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TOP EDUCATION GROUP LTD

澳洲成峰高教集團有限公司

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

(ACN 098 139 176)

(Stock code: 1752)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Group's revenue was approximately AUD\$13.7 million, increased by approximately 27.8%.
- Gross profit rose by approximately 31.3% to approximately AUD\$5.7 million.
- Total EFTSL of the students increased by approximately 14.5%.
- Profit for the period was approximately AUD\$1.0 million, representing a turnaround as compared to the loss of approximately AUD\$0.2 million.
- The Board resolved to recommend the payment of an interim dividend of HK0.1 cents per Share for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil)

The Board of Directors of Top Education Group Ltd (“**the Company**”, together with its subsidiaries “**the Group**”), hereby announces the consolidated unaudited interim results of the Company for the six months ended 31 December 2023 together with the comparative figures for the corresponding period in 2022 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2023

		Six months ended	
		31 December	
	<i>Notes</i>	2023	2022
		(unaudited)	(unaudited)
		AUD\$'000	AUD\$'000
REVENUE	4	13,745	10,757
Cost of sales		<u>(8,069)</u>	<u>(6,433)</u>
Gross profit		5,676	4,324
Interest income			
Other income and gains	4	1,040	392
Administrative expenses		(3,745)	(3,399)
Advertising and marketing expenses		(1,177)	(1,109)
Finance costs	5	<u>(357)</u>	<u>(404)</u>
PROFIT/(LOSS) BEFORE TAX	6	1,437	(196)
Income tax (expense)/credit	7	<u>(402)</u>	<u>31</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,035</u>	<u>(165)</u>
Profit/(Loss) Attributable to:			
Owners of the Company		1,040	(158)
Non-controlling interests		<u>(5)</u>	<u>(7)</u>
		<u>1,035</u>	<u>(165)</u>
EARNINGS PER SHARE FOR PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic earnings/(loss) per share (AUD cents)	9	<u>0.043</u>	<u>(0.007)</u>
Diluted earnings/(loss) per share (AUD cents)	9	<u>0.041</u>	<u>(0.007)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		8,508	8,891
Intangible assets		8,498	9,492
Right-of-use assets		9,576	10,539
Prepayments and deposits	<i>11</i>	1,239	1,188
Goodwill		1,533	1,533
		<hr/>	<hr/>
Total non-current assets		29,354	31,643
CURRENT ASSETS			
Trade receivables	<i>10</i>	338	344
Prepayments, other receivables and other assets	<i>11</i>	3,598	2,520
Cash and cash equivalents		44,106	41,732
		<hr/>	<hr/>
Total current assets		48,042	44,596
CURRENT LIABILITIES			
Trade payables	<i>12</i>	3,246	2,615
Other payables and accruals	<i>13</i>	3,605	3,290
Lease liabilities		2,128	2,128
Contract liabilities	<i>14</i>	6,716	5,982
Deferred tax liability		332	355
		<hr/>	<hr/>
Total current liabilities		16,027	14,370
NET CURRENT ASSETS		<hr/> 32,015 <hr/>	30,226
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 61,369 <hr/>	61,869
NON-CURRENT LIABILITIES			
Lease liabilities		11,370	12,412
Deferred tax liability		72	193
Other payables and accruals	<i>13</i>	303	339
		<hr/>	<hr/>
Total non-current liabilities		11,745	12,944
Net assets		<hr/> 49,624 <hr/>	48,925
EQUITY			
Share capital	<i>15</i>	36,547	36,414
Treasury shares	<i>15</i>	(2,236)	(2,236)
Reserves		14,908	14,338
Non-controlling interests		405	409
		<hr/>	<hr/>
Total equity		<hr/> 49,624 <hr/>	48,925

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

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

During the six months ended 31 December 2023, the Company and its subsidiaries were principally engaged in providing private higher education services and English language courses in Australia.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 31 December 2023 have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim condensed consolidated financial statements are presented in Australian dollars (“AUD\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023, except for the adoption of the following new and revised IFRSs effective as of 1 July 2023.

Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 July 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 July 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Prior to the initial application of these amendments, the Group did not apply the initial recognition exception and has recognised a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The amendments did not have any significant impact on the Group's financial statements.

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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 is principally engaged in the provision of education services in Australia.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The information reported to the CEO and directors, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the CEO and directors reviewed the financial results of the Group as a whole. Therefore, no further information about operating segments is presented.

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

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

No services provided to a single customer contributed 10% or more of the total revenue of the Group during the six months ended 31 December 2023 (six months ended 31 December 2022: nil).

4. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 31 December	
	2023	2022
	(unaudited) AUD\$'000	(unaudited) AUD\$'000
<i>Revenue from contracts with customers</i>		
Course fee income	12,767	10,023
Others service fee income	978	734
	13,745	10,757
	13,745	10,757

Revenue from contracts with customers

(i) Disaggregated revenue information

<i>Geographical markets</i>		
Australia	13,745	10,757
	13,745	10,757

Timing of revenue recognition

Course fee income recognised over time	12,767	10,023
Others service fee income recognised over time	978	734
	13,745	10,757
	13,745	10,757

(ii) Performance obligations

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

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

	Six months ended 31 December	
	2023	2022
	(unaudited) AUD\$'000	(unaudited) AUD\$'000
Other income and gains		
Interest income	944	197
Government grants	–	166
Others	96	29
	1,040	392
	1,040	392

5. FINANCE COST

	Six months ended 31 December	
	2023	2022
	(unaudited)	(unaudited)
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Interests on lease liabilities	<u>357</u>	<u>404</u>
	<u>357</u>	<u>404</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 31 December	
	2023	2022
	(unaudited)	(unaudited)
	<i>AUD\$'000</i>	<i>AUD\$'000</i>
Amortisation of intangible assets	1,038	1,079
Depreciation of property, plant and equipment	471	513
Amortisation of right-of-use assets	962	959
Auditors' remuneration	29	39
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other employee benefits	3,978	2,965
Share-based payments	132	191
Pension scheme contributions (defined contribution schemes)	393	285
Less: Amount capitalised	<u>-</u>	<u>(117)</u>
	<u>7,003</u>	<u>5,914</u>

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 six months ended 31 December 2023 and 2022 on the estimated assessable profits.

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

	Six months ended 31 December	
	2023 (unaudited) AUD\$'000	2022 (unaudited) AUD\$'000
Current		
Charge/(credit) for the period	524	(132)
Deferred tax	(122)	101
	<hr/>	<hr/>
Total tax charge/(credit) for the period	402	(31)

8. INTERIM DIVIDENDS

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK0.1 cents (the six months ended 31 December 2022: nil) per ordinary share will be paid to the owners of the Company.

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period of the Company of AUD\$1,040,000 (six months ended 31 December 2022: loss AUD\$158,000) and the weighted average number of ordinary shares of 2,395,660,000 (six months ended 31 December 2022: 2,394,512,000) in issue during the period.

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

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

	Six months ended 31 December	
	2023 (unaudited) AUD\$'000	2022 (unaudited) AUD\$'000
Earnings		
Profit/(loss) attributable to owners of the Company	1,040	(158)

	Number of shares	
	2023	2022
	(unaudited)	(unaudited)
	Ordinary shares	Ordinary shares
	'000	'000
Shares		
Weighted average number of shares in issue used in the basic earnings per share calculation taking into account the share subdivision	2,395,660	2,394,512
Effect of dilution – weighted average number of shares:		
Performance rights	<u>145,024</u>	–
	<u>2,540,684</u>	<u>2,394,512</u>

Due to the Group's negative financial results for the period ended 31 December 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 31 December 2022 is equivalent to the basis loss per share.

10. TRADE RECEIVABLES

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

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

	31 December	30 June
	2023	2023
	(unaudited)	(audited)
	AUD\$'000	AUD\$'000
Trade receivables (neither past due nor impaired)	<u>338</u>	<u>344</u>
	31 December	30 June
	2023	2023
	(unaudited)	(audited)
	AUD\$'000	AUD\$'000
Within 1 year	<u>338</u>	<u>344</u>

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
Non-current assets		
Prepayments	1,188	1,188
Lease deposits	<u>51</u>	<u>–</u>
	<u>1,239</u>	<u>1,188</u>
Current assets		
Prepayments	436	235
Term deposits	1,745	1,742
Other assets	97	97
Other receivables	<u>1,320</u>	<u>446</u>
	<u>3,598</u>	<u>2,520</u>

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to amounts for which there was no recent history of default.

12. TRADE PAYABLES

	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
Trade payables	<u>3,246</u>	<u>2,615</u>

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

13. OTHER PAYABLES AND ACCRUALS

	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
Current liabilities		
Other payables	1,910	1,747
Unpaid leave obligations	<u>1,695</u>	<u>1,543</u>
Other payables and accruals	<u>3,605</u>	<u>3,290</u>
Non-current liabilities		
Unpaid leave obligations	156	192
Accruals for reinstatement cost	<u>147</u>	<u>147</u>
Other payables and accruals	<u>303</u>	<u>339</u>

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

14. CONTRACT LIABILITIES

Details of contract liabilities balance are as follows:

	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
Short-term advances received from students		
Course fees	<u>6,716</u>	<u>5,982</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.

15. SHARE CAPITAL

Shares

	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
Issued and fully paid: 2,436,394,000 (30 June 2023: 2,433,332,000) ordinary shares	36,414	36,414
Issue of new shares upon exercise of the pre-IPO rights	133	–
	36,547	36,414

Treasury shares

	Number of shares	Total AUD\$'000
At 30 June 2023 (audited)	38,820,000	2,236
Shares held for share-based payments	–	–
At 31 December 2023 (unaudited)	38,820,000	2,236

	Number of shares	Total AUD\$'000
At 30 June 2022 (audited)	38,820,000	2,236
Shares held for share-based payments	–	–
At 31 December 2022 (unaudited)	38,820,000	2,236

During the six months ended 31 December 2023, the Trust acquired nil shares (31 December 2022: nil).

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

	Number of shares in issue (in thousands)	Share capital AUD\$'000
At 1 July 2023 (audited)	2,433,332	36,414
Issue of new shares upon exercise of the pre-IPO rights	3,062	133
At 31 December 2023	2,436,394	36,547

16. FINANCIAL INSTRUMENTS BY CATEGORY

	31 December 2023 (unaudited) AUD\$'000	30 June 2023 (audited) AUD\$'000
Financial assets at amortised cost		
Trade receivables	338	344
Financial assets included in deposits and other receivables	2,034	2,187
Cash and cash equivalents	<u>44,106</u>	<u>41,732</u>
	<u>46,478</u>	<u>44,263</u>
Financial liabilities at amortised cost		
Trade payables	3,246	2,615
Financial liabilities included in other payables and accruals	<u>1,408</u>	<u>1,129</u>
	4,654	3,744
Financial liabilities at fair value		
Contingent considerations on acquisition	<u>—</u>	<u>—</u>
	<u>4,654</u>	<u>3,744</u>

17. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Top Education Group Ltd (“**TOP**”), 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 TEQSA and also approved in May 2018 for Self-Accrediting Authority by TEQSA 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.

Operational Updates

Strategic Plan on Higher Education

A highlight of the Reporting Period is the completion and sign-off on the Group’s Higher Education Strategic Plan 2024-2028 (the “**Plan**”). The Plan was developed over several months, involving consultation with multiple stakeholder groups, including academics, administrative staff, students, the Academic Board and its sub-committees. The strategic plan envisages the Group progressing toward an application for recognition as a University College within five years to be supported by the implementation of targeted projects concerning student and staff recruitment; expansion of the course portfolio; partnerships with industry, the community and similarly focused national and international institutes of education; academic quality assurance; research and scholarship. The strategic plan is ambitious but achievable with currently available resources and a commitment to apply additional resources when needed.

Student Recruitment

Policy changes made by the government in a short notice have significant adverse impact on student recruitment in higher education institutions. Fortunately, the Group has been successful in recruiting students from diversified markets and for the new Perth campus, with both higher education and the Group’s subsidiary, SCOTS, presently welcomes numerous students from various countries.

New Campus

Teaching at the Perth facility started in March 2023 with only a small student cohort. Now, current enrolments and applications for future enrolment of higher education students at the Perth campus are substantial, which mitigates the impact of changes in the government’s policy change that has led to a reduction of students at Hobart. SCOTS has reached full capacity at its two Sydney campuses and is in the progress of expanding to the third campus.

New Bachelor's Course

The Group's higher education division has recently added a new bachelor's course to its Business School suite of qualifications. The Bachelor of Accounting and Data Assurance is a three-year program (full-time) that combines subjects in accounting and related fields with a specialisation in either Auditing and Analytics or Cybersecurity. The Auditing and Analytics specialisation includes a professionally recognised sequence of subjects that permits graduates to join CPA Australia as provisional members and progress to its postgraduate program to become eligible for full membership. Data analytics, data security and cybersecurity are exciting fields of work that are in high demand in the Australian and global economies. The course will commence in Term 1, 2024 and will be offered initially at the Sydney campus.

Work-integrated Learning

In today's competitive job market, students understand that building a portfolio of work-related experiences while studying will assist them in finding satisfying jobs after graduation. As a higher education provider with a mission of cultivating job-ready graduates, it is incumbent upon the Group to provide work-integrated learning experiences to currently enrolled students to help them transition from academic study to meaningful employment. In the latter part of 2023, the Academic Board reviewed and approved a proposal to offer an internship to students as an elective course for credit to their award. In the first instance, the elective internships will be virtual, working online as part of a team with a host organisation, which can be an Australian or international business, not-for-profit or NGO. The "Work-Integrated Learning Experience Program" commences in Term 1, 2024. On-site internships are planned to be offered at a later date.

First IT Course Commences

The Master of Data Analytics accredited by TEQSA (the Australian higher education regulator) commenced in Term 2, 2023. This course represents the Group's first course in the IT field, being a field outside management and commerce. The course is taught by new PhD-qualified staff with more appointments to follow.

Academic Integrity

In higher education, academic integrity is essential to maintain a respected qualifications system. The shift to online teaching, learning, and assessment during the pandemic brought integrity challenges to the higher education sector, especially assessment in the age of artificial intelligence. With students are now back to the campus, the Group's higher education academic quality assurance framework can ensure competency of students to be assessed properly in achieving expected course learning outcomes.

Senior Appointments

The Group is fortunate to have two excellent Emeritus Professors join the Academic Board to enhance the quality of top-level academic governance. In addition, a restructuring of the Institute's management has led to the appointment of a Deputy President (Education) to lead strategy and oversight in critical areas of operations, including technology-enhanced teaching and learning, responsible use of artificial intelligence by staff and students, and the development of fully online courses for new student markets.

Student Enrolments

For the six months ended 31 December 2023, the total EFTSL of higher education services of the Group increased by approximately 14.5% compared with the corresponding period in the last financial year.

Tuition Fee

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

Course Name	International		Domestic	
	2024 AUD\$	2023 AUD\$	2024 AUD\$	2023 AUD\$
Diploma in Applied Finance and Accounting	21,000	21,000	17,200	17,200
Associate Degree of Applied Finance and Accounting	42,000	42,000	34,400	34,400
Bachelor of Applied Finance and Accounting	63,000	63,000	51,600	51,600
Diploma of Business	21,000	21,000	15,000	15,000
Associate Degree of Business	42,000	42,000	30,000	30,000
Bachelor of International Business	63,000	63,000	45,000	45,000
Graduate Certificate in Accounting	11,960	11,960	8,600	8,600
Graduate Certificate in Business	11,960	11,960	8,600	8,600
Graduate Certificate in Business Management	11,960	11,960	8,600	8,600
Graduate Certificate in Data Analytics	13,200	13,200	8,600	8,600
Graduate Certificate in Financial Technologies Management	11,960	11,960	8,600	8,600
Graduate Diploma of Accounting	23,920	23,920	17,200	17,200
Graduate Diploma of International Business	23,920	23,920	17,200	17,200
Graduate Diploma of Marketing	23,920	23,920	17,200	17,200
Graduate Diploma of Business Administration	23,000	23,000	17,200	17,200
Graduate Diploma of Data Analytics	26,400	26,400	17,200	17,200
Graduate Diploma of Financial Technologies Management	23,920	23,920	17,200	17,200
Master of International Business	35,880	35,880	25,800	25,800

Course Name	International		Domestic	
	2024	2023	2024	2023
	AUD\$	AUD\$	AUD\$	AUD\$
Master of Marketing	35,880	35,880	25,800	25,800
Master of Professional Accounting	35,880	35,880	25,800	25,800
Master of Accounting Practice	35,880	35,880	25,800	25,800
Master of Professional Accounting Services	47,840	47,840	34,400	34,400
Master of Business Administration (16 units)	46,000	46,000	34,400	34,400
Master of Business Administration (12 units)	49,500	–	25,800	–
Master of Business Administration (Digital Business Applications)	46,000	46,000	34,400	34,400
Master of Business Administration (Business Analytics)	46,000	46,000	34,400	34,400
Master of Business Administration (Professional Accounting)	46,000	46,000	34,400	34,400
Master of Business Administration (FinTech Management)	46,000	46,000	34,400	34,400
Master of Data Analytics	52,800	52,800	34,400	34,400
Master of Accounting Intelligence	47,840	47,840	34,400	34,400
Master of Applied Financial Technology and Blockchain	47,840	47,840	34,400	34,400
Master of Big Data Auditing	47,840	47,840	34,400	34,400
Master of Taxation (with Data Analysis and Artificial Intelligence)	47,840	47,840	34,400	34,400
Bachelor of Laws	96,000	96,000	48,000	48,000

Outlook

The Group is committed to increasing its national visibility, promoting accredited courses in both international and local markets, and leveraging our longstanding reputation for delivering high-quality educational programs.

This includes developing courses in the emerging fields like IT and innovative programs incorporating data and visual analytics within the Broad Field of Management and Commerce. Additionally, we aim to facilitate students' transition from academia to employment by offering practical work-integrated learning experiences.

In the interim, the Group will capitalize its robust cash reserves and remain proactive in pursuing investment opportunities aimed at fostering synergy and expanding business operations.

FINANCIAL REVIEW

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group derives revenue primarily from tuition fees.

The Group's revenue increased by approximately 27.8% from approximately AUD\$10.8 million for the six months ended 31 December 2022 to approximately AUD\$13.7 million for the six months ended 31 December 2023. A breakdown of revenue is shown below:

	Six months ended		Change
	31 December		
	2023	2022	
	(Unaudited)	(Unaudited)	
	AUD\$'000	AUD\$'000	%
Course fee income	12,767	10,023	+27.4%
Other service fee income	978	734	+33.2%
	<u>13,745</u>	<u>10,757</u>	<u>+27.8%</u>

The increase in revenue was mainly due to the increase in student enrolments and the increase in other service fees.

Tuition fees contributed over 92.9% of the Group's revenue while other service fees represented approximately 7.1% 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 increased by approximately AUD\$1.6 million, or 25.4%, from approximately AUD\$6.4 million for the six months ended 31 December 2022 to approximately AUD\$8.1 million for the six months ended 31 December 2023. The increase in cost of revenue was consistent with the increase in student enrolments, and mainly due to (i) the increase in agent commission and student related expenses, and (ii) the increase in employment expenses.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately 31.3% from AUD\$4.3 million for the six months ended 31 December 2022 to AUD\$5.7 million for the six months ended 31 December 2023. The gross profit margin increased from approximately 40.2% for the six months ended 31 December 2022 to approximately 41.3% for the six months ended 31 December 2023, primarily due to the increase in tuition revenue resulted from the increases in student enrolments.

Other Income and Gains

Other income increased by 165.3% from approximately AUD\$0.4 million for the six months ended 31 December 2022 to approximately AUD\$1.0 million for the six months ended 31 December 2023. The increase primarily resulted from the increase 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 increased by 10.2% from approximately AUD\$3.4 million for the six months ended 31 December 2022 to approximately AUD\$3.7 million for the six months ended 31 December 2023. This increase was primarily due to the increase in office operation and employee related expenses.

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 increased by approximately 6.1% from approximately AUD\$1.1 million for the six months ended 31 December 2022 to approximately AUD\$1.2 million for the six months ended 31 December 2023. The increase was primarily due to (i) the increase in business promotional expenses, and (ii) the increase in employment related expenses.

Finance Costs

Finance costs represent the interest expense on the lease liabilities.

Finance costs remains stable at AUD\$0.4 million for the six months ended 31 December 2023 and six months ended 31 December 2022.

Profit for the Reporting Period

As a result of the above factors, the net profit of the Group for the six months ended 31 December 2023 was approximately AUD\$1.0 million, representing a turnaround as compared to the loss of approximately AUD\$0.2 million for the six months ended 31 December 2022.

Capital Expenditure

Our capital expenditures for the six months ended 31 December 2023 were approximately AUD\$0.1 million, consisted primarily of expenditures on (i) course development, (ii) plant and equipment, (iii) classroom equipment and office and (iv) teachers reference books.

Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2023, the Group had cash on hand of AUD\$44.1 million (30 June 2023: AUD\$41.7 million) with no bank borrowings (30 June 2023: nil). During the six months ended 31 December 2023, the Group financed our working capital requirements and capital expenditures principally through net cash inflows from operating activities.

As at 31 December 2023, the gearing ratio, which is calculated on the basis of total borrowing and total equity of the Group was 0% (30 June 2023: 0%).

Significant Investments, Acquisitions and Disposals

Save as disclosed in this announcement, there were no other significant investments held, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period, nor any plan authorized by the Board for other material investments or additions of capital assets during the six months ended 31 December 2023.

Foreign Exchange Risk Management

The functional currency of the Group is AUD. The majority of the Group's revenue and expenditures are denominated in AUD, except that certain expenditures are denominated in HKD. As at 31 December 2023, certain bank balances and payables were denominated in USD and HKD. The Group did not use any financial instruments for hedging purposes. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Group's Assets

There were no charges on the Group's assets as at 31 December 2023 (30 June 2023: Nil).

Contingent Liabilities

As at the end of Reporting Period, the Group did not have any significant contingent liabilities.

EMPLOYMENT AND REMUNERATION POLICIES

During the six months ended 31 December 2023, including academic staff, the Company employed 106 staff (six months ended 31 December 2022: 91). The remuneration packages of the employees of the Company are determined with reference to their qualification, working experience, performance, contribution to the Company and prevailing market rate.

The Company's remuneration policy is formulated under the guidance of the Australian Law, industry award as well as various market factors. The Company pays its permanent staff with a basic annual salary plus superannuation and other standard entitlements under Australian employment law; and pays its casual staff on a sessional basis with an hourly basis plus standard entitlements.

A Remuneration Committee was set up for reviewing the Company's remuneration policy and structure for all Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices. None of the Directors will determine their own remuneration.

The Directors and senior management may also receive shares and/or options to be granted under the Share Option Scheme and/or Share Award Scheme.

The Company places great importance on the continuing development of professional knowledge and skills for our employees. The Company believes that the continued growth and success of our business is built upon employee excellence and their ability to provide quality services to our students and corporate clients. This commitment to excellence is integral to our goal of retaining a quality and skilled core workforce.

The Company strongly encourages all employees to participate in systematic training and professional development. In addition, the Company provides comprehensive training programs to ensure that employees have the training required to fulfil the continuous professional training requirements of their respective profession.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period.

INTERIM DIVIDEND

The Board resolved to recommend the payment of an interim dividend of HK0.1 cents per Share for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

The interim dividend will be paid in cash on or about Tuesday, 26 March 2024 to the Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 15 March 2024.

CLOSURE OF THE REGISTER OF MEMBERS

In order to be qualified for the interim dividend, the register of members of the Company will be closed by the Group from Wednesday, 13 March 2024 to Friday, 15 March 2024, 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 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 not later than 4:30 p.m. (Hong Kong time) on Tuesday, 12 March 2024.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

USE OF NET PROCEEDS FROM THE COMPANY'S LISTING

Net proceeds from the Listing (including the over-allotment option and after deducting underwriting fee and relevant expenses) amounted to approximately HK\$172 million or AUD\$30 million. As at 31 December 2023, a total amount of approximately HK\$122.3 million of the net proceeds had been used by the Company according to the allocation set out in the announcement dated 27 February 2020:

Purpose	Percentage to total amount	Net proceeds <i>HK\$ (million)</i>	Utilised	Unutilised	Expected timeline for utilising the unutilised amount ⁽¹⁾
			Amount as at 31 December 2023 <i>HK\$ (million)</i>	amount as at 31 December 2023 <i>HK\$ (million)</i>	
Acquiring or investing in educational groups/ institutions in the PRC and in Australia	41.0%	70.4	21.0	49.4	by the end of 2024 ⁽²⁾
Developing "Intelligent Education", which includes utilising digital education solutions for course contents, infrastructure of campuses and offices, and teaching and learning method	27.8%	47.8	47.8	-	-
Upgrading TOP's existing campus	9.4%	16.1	16.1	-	-
Expanding TOP's campus locations	5.5%	9.5	9.5	-	-
Establishing virtual student experience centre	0.6%	1.0	1.0	-	-
Expanding TOP's research program and developing PhD towards our strategic goal	3.1%	5.3	5.3	-	-
Expanding TOP's marketing activities	4.4%	7.6	7.6	-	-
Working capital and general corporate purposes	8.2%	14.0	14.0	-	-
Total	100.0%	171.7	122.3	49.4	

Note:

- (1) The expected timeline for utilising the remaining amount of proceeds is based on the best estimation made by the Group. It will be subject to change based on the current and future development of market and environment conditions.
- (2) The unutilised proceeds are currently expected to be used by the end of 2024 and the delay in the use of such proceeds is primarily due to additional time required for (i) conducting detailed research and feasibility studies on potential investment targets under current complex, uncertain and volatile international environment, and (ii) discussions and negotiations regarding potential cooperative opportunities and commercial uncertainties arising out of the pandemic.

AUDIT AND REVIEW OF FINANCIAL INFORMATION

The Audit Committee reviewed the unaudited interim results of the Group for the six months ended 31 December 2023, including the accounting principles and practices adopted by the Group.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving good corporate governance standards.

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

The Board is of the view that during the six months ended 31 December 2023, the Company had complied with applicable code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Specific enquiry has been made by the Company with all Directors and the Directors have confirmed that they had complied with the Model Code throughout the six months ended 31 December 2023.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.top.edu.au. The interim report of the Company for the six months ended 31 December 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders of the Company and published on the above websites in due course.

DEFINITIONS

“ACCA”	Association of Chartered and Certified Accountants
“AQF”	the Australian Qualifications Framework, which specifies the standards for educational qualifications in Australia
“AUD\$”	Australian dollars, the lawful currency of Australia
“Audit Committee”	the audit committee of the Board
“Australia”	the Commonwealth of Australia
“award”	a qualification under levels 1 to 10 of the AQF

“Board”	the board of Directors
“Business School”	Australian National Institute of Management and Commerce, (formerly Sydney City School of Business), as the name adopted for the Company’s academic division covering higher education courses in the field of Management and Commerce
“CAANZ”	Chartered Accountants Australia and New Zealand
“CG Code”	the Corporate Governance Code contained in Appendix C1 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
“Company”, “Institute”, “TOP”, “we”, “us” or “our”	Top Education Group Ltd (ACN 098 139 176) 澳洲成峰高教集團有限公司, a public company registered in New South Wales, Australia with limited liability on 2 October 2001, with trading name as Australian National Institute of Management and Commerce and Top Education Institute
“Council”	the Council of Australian National Institute of Management and Commerce/Top Education Institute
“course”	a program of study that will confer an award upon completion
“CPA Australia”	CPA Australia Ltd
“Director(s)”	the director(s) of the Company
“EFTSL”	equivalent full-time student load, which is a measurement of student enrolment at an institution calculated by dividing the total number of units taken by students in a given year by the average number of units a single full-time student should take in a year

“Employee”	<p>(a) any employee (including without limitation any executive Director) of the Company;</p> <p>(b) any non-executive Director (including independent non-executive Directors);</p> <p>(c) any member of the Council; and</p> <p>(d) any consultant of the Company,</p> <p>excluding any employee who is resident in a place where the award of Awarded Shares and/or the vesting of Awarded Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee</p>
“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“higher education”	studies in pursuit of a qualification under levels 5 to 10 of the AQF, including a diploma, advanced diploma, associate degree, bachelor degree, graduate certificate, graduate diploma, master degree and doctoral degree
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Law School”	Sydney City School of Law, as the name adopted for the Company to provide degree courses in law
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules

“NSW LPAB”	the Legal Profession Admission Board, New South Wales
“Reporting Period”	The period from 1 July 2023 to 31 December 2023
“SCOTS”	Scots English College Pty Ltd, a private education institution established in Australia providing English language courses
“Share(s)”	share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TEQSA”	the Tertiary Education Quality and Standards Agency in Australia established under the Tertiary Education Quality and Standards Agency Act 2011
“US\$” or “USD”	United States dollars, the lawful currency of the United States

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

Sydney, Australia, 28 February 2024

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. Yi Dai, Mr. Edward Chiang, Ms. Xing Shi Huang and Mr. Qingquan Yang, and the independent non-executive Directors are Mr. Tianye Wang, Professor Steven Schwartz and Mr. Jonathan Richard O’Dea.