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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)**

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2019**

### **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.*

## THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 MARCH 2019

The Board of the directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of our Group for the three months and nine months ended 31 March 2019 together with the unaudited comparative figures for the three months and nine months ended 31 March 2018 as follows.

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

*For the three months and nine months ended 31 March 2019*

|   | <i>Notes</i> | Three months ended<br>31 March   |                                  | Nine months ended<br>31 March    |                                  |
|---|--------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|   |              | 2019<br><i>RM</i><br>(unaudited) | 2018<br><i>RM</i><br>(unaudited) | 2019<br><i>RM</i><br>(unaudited) | 2018<br><i>RM</i><br>(unaudited) |
| <b>Revenue</b>  | 3            | <b>9,709,995</b>                 | 10,370,723                       | <b>20,066,150</b>                | 20,617,173                       |
| Cost of revenue   |              | <b>(4,964,814)</b>               | (3,573,469)                      | <b>(12,329,186)</b>              | (10,447,924)                     |
| <b>Gross profit</b>   |              | <b>4,745,181</b>                 | 6,797,254                        | <b>7,736,964</b>                 | 10,169,249                       |
| Other revenue and gains   | 4            | <b>232,005</b>                   | 1,388,042                        | <b>3,533,108</b>                 | 4,816,535                        |
| Selling and distribution expenses   |              | <b>(62,535)</b>                  | (45,217)                         | <b>(429,868)</b>                 | (123,411)                        |
| Administrative expenses   |              | <b>(4,157,359)</b>               | (2,542,701)                      | <b>(10,806,101)</b>              | (9,681,016)                      |
| <b>Operating profit</b>   |              | <b>757,292</b>                   | 5,615,378                        | <b>34,103</b>                    | 5,181,357                        |
| Finance costs   |              | <b>(1,040,708)</b>               | (524,589)                        | <b>(2,861,545)</b>               | (2,064,278)                      |
| <b>(Loss)/Profit before income tax</b>  | 5            | <b>(283,416)</b>                 | 5,090,789                        | <b>(2,827,442)</b>               | 3,117,079                        |
| Income tax credit/(expense)   | 6            | <b>4,966</b>                     | (11,667)                         | <b>4,966</b>                     | (54,949)                         |
| <b>(Loss)/Profit and total<br/>comprehensive (loss)/income<br/>for the period</b> |              | <b>(278,450)</b>                 | 5,079,122                        | <b>(2,822,476)</b>               | 3,062,130                        |
| <b>Attributable to:</b>   |              |                                  |                                  |                                  |                                  |
| Owners of the Company   |              | <b>(172,028)</b>                 | 5,172,403                        | <b>(2,568,056)</b>               | 3,296,792                        |
| Non-controlling interests   |              | <b>(106,422)</b>                 | (93,281)                         | <b>(254,420)</b>                 | (234,662)                        |
|   |              | <b>(278,450)</b>                 | 5,079,122                        | <b>(2,822,476)</b>               | 3,062,130                        |
| <b>(Loss)/Earnings per share</b>  |              |                                  |                                  |                                  |                                  |
| Basic and diluted ( <i>RM sen</i> )   | 7            | <b>(0.02)</b>                    | 0.86                             | <b>(0.32)</b>                    | 0.55                             |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2019

## Attributable to owners of the Company

|  | Share capital<br>RM<br>(Unaudited) | Share premium<br>RM<br>(Unaudited) | Merger reserve<br>RM<br>(Unaudited) | Retained earnings<br>RM<br>(Unaudited) | Sub-total<br>RM<br>(Unaudited) | Non-controlling interests<br>RM<br>(Unaudited) | Total equity<br>RM<br>(Unaudited) |
|--|------------------------------------|------------------------------------|-------------------------------------|--|--------------------------------|--|-----------------------------------|
| <b>As at 1 July 2017</b>   | 45                                 | -                                  | 18,300,002                          | 13,350,990                             | 31,651,037                     | 238,776  | 31,889,813                        |
| (Loss)/Profit and total comprehensive income for the period              | -                                  | -                                  | -                                   | 3,296,792                              | 3,296,792                      | (234,662)                                      | 3,062,130                         |
| Issuance of new shares   | 53                                 | -                                  | -                                   | -                                      | 53                             | -  | 53                                |
| Share repurchased and cancelled  | (87)                               | -                                  | -                                   | -                                      | (87)                           | -  | (87)                              |
| Effect of reorganisation   | -                                  | -                                  | (73)                                | -                                      | (73)                           | -  | (73)                              |
| <b>As at 31 March 2018</b>   | <b>11</b>                          | <b>-</b>                           | <b>18,299,929</b>                   | <b>16,647,782</b>                      | <b>34,947,722</b>              | <b>4,114</b>                                   | <b>34,951,836</b>                 |
| <b>As at 1 July 2018</b>   | <b>4,039,181</b>                   | <b>31,409,986</b>                  | <b>18,299,929</b>                   | <b>14,861,003</b>                      | <b>68,610,099</b>              | <b>(91,011)</b>                                | <b>68,519,088</b>                 |
| Loss and total comprehensive loss for the period                         | -                                  | -                                  | -                                   | (2,568,056)                            | (2,568,056)                    | (254,420)                                      | (2,822,476)                       |
| Issuance of a subsidiary's new shares to its non-controlling shareholder | -                                  | -                                  | -                                   | 29,002                                 | 29,002                         | 270,998  | 300,000                           |
| <b>As at 31 March 2019</b>   | <b>4,039,181</b>                   | <b>31,409,986</b>                  | <b>18,299,929</b>                   | <b>12,321,949</b>                      | <b>66,071,045</b>              | <b>(74,433)</b>                                | <b>65,996,612</b>                 |

# 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.

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") and the disclosures required by the Rules Governing the listing of securities on GEM of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The basis of preparation and principle accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 30 June 2018, except for the adoption of the new and revised HKFRSs. The application of these new and revised HKFRSs did not result in significant impact on the unaudited condensed consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Our 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<br>school<br>RM<br>(Unaudited) | Tertiary<br>education<br>RM<br>(Unaudited) | Unallocated<br>RM<br>(Unaudited) | Inter-<br>segment<br>elimination<br>RM<br>(Unaudited) | Total<br>RM<br>(Unaudited) |
|--|--|--|----------------------------------|---|----------------------------|
| <b>For the nine months ended<br/>31 March 2019</b> |  |  |                                  |   |                            |
| Revenue  | 19,410,913                                   | 104,629                                    | 550,608                          | -   | 20,066,150                 |
| Cost of revenue                                    | (11,716,980)                                 | (310,363)                                  | (301,843)                        | -   | (12,329,186)               |
| Gross profit/(loss)                                | 7,693,933                                    | (205,734)                                  | 248,765                          | -   | 7,736,964                  |
| Other revenue and gains                            | 3,517,051                                    | 10,400                                     | 5,657                            | -   | 3,533,108                  |
| Selling and distribution<br>expenses               | (396,834)                                    | (5,244)                                    | (27,790)                         | -   | (429,868)                  |
| Administrative expenses                            | (6,549,559)                                  | (515,752)                                  | (3,740,790)                      | -   | (10,806,101)               |
| Operating profit/(loss)                            | 4,264,591                                    | (716,330)                                  | (3,514,158)                      | -   | 34,103                     |
| Finance costs                                      | (2,859,030)                                  | -  | (2,515)                          | -   | (2,861,545)                |
| Profit/(Loss)<br>before income tax                 | <u>1,405,561</u>                             | <u>(716,330)</u>                           | <u>(3,516,673)</u>               | <u>-</u>  | <u>(2,827,442)</u>         |

### 3. REVENUE AND SEGMENT INFORMATION (continued)

#### (a) Revenue by business segment (continued)

|  | International<br>school<br>RM<br>(Unaudited) | Tertiary<br>education<br>RM<br>(Unaudited) | Unallocated<br>RM<br>(Unaudited) | Inter-<br>segment<br>elimination<br>RM<br>(Unaudited) | Total<br>RM<br>(Unaudited) |
|--|--|--|----------------------------------|---|----------------------------|
| <b>For the nine months<br/>ended 31 March 2018</b> |  |  |                                  |   |                            |
| Revenue  | 20,508,417                                   | 108,756                                    | -                                | -   | 20,617,173                 |
| Cost of revenue                                    | (9,882,653)                                  | (565,271)                                  | -                                | -   | (10,447,924)               |
| Gross profit/(loss)                                | 10,625,764                                   | (456,515)                                  | -                                | -   | 10,169,249                 |
| Other revenue and gains                            | 4,502,075                                    | 314,460                                    | -                                | -   | 4,816,535                  |
| Selling and distribution<br>expenses               | (94,736)                                     | (28,675)                                   | -                                | -   | (123,411)                  |
| Administrative expenses                            | (4,674,521)                                  | (1,221,577)                                | (3,784,918)                      | -   | (9,681,016)                |
| Operating profit/(loss)                            | 10,358,582                                   | (1,392,307)                                | (3,784,918)                      | -   | 5,181,357                  |
| Finance costs                                      | (2,064,278)                                  | -  | -                                | -   | (2,064,278)                |
| Profit/(Loss)<br>before income tax                 | <u>8,294,304</u>                             | <u>(1,392,307)</u>                         | <u>(3,784,918)</u>               | <u>-</u>  | <u>3,117,079</u>           |

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

### 4. OTHER REVENUE AND GAINS

|  | <b>Three months ended<br/>31 March</b> |                                    | <b>Nine months ended<br/>31 March</b> |                                    |
|--|--|------------------------------------|---------------------------------------|------------------------------------|
|  | <b>2019<br/>RM<br/>(unaudited)</b>     | <b>2018<br/>RM<br/>(unaudited)</b> | <b>2019<br/>RM<br/>(unaudited)</b>    | <b>2018<br/>RM<br/>(unaudited)</b> |
| Interest income                              | <b>75,077</b>                          | 11,085                             | <b>307,336</b>                        | 21,334                             |
| Liquidated and ascertained<br>damages (Note) | -                                      | 1,350,000                          | <b>2,760,000</b>                      | 4,110,000                          |
| Others                                       | <b>156,928</b>                         | 26,957                             | <b>465,772</b>                        | 685,201                            |
|  | <u><b>232,005</b></u>                  | <u>1,388,042</u>                   | <u><b>3,533,108</b></u>               | <u>4,816,535</u>                   |

#### 4. OTHER REVENUE AND GAINS (continued)

Note:

Our 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 our Group was not in its capacity as a shareholder.

#### 5. (LOSS)/PROFIT BEFORE INCOME TAX

|  | Three months ended |             | Nine months ended |             |
|--|--------------------|-------------|-------------------|-------------|
|  | 31 March           |             | 31 March          |             |
|  | 2019               | 2018        | 2019              | 2018        |
|  | <i>RM</i>          | <i>RM</i>   | <i>RM</i>         | <i>RM</i>   |
|  | (unaudited)        | (unaudited) | (unaudited)       | (unaudited) |
| Auditor’s remuneration   | 48,047             | 10,953      | 259,928           | 47,961      |
| Directors’ remuneration  | 60,003             | -           | 180,009           | -           |
| Employee costs (excluding directors’ remuneration)   | 4,137,749          | 2,790,466   | 11,226,267        | 8,114,914   |
| Impairment loss on trade receivables   | -                  | -           | -                 | 40,793      |
| Depreciation of property, plant and equipment:   |                    |             |                   |             |
| - Owned  | 1,007,894          | 581,798     | 2,320,990         | 1,715,484   |
| - Held under finance lease   | 17,788             | -           | 17,788            | 10,722      |
| Minimum lease payments received under operating leases from leasing of properties less outgoings in the period | (7,625)            | (4,500)     | (20,125)          | (15,500)    |
| Minimum lease payments under operating leases recognised as expense in the period                              | 76,394             | 104,748     | 322,494           | 304,644     |
| Listing expenses (including professional fee and other expenses)   | -                  | 192,454     | -                 | 3,333,669   |

## 6. INCOME TAX CREDIT/(EXPENSE)

Malaysian profits tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the nine months ended 31 March 2019 and 2018.

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 nine months period ended 31 March 2019 and 2018. 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 nine months period ended 31 March 2019 and 2018. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

|   | Three months ended<br>31 March |                           | Nine months ended<br>31 March |                           |
|---|--------------------------------|---------------------------|-------------------------------|---------------------------|
|   | 2019<br>RM<br>(unaudited)      | 2018<br>RM<br>(unaudited) | 2019<br>RM<br>(unaudited)     | 2018<br>RM<br>(unaudited) |
| Current Tax – Malaysian profits tax :   |                                |                           |                               |                           |
| - Charge/(credit) for the period        | 73,762                         | (5,943)                   | 73,762                        | 31,177                    |
| - (Over)/under provision in prior years | (78,728)                       | 14,647                    | (78,728)                      | 20,809                    |
|   | (4,966)                        | 8,704                     | (4,966)                       | 51,986                    |
| Deferred tax expense                    |                                |                           |                               |                           |
| - Charge for the period                 | -                              | 2,963                     | -                             | 2,963                     |
|   | <b>(4,966)</b>                 | <b>11,667</b>             | <b>(4,966)</b>                | <b>54,949</b>             |



## 7. (LOSS)/EARNINGS PER SHARE

|                            | Three months ended<br>31 March |                     | Nine months ended<br>31 March |                     |
|----------------------------|--------------------------------|---------------------|-------------------------------|---------------------|
|                            | 2019<br>(unaudited)            | 2018<br>(unaudited) | 2019<br>(unaudited)           | 2018<br>(unaudited) |
| Basic and diluted (RM sen) | <u>(0.02)</u>                  | <u>0.86</u>         | <u>(0.32)</u>                 | <u>0.55</u>         |

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

### (Loss)/Profit

|  | Three months ended<br>31 March |                           | Nine months ended<br>31 March |                           |
|--|--------------------------------|---------------------------|-------------------------------|---------------------------|
|  | 2019<br>RM<br>(unaudited)      | 2018<br>RM<br>(unaudited) | 2019<br>RM<br>(unaudited)     | 2018<br>RM<br>(unaudited) |
| (Loss)/Profit for the period attributable to the owners of the Company | <u>(172,028)</u>               | <u>5,172,403</u>          | <u>(2,568,056)</u>            | <u>3,296,792</u>          |

### Number of shares

|   | Three months ended<br>31 March |                     | Nine months ended<br>31 March |                     |
|---|--------------------------------|---------------------|-------------------------------|---------------------|
|   | 2019<br>(unaudited)            | 2018<br>(unaudited) | 2019<br>(unaudited)           | 2018<br>(unaudited) |
| Weighted average number of ordinary shares in issue during the period | <u>800,000,000</u>             | <u>600,000,000</u>  | <u>800,000,000</u>            | <u>600,000,000</u>  |

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

## 8. DIVIDENDS

The Board does not recommend the payment of any dividend for the nine months ended 31 March 2019 (nine month ended 31 March 2018 : Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

During the nine months ended 31 March 2019, 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**

The education outlook in Malaysia is very positive as in the Malaysian Government Budget announcement, it was revealed that the Education Ministry received the lion's share with an allocation of RM60.2 billion, emphasizing the critical importance of education in Malaysia moving forward. As an education hub, Malaysia is a popular destination for local and international students because of the quality of academic programmes provided by higher education institutions in the country which are accredited by the Malaysian Qualification Agency (MQA). MQA accreditation is widely accepted in Asia, New Zealand, Japan, Australia, United Kingdom and Europe.

Our 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 in preparing the Kingsley International School ("KIS") KIS Annex Building for immediate partial operation in January 2019 and also in preparation for the new academic year starting in September where all the facilities have to be fully operational. 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. Current KIS international students have already started to register for the dormitory and some have already moved in to their new accommodation in the recently completed dormitory. We are expecting many more to register and the availability of the dormitory will allow KIS to intake international students that previously we could not accommodate. Although our profitability have been affected in this quarter mainly due to the above cost incurred as well as cost for marketing and tuition incentives because of driven competition we believe that with these new facilities Kingsley will move up to the 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### BUSINESS REVIEW (continued)

### PROSPECTS AND STRATEGIES (continued)

Our Group also continues to look for suitable investment opportunities both locally and in overseas markets with smart partnerships as evidenced in our recent voluntary announcement made on 5<sup>th</sup> December 2018 on the memorandum of understanding (MOU) in relation to the possible acquisition of a target company in Hong Kong who is in the education business and on 5<sup>th</sup> March 2019 on another MOU for possible acquisition of another target company also in Hong Kong. For both companies we are currently performing due diligence activities on their business performance. This is part of our efforts to diversify and broaden our revenue base over the longer term. We are also currently pursuing smart partnership with other higher institution in Malaysia who are recognized by the Ministry of education in China so that our tertiary institution can conduct programmes that will attract students from the People's Republic of China ("PRC"). Once negotiations have completed we will make the necessary announcements.

### FINANCIAL REVIEW

#### Revenue

Our revenue decreased by approximately RM0.5 million from approximately RM20.6 million for the nine months ended 31 March 2018 to approximately RM20.1 million for the nine months ended 31 March 2019, representing a decrease of 2.7%. Such decrease was mainly attributable to the new introduction of discount scheme for the nine months ended 31 March 2019 in response to competition presented by newly formed international schools in Malaysia despite student number increase as well as offset from increase of revenue from ancillary services.

|                      | Three months ended<br>31 March |                           | Nine months ended<br>31 March |                           |
|----------------------|--------------------------------|---------------------------|-------------------------------|---------------------------|
|                      | 2019<br>RM<br>(unaudited)      | 2018<br>RM<br>(unaudited) | 2019<br>RM<br>(unaudited)     | 2018<br>RM<br>(unaudited) |
| International school | 9,405,709                      | 10,337,770                | 19,410,913                    | 20,508,417                |
| Tertiary education   | 30,252                         | 32,953                    | 104,629                       | 108,756                   |
| Other                | 274,034                        | -                         | 550,608                       | -                         |
| Total                | <u>9,709,995</u>               | <u>10,370,723</u>         | <u>20,066,150</u>             | <u>20,617,173</u>         |

|                    | Three months ended 31 March |               |                           |               |
|--------------------|-----------------------------|---------------|---------------------------|---------------|
|                    | 2019<br>RM<br>(Unaudited)   | % of revenue  | 2018<br>RM<br>(Unaudited) | % of revenue  |
| Tuition fee        | 6,431,435                   | 66.2%         | 7,274,905                 | 70.1%         |
| Ancillary services | 3,278,560                   | 33.8%         | 3,095,818                 | 29.9%         |
| Total              | <u>9,709,995</u>            | <u>100.0%</u> | <u>10,370,723</u>         | <u>100.0%</u> |

## FINANCIAL REVIEW (continued)

### Revenue (continued)

|                    | Nine months ended 31 March |               |                   |               |
|--------------------|----------------------------|---------------|-------------------|---------------|
|                    | 2019                       |               | 2018              |               |
|                    | RM<br>(Unaudited)          | % of revenue  | RM<br>(Unaudited) | % of revenue  |
| Tuition fee        | 12,210,803                 | 60.9%         | 14,060,848        | 68.2%         |
| Ancillary services | 7,855,347                  | 39.1%         | 6,556,325         | 31.8%         |
| Total              | <b>20,066,150</b>          | <b>100.0%</b> | <b>20,617,173</b> | <b>100.0%</b> |

Our Group's revenue from tuition fee decreased from approximately RM14.1 million for the nine months ended 31 March 2018 to approximately RM12.2 million for the nine months ended 31 March 2019. The decrease in revenue from tuition fee was mainly attributable to the new introduction of discount scheme for the nine months ended 31 March 2019 in response to competition presented by newly formed international schools in Malaysia despite student number increase.

Tuition fee is initially accounted as contract liabilities and only recognised as revenue progressively when the education services are 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.

Our Group's revenue from ancillary services increased from approximately RM6.6 million for the nine months ended 31 March 2018 to approximately RM7.9 million for the nine months ended 31 March 2019. The increase in revenue from ancillary services was mainly attributable to the increase in student numbers as well as extra curriculum activities being conducted.

### Cost of revenue and gross profit margin

The majority of our 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 18.0% from approximately RM10.4 million for the nine months ended 31 March 2018 to approximately RM12.3 million for the nine months ended 31 March 2019 was primarily 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 being employed as part of the operational cost for KIS Annex Building.

As a result of the foregoing, our gross profit decrease by approximately RM2.5 million from approximately RM10.2 million for the nine months ended 31 March 2018 to approximately RM7.7million for the nine months ended 31 March 2019, representing a decrease of approximately 23.9%.

## **FINANCIAL REVIEW (continued)**

### **Other revenue and gains**

Our Group's other revenue and gains decreased by approximately 26.6% from approximately RM4.8 million for the nine months ended 31 March 2018 to approximately RM3.5 million for the nine months ended 31 March 2019 due to reduction in liquidated ascertained damages as the KIS Annex Building was completed in December 2018.

### **Selling and distribution expenses**

Our Group's selling and distribution expenses increased from approximately RM0.1 million for the nine months ended 31 March 2018 to approximately RM0.4 million for the nine months ended 31 March 2019. The increase was attributable to additional advertising in response to competition presented by newly formed international schools in Malaysia as well as the additional advertisement cost for the Annex Building during the nine months ended 31 March 2019.

### **Administrative expenses**

Our administrative expenses increased by approximately RM1.1 million from approximately RM9.7 million for the nine months ended 31 March 2018 to approximately RM10.8 million for the nine months ended 31 March 2019. The increase were primarily due to increase in non-academic staff costs as well as additional cost incurred for the KIS Annex Building.

### **Finance costs**

Our finance costs increased by approximately RM0.8 million from approximately RM2.1 million for the nine months ended 31 March 2018 to approximately RM2.9 million for the nine months ended 31 March 2019. The increase in finance costs was mainly due to additional banking facility were being drawn down from a commercial bank in February 2018 for general working purpose.

### **(Loss)/Profit attributable to the Owners of the Company**

As result of the foregoing, our profit attributable to the owners of the Company reduced from approximately RM3.3 million for the nine months ended 31 March 2018 to loss attributable to the owners of the Company of approximately RM2.6 million for the nine months ended 31 March 2019.

## 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.

| <b>Use of net proceeds</b>                                 | <b>Amount of net proceeds allocated upon listing<br/>(RM million)</b> | <b>Amount utilised up to 31 March 2019<br/>(RM million)</b> | <b>Balance as at 31 March 2019<br/>(RM million)</b> |
|--|---|---|---|
| Settlement of fees for constructing the KIS Annex Building | 12.0  | 5.0   | 7.0   |
| Renovation of the KIS Annex Building                       | 15.0  | 7.6   | 7.4   |
| Purchase of facilities for KIS Annex Building              | 4.4   | 1.2   | 3.2   |
| <b>Total</b>   | <b>31.4</b>   | <b>13.8</b>   | <b>17.6</b>   |

## OTHER INFORMATION

### 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 31 March 2019 nor material acquisitions and disposals of subsidiaries during the nine months period ended 31 March 2019. There is no plan for material investment or capital assets as at 31 March 2019.

### CONTINGENT LIABILITIES

Our Group had no material contingent liabilities as at 31 March 2019 (31 March 2018 : 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 nine months ended 31 March 2019.

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

As at 31 March 2019, 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 <sup>(1)</sup> | Percentage of Shareholding <sup>(2)</sup> |
|--|--|---------------------------------|---|
| Tan Sri Dato' Sri Goh Ming Choon ("Tan Sri Barry Goh") | Interests of controlled corporation and concert party <sup>(3)</sup> | 552,000,000                     | 69.00%                                    |
| Dato' Danny Goh Meng Keong ("Dato' Danny Goh")         | Interests of controlled corporation and concert party <sup>(3)</sup> | 552,000,000                     | 69.00%                                    |
| Dato' Law Boon Hee ("Dato' Law")                       | Interests of controlled corporation <sup>(4)</sup>                   | 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 March 2019.

(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 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 March 2019, 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 March 2019, 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 <sup>(1)</sup> | 552,000,000           | 69.00%                     |
| Puan Sri Toh Siew Choo | Interest of spouse <sup>(2)</sup>                 | 552,000,000           | 69.00%                     |
| DGMK                   | Beneficial owner and concert party <sup>(1)</sup> | 552,000,000           | 69.00%                     |
| Datin See Choon Keok   | Interest of spouse <sup>(3)</sup>                 | 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 nine months ended 31 March 2019, 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 nine months ended 31 March 2019.

## **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 nine months ended 31 March 2019 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 THIRD 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 nine months ended 31 March 2019. The audit committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 March 2019 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosure have been made.

## **PUBLICATION OF THIRD QUARTERLY RESULTS ANNOUNCEMENT**

This third quarterly results announcement will be published on the GEM website at [www.hkgem.com](http://www.hkgem.com) and the Company's website at [www.kingsley.edu.my](http://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, 2 May 2019

*As at the date of this announcement, the executive Directors are Tan Sri Dato' Sri Goh Ming Choon, Dato' Danny Goh Meng Keong and 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 "Latest Company Announcements" page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company's website at [www.kingsley.edu.my](http://www.kingsley.edu.my).*