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KINGSLEY EDUGROUP LIMITED

皇崑國際教育企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8105)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2018

CHARACTERISTIC OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Kingsley Edugroup Limited (the “**Company**”), together with its subsidiaries (the “**Group**”), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein on this announcement misleading.*

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2018

The Board of the directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 September 2018 together with the unaudited comparative figures for the three months ended 30 September 2017 as follows.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September 2018

		Three months ended 30 September	
	<i>Notes</i>	2018 RM (unaudited)	2017 RM (unaudited)
Revenue	3	2,804,557	3,325,040
Cost of revenue		<u>(3,478,461)</u>	<u>(3,256,537)</u>
Gross (loss)/profit		(673,904)	68,503
Other revenue and gains	4	1,615,165	1,591,352
Selling and distribution expenses		(305,198)	(58,637)
Administrative expenses		<u>(3,098,375)</u>	<u>(4,417,707)</u>
Operating loss		(2,462,312)	(2,816,489)
Finance costs		<u>(920,034)</u>	<u>(525,969)</u>
Loss before income tax	5	(3,382,346)	(3,342,458)
Income tax expense	6	<u>-</u>	<u>(14,909)</u>
Loss and total comprehensive loss for the period		<u>(3,382,346)</u>	<u>(3,357,367)</u>
Attributable to:			
Owners of the Company		(3,300,950)	(3,283,653)
Non-controlling interests		<u>(81,396)</u>	<u>(73,714)</u>
		<u>(3,382,346)</u>	<u>(3,357,367)</u>
Loss per share for loss attributable to owners of the Company			
Basic and diluted (<i>RM sen</i>)	7	<u>(0.41)</u>	<u>(0.55)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 September 2018

	Attributable to owners of the Company						
	Share capital	Share premium	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 July 2017 (Audited)	45	-	18,300,002	13,350,990	31,651,037	238,776	31,889,813
Loss and total comprehensive loss for the period	-	-	-	(3,283,653)	(3,283,653)	(73,714)	(3,357,367)
Issuance of new shares	53	-	-	-	53	-	53
Shares repurchases and cancelled	(87)	-	-	-	(87)	-	(87)
Effect of reorganisation	-	-	(73)	-	(73)	-	(73)
As at 30 September 2017 (Unaudited)	11	-	18,299,929	10,067,337	28,367,277	165,062	28,532,339
Balance as at 1 July 2018 (Audited)	4,039,181	31,409,986	18,299,929	14,861,003	68,610,099	(91,011)	68,519,088
Loss and total comprehensive loss for the period	-	-	-	(3,300,950)	(3,300,950)	(81,396)	(3,382,346)
Issuance of new shares to non-controlling shareholder	-	-	-	29,002	29,002	270,998	300,000
As at 30 September 2018 (Unaudited)	4,039,181	31,409,986	18,299,929	11,589,055	65,338,151	98,591	65,436,742

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 January 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The Company's headquarters and principal place of business are located at LG5, Kingsley International School, Persiaran Kingsley, Kingsley Hills, Putra Heights, 47650 Subang Jaya, Selangor, Malaysia.

The Company's shares had been listed on the GEM of the Stock Exchange on 16 May 2018 (the "**Listing**").

The Company is an investment holding company while its subsidiaries are principally engaged in provision of education and related services in Malaysia.

The unaudited condensed consolidated financial statements are presented in Malaysia Ringgit ("**RM**"), which is also the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a group reorganisation (the "**Reorganisation**") in connection with the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group on 30 August 2017.

Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Development and Reorganisation" in the Company's prospectus dated 30 April 2018. The Group was under the common control of the Controlling Shareholders prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of education and related services in Malaysia.

Information reported to the Executive Directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on types of services provided.

The following is an analysis of the Group's revenue by segment:

(a) Revenue by business segment

	Three months ended 30 September	
	2018	2017
	RM	RM
	(unaudited)	(unaudited)
International school	2,768,642	3,278,685
Tertiary education	35,915	46,355
	<u>2,804,557</u>	<u>3,325,040</u>

(b) Geographical information

For the geographical information, revenue from external customers are based on the location of operations. Since the Group solely operates business in Malaysia and all of the non-current assets of the Group are located in Malaysia, no geographical segment information is presented in accordance with HKFRS 8 "Operating Segments".

(c) Information about major customers

No revenue from a single customer contributes 10% or more of total revenue of the Group during the three months ended 30 September 2018 and 2017.

4. OTHER REVENUE AND GAINS

	Three months ended 30 September	
	2018 RM (Unaudited)	2017 RM (Unaudited)
Interest income	113,582	7,024
Liquidated and ascertained damages (Note)	1,380,000	1,380,000
Others	121,583	204,328
	<u>1,615,165</u>	<u>1,591,352</u>

Note:

The Group is entitled to the liquidated and ascertained damages as a result of the delay in completion of the construction of the annex building under a contractual contract with Kingsley Hills Sdn. Bhd. (“KHSB”), a related company controlled by Dato’ Goh Meng Keong, one of the Controlling Shareholders, under normal commercial terms. Judgement has been made by the directors of the Company to recognise the liquidated and ascertained damages received from KHSB as other revenue as, in the opinion of the directors of the Company, KHSB entered into the construction contract with the Group was not in its capacity as a shareholder.

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Three months ended 30 September	
	2018 RM (Unaudited)	2017 RM (Unaudited)
Auditor’s remuneration	104,583	18,229
Employee costs	3,425,869	2,603,526
Depreciation of property, plant and equipment:		
- Owned	592,356	555,022
- Held under finance leases	-	10,722
Minimum lease payments received under operating leases from leasing of properties less outgoings in the period	(5,000)	(5,900)
Minimum lease payments under operating leases recognised as expense in the period	94,668	96,834
Listing expenses (including professional fees and other expenses)	-	2,465,015
	<u>-</u>	<u>2,465,015</u>

6. INCOME TAX EXPENSE

Malaysian profits tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the three months ended 30 September 2018 and 2017.

Certain subsidiaries of the Company located in Malaysia were recognised as small and medium scale companies by the Malaysia tax authority and entitled a preferential tax rate of 18% for the three months period ended 30 September 2018 and 2017. For estimated taxable profit in excess of RM500,000, statutory tax rate of 24% is still applicable.

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the three months period ended 30 September 2018 and 2017. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

	Three months ended 30 September	
	2018 RM (Unaudited)	2017 RM (Unaudited)
Current Tax – Malaysian profits tax :		
- Charge for the period	-	14,909
- Under provision in prior years	-	-
	-	14,909
Income tax expense	-	14,909

7. LOSS PER SHARE

	Three months ended 30 September	
	2018 RM (Unaudited)	2017 RM (Unaudited)
Basic and diluted (RM sen)	(0.41)	(0.55)

The calculation of the basic loss per share is based on the following data:

Losses

	Three months ended 30 September	
	2018 RM (Unaudited)	2017 RM (Unaudited)
Loss for the period attributable to the owners of the Company	(3,300,950)	(3,283,653)

Number of shares

	2018 RM (Unaudited)	2017 RM (Unaudited)
Weighted average number of ordinary shares in issue during the period	<u>800,000,000</u>	<u>600,000,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic loss per share has been determined on the assumption that the Reorganisation and the capitalisation issue had been effective on 1 July 2016. There is no diluted loss per shares as there is no potential dilutive share during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the three months ended 30 September 2018, the Group's principal business remained the provision of education and related services in Malaysia. Revenue generated from international school segment remained as the main driver of our Group's revenue.

PROSPECTS AND STRATEGIES

Looking ahead, the education environment continues to be challenging. The Group's profitability in education business is faced with pressures from rising costs and driven competition. Our management team will cautiously monitor the market; adopt appropriate measures and business strategies in response to changing market conditions.

We are however excited about the near completion of the Kingsley International School (KIS) Annex Building which will be completed by the fourth quarter of 2018 and operational by the first quarter of 2019. The primary purpose of the KIS Annex Building is to provide dormitory rooms, multi-purpose rooms (which consist of workshops, computer laboratory, AV room, lecture hall, multi-purpose hall, etc.) and facilities (which include the Olympic-sized swimming pool, gymnasium and cafeteria) to the students, particularly for the international students because KIS current campus does not have any dormitory rooms for the international students enrolled at KIS. We believe with these additional facilities, more new local students will join Kingsley International School. Growth in international students is also expected for the new academic year with the availability of new dormitory on campus.

The Group will also continue to look for suitable investment opportunities both locally and in overseas markets in order to diversify and broaden its revenue base over the longer term.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the three months ended 30 September 2018 was approximately RM2.8 million, representing a decrease of approximately 15.2% from approximately RM3.3 million for the three months ended 30 September 2017. Our revenue generated from tuition fee collected from our students and from ancillary services provided to our students of our (i) international school, and (ii) tertiary education. Such decrease was predominantly contributed by our international school segment due to new discount scheme implemented during the three months ended 30 September 2018 in response to competition presented by newly formed international school in Malaysia.

	Three months ended 30 September	
	2018 RM (Unaudited)	2017 RM (Unaudited)
International school	2,768,642	3,278,685
Tertiary education	<u>35,915</u>	<u>46,355</u>
	<u>2,804,557</u>	<u>3,325,040</u>

	Three months ended 30 September			
	2018		2017	
	RM (Unaudited)	% of revenue	RM (Unaudited)	% of revenue
Tuition fee	1,670,241	59.6%	1,941,988	58.4%
Ancillary services	<u>1,134,316</u>	<u>40.4%</u>	<u>1,383,052</u>	<u>41.6%</u>
Total	<u>2,804,557</u>	<u>100.0%</u>	<u>3,325,040</u>	<u>100.0%</u>

The Group's revenue from tuition fee decrease from approximately RM1.9 million for the three months ended 30 September 2017 to approximately RM1.7 million for the three months ended 30 September 2018. The decrease in revenue from tuition fee was mainly attributable to the new discount scheme implemented for the three months ended 30 September 2018 in response to competition presented by newly formed international school in Malaysia.

Tuition fee is initially accounted as receipt in advance and deferred revenue and only recognised as revenue progressively when the education services is provided during the academic term, and that the period from July to August is the summer holiday period, during which no education service is provided and accordingly no revenue from tuition fee is recognised during that period. This is consistent with previous reporting period.

FINANCIAL REVIEW

Revenue (continued)

The Group's revenue from ancillary services decreased from approximately RM1.4 million for the three months ended 30 September 2017 to approximately RM1.1 million for the three months ended 30 September 2018. The decrease in revenue from ancillary services was mainly attributable to the decrease of revenue generated from excursion trip due to the postponement of excursion trip from September 2018 to November 2018.

Cost of revenue and gross profit margin

The majority of the Group's cost of revenue primarily consists of teaching staff cost, depreciation of property, plant and equipment and other operational expenses. The cost of revenue increased by approximately 6.8% from approximately RM3.3 million for the three months ended 30 September 2017 to approximately RM3.5 million for the three months ended 30 September 2018 was mainly due to increase in teaching staff costs in preparation for the anticipated increment in student number for the new academic year, as well as increase in subject options and co-curricular activities. New staff also employed as part of the setup for the soon to be completed hostel block in the Annex Building.

The Group's recorded gross loss of approximately RM0.7 million with gross loss margin of approximately 23.5% for the three months ended 30 September 2018 and recorded gross profit of approximately of RM0.1 million with gross profit margin of approximately 2.1% for the three months ended 30 September 2017. The gross loss was mainly due to increase in teaching staff costs in preparation for the anticipated increment in student number for the new academic year, as well as increase in subject options and co-curricular activities. New staff also employed as part of the setup for the soon to be completed hostel block in the Annex Building.

Other revenue and gains

The Group's other revenue and gains remain consistent from approximately RM1.6 million for the three months ended 30 September 2017 to approximately RM1.6 million for the three months ended 30 September 2018.

Selling and distribution expenses

The Group's selling and distribution expenses increased from approximately RM0.1 million for the three months ended 30 September 2017 to approximately RM0.3 million for the three months ended 30 September 2018. The increase was attributable to additional advertising in response to competition presented by newly formed international school in Malaysia and also the additional advertisement for the soon to be completed hostel block in the Annex Building during the three months ended 30 September 2018.

Administrative expenses

Administrative expenses of our Group had been decreased from approximately RM4.4 million for the three months ended 30 September 2017 to approximately RM3.1 million for the three months ended 30 September 2018. The decrease was mainly due to non-recurring listing expenses recognised during the three months ended 30 September 2017.

Finance costs

Finance costs increased from approximately RM0.5 million for the three months ended 30 September 2017 to approximately RM0.9 million for the three months ended 30 September 2018. The increase in finance costs was mainly due to the RM27.0 million revolving facility drawn down from a commercial bank in February 2018 for general working purpose.

Loss attributable to the Owners of the Company

Loss attributable to the owners of the Company recorded at approximately RM3.3 million for the three months ended 30 September 2018 and 30 September 2017 respectively.

USE OF NET PROCEEDS FROM THE LISTING

The issued ordinary shares of the Company were successfully listed on GEM of the Stock Exchange on 16 May 2018 (“**Listing Date**”) at HK\$0.40 per share. The proceeds (net of listing expenses) were approximately RM31.4 million. As stated in the section headed “Future Plans and Use of Proceeds” in the Company’s prospectus dated 30 April 2018, the Company intends to continue to apply the net proceeds in accordance with the proposed allocations set out below.

Use of net proceeds	Amount of net proceeds allocated upon listing	Amount utilised up to 30 September 2018	Balance as at 30 September 2018
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(RM million)</i>
Settlement of fees for constructing the KIS Annex Building	12.0	-	12.0
Renovation of the KIS Annex Building	15.0	1.6	13.4
Purchase of facilities for KIS Annex Building	4.4	0.6	3.8
Total	31.4	2.2	29.2

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 September 2018.

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES, AND FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

There were neither significant investment held as at 30 September 2018 nor material acquisitions and disposals of subsidiaries during the three months period ended 30 September 2018. There is no plan for material investment or capital assets as at 30 September 2018.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2018 (30 September 2017 : Nil).

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's for the three months ended 30 September 2018.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2018, the interest and short positions of the Directors and the chief executive of the Company in the Share, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name of Directors	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Percentage of Shareholding ⁽²⁾
Tan Sri Dato' Sri Goh Ming Choon ("Tan Sri Barry Goh")	Interests of controlled corporation and concert party ⁽³⁾	552,000,000	69.00%
Dato' Danny Goh Meng Keong ("Dato' Danny Goh")	Interests of controlled corporation and concert party ⁽³⁾	552,000,000	69.00%
Dato' Law Boon Hee	Interests of controlled corporation ⁽⁴⁾	48,000,000	6.00%

Notes:

(1) All interest stated are long positions.

(2) The calculation is based on the total number of 800,000,000 Shares in issue as at 30 September 2018.

(3) On 14 September 2017, Tan Sri Barry Goh and Dato' Danny Goh entered into the Confirmation Deed to acknowledge and confirm, among other things, that they have been and will be actively cooperating, communicating, and acting in concert with each other with respect to their interest in or the business of the relevant members of our Group since they became shareholders of Kingsley International and will continue to act in concert after the signing of the Confirmation Deed. For further details, please refer to the section headed "History, Development and Reorganisation – Confirmation Deed" in the prospectus.

The aggregate of 552,000,000 Shares interested by them in aggregate consist of (i) 496,000,000 Shares beneficially owned by Star Shine Finance Limited ("Star Shine"), which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 56,000,000 Shares beneficially owned by DGMK Investment Limited ("DGMK"), which in turn is beneficially wholly-owned by Dato' Danny Goh. Each of Tan Sri Barry Goh and Dato' Danny Goh is deemed to be interested in all the Shares held or deemed to be held by them by virtue of the disclosure requirements of the SFO.

(4) The entire issued share capital of Eduking Investment is owned by Dato' Law. Therefore, Dato' Law is deemed to be interested in 48,000,000 Shares held by Eduking Investment by virtue of the disclosure requirements of the SFO.

Long position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporations	Capacity/Nature of interest	Number of ordinary shares	Percentage of shareholding
Tan Sri Dato' Sri Goh Ming Choon ("Tan Sri Barry Goh")	Star Shine	Beneficial owner	1 share of US\$1.00	100%
Dato' Danny Goh Meng Keong ("Dato' Danny Goh")	DGMK	Beneficial owner	1 share of US\$1.00	100%
Dato' Law Boon Hee	Eduking Investment	Beneficial owner	1 share of US\$1.00	100%

Save as disclosed above, as at 30 September 2018, none of the Directors and the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provision of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2018, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/Nature of interest	Number of shares held	Percentage of shareholding
Star Shine	Beneficial owner and concert party ⁽¹⁾	552,000,000	69.00%
Puan Sri Toh Siew Choo	Interest of spouse ⁽²⁾	552,000,000	69.00%
DGMK	Beneficial owner and concert party ⁽¹⁾	552,000,000	69.00%
Datin See Choon Keok	Interest of spouse ⁽³⁾	552,000,000	69.00%
Lam Kwan Hang Jonathan	Beneficial owner	66,680,000	8.34%
Eduking Investment	Beneficial owner	48,000,000	6.00%

Note:

(1) On 14 September 2017, Tan Sri Barry Goh and Dato' Danny Goh entered into the Confirmation Deed to acknowledge and confirm, among other things, that they have been and will be actively cooperating, communicating, and acting in concert with each other with respect to their interest in or the business of the relevant members of our Group since they became shareholders of Kingsley International and will continue to act in concert after the signing of the Confirmation Deed. For further details, please refer to the section headed "History, Development and Reorganisation – Confirmation Deed" in the prospectus. The aggregate of 552,000,000 Shares interested by them in aggregate consist of (i) 496,000,000 Shares beneficially owned by Star Shine, which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 56,000,000 Shares beneficially owned by DGMK, which in turn is beneficially wholly-owned by Dato' Danny Goh. Each of Tan Sri Barry Goh and Dato' Danny Goh is deemed to be interested in all the Shares held or deemed to be held by them by virtue of the disclosure requirements of the SFO.

(2) Puan Sri Toh Siew Choo is the spouse of Tan Sri Barry Goh and is deemed to be interested in the shareholding interests of Tan Sri Barry Goh by virtue of the disclosure requirement of the SFO.

(3) Datin See Choon Keok is the spouse of Dato' Danny Goh and is deemed to be interested in the shareholding interests of Dato' Danny Goh by virtue of the disclosure requirement of the SFO.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed, no Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a Party during the periods.

CORPORATE GOVERNANCE

The Board of the Company is committed to achieving high corporate governance standards.

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

The Group's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Listing Rules**").

As the shares of the Company were listed on the GEM of the Stock Exchange on the Listing Date, the Company has since then adopted and complied with, where applicable, the CG Code from the Listing Date up to the date of this announcement (the "**Relevant Period**").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "required standard of dealings" set out in Rules 5.46 to 5.67 of the GEM Listing Rules as the code regarding securities transactions by the Directors in respect of the shares of the Company (the "**Model Code**"). The Company has made specific enquiry to all the Directors, and all Directors have confirmed that, they have fully complied with Model Code throughout the Relevant Period.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed China Everbright Capital Limited ("**CECL**") to be the compliance adviser. CECL, being the sponsor to the listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as the above, neither CECL nor any of its associates and none of the directors or employees of CECL who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the share offer, have any interest in any securities of the Company or any other companies of the Group. The compliance adviser agreement entered between the Company and our compliance adviser dated 8 September 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25%

COMPETING INTEREST

During the three months ended 30 September 2018 and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

AUDIT COMMITTEE AND REVIEW OF QUARTERLY RESULTS

The audit committee has been established with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and code provisions C.3.3 and C.3.7 of the CG Code. The audit committee consists of three independent non-executive Directors, namely Prof. Dr. Rozainun Binti Abdul Aziz (Chairlady), Prof. Emeritus Tan Sri Dato' Mohamed Salleh Bin Mohamed Yasin and Tan Sri Dato' Hj Abd Karim Bin Shaikh Munisar.

The audit committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal auditors.

The audit committee is also responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by our Group and the unaudited condensed financial statements for the three months ended 30 September 2018. The audit committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the three months ended 30 September 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosure have been made.

PUBLICATION OF QUARTERLY RESULTS ANNOUNCEMENT

This first quarterly results announcement will be published on the GEM website at www.hkgem.com and the Company's website at www.kingsley.edu.my.

By order of the Board
Kingsley Edugroup Limited
Tan Sri Dato' Sri Goh Ming Choon
Chairman and Executive Director

Subang Jaya, Malaysia, 9 November 2018

As at the date of this announcement, the executive Directors are Tan Sri Dato' Sri Goh Ming Choon, Dato' Danny Goh Meng Keong, Dr. Chua Ping Yong, the independent non-executive Directors are Prof Emeritus Tan Sri Dato' Dr. Mohamed Salleh Bin Mohamed Yasin, Tan Sri Dato' Hj Abd Karim Bin Shaikh Munisar and Prof. Dr. Rozainun Binti Abdul Aziz.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the Company's website at www.kingsley.edu.my.