:

- Graduate Certificate in Business
- Graduate Certificate in Financial Technologies Management
- Graduate Diploma of Financial Technologies Management
- Graduate Certificate in Financial Planning
- Graduate Diploma of Financial Planning
- Master of Financial Planning
- Graduate Diploma of Marketing
- Master of Marketing
- Master of Professional Accounting Services

These courses have already been added to TOP's CRICOS list for offering to international students as well as domestic students.

The new course within SAA scopes as management programs in the discipline of hotel and hospitality, and those outside of SAA scopes such as a master program in the field of Information Technology, Doctor of Philosophy in Management and Commerce at AQF level 10, and a bachelor program in digital film and new media area are under development process and will be submitted to TEQSA for assessment and approval when complete.

### *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. Also, TOP's Career Edge programs have positioned itself at a unique and competitive position in the student recruitment market as TOP has built up the reputation of focusing on student career development and pathway, which differentiates TOP from other education providers.

From the survey of the students who had a work placement in Career Edge programs, 72% of them obtained a full-time job within three months when they finished a work experience of the program. The students who had a full-time job were offered positions at various employers such as accounting firms, major banks, insurance groups or other large-sized enterprises.

### ***Increase of CRICOS Capacity***

On 7 June 2019, TEQSA approved the new premises for increasing our CRICOS student number capacity from 1,500 to 2,000. It will increase the international student capacity by over 30%.

### ***Diversity of International Student Sources***

TOP has maintained major market of international students from China, which remains the number one contributor to Australia’s international education. Meanwhile TOP has also actively developed diversified international market.

The international students of TOP came from over 60 countries/regions. For the intakes in the Reporting Period, the number of international students enrolled coming from areas other than China increased over 63% comparing to the financial year ended 30 June 2018.

### ***Mergers and Acquisitions (“M&A”)***

The Company has established a strong M&A team, which is composed of experienced professionals with various background, including merger and acquisition, accounting, financial, legal and compliance and industry experts. Presently, the team is working together to find potential targets with synergy effect with the Company and has been conducting the due diligence check on the potential target.

### **Student Enrolments**

For the year ended 30 June 2019, the total EFTSL increased by 9.3% comparing with the last financial year.

	<b>2019</b>	2018
Bachelor of International Business <sup>(1)</sup>	<b>341.5</b>	365.6
Bachelor of Applied Finance and Accounting <sup>(2)</sup>	<b>136.7</b>	97.9
Bachelor of Laws	<b>63.5</b>	74.6
Master of Professional Accounting and Business <sup>(3)</sup>	<b>363.6</b>	391.4
Master of International Business <sup>(4)</sup>	<b>91.8</b>	98.6
Others <sup>(5)</sup>	<b>77.8</b>	5.8
Non-Award Unit Study	<b>183.2</b>	117.2
<b>Total</b>	<b><u>1,258.1</u></b>	<b><u>1,151.1</u></b>

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 all other postgraduate courses.

### Tuition Fee

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

Course Name	International			Domestic		
	2019 AUD\$	2018 AUD\$	% Change	2019 AUD\$	2018 AUD\$	% Change
Diploma in Applied Finance and Accounting	<b>21,000</b>	20,000	5%	<b>17,000</b>	17,000	0%
Associate Degree of Applied Finance and Accounting	<b>42,000</b>	40,000	5%	<b>34,000</b>	34,000	0%
Bachelor of Applied Finance and Accounting	<b>63,000</b>	60,000	5%	<b>51,000</b>	51,000	0%
Diploma of Business	<b>21,000</b>	20,000	5%	<b>15,000</b>	15,000	0%
Associate Degree of Business	<b>42,000</b>	40,000	5%	<b>30,000</b>	30,000	0%
Bachelor of International Business	<b>63,000</b>	60,000	5%	<b>45,000</b>	45,000	0%
Graduate Certificate in Accounting	<b>11,960</b>	11,500	4%	<b>8,500</b>	8,500	0%
Graduate Certificate in Business Management	<b>11,960</b>	11,500	4%	<b>8,500</b>	8,500	0%
Graduate Diploma of Accounting	<b>23,920</b>	23,000	4%	<b>17,000</b>	17,000	0%
Graduate Diploma of International Business	<b>23,920</b>	23,000	4%	<b>17,000</b>	17,000	0%
Graduate Diploma of Public Relations and Marketing	<b>23,920</b>	23,000	4%	<b>17,000</b>	17,000	0%
Master of International Business	<b>35,880</b>	34,500	4%	<b>25,500</b>	25,500	0%
Master of Marketing and Public Relations	<b>35,880</b>	34,500	4%	<b>25,500</b>	25,500	0%
Master of Professional Accounting	<b>35,880</b>	34,500	4%	<b>25,500</b>	25,500	0%
Master of Accounting Practice	<b>35,880</b>	34,500	4%	<b>25,500</b>	25,500	0%
Master of Professional Accounting and Business	<b>47,840</b>	46,000	4%	<b>34,000</b>	34,000	0%
Graduate Certificate in Business Research	<b>18,000</b>	18,000	0%	<b>10,000</b>	10,000	0%
Master of Business Research	<b>72,000</b>	72,000	0%	<b>40,000</b>	40,000	0%
Graduate Certificate in Business*	<b>11,960</b>	10,900	10%	<b>8,500</b>	8,500	0%
Graduate Diploma of Business Administration	<b>23,000</b>	21,800	6%	<b>17,000</b>	17,000	0%
Master of Business Administration	<b>46,000</b>	43,600	6%	<b>34,000</b>	34,000	0%
Bachelor of Laws	<b>80,000</b>	80,000	0%	<b>48,000</b>	48,000	0%
Master of Laws	<b>20,000</b>	20,000	0%	<b>20,000</b>	20,000	0%

\* Formerly as Graduate Certificate in Business Administration

## Outlook

The Company's achievements of listing on the Stock Exchange, obtaining SAA status, student capacity increase with Smart Campus and building up further cooperative pathway programs at international platform with China and other regions have created TOP 2.0. Now the key words of TOP 3.0 are ***Innovation, Intelligent and Internationalisation.***

1. To welcome the Industry 4.0 and Society 5.0 nowadays and in the future, the Group has upgraded "Smart Campus" proposal to a more comprehensive "Intelligent Education", using innovative approach to cover the aspects of digitalising campus infrastructure, teaching and learning methodology and institutional management system for better student experience and learning outcome as well as more efficient and accurate management, for which the Group has been engaging with major technological enterprises in the relevant areas;
2. To provide students with updated knowledge and skills for their life career capabilities, TOP will implement its Course Innovation Plan for traditional Management and Commerce courses to integrate with the applications of digitised technologies like AI, Data Analytics, FinTech, Machine Learning and etc, for which TOP has been working with internal academic staff members and the external experts of international leading universities, research institutions and relevant industries. Such course innovation will be continued in the next two to three years, and then, regularly reviewed and updated in the future along with the developments of business practice and the technologies.
3. To reach the goal of student population in the future three to five years, TOP has, not only completed new premises in South Eveleigh (formerly ATP) in Sydney, been developing the very first interstate campus in Hobart, Tasmania in Australia in an innovative model, but also registered a new business name as Australian National Institute of Management and Commerce with TEQSA in 2019. Particularly, since China's central authorities published formal foreign investment categories on 30 June 2019 to encourage foreign investment in education sectors in several designated provinces under China's educational regulations, the Group has been seeking the M&A or direct investment opportunity of establishing an innovative institute in China, the largest education market in the world, in addition to setting out more cooperative pathway programs with other universities/colleges. The Group wishes to be an international education group in respect of diversifying its education assets transnationally, rather than heavily dependent on recruiting international students from a single region.

## FINANCIAL REVIEW

### Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group's revenue reached AUD\$26.0 million for the year ended 30 June 2019, increased by 9.2% as compared to previous year's revenue. A breakdown of revenue is shown below:

	<b>2019</b> <i>AUD\$'000</i>	2018 <i>AUD\$'000</i>	Change %
Course fee income	<b>24,696</b>	22,806	+8.3%
Overseas service fee	<u><b>1,324</b></u>	<u>1,017</u>	<u>+30.2%</u>
	<u><b>26,020</b></u>	<u>23,823</u>	<u>+9.2%</u>

The increase in revenue was primarily due to a 8.3% increase in course fee income from approximately AUD\$22.8 million for the year ended 30 June 2018 to approximately AUD\$24.7 million for the year ended 30 June 2019, resulting mainly from (i) an increase in tuition rate that started to become effective in March 2019, and (ii) increased enrolment as the EFTSL increased by 9.3% from 1,151 for the year ended 30 June 2018 to 1,258 for the year ended 30 June 2019.

Tuition fee contributed over 94.9% of the Group's revenue while overseas service fee represented approximately 5.1% 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\$1.8 million, or 16.8%, from AUD\$11 million for the year ended 30 June 2018 to AUD\$12.8 million for the year ended 30 June 2019. This increase in cost of sales was mainly attributable to (i) an increase of AUD\$0.7 million in employee benefit expenses due to the increase in the number of employee recruited, (ii) an increase of AUD\$0.4 million in agent commissions due to the increase in tuition rates and EFTSL, (iii) an increase of AUD\$0.25 million in amortisation of intangible assets due to increase in intangible assets, (iv) an increase of AUD\$0.15 million in lease payments due to new leasing agreements signed during the year, and (v) an increase of AUD\$0.1 million in student costs due to the increase in EFTSL.

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

Gross profit increased by 2.7% from AUD\$12.8 million for the year ended 30 June 2018 to AUD\$13.2 million for the year ended 30 June 2019, which was primarily due to the increase in tuition revenue resulted from increases in tuition rates and EFTSL. The gross profit margin slightly decreased by 3.2% to 50.6% for the year ended 30 June 2019 from 53.8% for the year ended 30 June 2018, which was primarily due to the increase in employee expenses and the increase in amortisation.

## **Other Income**

Other income increased by 112.4% from approximately AUD\$1.1 million for the year ended 30 June 2018 to approximately AUD\$2.4 million for the year ended 30 June 2019. The increase primarily resulted from (i) a increase of AUD\$0.8 million in foreign exchange gain, and (ii) an increase of AUD\$0.4 million in interest 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 decreased significantly from approximately AUD\$10.5 million for the year ended 30 June 2018 to AUD\$7.8 million for the year ended 30 June 2019. This decrease was mainly attributable to (i) a decrease in listing expenses of approximately AUD\$6.0 million, (ii) an increase of AUD\$1.4 million in employee benefit expenses due to increase in employee number, (iii) an increase of approximately AUD\$1.0 million in public company expenses, and (iv) an increase of AUD\$0.5 million being the accounting treatment for employee share scheme.

## **Profit for the Year**

As a result of the above factors, the net profit for the year of the Group increased by approximately 166.5% from approximately AUD\$1.6 million for the year ended 30 June 2018 to approximately AUD\$4.1 million for the year ended 30 June 2019.

## **Capital Expenditures**

The Group's capital expenditures for the year ended 30 June 2019 were approximately AUD\$4.4 million, consisted primarily of expenditures on (i) plant and equipment, (ii) classroom equipment and office, and (iii) teachers reference books.

## **Liquidity, Financial Resources and Gearing Ratio**

As at 30 June 2019, the Group had cash on hand of AUD\$42.4 million (30 June 2018: AUD\$47.4 million) with no bank borrowings (30 June 2018: nil). During the year ended 30 June 2019, the Group financed the 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 2019, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2018: 0%).

### **Significant Investments, Acquisitions and Disposals**

Save as disclosed in this announcement, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor any plan authorised by the Board for other material investments or additions of capital assets during the year ended 30 June 2019.

### **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 HK\$. As at 30 June 2019, certain bank balances and payables were denominated in US\$ and HK\$. 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 2019 and 2018.

### **Contingent Liabilities**

As at 30 June 2019, the Group did not have any material contingent liabilities.

### **EVENTS AFTER THE REPORTING PERIOD**

The Company has the following significant events after the Reporting Period:

- On 1 August 2019, TOP completed the process with Ministry of Education of PRC in respect of registering a new operational name as Australian National Institute of Management and Commerce on the JSJ List. Accordingly, the registrations process on the new name with the relevant regulatory authorities both in Australia and China are completed. Please refer to the web links of <https://www.teqsa.gov.au/national-register/provider/top-education-group-limited> and <http://www.jsj.edu.cn/news/1/221.shtml>.
- On 16 August 2019, TEQSA approved TOP's first interstate branch campus in Hobart, Tasmania, from which date TOP has been able to recruit its first intake of students at this branch campus.



- On 11 August 2019, the Company signed a memorandum of understanding with iFLYTEK Co., Ltd. (科大訊飛股份有限公司) (“iFLYTEK”), a company listed on Shenzhen Stock Exchange (stock code: 002230), and Jingle Magic (Beijing) Technology Co., Ltd. (訊飛幻境(北京)科技有限公同) (“Jingle Magic”), the leading artificial intelligence and big data companies in China, for the purpose of jointly developing the Intelligent Education in comprehensive approaches. The working team of iFLYTEK and Jingle Magic visited TOP on 5 September 2019 to follow up the implementation plan.
- On 8 September 2019, TOP organised the first International Conference on Course Innovation in Management Studies in Beijing, China as an important step of the Group’s Course Innovation Plan. The senior experts who attended the conference include those from the University of Chinese Academy of Sciences, Tsinghua University, Fudan University, Renmin University, Beijing National Accounting School, Jiaxing University, and those from the University of Sydney Business School and the University of Western Australia Business School, as well as those from relevant industries. The experts, as a think tank, discussed the feature, trend and experience in educational innovation and provided the Group with their commentaries and advice on the Course Innovation Plan.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK0.4 cents per ordinary share for the year ended 30 June 2019 (2018: nil).

Subject to the Shareholders approving the recommended distribution at the forthcoming AGM, the final dividend will be paid on or about Wednesday, 18 December 2019 to the Shareholders whose names appear on the register of members of the Company on Monday, 9 December 2019.

## **ANNUAL GENERAL MEETING**

The forthcoming AGM will be held on Wednesday, 27 November 2019. 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 Wednesday, 27 November 2019, the register of members of the Company will be closed from Friday, 22 November 2019 to Wednesday, 27 November 2019, 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 Thursday, 21 November 2019.

For determining the entitlement to receive the final dividend, the register of members of the Company will be closed by the Company from Thursday, 5 December 2019 to Monday, 9 December 2019, 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 Wednesday, 4 December 2019.

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

During the Reporting Period, the Company purchased a total of 39,420,000 Shares on the Stock Exchange at an aggregate consideration (before brokerage and expenses) of approximately HK\$12,042,910. As at 30 June 2019, 36,550,000 repurchased Shares have been cancelled. As at the date of this announcement, all the aforesaid repurchased Shares have been cancelled.

<b>Month of repurchases</b>	<b>Total number of Shares repurchased</b>	<b>Highest price paid per Share HK\$</b>	<b>Lowest price paid per Share HK\$</b>	<b>Aggregate consideration HK\$</b>
October 2018	260,000	0.310	0.290	77,200
November 2018	3,930,000	0.345	0.300	1,234,450
December 2018	21,260,000	0.325	0.285	6,444,000
January 2019	4,550,000	0.335	0.315	1,456,450
February 2019	350,000	0.360	0.355	124,650
March 2019	520,000	0.415	0.355	192,300
April 2019	—	—	—	—
May 2019	1,640,000	0.265	0.249	416,160
June 2019	6,910,000	0.340	0.260	2,097,700

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 2019, a total amount of approximately HK\$33.6 million out of net proceeds had been used by the Group according to the allocation set out in the Prospectus.

<b>Purpose</b>	<b>Percentage to total amount</b>	<b>Net proceeds HK\$ (million)</b>	<b>Utilised amount HK\$ (million)</b>	<b>Unutilised amount HK\$ (million)</b>
Acquiring or investing in educational groups/institutions in the PRC and in Australia	41.0%	70.4	—	70.4
Establishing six student experience centres in the PRC <sup>(1)</sup>	26.7%	45.8	—	45.8
Upgrading TOP's campus	9.4%	16.1	8.8	7.3
Expanding TOP's campus locations	5.5%	9.5	9.5	—
Further development of SCDP as an online program <sup>(1)</sup>	4.9%	8.4	—	8.4
Expanding TOP's research and scholarship activities and professional development towards our strategic goal	3.1%	5.3	1.7	3.6
Expanding TOP's marketing activities	4.4%	7.6	5.2	2.4
Working capital and general corporate purposes	5.0%	8.6	8.4	0.2
<b>Total</b>	<b>100.0%</b>	<b>171.7</b>	<b>33.6</b>	<b>138.1</b>

*Note (1):* As disclosed in the Prospectus, it is intended that such student experience centres would incorporate virtual reality or augmented reality technology to allow potential students in the PRC to experience life in Sydney and at TOP, thereby attracting the enrolment of such students with us. Also, it is intended that such further development of SCDP as an online program could bring us a target rate of return. However, we noted that information sharing via virtual methods has become more common and efficient due to the rapid development of digital technology, thus such student experience centres and SCDP online program may not bring expected paybacks. As such, the Board is reviewing and considering a change in such allocation of net proceeds by putting it towards investments in utilising AI methodology instead for the student experience centre, and developing the Intelligent Education to meet the emerging demands from students and the market.

During the Reporting Period, the Group commenced developing an AI App to host an online platform for students' preparation of future studies in Australia. The App is expected to enhance the Group's international education platform by providing students with an easily accessible and efficient means to gain a better experience of and knowledge on the Group's programs and general offerings. AI methodology will be used in the App to analyse student demand, and effective use of such data is expected to improve targeting and increase the conversion rate of students who participate in our cooperative education programs in China. The Board is currently conducting a feasibility study on the mobile application as an alternative means to the physical experience centres for accessing potential students in the PRC, and its wider strategy to make investments in and apply the use of AI in delivering educational services. Subject to the results of feasibility study, such proposal may be put forward to the Board for consideration.

As at the date of this announcement, the Board has no concrete plan to change any allocation of the net proceeds from the Listing. The Company will make announcement(s) in relation to the above as and when appropriate in accordance with the Listing Rules.

## **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 2019, 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 2019, 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.

## **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 2019, 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 2019 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 draft 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](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 2019 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

“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
“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”, “Institute”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001 and trading as Top Education Institute
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporations Act”	the Corporations Act 2001(Cth) of Australia, as amended, supplemented or otherwise modified from time to time, which is the principal legislation regulating companies in Australia
“Council”	Top Education Institute Council
“course”	a program of study that will confer an award upon completion
“CPA Australia”	CPA Australia Ltd
“CRICOS”	the Commonwealth Register of Institutions and Courses for Overseas Students
“Director(s)”	the director(s) of the Company
“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year
“Employee”	<p>(a) any employee (including without limitation any executive Director) of the Company;</p> <p>(b) any non-executive Director (including independent non-executive Directors);</p> <p>(c) any member of the Council; and</p> <p>(d) any consultant of the Company,</p> <p>excluding any employee who is resident in a place where the award of Awarded Shares and/or the vesting of Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee</p>
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time

“higher education”	studies in pursuit of a qualification under levels 5 to 10 of the AQF, including a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, master degree and doctoral degree
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	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
“NSW LPAB”	the Legal Profession Admission Board, New South Wales

“pathway program”	a program by which students who complete certain required studies at one institution may become eligible to transfer to another institution to continue their studies and receive credit for work completed
“Prospectus”	the prospectus of the Company dated 27 April 2018
“PwC Australia”	PricewaterhouseCoopers (ABN 52 780 433 757), Australia, chartered public accountants in Australia
“PwC Nominees”	PricewaterhouseCoopers Nominees (A.C.T.) Pty Ltd, 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 2018 to 30 June 2019
“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
“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\$”

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*

Hong Kong, 19 September 2019

*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) and Mr. Yi Dai and the independent non-executive Directors are Professor Weiping Wang, Professor Brian James Stoddart, Mr. Tianye Wang and Professor Steven Schwartz.*