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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)**

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

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 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 six months ended 31 December 2019 together with the unaudited comparative figures for the three months and six months ended 31 December 2018 as follows.

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

For the three months and six months ended 31 December 2019

	Notes	Three months ended 31 December		Six months ended 31 December	
		2019 RM'000 (unaudited)	2018 RM'000 (unaudited)	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)
<b>Revenue</b>	4	<b>9,593</b>	7,552	<b>14,109</b>	10,356
Cost of revenue		<b>(5,028)</b>	(3,886)	<b>(8,794)</b>	(7,364)
<b>Gross profit</b>		<b>4,565</b>	3,666	<b>5,315</b>	2,992
Other revenue and gains	5	<b>178</b>	1,685	<b>448</b>	3,301
Selling and distribution expenses		<b>(98)</b>	(62)	<b>(140)</b>	(367)
Administrative expenses		<b>(4,259)</b>	(3,550)	<b>(8,168)</b>	(6,649)
<b>Operating profit/(loss)</b>		<b>386</b>	1,739	<b>(2,545)</b>	(723)
Finance costs		<b>(1,248)</b>	(901)	<b>(2,557)</b>	(1,821)
<b>(Loss)/Profit before income tax</b>	6	<b>(862)</b>	838	<b>(5,102)</b>	(2,544)
Income tax expense	7	<b>(7)</b>	-	<b>(13)</b>	-
<b>(Loss)/Profit and total comprehensive (loss)/income for the period*</b>		<b>(869)</b>	838	<b>(5,115)</b>	(2,544)
<b>Attributable to:</b>					
Owners of the Company		<b>(809)</b>	905	<b>(4,870)</b>	(2,395)
Non-controlling interests		<b>(60)</b>	(67)	<b>(245)</b>	(149)
		<b>(869)</b>	838	<b>(5,115)</b>	(2,544)
<b>(Loss)/Earnings per share</b>					
Basic and diluted (RM sen)	8	<b>(0.10)</b>	0.10	<b>(0.61)</b>	(0.32)

\* Loss reported was based on accounting recognition of four month revenue (September to December) for the international school segment with corresponding six month costs (July to December) for the above two reporting periods.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*As at 31 December 2019*

	Notes	31 December 2019 RM'000 (Unaudited)	30 June 2019 RM'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>153,967</b>	154,229
<b>Total non-current assets</b>		<b>153,967</b>	154,229
<b>Current assets</b>			
Accounts receivable	11	574	781
Prepayments, deposits and other receivables	12	2,332	3,120
Amounts due from a related company		9,105	9,105
Tax recoverable		185	154
Pledged bank deposits		170	550
Cash and cash equivalents		9,737	6,267
<b>Total current assets</b>		<b>22,103</b>	19,977
<b>Current liabilities</b>			
Accounts payable	13	508	1,615
Contract liabilities	14	13,473	1,722
Other payables and accruals	15	6,023	6,213
Amounts due to a director		240	-
Bank borrowings		5,872	7,122
Obligations under finance leases		28	27
<b>Total current liabilities</b>		<b>26,144</b>	16,699
<b>Net current (liabilities)/assets</b>		<b>(4,041)</b>	3,278
<b>Total assets less current liabilities</b>		<b>149,926</b>	157,507
<b>Non-current liabilities</b>			
Amount due to a related company		22,622	22,013
Bank borrowings		55,905	58,966
Obligations under finance leases		248	262
<b>Total non-current liabilities</b>		<b>78,775</b>	81,241
<b>Net assets</b>		<b>71,151</b>	76,266

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION (continued)**

*As at 31 December 2019*

	<b>Notes</b>	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
<b>Equity</b>			
Share capital	16	<b>4,039</b>	4,039
Share premium		<b>31,410</b>	31,410
Reserves		<b>35,868</b>	40,738
		<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>		<b>71,317</b>	76,187
<b>Non-controlling interests</b>		<b>(166)</b>	79
		<hr/>	<hr/>
<b>Total equity</b>		<b>71,151</b>	76,266
		<hr/> <hr/>	<hr/> <hr/>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2019

## Attributable to owners of the Company

	Share capital RM'000 (Unaudited)	Share premium RM'000 (Unaudited)	Merger reserve RM'000 (Unaudited)	Other reserve RM'000 (Unaudited)	Retained earnings RM'000 (Unaudited)	Sub-total RM'000 (Unaudited)	Non-controlling interests RM'000 (Unaudited)	Total equity RM'000 (Unaudited)
As at 1 July 2018 (Audited)	4,039	31,410	18,299	-	14,861	68,609	(91)	68,518
Loss and total comprehensive loss for the period	-	-	-	-	(2,395)	(2,395)	(149)	(2,544)
Issuance of new shares to non-controlling shareholder	-	-	-	-	29	29	271	300
As at 31 December 2018 (Unaudited)	<u>4,039</u>	<u>31,410</u>	<u>18,299</u>	<u>-</u>	<u>12,495</u>	<u>66,243</u>	<u>31</u>	<u>66,274</u>
As at 1 July 2019 (Audited)	<b>4,039</b>	<b>31,410</b>	<b>18,299</b>	<b>5,297</b>	<b>17,142</b>	<b>76,187</b>	<b>79</b>	<b>76,266</b>
Loss and total comprehensive loss for the period	-	-	-	-	(4,870)	(4,870)	(245)	(5,115)
As at 31 December 2019 (Unaudited)	<u><b>4,039</b></u>	<u><b>31,410</b></u>	<u><b>18,299</b></u>	<u><b>5,297</b></u>	<u><b>12,272</b></u>	<u><b>71,317</b></u>	<u><b>(166)</b></u>	<u><b>71,151</b></u>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 31 December 2019

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Net cash from operating activities</b>	<b>11,960</b>	<b>88</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(2,921)	(11,325)
Decrease / (Increase) in pledged bank deposits	380	(8)
Interest received	54	232
<b>Net cash used in investing activities</b>	<b>(2,487)</b>	<b>(11,101)</b>
<b>Cash flow from financing activities</b>		
Proceeds from disposal of property, plant and equipment	31	-
Proceeds from issuance of a subsidiary's new shares to its non-controlling shareholders	-	300
Repayment of bank borrowings	(4,334)	(16,464)
Advances from related companies	-	4,835
Advances from a director	240	14,630
Repayment of obligations under finance leases	(13)	-
Interest paid	(1,927)	(2,556)
<b>Net cash (used in)/from financing activities</b>	<b>(6,003)</b>	<b>745</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,470</b>	<b>(10,268)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>6,267</b>	<b>35,211</b>
<b>Cash and cash equivalents at end of period</b>	<b>9,737</b>	<b>24,943</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 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 Malaysian Ringgit ("**RM**"), which is also the functional currency of the Company.

## 2. BASIS OF PRESENTATION

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 GEM Listing Rules 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 2019, 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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group adopted all the HKFRS issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2018. HKFRSs comprise HKFRS; 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 and result by segments:

##### (a) Revenue and result by business segments

	International school RM'000 (Unaudited)	Tertiary education RM'000 (Unaudited)	Others RM'000 (Unaudited)	Inter- segment elimination RM'000 (Unaudited)	Total RM'000 (Unaudited)
<b>For the six months ended 31 December 2019</b>					
Revenue	12,687	-	1,422	-	14,109
Cost of revenue	(7,758)	(41)	(995)	-	(8,794)
Gross profit/(loss)	4,929	(41)	427	-	5,315
Other revenue and gains	446	-	2	-	448
Selling and distribution expenses	(94)	-	(46)	-	(140)
Administrative expenses	(5,576)	(113)	(2,479)	-	(8,168)
Operating loss	(295)	(154)	(2,096)	-	(2,545)
Finance costs	(2,550)	-	(7)	-	(2,557)
Loss before income tax	<u>(2,845)*</u>	<u>(154)</u>	<u>(2,103)</u>	<u>-</u>	<u>(5,102)</u>



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

##### (a) Revenue and result by business segments (continued)

	International school RM'000 (Unaudited)	Tertiary education RM'000 (Unaudited)	Others RM'000 (Unaudited)	Inter- segment elimination RM'000 (Unaudited)	Total RM'000 (Unaudited)
<b>As at 31 December 2019</b>					
Segment assets	179,826	651	26,688	(31,095)	176,070
Segment liabilities	127,636	2,697	4,964	(30,378)	104,919
<b>For the six months ended 31 December 2018</b>					
Revenue	10,005	74	277	-	10,356
Cost of revenue	(6,956)	(261)	(147)	-	(7,364)
Gross profit/(loss)	3,049	(187)	130	-	2,992
Other revenue and gains	3,289	10	2	-	3,301
Selling and distribution expenses	(351)	(2)	(14)	-	(367)
Administrative expenses	(3,805)	(369)	(2,475)	-	(6,649)
Operating profit/(loss)	2,182	(548)	(2,357)	-	(723)
Finance costs	(1,821)	-	-	-	(1,821)
Profit/(Loss) before income tax	361*	(548)	(2,357)	-	(2,544)

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

##### (a) Revenue and result by business segments (continued)

	International school RM'000 (Audited)	Tertiary education RM'000 (Audited)	Others RM'000 (Audited)	Inter- segment elimination RM'000 (Audited)	Total RM'000 (Audited)
<b>As at 30 June 2019</b>					
Segment assets	175,667	800	27,829	(30,090)	174,206
Segment liabilities	120,621	2,692	4,002	(29,375)	97,940

\*There is inconsistency in matching of revenue and expenses because of timing difference. Revenue recognised were for the month from September to December only whereas costs incurred were for July to December for the above two reporting periods. (Please refer to Management Discussion & Analysis on financial review.)

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

	Six months ended 31 December 2019			
	International school RM'000 (Unaudited)	Tertiary education RM'000 (Unaudited)	Others RM'000 (Unaudited)	Total RM'000 (Unaudited)
<b>Major services</b>				
Tuition fee	6,566	-	-	6,566
Ancillary services	6,121	-	-	6,121
Others	-	-	1,422	1,422
<b>Total</b>	<b>12,687</b>	<b>-</b>	<b>1,422</b>	<b>14,109</b>
<b>Timing of revenue recognition</b>				
At a point in time	2,409	-	-	2,409
Over time	10,278	-	1,422	11,700
<b>Total</b>	<b>12,687</b>	<b>-</b>	<b>1,422</b>	<b>14,109</b>

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

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

	Six months ended 31 December 2018			
	International school RM'000 (Unaudited)	Tertiary education RM'000 (Unaudited)	Others RM'000 (Unaudited)	Total RM'000 (Unaudited)
<b>Major services</b>				
Tuition fee	5,743	36	-	5,779
Ancillary services	4,262	38	277	4,577
<b>Total</b>	<b>10,005</b>	<b>74</b>	<b>277</b>	<b>10,356</b>
<b>Timing of revenue recognition</b>				
At a point in time	1,792	39	277	2,108
Over time	8,213	35	-	8,248
<b>Total</b>	<b>10,005</b>	<b>74</b>	<b>277</b>	<b>10,356</b>

##### (c) Geographical information

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 in accordance with HKFRS 8 Operating Segments.

#### 5. OTHER REVENUE AND GAINS

	Three months ended 31 December		Six months ended 31 December	
	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)
Interest income	29	118	55	232
Liquidated and ascertained damages ( <i>Note</i> )	-	1,380	-	2,760
Others	149	187	393	309
<b>Total</b>	<b>178</b>	<b>1,685</b>	<b>448</b>	<b>3,301</b>

## 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. The liquidated and ascertained damages ceased from the handover of KIS Annex Building to the Company in July 2019.

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

	Three months ended 31 December		Six months ended 31 December	
	2019 RM’000 (unaudited)	2018 RM’000 (unaudited)	2019 RM’000 (unaudited)	2018 RM’000 (unaudited)
Auditor’s remuneration	50	108	118	212
Staff costs (including directors’ remuneration)	3,677	3,783	7,258	7,209
Depreciation of property, plant and equipment	1,665	721	3,086	1,313
Property, plant and equipment written off	-	-	66	-
Minimum lease payments received under operating leases from leasing of properties less outgoings in the period	(33)	(8)	(51)	(13)
Minimum lease payments under operating leases recognised as expense in the period	63	151	119	246

## 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 2019 and 2018.

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 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 31 December		Six months ended 31 December	
	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)
Current Tax – Malaysian profits tax :				
- Charge for the period	<u>(7)</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
	<b><u>(7)</u></b>	<b><u>-</u></b>	<b><u>(13)</u></b>	<b><u>-</u></b>

## 8. (LOSS)/EARNINGS PER SHARE

	Three months ended 31 December		Six months ended 31 December	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Basic and diluted (RM sen)	<u>(0.10)</u>	<u>0.10</u>	<u>(0.61)</u>	<u>(0.32)</u>

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

### (Loss)/Profit

	Three months ended 31 December		Six months ended 31 December	
	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)
(Loss)/Profit for the period attributable to the owners of the Company	<u>(809)</u>	<u>905</u>	<u>(4,870)</u>	<u>(2,395)</u>

Number of shares

	<b>Three months ended 31 December</b>		<b>Six months ended 31 December</b>	
	<b>2019 (unaudited)</b>	<b>2018 (unaudited)</b>	<b>2019 (unaudited)</b>	<b>2018 (unaudited)</b>
Weighted average number of ordinary shares in issue during the period	<b>800,000,000</b>	800,000,000	<b>800,000,000</b>	800,000,000

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

**9. DIVIDENDS**

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

**10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 31 December 2019, the Group acquired property, plant and equipment of approximately RM2,921,000.

**11. ACCOUNTS RECEIVABLE**

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
Accounts receivable	574	781
Less : impairment of accounts receivable	-	-
	<b>574</b>	<b>781</b>

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

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
Within 1 month	295	326
1 to 2 months	16	346
2 to 3 months	68	68
Over 3 months	195	41
	<b>574</b>	<b>781</b>

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
Prepayments	1,700	2,887
Deposits	171	125
Other receivables	461	108
	<b>2,332</b>	<b>3,120</b>

## 13. ACCOUNTS PAYABLE

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
Accounts payable	<b>508</b>	<b>1,615</b>

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

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
Within 1 month	272	1,330
1 to 2 months	53	212
2 to 3 months	10	-
Over 3 months	173	73
	<b>508</b>	<b>1,615</b>

#### 14. CONTRACT LIABILITIES

A contract liability represents the Group's obligation to transfer products or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
- 2019/2020	13,473	-
- 2018/2019	-	1,722
	<u>13,473</u>	<u>1,722</u>

#### 15. OTHER PAYABLES AND ACCRUALS

	<b>31 December 2019 RM'000 (Unaudited)</b>	<b>30 June 2019 RM'000 (Audited)</b>
Accruals	1,268	1,147
Deposit refundable to students	4,383	4,082
Other payables	372	984
	<u>6,023</u>	<u>6,213</u>

#### 16. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$</b>
<b>Authorised ordinary shares of HK\$0.01 each</b>		
At 30 June 2019 (audited) / 1 July 2019 and and 31 December 2019 (unaudited)	<u>1,000,000,000</u>	<u>10,000,000</u>



## 16. SHARE CAPITAL (continued)

	Number of shares	Amount HK\$	Amount equivalent RM'000
<b>Issued and fully paid ordinary shares of HK\$0.01 each</b>			
At 30 June 2019 (audited) / 1 July 2019 and 31 December 2019 (unaudited)	<u>800,000,000</u>	<u>8,000,000</u>	<u>4,039</u>

## 17. RELATED PARTY TRANSACTIONS

(a) As at 31 December 2019, the bank borrowings and banking facilities were secured by corporate guarantee, replacing Tan Sri Dato' Sri Goh Ming Choon and Dato' Goh Meng Keong. As at 31 December 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 granted to the Group.

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

	<b>Six months ended 31 December</b>	
	<b>2019</b>	2018
	<b>RM'000</b>	RM'000
	<b>(Unaudited)</b>	(Unaudited)
Fees, salaries and staff welfare benefits (short term employee benefits)	458	469
Contributions to retirement benefits schemes (post employment benefits)	<u>47</u>	<u>59</u>
	<u>505</u>	<u>528</u>

## 17. RELATED PARTY TRANSACTIONS (continued)

(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	
		2019	2018
		RM'000	RM'000
		(Unaudited)	(Unaudited)
BGMC Corporation Sdn. Bhd.	Revenue	-	10
Kingsley Hills Sdn. Bhd.	Other revenue and gains	-	2,760
Kingsley Hills Sdn. Bhd.	Construction expenses	608	9,826
		<u>608</u>	<u>9,826</u>

Name of related party	Type of transaction	Balance owed/(owing)	
		As at 31 December 2019	As at 30 June 2019
		RM'000	RM'000
		(Unaudited)	(Audited)
Kingsley Hills Sdn. Bhd.	Other revenue and gains	9,105	9,105
Kingsley Hills Sdn. Bhd.	Construction expenses	(22,621)	(22,013)
		<u>9,105</u>	<u>9,105</u>
		<u>(22,621)</u>	<u>(22,013)</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

During the six months ended 31 December 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 and profit.

### **PROSPECTS AND STRATEGIES**

The World Bank has revised Malaysia's gross domestic product (GDP) growth forecast for 2020 to 4.5% from its earlier prediction of 4.6% due to weaker-than-anticipated investment and export growth in the third quarter of 2019. In its Malaysia Economic Monitor 2019, it said that subdued trade prospects and increased uncertainty have weighed on business confidence and investment intentions. This has resulted in a sluggish property market. However, our Group is still cautiously positive on the prospect of the growth in the education sector as the department of statistics Malaysia projected a growth output value of more than RM20 billion in 2019 which would contribute to the revenues of private education providers especially those whose business focus include international students. From the Ministry of Education (MOE), Malaysia published data the total number of Malaysian students (primary and secondary) enrolled in private institution increased from 184,930 in 2018 to 214,136 in 2019. This shows a year on year increase of 16% in Malaysian students seeking private education in Malaysia. In the first quarter we have seen growth in our business as evident in the increase in student numbers in the services we were providing and also the registration of new students in new services that we initiated in the previous year for implementation this year. We have witnessed a similar trend in the second quarter.

In anticipation of the potential growth especially in the International School Sector, we have invested heavily in the Kingsley International School ("KIS") Annex Building which consist of boarding facilities, 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 gymnastic training facilities). We are also 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 would allow us to attract more students from the residential areas around us and also international students. We are only one out of three international schools within a 20 kilometres radius with boarding facilities and the only one with our residential hall located within the same building thus ensuring a high level of security which is high in the priority list of international students. Our state of the art accommodation and facilities, our safe internally located facilities and our location in the city center area with the Kuala Lumpur International Airport located just half an hour away makes us very attractive to local and international students.

## **MANAGEMENT DISCUSSION AND ANALYSIS (continued)**

### **BUSINESS REVIEW (continued)**

### **PROSPECTS AND STRATEGIES (continued)**

The current utilization of our facilities in the Kingsley Annex building is as below:

- i. Kingsley Residential Hall  
With room available for more than 600 beds, Kingsley Residential Hall affords opportunity for multiple development of our Group education business. Firstly it serves as the dormitory rooms for KIS current overseas and out of state students. Our international student currently stands at around 35% of the overall number of students. Our Group is cautiously optimistic that the percentage of foreign students will indeed increase in the coming year. The use of the rooms also allows KIS to conduct international sporting activities which will again enhanced the reputation and branding of Kingsley in Asia. Several activities such as the International Kukkiwon Taekwando Event and Inter Club gymnastic carnival have been conducted.
- ii. Kingsley Multipurpose Hall, Swimming pool and Gymnastic facilities  
The specially constructed hall equipped with specialize laminated floor allows Kingsley to conduct international sporting event. The hall also boast a capacity for 6 badminton courts and a state of the art basketball venue. Together with the Olympic sized swimming pool and gymnastic facilities this allows KIS to conduct new extra-curricular activities which generate new streams of revenue. These new activities are currently being conducted in the new academic year which began on 3<sup>rd</sup> September 2019.
- iii. Place for Special Needs Children  
One of the floors of KIS Annex building has also been developed in partnership with a group of specialist to handle kids with special needs. This is in line with KIS motto of We Care at Kingsley. The partnership generate another new stream of revenue in the form of profit sharing. Development is currently on-going.
- iv. Kingsley Language Center  
Another floor is also allocated for the Language development which is critical for the development of foreign language learning such as Mandarin, French and Spanish. This sector has already seen close to a hundred students registering for English enhancement programmed in the new academic year.

Our Group also continues to look for suitable investment opportunities both locally and in overseas markets with smart partnerships. Our Group will continue to explore other businesses as part of its efforts to diversify and broaden its revenue base over the longer term.

## FINANCIAL REVIEW

### Revenue

Revenue of our Group for the six months ended 31 December 2019 was approximately RM14.1 million, representing an increase of approximately 35.6% from approximately RM10.4 million for the six months ended 31 December 2018. Our revenue generated from tuition fee collected from our students and from ancillary services provided to our students of international school and event business. Such increase was mainly due to increase in student number as well as increase in revenue from event business. The increase in revenue of the Group is mainly attributable to the increase in revenue from RM7.2 million for the six months ended 31 December 2018 to RM8.4 million during the six months ended 31 December 2019, representing an increase of 16.7%. On another hand, the Group recorded nil revenue from the tertiary education during the six months ended 31 December 2019. In addition, the Group's revenue generated from others represented revenue generated from event business which increased to approximately RM1.4 million for the six months ended 31 December 2019 from RM0.3 million in the corresponding period in 2018 which was attributable to more events being held.

	Three months ended 31 December		Six months ended 31 December	
	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)	2019 RM'000 (unaudited)	2018 RM'000 (unaudited)
International school	8,373	7,237	12,687	10,005
Tertiary education	-	38	-	74
Others	1,220	277	1,422	277
<b>Total</b>	<b>9,593</b>	<b>7,552</b>	<b>14,109</b>	<b>10,356</b>

	Three months ended 31 December			
	2019		2018	
	RM'000 (Unaudited)	% of revenue	RM'000 (Unaudited)	% of revenue
Tuition fee	4,811	50.2%	4,109	54.4%
Ancillary services	3,562	37.1%	3,166	41.9%
Others	1,220	12.7%	277	3.7%
<b>Total</b>	<b>9,593</b>	<b>100.0%</b>	<b>7,552</b>	<b>100.0%</b>

	Six months ended 31 December			
	2019		2018	
	RM'000 (Unaudited)	% of revenue	RM'000 (Unaudited)	% of revenue
Tuition fee	6,566	46.5%	5,779	55.8%
Ancillary services	6,121	43.4%	4,300	41.5%
Others	1,422	10.1%	277	2.7%
<b>Total</b>	<b>14,109</b>	<b>100.0%</b>	<b>10,356</b>	<b>100.0%</b>

## **FINANCIAL REVIEW (continued)**

### **Revenue (continued)**

Our Group's revenue from tuition fee increased from approximately RM5.8 million for the six months ended 31 December 2018 to approximately RM6.6 million for the six months ended 31 December 2019. The increase in revenue from tuition fee was mainly attributable to the increase in student numbers.

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.

Our Group's revenue from ancillary services increased from approximately RM4.3 million for the six months ended 31 December 2018 to approximately RM6.1 million for the six months ended 31 December 2019. The increase in revenue from ancillary services was mainly attributable to the increase in our boarding fee as well as increase in registration and application fee.

Revenue from others represented revenue generated from event business. Our Group's revenue increased from approximately RM0.3 million for the six months ended 31 December 2018 to approximately RM1.4 million for the six months ended 31 December 2019. The increase in revenue was attributable to more events being held during the six months ended 31 December 2019.

### **Cost of revenue and gross profit margin**

The majority of our 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 18.9% from approximately RM7.4 million for the six months ended 31 December 2018 to approximately RM8.8 million for the six months ended 31 December 2019 which was mainly due to increase in depreciation of our newly completed KIS Annex Building and events and related costs.

As a result of the foregoing, our Group's recorded gross profit of approximately RM5.3 million with gross profit margin of approximately 37.7% for the six months ended 31 December 2019 as compared to gross profit of approximately of RM3.0 million with gross profit margin of approximately 28.9% for the six months ended 31 December 2018.

### **Other revenue and gains**

Our Group's other revenue and gains decreased from approximately RM3.3 million for the six months ended 31 December 2018 to approximately RM0.4 million for the six months ended 31 December 2019 due to the completion of KIS Annex Building and cessation of liquidated and ascertained damages ("LAD") as from July 2019 . The Group recorded LAD in the amount of RM2.8 million and nil during the six months ended 31 December 2018 and 2019 respectively.

### **Selling and distribution expenses**

Our Group's selling and distribution expenses decreased from approximately RM0.4 million for the six months ended 31 December 2018 to approximately RM0.1 million for the six months ended 31 December 2019. The decrease was attributable to reduction in advertising spending.

## **Administrative expenses**

Administrative expenses of our Group increased from approximately RM6.6 million for the six months ended 31 December 2018 to approximately RM8.2 million for the six months ended 31 December 2019. The increase was mainly due to increase in depreciation of plant and equipment as well as cleaning and utilities expenses incurred for KIS Annex Building.

## **Finance costs**

Finance costs increased from approximately RM1.8 million for the six months ended 31 December 2018 to approximately RM2.6 million for the six months ended 31 December 2019. The increase in finance costs was mainly due to increase in interest expense to serve our existing borrowings.

## **Loss attributable to the Owners of the Company**

As a result of the foregoing, our Group's loss attributable to the owners of the Company increased from approximately RM2.4 million for the six months ended 31 December 2018 to approximately RM4.9 million for the six months ended 31 December 2019. While the Group recorded increase in revenue and gross profit in the international school segment during the six months ended 31 December 2019 as compared to the corresponding period in 2018, the Group recorded loss primarily due to (i) the Group recorded the liquidated and ascertained damages ("LAD") payable by the construction contractor arising from the delay in completing KIS Annex Building in the amount of RM2.8 million during the six months ended 31 December 2018 while no such LAD was payable during the corresponding period in 2019 since the handover of KIS Annex Building to the Company in July 2019; and (ii) the continued loss suffered in the tertiary education segment. Despite the loss recorded by the Group for the six months ended 31 December 2019, the Board considers that the Group's overall international school segment remains healthy and the Board remains positive on the long-term prospects of the Group which expects to continue focusing on international school segment.

## **DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2019.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group has funded the liquidity for the period ended 31 December 2019 and capital requirements primarily through internally generated fund from operating activities and proceeds from the Listing.

As at 31 December 2019, the Group has total cash and bank balances of approximately RM9.7 million compared to approximately RM6.3 million as at 30 June 2019. The increase was mainly due to increase in revenue collections from international school segment. The borrowings of our Group as at 31 December 2019 was approximately RM62.1 million as compared to approximately RM66.0 million as at 30 June 2019, representing a decrease of approximately RM3.9 million. This decrease was due to repayment of term loan instalment and hire-purchase instalment.

The gearing ratio of our Group as at 31 December 2019 was approximately 88% as compared to approximately 87% as at 30 June 2019. Gearing ratio remained consistent for the reporting period/year.

## TREASURY POLICIES

Our 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 our 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 2019 and 30 June 2019.

	<b>As at 31 December 2019 RM'000 (Unaudited)</b>	<b>As at 30 June 2019 RM'000 (Audited)</b>
Commitments for the acquisition of property, plant and equipment	<u>119</u>	<u>1,564</u>

## FOREIGN EXCHANGE EXPOSURE

The functional currencies of our operations, assets and liabilities are mostly denominated in RM. Therefore, our Group is not exposed to any significant foreign exchange risk, except for our Hong Kong Dollar (“HKD”) denominated bank balances. Our Group did not 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 2019.

## EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a work force of 192 employees as compared with 184 employees as at 31 December 2018. Total staff costs for the six months ended 31 December 2019 and 31 December 2018 were approximately RM7.1 million and RM5.3 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.

<b>Use of net proceeds</b>	<b>Amount of net proceeds allocated upon listing</b>	<b>Amount utilised up to 31 December 2019</b>	<b>Balance as at 31 December 2019</b>
	<i>(RM million)</i>	<i>(RM million)</i>	<i>(RM million)</i>
Settlement of fees for constructing the KIS Annex Building	12.0	(12.0)	-
Renovation of the KIS Annex Building	15.0	(14.1)	0.9
Purchase of facilities for KIS Annex Building	4.4	(1.6)	2.8
<b>Total</b>	<b>31.4</b>	<b>(27.7)</b>	<b>3.7</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 December 2019 nor material acquisitions and disposals of subsidiaries during the six months period ended 31 December 2019. There is no plan for material investment or capital assets as at 31 December 2019.

### CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2019 (31 December 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 six months ended 31 December 2019.

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

As at 31 December 2019, the interest and short positions of the Directors and the chief executive of the Company in the share, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the laws of Hong Kong) (the “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 (“ <b>Tan Sri Barry Goh</b> ”)	Interests of controlled corporation and concert party <sup>(3)</sup>	552,000,000	69.00%
Dato' Danny Goh Meng Keong (“ <b>Dato' Danny Goh</b> ”)	Interests of controlled corporation and concert party <sup>(3)</sup>	552,000,000	69.00%
Dato' Law Boon Hee (“ <b>Dato' Law</b> ”)	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 December 2019.

(3) On 14 September 2017, Tan Sri Barry Goh and Dato' Danny Goh entered into a confirmation deed (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 of the Company dated 30 April 2018.

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 Barry Goh	Star Shine	Beneficial owner	1 share of US\$1.00	100%
Dato' Danny Goh	DGMK	Beneficial owner	1 share of US\$1.00	100%
Dato' Law Boon Hee	Eduking Investment	Beneficial owner	1 share of US\$1.00	100%

Save as disclosed above, as at 31 December 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 December 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 is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 56,000,000 Shares beneficially owned by DGMK, which in turn is beneficially wholly-owned by Dato' Danny Goh. Each of Tan Sri Barry Goh and Dato' Danny Goh is deemed to be interested in all the Shares held or deemed to be held by them by virtue of the disclosure requirements of the SFO.*

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

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

## **DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

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

## **CORPORATE GOVERNANCE**

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

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

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

During the six months ended 31 December 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 5.48 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 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. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 8 September 2017, neither CECL nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **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 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 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.

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 2019. The audit committee is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 31 December 2019 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](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, 23 January 2020

*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 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).*