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30 May 2025

To the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders

Top Education Group Ltd
Room 1916, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Dear Sir or Madam,

PROPOSED OFF-MARKET SHARE BUY-BACK AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in relation to the Share Buy-Back. Our appointment as Independent Financial Adviser has been approved by the Listing Rules IBC and the Takeovers Code IBC respectively as set out in the announcement of the Company dated 7 April 2025. Details of the Share Buy-Back are set out in the "Letter from the Board" contained in the circular of the Company dated 30 May 2025 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Share Buy-Back

On 7 April 2025 (after trading hours), the Company and PwC Nominees (as bare trustee for PwC Australia) entered into the Share Buy-Back Agreement, pursuant to which the Company has conditionally agreed to purchase, and PwC Nominees (as bare trustee for PwC Australia) has conditionally agreed to sell, the Buy-Back Shares, being all the 264,708,000 Shares held by PwC Nominees (as the legal owner) on bare trust for PwC

Australia (as the beneficial owner), representing approximately 10.86% of the total issued Shares as at the Latest Practicable Date, at the Consideration of approximately HK$0.0425 per Buy-Back Share, being the total Consideration of HK$11,243,168.3 (equivalent to approximately AUD2,248,634).

Upon Completion, the Buy-Back Shares will be cancelled and all rights attaching thereto will cease with immediate effect, and the total number of issued Shares will then be reduced from 2,436,394,000 Shares to 2,171,686,000 Shares.

REGULATORY IMPLICATIONS

The Share Buy-Backs Code

The Share Buy-Back constitutes an off-market share buy-back by the Company under the Share Buy-Backs Code, which is subject to the approval by the Executive. The Company will make an application to the Executive for approval of the Share Buy-Back pursuant to Rule 2 of the Share Buy-Backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-Back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the EGM.

The Takeovers Code

According to Rule 32 of the Takeovers Code, if as a result of the Share Buy-Back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. As at the Latest Practicable Date, the substantial Shareholders (other than the PwC Group) are (i) the Yang Group, which is interested in 365,764,000 Shares, representing approximately 15.01% of the total issued Shares; and (ii) Guoli Minsheng, which is interested in 351,180,000 Shares, representing approximately 14.41% of the total issued Shares. Immediately upon Completion (assuming there is no other change in the shareholding structure of the Company between the Latest Practicable Date and up to Completion), the Yang Group's interest in the Company will increase to approximately 16.84% of the reduced total issued Shares as a result of the Share Buy-Back; and (ii) Guoli Minsheng's interest in the Company will increase to approximately 16.17% of the reduced total issued Shares as a result of the Share Buy-Back. Given that each of the Yang Group and Guoli Minsheng will hold less than 30% of the voting rights of the Company respectively, no obligation on the part of the Yang Group or Guoli Minsheng to make a general offer will arise under Rule 26 of the Takeovers Code.

Listing Rules

As at the Latest Practicable Date, PwC Nominees and PwC Australia are respectively the legal owner and the beneficial owner of 264,708,000 Shares, representing approximately 10.86% of the total issued Shares. As substantial shareholders of the Company, they are connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, the Share Buy-Back constitutes a connected transaction of the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Australian Corporations Act

Under section 257A of the Australian Corporations Act, the Company may only buy back its own Shares if the buy-back does not materially prejudice the Company's ability to pay its creditors and the Company follows the procedures laid down in Division 2 of Part 2J.1 of the Australian Corporations Act. As the transactions under the Share Buy-Back Agreement only relates to a buy-back of the Shares held by PwC Nominees (as bare trustee for PwC Australia), it is a selective share buy-back for the purposes of the Australian Corporations Act. Under section 257D(1) of the Australian Corporations Act, the Share Buy-Back Agreement must be conditional on the Shareholders approving a special resolution (that is, passed by at least 75% of votes entitled to be cast) passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose Shares are proposed to be bought back or by their Associates.

THE LISTING RULES IBC

The Listing Rules IBC, comprising Professor Steven Schwartz, Mr. Tianye Wang, Mr. Jonathan Richard O'Dea and Professor Dominic Robert Beresford Verity, being all the independent non-executive Directors who have no direct or indirect interest in the Share Buy-Back, has been established in accordance with the Listing Rules to advise the Independent Shareholders as to (i) whether the terms of the Share Buy-Back Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the transactions contemplated under the Share Buy-Back Agreement is conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM to approve the Share Buy-Back Agreement and the Share Buy-Back, taking into account the recommendation of the Independent Financial Adviser.

THE TAKEOVERS CODE IBC

The Takeovers Code IBC, comprising Mr. Yi Dai, Mr. Edward Chiang, Professor Steven Schwartz, Mr. Tianye Wang, Mr. Jonathan Richard O'Dea and Professor Dominic Robert Beresford Verity, being all the non-executive Directors who have no direct or indirect interest in the Share Buy-Back, has been established in accordance with the Takeovers Code and the Share Buy-Backs Code to advise the Independent Shareholders as to (i) whether the terms of the Share Buy-back are fair and reasonable and in the interest of the Independent Shareholders; and (ii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM to approve the Share Buy-Back Agreement and the Share Buy-Back, taking into account the recommendation of the Independent Financial Adviser.

Dr. Amen Kwai Ping Lee, the non-executive Director, was involved in the negotiation of the Share Buy-Back, and therefore does not form part of the Takeovers Code IBC.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders, our role is to give an independent opinion to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders as to (i) whether the terms of the Share Buy-Back Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the transactions contemplated under the Share Buy-Back Agreement is conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to be proposed at the EGM to approve the Share Buy-Back Agreement and the Share Buy-Back.

We (i) are not associated or connected, financially or otherwise, with the Company or each of the PwC Nominees, or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or each of the PwC Nominees, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Circular. Given that (i) remuneration for our engagement to opine on the Share Buy-Back is at market level and not conditional upon the outcome of the resolution to be proposed at the EGM; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or each of the PwC Nominees, or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by each of the Listing Rules IBC and the Takeovers Code IBC, we are independent of the Company or each of the PwC Nominees, or any parties acting in concert with any of them and can act as the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in respect of the Share Buy-Back.

INDEPENDENT EXPERT

In accordance with guidance under ASIC Regulatory Guide 110, the Company, through the Listing Rules IBC, has engaged the Independent Expert to prepare the Independent Expert Report containing a valuation of the Buy-Back Shares and the opinion of the Independent Expert on whether the Share Buy-Back is fair and reasonable to the Independent Shareholders. Details are set out in Appendix III to the Circular. The Financial Adviser has also reported on the qualifications of the Independent Expert and the valuation of the Buy-Back Shares as set out in Appendix IV to the Circular.

We note that the Independent Expert stated in the Independent Expert Report that it is of the view that the Share Buy-Back is fair and reasonable to the Independent Shareholders. For the avoidance of doubt, in arriving at our opinions as set out in this letter, we have conducted our own independent analysis and did not rely on or make reference to the Independent Expert Report. Our relevant analysis and principal factors considered are set out in the section headed "PRINCIPAL FACTORS AND REASONS CONSIDERED" in this letter.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, among other things, (i) the Share Buy-Back Agreement; (ii) the annual report of the Company for the year ended 30 June 2024 (the "**2024 Annual Report**"); (iii) the interim report of the Company for the six months ended 31 December 2024 (the "**2025 Interim Report**"); and (iv) other information set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so up to the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render them untrue, inaccurate or misleading. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. The Company will notify the Shareholders of any material change after the Latest Practicable Date and after the despatch of the Circular. Independent Shareholders will also be informed as soon as possible when there are any material changes to the information contained or referred to herein as well as changes to our opinion after the Latest Practicable Date and up to and including the date of the EGM. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the principal factors and reasons set out below:

1. Background information of the Company, PwC Nominees and the Share Buy-Back

1.1 Principal business of the Group

The Company is a company registered in New South Wales, Australia. The Group is principally engaged in the business of private higher education specialising in offering business and accounting courses that are recognised by major accounting bodies in Australia at an undergraduate and postgraduate level. The Company also offers a bachelor of laws degree that is fully accredited by the NSW Legal Profession Admission Board.

1.2 Financial information of the Group

The tables below set out a summary of certain financial information of the Group for the years ended 30 June 2023 and 2024 extracted from the 2024 Annual Report and the six months ended 31 December 2023 and 2024 extracted from the 2025 Interim Report respectively.

Extract of consolidated statement of profit or loss and other comprehensive income

	For the six months ended 31 December 2024 ("1H FY2025")	**For the six months ended 31 December 2023 ("1H FY2024")**	**For the year ended 30 June 2024 ("FY2024")**	**For the year ended 30 June 2023 ("FY2023")**
	AUD'000 (unaudited)	*AUD'000 (unaudited)*	*AUD'000 (audited)*	*AUD'000 (audited)*
Revenue	16,016	13,745	29,041	26,848
– Course fee income	*14,970*	*12,767*	*26,967*	*25,044*
– Other service fee income	*1,046*	*978*	*2,074*	*1,804*
Gross profit	6,619	5,676	12,757	11,792
Gross profit margin	*41.3%*	*41.3%*	*43.9%*	*43.9%*
Profit before tax	2,148	1,437	2,714	1,790
Profit attributable to owners of the Company	1,592	1,040	1,917	1,113

Extract of consolidated statement of financial position

	As at 31 December 2024	**As at 30 June 2024**	**As at 30 June 2023**
	AUD'000 (unaudited)	*AUD'000 (audited)*	*AUD'000 (audited)*
Total assets	78,696	77,380	76,239
– Cash and cash equivalents	*46,588*	*44,072*	*41,732*
Total liabilities	27,992	27,262	27,314
NAV attributable to owners of the Company	50,334	49,716	48,516

FY2024 vs FY2023

The Group recorded revenue growth of approximately 8.2%, reaching approximately AUD29.0 million in FY2024 from approximately AUD26.8 million in FY2023. Over 90% of the Group's revenue was derived from tuition fee. While the Group's tuition fee levels remained unchanged in FY2024 compared to FY2023, the rise in student enrolments led to increase in revenue.

Gross profit increased by approximately 8.2% to approximately AUD12.8 million in FY2024 from approximately AUD11.8 million in FY2023, mainly due to the revenue growth as abovementioned. Gross profit margins remained stable at approximately 43.9% in FY2024 and FY2023 respectively. After incurring expenses such as administrative, advertising and marketing expenses, as well as interest income and other income and gains, which overall remained relatively stable, the Group recorded profit attributable to owners of the Company of approximately AUD1.9 million in FY2024, representing an increase of approximately 72.2% from approximately AUD1.1 million in FY2023.

As at 30 June 2024, total assets of the Group amounted to approximately AUD77.4 million, representing a slight increase of approximately 1.5% from approximately AUD76.2 million as at 30 June 2023. Such increase was mainly due to the increase in cash and cash equivalents, which accounted for over 50% of the Group's total assets, from approximately AUD41.7 million as at 30 June 2023 to approximately AUD44.1 million as at 30 June 2024. Other assets of the Group consisted mainly of property, plant and equipment, right-of-use assets and intangible assets.

The Group's total liabilities remained steady at approximately AUD27.3 million as at 30 June 2023 and 2024 respectively, which consisted mainly of trade payables, other payables and accruals, contract liabilities and lease liabilities. The Group had no borrowings as at 30 June 2023 and 2024.

As a result of the above, the Group's NAV attributable to owners of the Company increased slightly by approximately 2.5% to approximately AUD49.7 million as at 30 June 2024 from approximately AUD48.5 million as at 30 June 2023.

1H FY2025 vs 1H FY2024

The Group continued to record revenue growth in 1H FY2025. The Group's revenue amounted to approximately AUD16.0 million in 1H FY2025, representing an increase of approximately 16.5% from approximately AUD13.7 million in 1H FY2024. Such increase was mainly due to the increase in student enrolment, while tuition fee levels remained unchanged.

Gross profit increased by approximately 16.6% to approximately AUD6.6 million in 1H FY2025 from approximately AUD5.7 million in 1H FY2024, mainly due to the revenue growth as abovementioned. Gross profit margins remained stable at approximately 41.3% in 1H FY2025 and 1H FY2024 respectively. After incurring

expenses such as administrative, advertising and marketing expenses, as well as other income and gains, which overall remained relatively stable, the Group recorded profit attributable to owners of the Company of approximately AUD1.6 million in 1H FY2025, representing an increase of approximately 53.1% from approximately AUD1.0 million in 1H FY2024.

The Group's total assets continued to increase to approximately AUD78.7 million as at 31 December 2024, mainly due to the increase in cash and cash equivalents as the Group generated cash inflow from operations in 1H FY2025. The Group's total liabilities remained relatively stable at approximately AUD28.0 million and AUD27.3 million as at 31 December 2024 and 30 June 2024 respectively. The Group had no borrowings as at 31 December 2024 and 30 June 2024.

As a result of the above, the Group's NAV attributable to owners of the Company increased slightly by approximately 1.2% to approximately AUD50.3 million as at 31 December 2024 from approximately AUD49.7 million as at 30 June 2024.

Overall, we observed that the Group's financial performance had improved from FY2023 to 1H FY2025, driven by increase in student enrolment numbers. This, coupled with stable gross profit margins, enabled the Group to achieve growth in profit attributable to owners of the Company. Additionally, the Group had maintained a stable financial position and strong liquidity position, with cash and cash equivalents accounting for over 50% of its total assets and no outstanding debts.

1.3 Prospects of the Group

According to the Management, the higher education sector in Australia has been impacted by various events over the past years, notably, the changing government policies on international student enrolments.

The Company stated in the 2024 Annual Report and the 2025 Interim Report that the Australian Government intended to implement a cap on new international student commencements in higher education institutions in response to public concerns regarding increasing migration levels and the corresponding impact on rental accommodation costs. Despite this cap not being approved by the parliament by 2024, other mechanisms related to the issuance of student visas, for example, the introduction of two categories of student visa processing which came into effect in December 2024, continued to limit the flow of international students into the Australian higher education system. Under such backdrop, it is the Group's strategic initiatives to diversify its program offerings, including introducing new courses tailored for domestic students (which currently accounted for approximately 0.3% of the Group's students according to the Management), enhancing online education capabilities and exploring transnational educational opportunities (for example, the Group has cooperated with Chinese partner institutions such as Guangxi University of Finance and Economics and Shandong Polytechnic College to provide student pathway programs), as part of its efforts to adapt to the evolving regulatory changes. According to data published by the Department of Education of the Australia Government, the total number of students enrolled in higher education decreased from 1,622,867 in 2020 to 1,602,573 and 1,551,411 in 2021 and 2022 respectively, as adversely impacted by the COVID-19 pandemic. In 2023, the reopening of

borders resulted in return of overseas students, leading to an increase in the total number of students enrolled in higher education to 1,600,563. We note that the Group's student enrolment has increased from FY2023 to 1H FY2025 as discussed in the paragraph headed "1.2 Financial information of the Group" above, leading to improvements in revenue and financial performance.

Despite the uncertainty surrounding government policies on international student enrolments, we are of the view that the Group's business outlook is reasonable as its stated initiatives to adapt to these evolving regulatory changes may enable it to weather the potential negative impact, coupled with factors discussed in the paragraph headed "4. Rationale for the Share Buy-Back" below, which support the Share Buy-Back as a good opportunity for the Independent Shareholders to increase their stake in the Company without having to contribute any capital outlay.

1.4 The PwC Group

PwC Australia is a member of the global network of PricewaterhouseCoopers firms delivering audit, assurance, tax and consulting services, each of which is a separate and independent legal entity.

PwC Nominees is owned as to 50% by PricewaterhouseCoopers Nominees (N.S.W.) Pty Ltd and 50% by PricewaterhouseCoopers Nominees (Victoria) Pty Ltd. PwC Nominees is the registered owner of the Buy-Back Shares and holds the Buy-Back Shares as bare trustee for PwC Australia as the sole beneficiary of a trust under a trust arrangement between PwC Nominees and PwC Australia.

1.5 Background of the Share Buy-Back

We understand from the Management that the Company was approached, over a year ago, by PwC Nominees (on behalf of PwC Australia) who expressed PwC Australia's intention of exploring the possibility of selling all of its shareholding in the Company. In arriving at the decision on the Share Buy-Back and the relevant terms, the Board had taken into consideration the factors as set out in the paragraph headed "Reasons for and benefits of the Share Buy-Back" in the "Letter from the Board" of the Circular.

2. Principal terms of the Share Buy-Back Agreement

On 7 April 2025 (after trading hours), the Company and PwC Nominees (as bare trustee for PwC Australia) entered into the Share Buy-Back Agreement, pursuant to which the Company has conditionally agreed to purchase, and PwC Nominees (as bare trustee for PwC Australia) has conditionally agreed to sell, the Buy-Back Shares.

2.1 The Buy-Back Shares

The Buy-Back Shares constitute the entire shareholding of the PwC Group in the Company, being 264,708,000 Shares held by PwC Nominees (as the legal owner) on bare trust for PwC Australia (as the beneficial owner), representing approximately 10.86% of the total issued Shares as at the Latest Practicable Date.

2.2 The Consideration

The Consideration is approximately HK$0.0425 per Buy-Back Share, being the total Consideration of HK$11,243,168.3 (equivalent to approximately AUD2,248,634).

According to the paragraph headed "The Consideration" in the "Letter from the Board" of the Circular, the Consideration was determined after arm's length commercial negotiations between the Company and PwC Nominees, taking into account the movements in the market price of the Shares, the NAV of the Company, the prevailing market conditions and the portion of the agreed costs and expenses incurred or to be incurred by the Group in relation to the Share Buy-Back Agreement and the transactions contemplated thereunder to be borne equally by the Company and PwC Nominees.

The Consideration will be paid by the Company to PwC Nominees at Completion in cash by utilising the Group's internal resources.

2.3 Conditions precedent

Completion is conditional upon, among other things, the passing of a special resolution at the EGM by at least three-fourths of the votes cast on a poll by the Independent Shareholders approving the terms of the Share Buy-Back Agreement and the transactions contemplated thereunder, with no votes being cast in favour of the resolution by any Interested Shareholder and all Interested Shareholders abstaining from voting, on or before the Long Stop Date.

Details of the conditions precedent are set out in the paragraph headed "Conditions precedent" in the "Letter from the Board" of the Circular.

3. Evaluation of the Consideration

As stated in the "Letter from the Board" of the Circular, the Consideration is approximately HK$0.0425 per Buy-Back Share (the "**Buy-Back Price**"), which represents:

(a) a discount of approximately 25.4% to the closing price of HK$0.057 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 30.3% to the closing price of HK$0.061 per Share as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 27.2% to the average closing price of approximately HK$0.0584 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(d) a discount of approximately 27.2% to the average closing price of approximately HK$0.0584 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(e) a discount of approximately 27.8% to the average closing price of approximately HK$0.0588 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

(f) a discount of approximately 31.8% to the average closing price of approximately HK$0.0624 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;

(g) a discount of approximately 33.7% to the average closing price of approximately HK$0.0641 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;

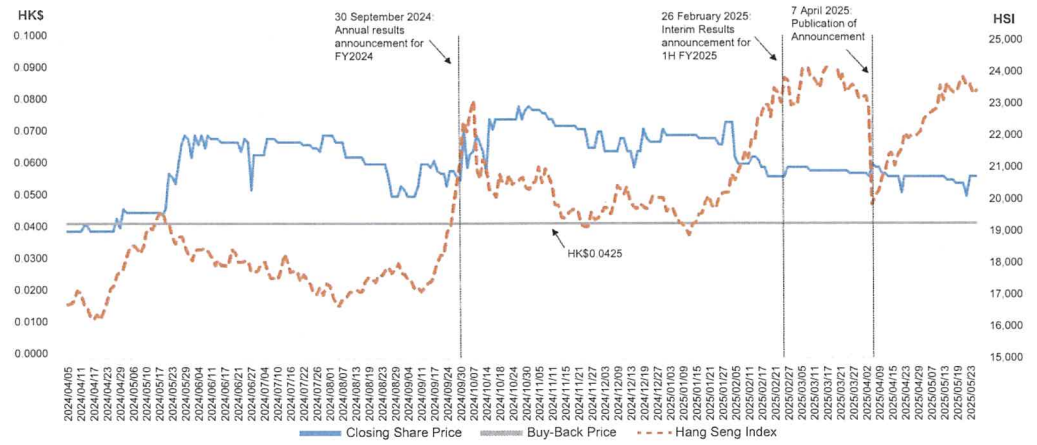
(h) a discount of approximately 34.7% to the average closing price of approximately HK$0.0651 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day;

(i) a discount of approximately 58.3% to the audited NAV per Share attributable to Shareholders of approximately AUD0.0204 per Share (equivalent to approximately HK$0.1020 per Share) as at 30 June 2024, calculated based on the Company's audited NAV of approximately AUD49,716,000 (equivalent to approximately HK$248,580,000) as at 30 June 2024 and 2,436,394,000 Shares then in issue; and

(j) a discount of approximately 58.9% to the unaudited NAV per Share attributable to Shareholders of approximately AUD0.0207 per Share (equivalent to approximately HK$0.1035 per Share) as at 31 December 2024, calculated based on the Company's unaudited NAV of approximately AUD50,334,000 (equivalent to approximately HK$251,670,000) as at 31 December 2024 and 2,436,394,000 Shares then in issue.

3.1 Historical Share price performance

The chart below illustrates the historical closing prices of Shares in the past year from 5 April 2024 (i.e. about 12 months before the Last Trading Day) to the Last Trading Day and subsequent to that up to the Latest Practicable Date (the "**Review Period**"). We are of the view that a period of around one year adequately illustrates recent price movements of the Shares which reflect prevailing market sentiments as well as market perception of the value of the Shares. It is a reasonable time frame for comparison of the closing prices of Shares and the Buy-Back Price.



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the Review Period, the highest and lowest closing price of the Shares were HK$0.0790 per Share recorded on 28 and 31 October 2024 and HK$0.0400 per Share recorded on 5, 8, 9, 10, 11, 16, 17, 18, 19, 22, 23, 24 and 25 April 2024 respectively, where the Buy-Back Price, being approximately HK$0.0425 per Share, is within the aforesaid range of the closing prices of the Shares and at lower end of the range. The average daily closing price per Share over the Review Period was approximately HK$0.0618 per Share, and the Buy-Back Price represents a discount of approximately 31.2% to such average of closing prices.

As illustrated in the graph above, the Shares had generally traded at higher than the Buy-Back Price of approximately HK$0.0425 per Share during the Review Period (i.e. 263 out of 279 trading days). Closing price of Shares had generally remained stable from 5 April 2024 to 21 May 2024, hovering between HK$0.0400 per Share and HK$0.0470 per Share. Thereafter, the Share closing price increased to HK$0.0700 per Share on 29 May 2024, and then traded between HK$0.0510 per Share and HK$0.0700 per Share until 30 September 2024, when the Company announced its annual results for FY2024. The Share closing price then reached its highest at HK$0.0790 per Share on 28 and 31 October 2024 respectively. Between 1 November 2024 and 4 February 2025, closing price of Shares traded between HK$0.0600 per Share and HK$0.0780 per Share. Subsequently, the Share closing price had been on a decreasing trend and reached HK$0.0570 per Share on 20 February 2025, despite the Hang Seng Index rising during the aforesaid period from 20,597 as at 5 February 2025 to 22,577 as at 20 February 2025. The Share price then remained relatively stable and closed at HK$0.0610 per Share and HK$0.0570 per Share on the Last Trading Day and the Latest Practicable Date respectively.

Considering that the Buy-Back Price is lower than the closing prices of the Shares during most of the Review Period (i.e. 263 out of 279 trading days), and that it represents a discount of approximately 31.2% to the average closing prices of the Shares during the Review Period, we are of the view that the Buy-Back Price is fair and reasonable from the point of view of the historical trading prices of Shares.

3.2 Historical liquidity of the Shares

According to the paragraph headed "Effects on shareholding structure of the Company" in the "Letter from the Board" of the Circular, as at the Latest Practicable Date, a total of 2,436,394,000 Shares were in issue, of which 713,060,000 Shares were held by other Independent Shareholders. The table below sets out information of the market trading liquidity of Shares during the Review Period.

Month	**Number of trading days**	**Average daily trading volume** *(number of Shares)*	**Approximate % of average daily trading volume to total number of issued Shares as at the relevant month end**	**Approximate % of average daily trading volume to total number of issued Shares held by other Independent Shareholders as at the relevant month end**
2024				
April (from 5 April)	18	637,222	0.0262%	0.0894%
May	21	1,199,048	0.0492%	0.1682%
June	19	183,684	0.0075%	0.0258%
July	22	1,818	0.0001%	0.0003%
August	22	35,455	0.0015%	0.0050%
September	19	45,263	0.0019%	0.0063%
October	21	583,333	0.0239%	0.0818%
November	21	33,810	0.0014%	0.0047%
December	20	31,000	0.0013%	0.0043%
2025				
January	19	26,842	0.0011%	0.0038%
February	20	47,000	0.0019%	0.0066%
March	21	10,000	0.0004%	0.0014%
April (up to the Last Trading Day)	4	177,500	0.0073%	0.0249%
April (from 8 April)	15	13,333	0.0005%	0.0019%
May (up to the Latest Practicable Date)	17	3,529	0.0001%	0.0005%

Source: The website of the Stock Exchange (www.hkex.com.hk)

We note that the trading activities of the Shares had not been high during the Review Period. As illustrated in the above table, the percentage of average daily trading volume to the total number of issued Shares ranged from approximately 0.0001% to 0.0492%. When compared to the total number of Shares held by other Independent Shareholders, the percentage ranged from approximately 0.0003% to 0.1682%. The average daily trading volume of the Shares during the Review Period was approximately 207,993 Shares, representing approximately 0.0085% of the total number of issued Shares and approximately 0.0292% of the total number of Shares held by other Independent Shareholders as at the Latest Practicable Date respectively.

As an illustration, assuming PwC Nominees were to dispose of the number of Buy-Back Shares in the market and using the average daily trading volume during the Review Period as reference, it would theoretically require a period of approximately 1,273 trading days to complete the transaction (calculated based on dividing (i) the number of Buy-Back Shares of 264,708,000 Shares; by (ii) the abovementioned average daily trading volume of the Shares during the Review Period of approximately 207,993 Shares). We are of the view that in the absence of the Share Buy-Back, PwC Nominees' divestment activities in the market during a short period of time would possibly cause a considerable downward pressure on the price of the Shares. The Share Buy-Back therefore enables the Company and PwC Nominees to maintain an orderly market trading by conducting the transaction off-market. We are of the view that the above is beneficial to the Company and the Independent Shareholders as a whole.

3.3 Comparable analysis

In evaluating the Share Buy-Back, we have attempted to assess the fairness and reasonableness of the Buy-Back Price through conducting a price multiple analysis with comparable listed companies.

We have set the following criteria in identifying comparable companies to the Group:

(i) principally engaged in similar business as the Group, with over 50% of revenue being derived from education business in Australia; and

(ii) the shares of which are listed on the Stock Exchange where the Company is similarly listed on.

From our research conducted to the extent possible and which we consider to be exhaustive, we are unable to identify comparable companies based on the selection criteria set out above. We believe that the scarcity may be due to the fact that companies listed on the Stock Exchange and engaged in education business are primarily PRC-focused.

We note that there are other education businesses listed on the Stock Exchange that have a geographical presence in Australia, namely Edvantage Group Holdings Limited (stock code: 382) ("**Edvantage**") and China Education Group Holdings Limited (stock code: 839) ("**China Education**"). However, due to their insignificant portion of revenue generated in

Australia, we consider that they are not comparable to the Company. For the Independent Shareholders' reference only, we have set out details of Edvantage and China Education in the table below.

Stock code	Company name	Principal activities	Revenue in the latest financial year	Geographical breakdown in terms of latest annual revenue
382	Edvantage Group Holdings Limited	Edvantage is principally engaged in the operation of private higher and vocational education institutions. Edvantage operates two segments. People's Republic of China ("**PRC**") higher education and vocational education segment is engaged in the operation of higher education, secondary education and vocational education institutions in China. Overseas higher education and vocational education segment is engaged in the operation of higher education and vocational education institutions outside of China.	RMB2,312 million (equivalent to approximately AUD528 million)	PRC (98.17%) Australia (1.79%) Singapore (0.04%)
839	China Education Group Holdings Limited	China Education is principally engaged in the provision of private higher education services. China Education operates its business through three segments: the higher education segment, the vocational education segment, and the global education segment. China Education operates higher education and vocational education institutions in the PRC and provides education services in Australia and the United Kingdom.	RMB6,579 million (equivalent to approximately AUD1,502 million)	PRC (96.29%) Australia (3.71%)
1752	**The Company**	**The Group is principally engaged in the business of private higher education specialising in offering business and accounting courses that are recognised by major accounting bodies in Australia at an undergraduate and postgraduate level.**	**AUD29 million**	**Australia (100%)**

From the table above, we note that both Edvantage and China Education generated less than 5% of their revenue from Australia in their respective latest financial year, in contrast to the Group where all revenue was generated in Australia. As such, we consider that they are not comparable to the Company.

Having considered the above, we could not apply market comparable analysis in this case.

Nonetheless, we have considered the Buy-Back Price in terms of the price-to earnings ratio (the "**P/E Ratio**"), a common parameter in assessing a company's value. The Buy-Back Price accords a valuation of the Company, in terms of implied P/E Ratio, at approximately

10.8 times. We note that during the Review Period, the Shares had traded at varying levels of P/E Ratios, ranging from approximately 13.0 times to 30.6 times. This implies that, from a historical valuation standpoint, the Buy-Back Price enables the Company to buy-back the Buy-Back Shares at a price lower than what the market had assigned to the Company during the Review Period. Considering the above, we are of the view that the Buy-Back Price is fair and reasonable from the point of view of the historical valuation of Shares.

4. Rationale for the Share Buy-back

As stated in the paragraph headed "Reasons for and benefits of the Share Buy-Back" in the "Letter from the Board" of the Circular, when considering the Share Buy-Back, the Company has taken into consideration that the Share Buy-Back, among other things, (i) is a good opportunity for the Company to enhance its NAV per Share and earnings per Share; (ii) could possibly prevent the negative impact on the Group's future development in case the Buy-Back Shares were to be sold by PwC Nominees to a third party who might not share the same vision as the Management; and (iii) could mitigate the impact of a disposal of a significant number of Shares by a substantial Shareholder onto the market and minimise any potential significant market volatility.

In this regard, as mentioned in the paragraph headed "1.5 Background of the Share Buy-Back" above, we understand from the Management that the Company was approached by PwC Nominees (on behalf of PwC Australia) with an intention to explore the possibility of selling all of its shareholding in the Company over a year ago. As discussed in the paragraph headed "3.2 Historical liquidity of the Shares" above, the trading activities of the Shares had not been high. In the hypothetical scenario that PwC Nominees were to dispose of the Buy-Back Shares in the market, it could possibly cause a considerable downward pressure on the price of the Shares. We concur with the Management's view that by conducting the transaction off-market, it could enable the Company and PwC Nominees to maintain an orderly market trading and minimise any potential significant market volatility.

In addition, as elaborated in the paragraph headed "6. Financial effects of the Share Buy-Back" below, we note that the Share Buy-Back would enhance the Company's NAV per Share and earnings per Share, which are beneficial to the Independent Shareholders. Further, we understand from the Management that the Company has considered its prevailing financial resources before deciding to conduct the Share Buy-Back. Based on the Group's financial position as at 31 December 2024, the Group had cash and cash equivalents of approximately AUD46.6 million (equivalent to approximately HK$232.9 million). It had also recorded strong financial performance during 1H FY2025, recording profit attributable to owners of the Company of approximately AUD1.6 million. The total cash required to conduct the Share Buy-Back is HK$11,243,168.3 (equivalent to approximately AUD2,248,634), representing approximately 4.8% of the cash and cash equivalents of the Group as at 31 December 2024. Based on the Group's prevailing financial performance and financial position, we concur with the Management's view that the Group is in reasonable financial health and that it has the necessary financial resources to conduct the Share Buy-Back without significantly compromising its liquidity position required for its normal business operations.

5. Effects on the shareholding structure of the Company

As set out in the paragraph headed "Effects on shareholding structure of the Company" in the "Letter from the Board" of the Circular, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion, upon which the Buy-Back Shares will be cancelled.

	As at the Latest Practicable Date		**Immediately upon Completion**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
The PwC Group	264,708,000	10.86	–	–
Guoli Minsheng	351,180,000	14.41	351,180,000	16.17
Minsheng Education Group Company Limited	209,000,000	8.58	209,000,000	9.62
Tristar United Investment Limited	150,002,000	6.16	150,002,000	6.91
Directors				
Mr. Qingquan Yang / The Yang Group	365,764,000	15.01	365,764,000	16.84
Ms. Xing Shi Huang	228,506,000	9.38	228,506,000	10.52
Mr. Amen Kwai Ping Lee	150,302,000	6.17	150,302,000	6.92
Professor Steven Schwartz	3,892,000	0.16	3,892,000	0.18
Other Independent Shareholders	713,060,000	29.27	713,060,000	32.83
Total	**2,436,394,000**	**100.00**	**2,171,686,000**	**100.00**

Assuming that none of the outstanding Share Rights have been exercised as at the Latest Practicable Date and there is no other change in the shareholding structure of the Company between the Latest Practicable Date and up to Completion, the interest of other Independent Shareholders in the Company's total number of issued Shares will increase from approximately 29.27% to approximately 32.83%. Meanwhile, there is no significant change in shareholdings in the Company nor change in control after the completion of the Share Buy-Back.

6. Financial effects of the Share Buy-Back

As a result of the Share Buy-Back, the number of issued Shares would have decreased from 2,436,394,000 Shares as at the Latest Practicable Date to 2,171,686,000 Shares. This section sets out analysis on potential financial effects of the Share Buy-Back on the Group. It should be noted that the figures and financial impact shown below are for illustrative purpose only.

6.1 Effects on earnings per Share

As shown in the paragraph headed "Financial effects of the Share Buy-Back" in the "Letter from the Board" of the Circular, the Company's basic earnings per Share after the completion of the Share Buy-Back (approximately AUD0.090 cents per Share) and diluted earnings per Share after the completion of the Share Buy-Back (approximately AUD0.084 cents per Share) as compared with the same for the year ended 30 June 2024 would be improved by approximately 12.4% (FY2024: AUD0.080 cents per Share) and 11.6% (FY2024: AUD0.075 cents per Share) respectively, assuming the Share Buy-Back had taken place on 1 July 2023. The Group has been profitable and the enhancement in earnings per Share means each Shareholder will have a greater share of the Group's business return after the completion of the Share Buy-Back, which is beneficial to the Independent Shareholders.

6.2 Effects on NAV per Share

As shown in the paragraph headed "Financial effects of the Share Buy-Back" in the "Letter from the Board" of the Circular, the NAV per Share attributable to the Shareholders after the completion of the Share Buy-Back (approximately AUD0.0221 per Share) as compared with the same as at 31 December 2024 would increase by approximately 7.2% (as at 31 December 2024: AUD0.0207 per Share) assuming the Share Buy-Back had taken place on 31 December 2024 based on the unaudited consolidated statement of financial position of the Group as at 31 December 2024 (before related transaction costs and expenses), as the Buy-Back Price is at a discount to the NAV per Share. The enhancement in NAV per Share means each Shareholder will have a greater share of the Group's net assets after the completion of the Share Buy-Back, which is also beneficial to the Independent Shareholders.

6.3 Effects on total liabilities

As shown in the paragraph headed "Financial effects of the Share Buy-Back" in the "Letter from the Board" of the Circular, the Share Buy-Back has no impact on the liabilities of the Group as the Consideration will be settled in cash.

6.4 Effects on working capital

As shown in the paragraph headed "Financial effects of the Share Buy-Back" in the "Letter from the Board" of the Circular, the amount of Consideration for the Share Buy-Back will be just approximately 4.8% of the Group's cash and cash equivalents as at 31 December 2024. The effect on the Group's working capital is therefore not material.

From the above, we are of the view that overall, the Share Buy-Back has apparent positive financial effects on the way the Company will be valued and perceived by investors and the market, and is in the interest of the Independent Shareholders.

RECOMMENDATIONS

Having considered the above principal factors and reasons, in particular,

(i) the closing prices of Shares during the Review Period had generally been higher than the Buy-Back Price (i.e. 263 out of 279 trading days);

(ii) from a historical valuation standpoint, the Buy-Back Price accords a valuation of the Company, in terms of implied P/E Ratio, at approximately 10.8 times, which is lower than the range of P/E Ratios at which the Company was trading during the Review Period;

(iii) the Share Buy-Back would enable the Company and PwC Nominees to maintain an orderly market trading by conducting the transaction off-market as otherwise, the divestment activities in the market would possibly cause a considerable downward pressure on the price of the Shares;

(iv) the Share Buy-Back would enhance the Company's earnings per Share as well as NAV per Share, which in turn, is beneficial to the Independent Shareholders;

(v) the Group is in reasonable financial health and has the necessary financial resources to conduct the Share Buy-Back without significantly compromising its liquidity position required for its normal business operations; and

(vi) the Group's reasonable business outlook supports the Share Buy-Back as a good opportunity for the Independent Shareholders to increase their stake in the Company without having to contribute any capital outlay,

we consider that although the Share Buy-Back is not conducted in the ordinary and usual course of business of the Group, (i) the terms of the Share Buy-Back Agreement are on normal commercial terms and are fair and reasonable; and (ii) the Share Buy-Back is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Listing Rules IBC and the Takeovers Code IBC to recommend the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Share Buy-Back Agreement and the Share Buy-Back.

Yours faithfully,
For and behalf of
Altus Capital Limited

Jeanny Leung
Responsible Officer

Chang Sean Pey
Responsible Officer

*Ms. Jeanny Leung ("**Ms. Leung**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

*Mr. Chang Sean Pey ("**Mr. Chang**") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*