KINGSLEY EDUGROUP LIMITED
皇岦國際教育企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code：8105)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 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.*

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

The Board of the directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 31 December 2018 together with the unaudited comparative figures for the three months and six months ended 31 December 2017 as follows.

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

For the three months and six months ended 31 December 2018

		Three months ended 31 December		**Six months ended 31 December**	
		2018	2017	**2018**	2017
	Notes	***RM***	*RM*	***RM***	*RM*
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	*4*	**7,551,598**	6,921,410	**10,356,155**	10,246,450
Cost of revenue		**(3,885,911)**	(3,617,918)	**(7,364,372)**	(6,874,455)
Gross profit		**3,665,687**	3,303,492	**2,991,783**	3,371,995
Other revenue and gains	*5*	**1,685,938**	1,837,141	**3,301,103**	3,428,493
Selling and distribution expenses		**(62,135)**	(19,557)	**(367,333)**	(78,194)
Administrative expenses		**(3,550,367)**	(2,738,608)	**(6,648,742)**	(7,156,315)
Operating profit/(loss)		**1,739,123**	2,382,468	**(723,189)**	(434,021)
Finance costs		**(900,803)**	(1,013,720)	**(1,820,837)**	(1,539,689)
Profit/(Loss) before income tax	*6*	**838,320**	1,368,748	**(2,544,026)**	(1,973,710)
Income tax expense	*7*	**-**	(28,373)	**-**	(43,282)
Profit/(Loss) and total comprehensive income/(loss) for the period		**838,320**	1,340,375	**(2,544,026)**	(2,016,992)
Attributable to:					
Owners of the Company		**904,922**	1,408,042	**(2,396,028)**	(1,875,611)
Non-controlling interests		**(66,602)**	(67,667)	**(147,998)**	(141,381)
		838,320	1,340,375	**(2,544,026)**	(2,016,992)
Earnings/(Loss) per share					
Basic and diluted (*RM sen*)	*8*	**0.10**	0.22	**(0.32)**	(0.33)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Notes	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Non-current assets			
Property, plant and equipment	10	**147,187,131**	136,297,771
Prepayment for property, plant and equipment		**-**	120,000
Total non-current assets		**147,187,131**	136,417,771
Current assets			
Accounts receivable	11	**1,026,109**	39,313
Prepayments, deposits and other receivables	12	**8,828,182**	1,769,141
Amounts due from related companies		**6,390,010**	3,639,545
Tax recoverable		**334,851**	168,307
Pledged bank deposits		**541,506**	533,032
Cash and cash equivalents		**24,943,485**	35,211,376
Total current assets		**42,064,143**	41,360,714
Current liabilities			
Accounts payable	13	**530,216**	663,961
Contract liabilities		**11,386,900**	601,479
Other payables and accruals	14	**5,743,733**	5,682,575
Amounts due to a related company		**-**	735
Amount due to a director		**14,630,000**	-
Bank borrowings, secured		**10,122,950**	23,169,450
Total current liabilities		**42,413,799**	30,118,200
Net current (liabilities)/assets		**(349,656)**	11,242,514
Total assets less current liabilities		**146,837,475**	147,660,285
Non-current liabilities			
Amount due to a related company		**19,618,000**	14,792,113
Bank borrowings, secured		**60,944,413**	64,338,888
Deferred tax liabilities		**-**	10,196
Total non-current liabilities		**80,562,413**	79,141,197
Net assets		**66,275,062**	68,519,088

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

As at 31 December 2018

	Notes	**31 December 2018 RM (Unaudited)**	30 June 2018 RM (Audited)
Equity			
Share capital	15	**4,039,181**	4,039,181
Share premium		**31,409,986**	31,409,986
Reserves		**30,793,906**	33,160,932
Equity attributable to owners of the Company		**66,243,073**	68,610,099
Non-controlling interests		**31,989**	(91,011)
Total equity		**66,275,062**	68,519,088

UNAUDITED UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2018

	Attributable to owners of the Company						
	Share capital RM (Unaudited)	**Share premium RM (Unaudited)**	**Merger reserve RM (Unaudited)**	**Retained earnings RM (Unadited)**	**Sub-total RM (Unaudited)**	**Non-controlling interests RM (Unaudited)**	**Total equity RM (Unaudited)**
As at 1 July 2017	45	-	18,300,002	13,350,990	31,651,037	238,776	31,889,813
Loss and total comprehensive loss for the period	-	-	-	(1,875,611)	(1,875,611)	(141,381)	(2,016,992)
Issuance of new shares	53	-	-	-	53	-	53
Share repurchased and cancelled	(87)	-	-	-	(87)	-	(87)
Effect of reorganisation	-	-	(73)	-	(73)	-	(73)
As at 31 December 2017	11	-	18,299,929	11,475,379	29,775,319	97,395	29,872,714
As at 1 July 2018	**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	**-**	**-**	**-**	**(2,396,028)**	**(2,396,028)**	**(147,998)**	**(2,544,026)**
Issuance of a subsidiary's new shares to its non-controlling shareholder	**-**	**-**	**-**	**29,002**	**29,002**	**270,998**	**300,000**
As at 31 December 2018	**4,039,181**	**31,409,986**	**18,299,929**	**12,493,977**	**66,243,073**	**31,989**	**66,275,062**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 31 December 2018

	Six months ended 31 December	
	2018	2017
	RM	RM
	(unaudited)	(unaudited)
Net cash from operating activities	**87,906**	10,853,168
Cash flow from investing activities		
Purchase of property, plant and equipment	**(11,325,109)**	(4,501,148)
Consideration paid upon Reorganisation	**-**	(73)
Increase in pledged bank deposits	**(8,474)**	(6,930)
Interest received	**232,259**	10,249
Net cash used in investing activities	**(11,101,324)**	(4,497,902)
Cash flow from financing activities		
Proceeds from issuance of new shares	**-**	42
Proceeds from issuance of a subsidiary's new shares to its non-controlling shareholders	**300,000**	-
Repayment of bank borrowings	**(16,463,500)**	(250,000)
Advances from related companies	**4,834,687**	3,038,158
Advances from a director	**14,630,000**	-
Repayment of obligations under finance leases	**-**	(120,067)
Interest paid	**(2,555,660)**	(1,168,778)
Payment of listing expenses	**-**	(3,534,460)
Net cash from/(used in) financing activities	**745,527**	(2,035,105)
Net (decrease)/increase in cash and cash equivalents	**(10,267,891)**	4,320,161
Cash and cash equivalents at beginning of period	**35,211,376**	6,705,098
Cash and cash equivalents at end of period	**24,943,485**	11,025,259

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 of Hong Kong Limited (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.

These unaudited condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange.

These unaudited condensed financial statements should be read in conjunction with the 2018 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2018 except as stated below.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION (continued)

HKFRS 9 - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss.

HKFRS 9 includes a new expected credit loss model for all financial assets not measured at fair value through profit or loss replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 - Revenue from contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION (continued)

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. 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

	International school RM (Unaudited)	Tertiary education RM (Unaudited)	Unallocated RM (Unaudited)	Inter-segment elimination RM (Unaudited)	Total RM (Unaudited)
For the six months ended 31 December 2018					
Revenue	10,005,204	74,377	276,574	-	10,356,155
Cost of revenue	(6,956,215)	(261,724)	(146,433)	-	(7,364,372)
Gross profit	3,048,989	(187,347)	130,141	-	2,991,783
Other revenue and gains	3,288,691	10,400	2,012	-	3,301,103
Selling and distribution expenses	(351,430)	(2,102)	(13,801)	-	(367,333)
Administrative expenses	(3,805,092)	(369,089)	(2,474,561)	-	(6,648,742)
Operating profit/(loss)	2,181,158	(548,138)	(2,356,209)	-	(723,189)
Finance costs	(1,820,837)	-	-	-	(1,820,837)
Profit/(Loss) before income tax	360,321	(548,138)	(2,356,209)	-	(2,544,026)

4. REVENUE AND SEGMENT INFORMATION (continued)

(a) Revenue by business segment (continued)

	International school RM (Unaudited)	Tertiary education RM (Unaudited)	Unallocated RM (Unaudited)	Inter-segment elimination RM (Unaudited)	Total RM (Unaudited)
As at 31 December 2018					
Segment assets	189,863,467	956,530	27,165,331	(28,734,054)	189,251,274
Segement liabilties	146,089,573	2,479,121	2,468,447	(28,060,929)	122,976,212

	International school RM (Unaudited)	Tertiary education RM (Unaudited)	Unallocated RM (Unaudited)	Inter-segment elimination RM (Unaudited)	Total RM (Unaudited)
For the six months ended 31 December 2017					
Revenue	10,171,047	75,403	-	-	10,246,450
Cost of revenue	(6,397,437)	(477,018)	-	-	(6,874,455)
Gross profit	3,773,610	(401,615)	-	-	3,371,995
Other revenue and gains	3,088,226	340,267	-	-	3,428,493
Selling and distribution expenses	(55,713)	(22,481)	-	-	(78,194)
Administrative expenses	(2,969,189)	(755,593)	(3,431,533)	-	(7,156,315)
Operating profit/(loss)	3,836,934	(839,422)	(3,431,533)	-	(434,021)
Finance costs	(1,539,689)	-	-	-	(1,539,689)
Profit/(Loss) before income tax	2,297,245	(839,422)	(3,431,533)	-	(1,973,710)

4. REVENUE AND SEGMENT INFORMATION (continued)

(a) Revenue by business segment (continued)

	International school RM (Audited)	Tertiary education RM (Audited)	Unallocated RM (Audited)	Inter-segment elimination RM (Audited)	Total RM (Audited)
As at 30 June 2018					
Segment assets	175,238,700	1,002,399	27,163,065	(25,625,679)	177,778,485
Segment liabilities	132,001,191	2,105,344	1,115,123	(25,962,261)	109,259,397

(b) Disaggregation of revenue from contract with customers

	Six months ended 31 December 2018			
	International school RM (Unaudited)	Tertiary education RM (Unaudited)	Unallocated RM (Unaudited)	Total RM (Unaudited)
Major services				
Tuition fee	**5,743,020**	**36,348**	**-**	**5,779,368**
Ancillary services	**4,262,184**	**38,029**	**276,574**	**4,576,787**
Total	**10,005,204**	**74,377**	**276,574**	**10,356,155**
Timing of revenue recognition				
At a point in time	**1,791,813**	**39,228**	**276,574**	**2,107,615**
Over time	**8,213,391**	**35,149**	**-**	**8,248,540**
Total	**10,005,204**	**74,377**	**276,574**	**10,356,155**

4. REVENUE AND SEGMENT INFORMATION (continued)

(b) Disaggregation of revenue from contract with customers (continued)

	Six months ended 31 December 2017			
	International school RM (Unaudited)	Tertiary education RM (Unaudited)	Unallocated RM (Unaudited)	Total RM (Unaudited)
Major services				
Tuition fee	6,713,970	71,973	-	6,785,943
Ancillary services	3,457,077	3,430	-	3,460,507
Total	10,171,047	75,403	-	10,246,450
Timing of revenue recognition				
At a point in time	1,234,108	3,630	-	1,237,738
Over time	8,936,939	71,773	-	9,008,712
Total	10,171,047	75,403	-	10,246,450

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.

5. OTHER REVENUE AND GAINS

	Three months ended 31 December		**Six months ended 31 December**	
	2018 ***RM*** **(unaudited)**	2017 *RM* (unaudited)	**2018** ***RM*** **(unaudited)**	2017 *RM* (unaudited)
Interest income	**118,677**	3,225	**232,259**	10,249
Liquidated and ascertained damages **(Note)**	**1,380,000**	1,380,000	**2,760,000**	- 2,760,000
Others	**187,261**	453,916	**308,844**	658,244
	1,685,938	1,837,141	**3,301,103**	3,428,493

5. OTHER REVENUE AND GAINS (continued)

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.

6. PROFIT/(LOSS) BEFORE INCOME TAX

	Three months ended 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	RM	*RM*	***RM***	*RM*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Auditor’s remuneration	**107,298**	18,779	**211,881**	37,008
Directors’ remuneration	**60,003**	-	**120,006**	-
Employee costs (excluding directors’ remuneration	**3,722,652**	2,720,922	**7,088,518**	5,324,448
Impairment loss on trade receivables	**-**	40,793	**-**	40,793
Depreciation of property, plant and equipment:				
- Owned	**720,740**	578,664	**1,313,096**	1,133,686
- Held under finance lease	**-**	-	**-**	10,722
Minimum lease payments received uner operating leases from leasing of properties less outgoings in the period	**(7,500)**	(5,100)	**(12,500)**	(11,000)
Minimum lease payments under operating leases recognised as expense in the period	**151,432**	103,062	**246,100**	199,896
Listing expenses (including professional fee and other expenses	**-**	676,200	**-**	3,141,215

7. INCOME TAX EXPENSE

Malaysian profits tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the six months ended 31 December 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 six months period ended 31 December 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 six months period ended 31 December 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 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	RM	*RM*	***RM***	*RM*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Current Tax – Malaysian profits tax :				
- Charge for the period	**-**	22,211	**-**	37,120
- Under provision in prior years	**-**	6,162	**-**	6,162
	-	28,373	**-**	43,282

8. EARNINGS/(LOSS) PER SHARE

	Three months ended 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Basic and diluted (RM sen)	**0.10**	0.22	**(0.32)**	(0.33)

The calculation of the basic earnings/(loss) per share is based on the following data:

Profit/(Loss)

	Three months ended 31 December		Six months ended 31 December	
	2018	2017	**2018**	2017
	RM	*RM*	***RM***	*RM*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit/(Loss) for the period attributable to the owners of the Company	**904,922**	1,408,042	**(2,396,028)**	(1,875,611)

Number of shares

	Three months ended 31 December		Six months ended 31 December	
	2018	2017	**2018**	2017
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Weighted average number of ordinary shares in issue during the period	**800,000,000**	600,000,000	**800,000,000**	600,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings/(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 earnings/(loss) per shares as there is no potential dilutive share during both periods.

9. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2018 (six month ended 31 December 2017 : Nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2018, the Group acquired property, plant and equipment of approximately RM12,202,000.

11. ACCOUNTS RECEIVABLE

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Accounts receivable	**1,026,109**	39,313
Less : impairment of accounts receivable	**-**	-
	1,026,109	39,313

The following is an ageing analysis of accounts receivable presented based on the invoice date at the end of each reporting period/year.

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Within 1 month	**760,647**	6,253
1 to 2 months	**165,702**	7,476
2 to 3 months	**13,934**	16,934
Over 3 months	**85,826**	8,650
	1,026,109	39,313

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLE

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Prepayments	**7,914,036**	1,582,073
Deposits	**310,681**	153,700
Other receivables	**603,465**	33,368
	8,828,182	1,769,141

13. ACCOUNTS PAYABLE

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Accounts payable	**530,216**	663,961

The following is an ageing analysis of accounts payable presented based on the invoice date at the end of each reporting period/year.

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Within 1 month	**445,523**	106,161
1 to 2 months	**84,261**	538,842
2 to 3 months	**-**	12,526
Over 3 months	**432**	6,432
	530,216	663,961

14. OTHER PAYABLES AND ACCRUALS

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Accruals	**1,175,247**	1,063,370
Deposit refundable to students	**4,008,400**	3,519,126
Other payables	**560,086**	1,100,079
	5,743,733	5,682,575

15. SHARE CAPITAL

The share capital as at 31 December 2018 represented the share capital of the Company following the completion of the Reorganisation on 30 August 2017 with details as follows:

	Par value	Number of shares	Nominal amount US$	Nominal amount HK$
Authorised :				
Upon incorporation	US$0.01	5,000,000	50,000	-
At 30 June 2017 and 1 July 2017 (audited)	US$0.01	5,000,000	50,000	-
Increase in authorised share capital (Note(b) and Note(c))	HK$0.01	1,000,000,000	-	10,000,000
Cancellation (Note(b))	US$0.01	(5,000,000)	(50,000)	-
At 30 June 2018 (audited) and 31 December 2018 (unaudited)	HK$0.01	1,000,000,000	-	10,000,000

	Par value	Number of shares	Nominal amount US$	Nominal amount HK$	Nominal amount equivalent to RM
Issued and fully paid:					
Issuance of shares upon incorporation	US$0.01	1,000	10	-	45
At 30 June 2017 and 1 July 2017 (audited)	US$0.01	1,000	10	-	45
Issuance of ordinary shares (Note(a))	US$0.01	1,000	10	-	42
Issuance of ordinary shares (Note(b))	HK$0.01	2,000	-	20	11
Shares repurchased and cancelled (Note(b))	US$0.01	(2,000)	(20)	-	(87)
Capitalisation issue (Note(d))	HK$0.01	599,998,000	-	5,999,980	3,029,375
Issuance of ordinance shares upon listing (Note(e))	HK$0.01	200,000,000	-	2,000,000	1,009,795
At 30 June 2018 (audited) and 31 December 2018 (unaudited)	HK$0.01	800,000,000	-	8,000,000	4,039,181

15. SHARE CAPITAL (continued)

Notes :

(a) On 13 September 2017, another 1,000 new ordinary shares of the Company of par value US$0.01 each were issued and fully paid up to the then existing shareholders.

(b) Pursuant to respective written resolution of all the directors of the Company and all the shareholders of the Company on 13 September 2017, the authorised share capital of the Company was increased to the aggregate of US$50,000 and HK$380,000 by the creation of an additional 38,000,000 shares with a par value of HK$0.01 each. On the same date, 2,000 shares of par value HK$0.01 each (the "HKD Shares") were issued to the then existing shareholders in proportion to their existing number of shares with a par value of US$0.01 each (the "USD Shares") owned. Subsequent to the issue of the HKD Shares, the USD shares were repurchased by the Company and cancelled immediately. Upon completion of the repurchase, 5,000,000 unissued USD Shares of the Company were cancelled so that the authorised share capital of the Company be reduced to HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each.

(c) On 19 April 2018, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each by the creation of additional 962,000,000 shares of HK$0.01 each.

(d) Pursuant to the resolutions of the Shareholders passed on 19 April 2018, the directors were authorised to capitalise the amount of HK$5,999,980 standing to the credit of the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 599,998,000 shares for allotment and issue to the then existing shareholders of the Company, each rank pari passu in all respects with the then existing issued shares. On 16 May 2018, the Company allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.

(e) On 16 May 2018, the Company issued a total of 200,000,000 ordinary shares of HK$0.01 each at a price of HK$0.40 per share as a result of the completion of the Global Offering. The gross proceeds from Global Offering of HK$80,000,000 representing the par value of HK$2,000,000 credited to the Company's share capital and share premium of HK$78,000,000 which can be used for deduction of share issuance expenses. After the share premium account of the Company being credited as a result of the Global Offering, HK$5,999,980 was capitalised from the share premium account and applied in paying up full 599,998,000 shares which was allotted and issued to the then shareholders. The Company's total number of shares was increased to 800,000,000 shares upon completion of Global Offering.

16. RELATED PARTY TRANSACTIONS

(a) At 31 December 2018 and 30 June 2018, Tan Sri Dato' Sri Goh Ming Choon and Dato' Goh Meng Keong provided personal guarantee to secure for the bank borrowings and banking facilities grant to the Group.

(b) The remuneration of members of key management during the period were as follows:

	Six months ended 31 December	
	2018	2017
	RM	RM
	(Unaudited)	(Unaudited)
Fees, salaries and staff welfare benefits (short term employee benefits)	469,500	429,500
Contributions to retirement benefits schemes (post employment benefits)	58,685	53,509
	528,185	483,009

(c) During the period, the Group entered into the following significant transactions with related parties:

Name of related party	**Type of transaction**	**Transaction amount Six months ended 31 December**	
		2018	2017
		RM	RM
		(Unaudited)	(Unaudited)
BGMC Corporation Sdn. Bhd.	Revenue	10,000	8,750
Ecity Hotel Sdn. Bhd.	Cost of revenue	-	6,000
Kingsley Hills Sdn. Bhd.	Other revenue and gains	2,760,000	2,760,000
Kingsley Hills Sdn. Bhd.	Construction expenses	9,825,887	3,500,000

16. RELATED PARTY TRANSACTIONS (continued)

Name of related party	Type of transaction	Balance owed/(owing) As at 31 December 2018 RM (Unaudited)	Balance owed/(owing) As at 30 June 2018 RM (Audited)
BGMC Corporation Sdn. Bhd.	Revenue	-	9,375
Ecity Hotel Sdn. Bhd.	Cost of revenue	-	(735)
Kingsley Hills Sdn. Bhd.	Other revenue and gains	6,390,000	3,630,010
Kingsley Hills Sdn. Bhd.	Construction expenses	(19,617,990)	(12,542,103)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the six months ended 31 December 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 outlook in Malaysia is positive especially for international students to study in Malaysia as Malaysia aims to become the best choice of destination for education. At the Going Global 2018 conference it was reported by the then Higher Education Ministry secretary-general Tan Sri Dr Noorul Ainur Mohd Nur who said the country has a target to enrol 200,000 international students in Malaysia by the year 2020 and 250,000 in 2025. The Group's profitability in the education business for the immediate future is still faced with pressures from rising costs mainly due to the added cost of the soon to be operational Annex building as well as cost for marketing and tuition incentives because of driven competition.

We are however very excited about the soon to be operational Kingsley International School (KIS) Annex Building which is beautifully constructed and will be operational in 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. There has been a lot of interest in the new dormitory and students are already registering for the accommodation. With these new facilities we believe that Kingsley will move up to the

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

BUSINESS REVIEW (continued)

PROSPECTS AND STRATEGIES (continued)

next level of providing high quality education with high quality facilities, uniquely located on a hill overlooking a residential area in the capital city center with a 27 acres green belt at the foot of the hill complete with outdoors facilities and with two light rail transit stations nearby. These gives us great confidence for the next growth spurt in September 2019 intake.

The Group will also continue to look for suitable investment opportunities both locally and in overseas markets with smart partnerships as evidenced in our recently voluntary announcement made on 5th December 2018 on the memorandum of understanding in relation to the possible acquisition of a target company in Hong Kong who is in the education business. This is part of our efforts to diversify and broaden our revenue base over the longer term.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 31 December 2018 was approximately RM10.4 million, representing an increase of approximately 1.1% from approximately RM10.2 million for the six months ended 31 December 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 increase was mainly due to number of student increase.

	Three months ended 31 December		**Six months ended 31 December**	
	2018	2017	**2018**	2017
	RM	*RM*	***RM***	*RM*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
International school	**7,236,562**	6,891,962	**10,005,204**	10,170,647
Tertiary education	**38,462**	29,448	**74,377**	75,803
Other	**276,574**	-	**276,574**	-
Total	**7,551,598**	6,921,410	**10,356,155**	10,246,450

	Three months ended 31 December			
	2018		2017	
	RM	**% of revenue**	RM	% of revenue
	(Unaudited)		(Unaudited)	
Tuition fee	**4,109,127**	**54.4%**	4,843,955	70.0%
Ancillary services	**3,442,471**	**45.6%**	2,077,455	30.0%
Total	**7,551,598**	**100.0%**	6,921,410	100.0%

FINANCIAL REVIEW (continued)

Revenue (continued)

	Six months ended 31 December			
	2018		2017	
	RM (Unaudited)	**% of revenue**	RM (Unaudited)	% of revenue
Tuition fee	**5,779,368**	**55.8%**	6,785,943	66.2%
Ancillary services	**4,576,787**	**44.2%**	3,460,507	33.8%
Total	**10,356,155**	**100.0%**	10,246,450	100.0%

The Group's revenue from tuition fee decreased from approximately RM6.8 million for the six months ended 31 December 2017 to approximately RM5.8 million for the six months ended 31 December 2018. The decrease in revenue from tuition fee was mainly attributable to the new discount scheme implemented for the six months ended 31 December 2018 in response to competition presented by newly formed international school in Malaysia despite of student number increase.

Tuition fee is initially accounted as contract liabilities 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.

The Group's revenue from ancillary services increased from approximately RM3.5 million for the six months ended 31 December 2017 to approximately RM4.6 million for the six months ended 31 December 2018. The increase in revenue from ancillary services was mainly attributable to the increase in number of student.

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 7.1% from approximately RM6.9 million for the six months ended 31 December 2017 to approximately RM7.4 million for the six months ended 31 December 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 operational hostel block in the Annex Building.

FINANCIAL REVIEW (continued)

Cost of revenue and gross profit margin (continued)

The Group's recorded gross profit of approximately RM3.0 million with gross profit margin of approximately 28.9% for the six months ended 31 December 2018 and recorded gross profit of approximately of RM3.4 million with gross profit margin of approximately 32.9% for the six months ended 31 December 2017. The decrease in gross profit of approximately RM0.4 million 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 operational hostel block in the Annex Building. The decrease of gross profit margin 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.

Other revenue and gains

The Group's other revenue and gains remain consistent from approximately RM3.4 million for the six months ended 31 December 2017 to approximately RM3.3 million for the six months ended 31 December 2018.

Selling and distribution expenses

The Group's selling and distribution expenses increased from approximately RM0.1 million for the six months ended 31 December 2017 to approximately RM0.4 million for the six months ended 31 December 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 hostel block in the Annex Building during the six months ended 31 December 2018.

Administrative expenses

Administrative expenses of our Group had been decreased from approximately RM7.2 million for the six months ended 31 December 2017 to approximately RM6.6 million for the six months ended 31 December 2018. The decrease was mainly due to non-recurring listing expenses recognised during the six months ended 31 December 2017 as well as offset by the increase in expenses incurred for the soon to be operational hostel block in the Annex Building.

Finance costs

Finance costs increased from approximately RM1.5 million for the six months ended 31 December 2017 to approximately RM1.8 million for the six months ended 31 December 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 increased from approximately RM1.9 million for the six monthe ended 31 December 2017 to approximately RM2.4 million for the six months ended 31 December 2018. The increase of loss attributable to the owners mainly due to increase in staff costs, sales and marketing expenses, as well as finance cost for the six months ended 31 December 2018.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity for the period ended 31 December 2018 and capital requirements primarily through internally generated fund from operating activities and proceeds from the Listing.

As at 31 December 2018, the Group has total cash and bank balances of approximately RM24.9 million compared to approximately RM35.2 million as at 30 June 2018. The decrease was mainly due to partial of the net proceeds received from the Listing has been used up for the soon to be operational hostel block in the KIS Annex Building. The borrowings of our Group as at 31 December 2018 was approximately RM71.1 million as compared to approximately RM87.5 million as at 30 June 2018, representing a decrease of approximately RM16.4 million. This decrease was due to repayment of term loan instalment and paydown of revolving loan.

The gearing ratio of the Group as at 31 December 2018 was approximately 107% as compared to approximately 128% as at 30 June 2018. Gearing ratio had decreased due to revolving loan has been paid down during the six months ended 31 December 2018.

TREASURY POLICIES

The Group employed a prudent treasury policies and generally financed its operations and businesses with internally generated funds, equity and debt financing denominated in RM and arranged on a floating-rate basis. It is the Group's policy not to enter into any derivative transactions for speculative purposes.

CAPITAL COMMITMENTS

Our capital commitments primarily relate to the construction of KIS Annex Building. The following table sets out a summary of our capital commitments as at 31 December 2018 and 30 June 2018.

	31 December 2018 RM (Unaudited)	30 June 2018 RM (Audited)
Commitments for the acquisition of property, plant and equipment	4,096,255	10,649,557

FOREIGN EXCHANGE EXPOSURE

The functional currencies of our operations, assets and liabilities are mostly denominated in RM. Therefore, we are not exposed to any significant foreign exchange risk, except for our HKD denominated bank balances. The Group did no engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the period ended 31 December 2018.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2018, the Group had a work force of 184 employees as compared with 173 employees as at 31 December 2017. Total staff costs for the six months ended 31 December 2017 and 31 December 2018 were approximately RM5.3 million and RM7.1 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee.

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 31 December 2018**	**Balance as at 31 December 2018**
	(RM million)	*(RM million)*	*(RM million)*
Settlement of fees for constructing the KIS Annex Building	12.0	5.0	7.0
Renovation of the KIS Annex Building	15.0	5.5	9.5
Purchase of facilities for KIS Annex Building	4.4	0.9	3.5
Total	**31.4**	**11.4**	**20.0**

OTHER INFORMATION

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

There were neither significant investment held as at 31 December 2018 nor material acquisitions and disposals of subsidiaries during the six months period ended 31 December 2018. There is no plan for material investment or capital assets as at 31 December 2018.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2018 (31 December 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 listed securities for the six months ended 31 December 2018.

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

As at 31 December 2018, the interest and short positions of the Directors and the chief executive of the Company in the Shares, 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 ("Dato' Law")	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 31 December 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 in 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 Limited ("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 ("Dato' Law")	Eduking Investment	Beneficial owner	1 share of US$1.00	100%

Save as disclosed above, as at 31 December 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 31 December 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%
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 in 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**").

During the six months ended 31 December 2018, the Company has complied with the CG Code.

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 during the six months ended 31 December 2018.

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 into 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 six months ended 31 December 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 INTERIM 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.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS (continued)

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 six months ended 31 December 2018. The audit committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosure have been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim 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, 25 January 2019

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.

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